
Financial Management Quality on Aluminium Furniture Business

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ABSTRACT

The wooden household furniture now does not guarantee to last long, because the poor quality of woods material. Many alternative choices other than woods, one of which is aluminum. The aluminum furniture business has penetrated rural areas. The partner target are aluminum business owners in Biting Village. Their previous business is to fulfill the manufacture of trellises, fences and household furniture based on orders. The weakness of partner mainly lies in: (1) the limited human resources ability in manage their business; (2) the inability of human resources who understand business bookkeeping regularly; (3) unseparated business and household finances and; (4) limited capital access. This activity is expected to give results according to the targets: (1) increase partner skills in running its business sustainably; (2) strengthening the ability of partners in the preparation of bookkeeping regularly and correctly; (3) increasing the ability of partners in separating business and household finances and; (4) obtaining easy capital access.

Keywords: Bookkeeping, Finance, Human Resources, Capital



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INTRODUCTION

The wooden household furniture now does not guarantee to last long, because the poor quality of woods material. The furniture business owners who used woods material, now have to start innovating. According to Rogers in (Ananda, Rusydi & Amiruddin, 2017), innovation is an idea, practice or object which seen as new by the adopting individual or unit. Many alternative choices other than woods, one of which is aluminum.

The aluminum furniture business owners, including Mr. Hadisun, Mr. Tino and Mr. Suntari. They started this business 10-13 years ago. Their business is sole proprietorship. The sole proprietorship is a company that owned, managed and led by someone who fully responsible for risks and company activities (Hery, 2020). Their previous business is to fulfill the manufacture of trellises, fences and household furniture based on orders. The segment itself is in Biting Village, Sukodono District. The current selling strategy is sales on credit, but it has problems with payment.

Finally, for the last 5 years, these business owners make selling strategy by held household furniture social gathering. The amount of monthly social gatherings for each member is the same, and there will be additional costs when the member's choice on furniture that has a higher price than the provisions. It turned out that this method was able to provide a better expectation for the business

and able to increase these business owners income. However, this method is likely to last only a few years because the level of boredom of the community is also affected by many factors. The expectation of these business owners do not just stop at sales, but rather on marketing. If sales are only oriented on sales target, while marketing emphasizes orientation on market segment satisfaction (Arifin, 2020).

However, during the pandemic where many businesses affected by Covid-19 makes business owners have to think hard so that their businesses still survives and continues (Sulistyan, 2020; Sulistyan & Paramita, 2021). Smart strategies are needed, especially by understanding consumer behavior. Because most of the people around their business are mostly farmers, a strategy they are running is cost leadership strategy which is companies choose to service the mass market by offering standard products (Sumarwan & Tjiptono, 2019).

Businesses they run are to meet the needs of their family because a family is not only has one financial goal (Jariah, 2019; 2021; Jariah & Budiwati, 2021). Usually, a family has many financial goals to achieve, such as preparing child education, preparing for retirement, anticipating risks, manage daily finances, budgeting, etc. (Senduk, 2007)

The business owners' wives are involved in financial management, thus causing problems in this study. Their inability to separate business and household finances is the cause. Besides, with social gatherings system, the wives need human resources who able to manage their financials and capital procurement that provide interest expenses without posing high financial risks to their business. Based on the initial survey and situation analysis, the partners have several problems as follows: (1) the limited human resources ability in manage their business; (2) the inability of human resources who understand business bookkeeping regularly; (3) unseparated business and household finances and; (4) limited capital access.

Furthermore, formal discussions with the business partner showed agreements that the partner wanted to expand its business, regularly and correctly preparation of bookkeeping, separate business and household finances also having easy capital access. The solution offered in this community service activity to the partners of aluminum furniture business as follows: (1) increase partner skills in running its business sustainably; (2) strengthening the ability of partners in the preparation of bookkeeping regularly and correctly; (3) increasing the ability of partners in separating business and household finances and; (4) obtaining easy capital access. The community service activity that involving lecturers is expected to be an arena for lecturers in carrying out one of the Tri Dharma Perguruan Tinggi namely on community services and also apply the knowledge they have to share with the community in reality.

METHODS

How the partners that have a high desire to expand their business are able to calculate real operating profit become a top priority that will be finished through the community service program? The limited skills of partners in managing their business and calculating real operating profit become a big problem, thus they need a simple solution and reachable for the partner itself. The lecturers of Institut Teknologi dan Bisnis Widya Gama Lumajang who are fully supported to carry out the community service activity are trying to give a simple solution for the partner to develop their business.

Several steps in this community service activity are to answer the partner problems as follows: 1) The first step, which was agreed upon to find solutions to existing problems, is to assistance for business management understanding and effective financial management. 2) The second step, financial assistance for additional business capital. 3) The third step, is the mentoring and evaluation from the lecturer team of Institut Teknologi dan Bisnis Widya Gama Lumajang until the partners

are able to run their business well and able to calculate real operating profit. The monitoring and evaluation session do not only stop at the term of the service program, it will be held sustainably through the community service programs that developed by Institut Teknologi dan Bisnis Widya Gama Lumajang. All of the steps above need quite patient, serious and incentive assistance so that the passion that has been built does not decline because the real challenge in real competition faced is not easy, both on the aspect of financials, marketing, production, or management.

RESULTS AND DISCUSSION

Solution Method

The solution method that will be held to solve the partners problems consist of:

- a. **Business Management Assistance**
Business management assistance aims to prepare the partners to manage their business well and sustainably. In this activity, the business owners are given insight that an entrepreneur is always required to face the risks or opportunities that arise, and often related to creative and innovative actions (Halida, 2020). They also given insights into a series of decisions and repeated managerial actions, both in the short and long term to achieve the desired company goals (Ahmad, 2020).
- b. **Financial Management Assistance**
Financial management assistance aims to prepare the partners to prepare bookkeeping correctly and regularly, able to calculate real operating profit, and separate business and household finances. In this activity, the partners are given knowledge about the importance of transaction proof related to financial policy, because it is a form that is used to book transaction data and as transaction authorization process media (Rusdi, 2018; 4). Besides, they are given insight on how to maintain family financial integrity by spending according to needs and prioritize more important needs (Arnesih, 2016). They are also given knowledge about basic accounting assumptions in preparing financial statement, namely economic entity. The economic entity is an assumption which considers that company is seen as separated by its owner, company is considered as separated accounting unit by its owner or other business units (Rudianto, 2002).
- c. **Submission of Organization Operational Fund Assistance**
The submission of organization operational fund assistance activity to manage business aims to support the sustainably of partners' business. Besides, the partners are given knowledge about funding sources, both from internal and external. They are also given explanation about the advantages and disadvantages of debt for the company. The advantages of debt are: (1) interest expenses reduce taxable income; (2) the creditors will only get relatively fixed interest costs (Brigham in Sawir, 2004; 120). The disadvantages of debt are: (1) debts increase risks; and (2) low operating incomes (Gitman in Sawir; 2004).
- d. **Monitoring and Evaluation**
The process that is no less important is periodic monitoring and evaluation will be held until the partners are able to run their business sustainably, so that the purpose, targets and outcomes of the community service activity can be achieved well overall.

Activity Plan

The first activity is designed by approach and share with the aluminum furniture business owners, because in order to carry out this activity properly it will needs full support from the partner to provide an understanding of the importance of the benefits of this community service activity for their business, especially the support of time, energy and thought where partner must focus on carrying out this activity and spend the time. The second activity is designed by preparing business management assistance where the material will be prepared and given by the lecturers of Institut Teknologi dan Bisnis Widya Gama Lumajang. The third activity is designed by giving assistance, mentoring and evaluation to provide solutions of exist problems until the partners are able to run its business well and sustainably. The mentoring management training will be held at appropriate partner locations in Biting Village, Sukodono District, Lumajang Regency.

The fourth activity is the preparation of reports on community service activities, which is carried out by compiling draft progress reports and final reports, conducting seminars on the results of activities, and if necessary revising the final report and compiling scientific articles as scientific journal material.

Problem Solving

The measure of success of the assistance management activity on the partner aluminum furniture business owners in Biting Village, Sukodono District, Lumajang Regency is the achieved targets that have been set as follows:

1. Increase the partner skills in running their business sustainably.
2. Strengthening the partners' skill in bookkeeping regularly and correctly, and able to separate business and household finances.
3. Increase sales income.
4. Get relations to seek additional venture capital.

Achieved Outcomes

The community service activity is able to create outcomes in accordance with partner expectations, namely:

1. Skilled and innovative human resources in running their business.
2. The partners' skills in bookkeeping regularly and correctly.
3. Obtaining capital access.

CONCLUSIONS

Several things can be concluded in the implementation of business management assistance and increasing financial management quality on the partner aluminum furniture business owners in Biting Village, Sukodono District, Lumajang Regency as follows: 1) The partner aluminum furniture business owners have a strong desire to expand their business considering similar business competition that quite sharp in Lumajang. The limitations in managing business financial and limitations in separating between business and household finances. 2) This implemented community service activity are able to provide simple solutions to expand partner business sustainably and have competitiveness. 3) The achieved targets which is the measure of success of this community service activity are increase partner skills in running their business sustainably, increase the ability of partners in the preparation of bookkeeping regularly and correctly, increasing the ability in separating business and household finances, obtaining capital access. 4) This community service activity can achieved outputs in accordance with partner expectation, namely skilled human resources in running their business, partner skills in preparation of bookkeeping regularly and correctly, business financial management regularly and correctly, obtaining easy capital access.

The toughest challenge for partners is actually when they are truly facing the business competition. Therefore, several recommendations are suggested so this activity can provide sustainable advantages, as follows: 1) The partners must have high passion and will to develop by equipping themselves with increased skills, both in ability to innovate and management skills. 2) The competition that quite tough must be balanced with a positive mentally and attitude, because if the program partner does not have a strong entrepreneurship spirit and ability to innovate, they will be easily crushed by the level of similar business competition. 3) The intensive assistance and supervision to the program partner need to be done periodically and do not stop until the completion of this program, therefore the activeness of the team and the ranks of Institut Teknologi dan Bisnis Widya Gama Lumajang community in providing guidance to this SME needs to be carried out continuously. 4) It is hoped that the further funding for this activity needs to be implemented to help other similar small businesses so that they are able to innovate and be able develop themselves in increasingly sharp business competition and be able to create jobs for the surround community.

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