

Analysis of Financial Management in MSEs: Planning, Controlling, Recording (Study at Selorejo Tourism Area, Malang Regency, Indonesia)



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ABSTRACT: This study aims to analyze financial planning, control, and recording carried out by Micro Small Enterprises (MSEs) in the culinary field in Selorejo Tourism Area, Malang Regency, Indonesia. The research approach used is descriptive quantitative with the aim of describing the implementation of financial planning and control carried out by business actors. To clarify and explore the application of financial planning and control carried out by business actors, the researchers complemented it with a qualitative approach. The analysis was conducted on business owners who are also business managers. Data was collected by means of questionnaires and in-depth interviews. Descriptive analysis is used to obtain data on the implementation of planning and control of small micro-financing handling carried businessmen. The results obtained were explored further based on the results of interviews from several respondents to get a more complete and detailed picture. The results showed that the most financial planning was carried out by business actors, namely 74%, the application of control was 58%, and the lowest was an application of recording business transactions, 33.5%. The most widely applied planning indicator is the preparation of an investment budget, while the setting of sales targets is the least applied. The most applied control indicator is physical and direct financial control, especially the separation of personal money from business money. Control by using records of business transactions historically is still very low, only limited to records of purchases and sales. Meanwhile, recording activities are carried out on a non-routine basis. The implementation of planning and control through business financial records is still low due to the lack of understanding of business actors about recording financial transactions and reporting results of operations and their benefits. The indication of this lack of understanding is shown by the educational background of most business actors who have graduated from elementary and junior high schools.

KEYWORDS: small micro financing handling, planning, controlling, recording, reporting

I. INTRODUCTION

Effective and efficient business management is the main key to success for every business actor regardless of the size of their business. Law No. 20 of 2008 concerning micro, small and medium enterprises, states that MSMEs (Micro, Small and Medium Enterprises) are businesses operated by individual business actors, households, or small-scale business entities. MSMEs that are able to manage their business and finances well and can report the results transparently and accurately have a positive impact on their business so that they can maintain their business sustainability. The better the financial management carried out by MSME actors, the business performance will increase. (Suindari and RJuniardi, 2020)

Planning and control are the main aspects in Financing Handling of MSEs and supported by an adequate system for recording business transactions and reporting business results. One of the problems faced by small and medium enterprises is the lack of ability in financial management (Srikandi and Setyawan, 2004; Puspitaningtyas, 2020,).

Culinary business is one of the business fields that are mostly run by MSME actors and are almost always found in a tourist area. The types of culinary offerings are generally unique in accordance with the conditions of the tourist environment. Selorejo Reservoir, located in Malang Regency, is one of the water tourism locations that is widely known by tourists with the natural nuances of the surrounding mountains. The existence of the Selorejo reservoir has an impact on natural resources and the economy of the surrounding community. The contribution obtained is an increase in the income of the community and local government. Selorejo Reservoir besides offering water tourism locations, it is also a center for producing freshwater fish which will be distributed to surrounding cities. The economic activities of the residents that are relevant to this tourist location other

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than fishing are culinary businesses, especially those that provide dishes with raw fish raw materials. Other businesses found include selling souvenirs, snacks, meatball stalls, selling accessories.

Based on the observations made by these culinary business actors, they still ignore the importance of good financial management in terms of planning and control as well as support for an adequate business recording system. Most culinary
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business actors do not keep financial records properly, some even do not. This will make it difficult for business actors themselves to assess the results and development of their business so that they cannot improve the efficiency and effectiveness of their business management. The business management principles applied only rely on experience and habits that they believe are sufficient to sustain their business.

This study aims to describe the implementation of planning and control of Financing Handling in MSEs run by culinary business actors in the Selorejo tourist area as well as business and financial recording systems used to support planning and control. Thus the results of this study are expected to be used to make improvements in the financial management of culinary business actors so that they can improve their performance.

II. LITERATURE REVIEW

A. The definition of Micro, Small, and Medium Enterprises (MSMEs)

The State Ministry of Cooperatives and Small and Medium Enterprises states that what is meant by Small Business, including Micro Enterprises is a business entity that has a net worth a maximum of 200,000,000 rupiah, excluding land and buildings for business premises, and having annual sales of a maximum of 1,000,000,000 rupiah. Medium Enterprises are business entities owned by Indonesian citizens who have a net worth of more than 200,000,000 rupiah to 10,000,000,000 rupiah excluding land and buildings.

The legal basis for micro-enterprises can be seen from Law no. 20 of 2008 concerning MSMEs. In this law everything has been regulated, starting from the criteria, licensing aspects as well as the role of the central and regional governments in empowering micro-enterprises.

In addition, the government is obliged to determine the designation of the place of business which includes the provision of locations in markets, industrial centers, smallholder agriculture locations, reasonable locations for street vendors and other locations as described in Article 13 paragraph 1 (a) in Law no. 20 of 2008.

B. Success Belief Theory

Success belief theory was first introduced by Julian Rotter in 1966 (Rum, 2010) which explains that people who have high success beliefs believe that their success comes from achieving high performance because of their perseverance in carrying out their duties. effort. The success belief factor is one of the dimensions of human behavior that motivates a person to succeed depending on self-confidence in achieving success in running something. So that every activity that is carried out is solely based on the experience that has been obtained and the habits that are considered good for managing their business.

C. Business Management Theory

Management is the process of planning, organizing, directing, and supervising the efforts of organizational members and the use of other organizational resources in order to achieve predetermined organizational goals (Handoko: 2012: 8). Griffin (2015) explains that management is process of planning and making decisions, organizing, leading, and controlling human, financial, physical, and information resources in order to achieve organizational goals effectively and efficiently.

Small business management is defined as activities that must be carried out by people who have the responsibility or authority to manage small business resources (human, financial, physical and information) in order to achieve business organization goals effectively and efficiently.

As a small business scale, management functions must be carried out by SMEs. Kasmir (2019) states that the functions of managing a business organization include: Planning, Organizing, Direction and Implementation, and Supervision and Control a. Planning Function

Planning is an activity to set organizational goals, determine strategies to achieve goals, create action plans. The results of planning activities can be formal or informal. A formal plan is a written plan that must be carried out by a business organization within a certain period of time. While the informal plan is a plan that is not written and is temporal or incidental. b. Organizing Function

The organizing function is concerned with the implementation of strategies or methods used to achieve organizational goals or business targets effectively and efficiently.

c. Implementation Function (Direction and Implementation)

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This implementation activity is related to the process to direct and motivate all members of the organization so that they can carry out their responsibilities properly so that they can achieve high productivity. d. Supervision and Control Function

Supervision and Control Function is carried out with the aim of ensuring that all planned and implemented activities can run according to the provisions so as to achieve the target. All business environmental factors that affect the implementation and achievement of targets are carefully monitored so that the organization can make adjustments to the situation at hand.

D. Theory of Financial Management (Micro Financing Handling)

Kuswadi (2005) reveals the scope of financial management which is related to financial policies that must be taken to obtain maximum profit or profit for company owners. In general, the objectives of financial management include: 1) Achieving certain fund targets in the future; 2) Protecting and increasing owned wealth; 3) Managing cash flow (income and spending money); 4) Performing risk management and managing risks properly, and 5) Managing accounts payable.

Kasmir (2019) divides the function of financial management into 4 functions, namely: 1) Forecast and financial planning; 2) Capital, investment and growth decisions; 3) Exercising control, and 4) Relations with the capital market.

Financial management frameworks, as follows: planning, recording, reporting, and controlling. Planning is an activity of setting organizational goals and choosing the best way to achieve these goals. Kuswadi (2005) explains that financial planning activities, one of which is formulating annual and long-term financial goals, as well as financial budgets. Budgeting is a process to help carry out effective planning and control functions. Budget is a plan made by the company and expressed in monetary form (Adisaputro, Anggraini, 2011).

Recording is an activity to record every financial transaction that has occurred, where the writing is systematic and chronological. Recording is used as a marker that a transaction has occurred within a predetermined period of time. The preparation of records begins with the collection of documents that support the occurrence of transactions. For example notes, receipts, invoices, and others. The types of records are journals, ledgers, and worksheets.

The types of financial statements are Income Statements, Cash Flow Statements, Statements of Financial Position and Equity Statements. Financial reporting provides useful information for performance appraisal, control and decision making.

Controlling is the process of measuring and evaluating the actual performance of each department or organization. If deviations are found, an evaluation will be carried out. Control is carried out to ensure that the company or organization is able to achieve the goals that have been set.

Mulyadi (2016) said that financial control within the company depends on the size of the company. The control contained in the company develops through 5 (five) barriers, namely: 1) Control with physical supervision; 2) Financial control using historical accounting; 3) Financial control by using static budgets and standard costs; 4) Financial control by using a flexible budget with standard costs, and 5) Financial control by establishing responsibility centers and implementing a responsibility accounting system.

Control with physical supervision usually occurs in small companies. The owner of the company is also the manager, so that the planning and control of the implementation of the plan is carried out directly by the owner.

Furthermore, the management of the company is no longer able to physically observe, thus requiring historical records to plan and control its activities from time to time. Company leaders or managers can carry out planning and control by comparing historical records.

The Efforts made by the management of the company to improve the planning and control system in the company is to prepare a static budget and simple costs. While flexible budgets are prepared for various planned capacity levels, so that this budget provides a benchmark for performance that is close to the actual capacity achieved.

Furthermore, financial control is carried out in large companies by establishing responsibility centers and implementing . responsibility accounting system. Planning and controlling the company's activities is carried out by developing a budget for each responsibility center

E. Financial Information

Loudon and Loudon (2010:46) state that information is data that has been made into a form that has meaning and is useful to humans. Meanwhile, McLeod (2005:9) defines information as data that is processed into a form that is more meaningful to the recipient. Information is one of the business supports obtained from relevant data or facts. Quality information can be measured from the following four dimensions: Zakiyudin (2013) says that quality information can be measured from the following 4 (four) dimensions: 1) Accuracy; 2) Timeliness; 3) Completeness, and 4) Consistency.

In addition to meeting these criteria, SME business managers need quality information that is easy to understand and uses the correct language, easy to process and interpret, and flexible towards other goals in SME management. The accuracy of an

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information determines the strategic concept of SME development. Wang and Tadisina in Rum (2010) said that SME management is more flexible in interpreting any information for planning compared to large companies.

Good information is an input for strategy formulation and other SME planning. This information also makes SMEs easy to develop for performance achievement. Financial reports are important for Small and Medium Enterprises to measure performance. The financial statements will be interpreted by various sources with an interest in SMEs.

III. METHODOLOGY

Selorejo tourism, in Malang Regency was chosen as the research location because many micro and small culinary business actors are found. This is inseparable from the existence and sustainable development of Selorejo Tourism, which motivates local residents to take advantage of business opportunities by making business activities in the culinary field, especially providing cuisine with raw materials of fresh water taken from reservoirs. In addition, he also opened similar businesses such as snack and beverage stalls, souvenir stalls, meatball stalls, selling accessories, and so on.

This research uses a quantitative descriptive approach with the aim of describing the implementation of planning and control in Micro Financing Handling run by business actors. This study also uses a qualitative approach to explore how the implementation of planning and control is carried out as well as how to support the business recording system. Planning and control as well as a system for recording financial transactions are detailed into relevant indicators. The application of each indicator will be measured based on the respondents' answers using a nominal scale with the category of applying or not applying. Data collection methods are questionnaires, in-depth interviews (deep interviews) and observation. Respondents in this study were business owners as well as business managers. Thirty of the sixty-five questionnaires distributed produced complete data and deserved to be analyzed. In-depth interviews (deep interviews) with business owners were carried out with tools in the form of interview scripts and voice recorders.

The results of the questionnaire were presented and analyzed descriptively, to obtain data on the implementation and control and recording of business and financial transactions that have been carried out. Qualitative descriptive analysis was used to obtain a better, comprehensive and detailed understanding of how business actors implement Small Micro Financing Handling based on the results of in-depth interviews.

IV. RESULTS AND DISCUSSION

A. Respondents Description

Respondents to this study were 30 culinary entrepreneurs consisting of 23 women and 7 men. The educational background of the business actors consists of 21 elementary school and junior high school graduates, 8 high school graduates and one tertiary graduate. There are 17 business actors who have been running businesses between 11-20 years, 7 people operating more than 20 years and 6 people less than 10 years. Nine business actors employ 2 employees, 5 actors have 1 employee and the others have 4 employees.

B. Planning

The results of research on the application of financial planning carried out by business actors are shown by 6 (six) indicators which are presented in the table 1.

Table 1. Frequency Distribution of Respondents Who Implement Planning

| | | <i>Amounts</i> | |
|---|--|----------------|----|
| | | Units | % |
| 1 | Budget usage | 23 | 77 |
| 2 | Setting sales targets | 14 | 47 |
| 3 | Making profit targets | 23 | 77 |
| 4 | Preparation of initial business investment budgets | 23 | 77 |

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| | | |
|---|----|----|
| Establishing cash reserves for 5 unexpected expenses | 23 | 77 |
| Setting business development targets 6 for the next 1-2 years | 26 | 87 |
| Average | | 74 |

On average, seventy-four percent (74%) of culinary business actors have implemented financial planning either in the form of using the budget for goods needs for food or beverage production, setting sales targets, profit targets, and establishing cash reserves for unexpected expenses. Mid-term financial planning for future business development is mostly implemented (87%). Meanwhile, the determination of sales targets is the lowest activity carried out by business actors (47%).

The activities of preparing the budget and sales are carried out simultaneously every day, namely when the shop is closed. Shopping planning in the form of making a shopping list of goods needed for production activities on the next day. The statement that supports this result was conveyed by the respondent, Mrs. Rod, as follows: "The budget plan is viewed daily. I see what is still a lot, and what is left a little. This is to determine what I should buy for the next day."

The purchase of production needs is based on the expected sales target and the inventory available at the time of making the shopping list, as stated by Mrs. Dar: "There must be a sales target per day, such as an estimate of the amount needed to shop per item. Every day there are about 15 servings for weekdays, but for weekends there will definitely be more, because there are more visitors. So, the range is more than 20 servings."

However, not all business actors (53%) do the same to estimate sales. They make the reason that it is difficult to estimate sales, and only make purchases when the goods needed are sold out. This is supported by statements from Mrs. Sul: "It can't be determined target of sales, depending on what sales results are sold out." Another support was conveyed by Mrs. Nin: "It cannot be targeted because sometimes it is quiet, sometimes it is busy."

Almost all respondents (87%) prepare a budget for the investment costs of opening a culinary business. Meanwhile, the source of funding is obtained from own funds or personal money and loans. This finding is supported by statements of two business actors. Mr. Er said: "We prepared a simple plan first, such as what tools and raw materials we will use. The initial capital we need is around 20,000,000 rupiah. This amount does not include decorations, carpets and tables." Furthermore, Mrs. Rin answered about the origin of capital: "Capital comes from two sources, namely own capital and borrowing. The borrowing must be paid in every month, so I have to set aside money per day to pay off the debt earlier."

Business actors generally form cash reserves for the purpose of repaying loans, anticipating unexpected expenses due to a decrease or increase in demand, future business development, and other needs obtained from the allocation of profits generated. Business development in the form of expansion of existing locations, addition of facilities and infrastructure and also opening of business branches. This is shown by the statement by Mrs. Sul: "I will definitely reserve funds. For example, for led or New Year, I have to have more funds" A similar statement was also made by Mr. Er: "I will definitely reserve funds to develop my business. Like, currently my shop building is still one floor. I want to build a bigger business area, so that more customers can enter my shop."

C. Control

Four indicators are used to measure the implementation of controls with the results shown in the table 2.

Table 2. Frequency Distribution of Respondents Applying Control

| No. | Indicators | Amounts | |
|-----|--|---------|----|
| | | Units | % |
| 1 | Archiving spending notes | 17 | 57 |
| 2 | Making 2 (two) copies of sales notes for each sales transaction | 20 | 67 |
| 3 | Archiving all sales notes | 11 | 37 |
| 4 | Executing separation of personal money from money from business income | 24 | 80 |

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| | | | |
|---|--|----|----|
| 5 | Anticipating if there is a deviation from the sales target | 15 | 50 |
| | Average | | 58 |

On average, the number of business actors who have implemented control is 58%, lower than the planning (74%). The control indicator that is most often applied by business actors is to separate between personal money and proceeds from business (80%). This separation is useful for calculating operating profit and establishing reserves for business development as well as anticipating unexpected expenses. Reasons such as this can be obtained from Mrs. Nin's statement as follows: "The shopping money for daily personal needs is separated from the shop money. This is done so that I know how big the store's profits are." Likewise the statement by Mr. Er: "I separate the profit that I will take for personal needs, approximately 20%, then 80% is for business development with savings for unexpected needs."

The results showed that 67% of respondents had made sales notes as proof of transactions made in duplicate, but only 37% filed them. Meanwhile, only 57% were filing receipts. Notes are made in duplicate where the first copy is to be archived and the second copy is given to the customer. This was conveyed by Mrs. Dar: I made a sales invoice in duplicate, ma'am. One brought by the buyer, one for me. I do this so I know how much my sales per day.

The purpose of making 2 (two) copies of sales invoice is also to calculate revenue or profit and to anticipate customer complaints if there is an error in sales calculations. This was stated by Mrs. Rod: "I made 2 (two) copies of sales invoices. One copy for me, then later next week or next month will be seen to calculate the sales profit."

Not all business actors make and archive sales notes unless requested by the customer. This is because they will not record regularly, as in the statement below:

"No, ma'am, just to see if it goes up or not" : "No, sometimes it is brought, sometimes it is not taken" (Mrs. Sul). Meanwhile, Mrs. Dar stated as follows: "Only one copy, a photocopy of that" (Mrs. D)

D. Recording

The results of research on the application of recording business and financial activities are presented in the table 3.

Table 3. Frequency Distribution of Respondents Applying Recording

| No. | Indicators | Amounts | |
|-----|--|---------|------|
| | | Units | % |
| 1 | Recording of sales transactions | 9 | 30 |
| 2 | Recording of purchase transactions of raw and supporting materials | 12 | 40 |
| 3 | Routines of recording sales | 11 | 37 |
| 4 | Routines of recording purchases | 8 | 27 |
| | Average | | 33.5 |

On average, business actors who record their business and financial activities are only 33.5%. The recording of purchase transactions for goods needed for production is applied more than sales, which are 40% and 30%, respectively. The routine of applying sales records is 37% greater than the routine of recording purchases, which is 27%. The results of in-depth interviews with respondents revealed that business actors recorded in a simple or manual way using books or ordinary paper notes and did not use applications.

Recording of sales and calculation of inventory is carried out at the end of the day when business activities are closed. The following is a statement that supports it from Mr. Er: "There is a record of transactions, ma'am. If we come from a store, for example, if we buy materials, we will give a note, right, we'll check again, every time we close the shop." Mrs. Nin also said: "Purchase receipts are stored and re-recorded in the book, ma'am. This is done every day when the shop closes."

The reasons for business actors not keeping records include: 1) they only see an increase or decrease in purchase prices, 2) several business actors stated that because they are business owners, they do not require detailed recording. This was explained by Mrs. Sul: "I don't need recording, because the cashier is my own. Mrs. Dar and Mrs. Rod said: "I didn't take recording, just kept the invoices, to see the prices again. Maybe there are raw materials whose prices are going up, or down."

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E. Discussion

Budget is a plan that is compiled systematically covering all business activities for a certain period of time in the future, and is used as a tool for planning and controlling operating profits. This concept has been implemented by business actors, namely in general business actors have implemented plans for sales, spending/ purchases, and profits. However, the intensity of its application is still lacking, especially sales planning. Business actors consider making sales targets difficult because of unpredictable demand conditions. The results of this study are in line with the results of research by Irma and Ovilia (2020), namely business actors do not need to set targets, the important thing is that the business continues and there are buyers. In addition, the business owned is classified as a small business so there is no need to think about or use a budget plan.

The results of this study are supported by the grand theory used, namely the theory of success belief which states that success is achieved because of their perseverance in running a business. Every activity that is carried out is solely based on experience that has been obtained and habits that are considered good for managing their business so that planning is more informal, does not need to be made regularly, and does not use special records. This success is evidenced by 57% of business actors being able to maintain their business between 10-20 years, 20% of business actors running their business for more than 20 years, while 23% operating for less than 10 years.

Business control can be carried out effectively if business actors make and store evidence of business transactions properly and record them regularly in accordance with the sequence of events and complete. This will be useful to know the current performance or business results. Another use is to become an evaluation material for how much performance is achieved when compared to what was planned.

This study found that business and financial control activities are carried out directly by the owner and manager of the business. In addition to direct supervision, control is carried out by applying the use of business records such as making purchase notes, sales notes and filing them. This is in accordance with the control concept proposed by Mulyadi (2016) that small companies control by direct physical supervision and the use of historical accounting records. Physical and direct supervision is proven by 80% of business actors having made a separation between personal money and business money. In addition, in making shopping plans, they themselves calculate the amount of remaining inventory before making a budget for production needs. This physical control can also be seen in the effort to anticipate deviations from the specified target by immediately making adjustments to the target for the next period as indicated by 50% of respondents having implemented this control.

Control by using historical accounting records has been applied by 67% of respondents by making sales notes. Even though they have made sales notes, 37% of business respondents do not file them, including shopping notes. This finding is contrary to the results of research by Jeni, et al (2020) where the MSME entrepreneurs studied did not make sales notes.

The average respondent who recorded purchases and sales as well as their routines recorded only 33.5%. Business actors feel that all business activities can be monitored directly by themselves so that they do not need detailed business records. Jeni, et al (2020) obtained the same finding, namely 27 of the 30 respondents studied did not keep business records.

The phenomenon of the absence of records, the non-routine of recording and even those who do not document or archive it is caused by several factors. Jeni, et al (2020) stated that micro and small business actors generally do not understand the types of records and how to make proper records for their business. Meanwhile, Rumbianingrum and Wijayaangka (2018), Idawati and Pratama (2020) say that financial literacy affects financial management and business sustainability. Thus, it can be concluded that the financial literacy of culinary business actors in the Selorejo Tourism Area is still low. A similar opinion was expressed by Ida and Dwinta (2010) which stated that financial knowledge also affects financial management behavior.

Low financial literacy which causes poor knowledge and understanding and application of financial management principles seems to be correlated with the level of education of business actors. The average education level of business actors is dominated by elementary and junior high school graduates as many as 21 people (70%) and the rest are equivalent to high school and only one has a bachelor's degree.

V. RESULTS AND DISCUSSION

Based on the results of the analysis and discussion, it can be concluded about the application of micro financing handling of culinary business actors in Selorejo Tourism, Malang Regency as follows:

1. The implementation of financial planning is mostly carried out by business actors, which is 74%, the application of control is 58%, and the application of transaction recording, the lowest effort, is 33.5%.
2. The most widely applied planning indicator is the preparation of an investment budget for business development and the least applied planning is the setting of sales targets.

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3. The most applied control indicator is physical and direct financial control, especially the separation of personal money from business money. Control by using records of business transactions historically is still very low, only limited to records of purchases and sales. Meanwhile, recording activities are carried out on a non-routine basis.
4. Implementation of planning and control through recording business finances is still low. This is because the understanding of business actors about recording business transactions and their benefits is still lacking. Poor understanding is caused by limited knowledge in line with the educational background of the most dominant business actors are elementary and junior high school graduates.

Based on the conclusions obtained, the suggestions that can be given are as follows:

1. Culinary business owners should increase the use of proof of main business transactions, namely sales notes that are made in at least two copies. Sales notes and purchase notes should be archived according to the order of the date of the transaction.
2. Culinary business owners should record sales and purchases chronologically according to the order of the date of the transaction into a special sales and purchase record book.
3. Business owners should make a report on the results of business activities to calculate the amount of profit earned, so that it can be used for continuous evaluation, control, and planning for the next period.
4. Office of Cooperatives and SMEs in Malang Regency should provide training and assistance on the implementation of recording and compiling good business financial reports that are useful for performance assessment and future business development.

The limitations of this study can be considered for further research, so that the results of the study can be more perfect than previous studies.

1. The data obtained is only from 30 respondents. The limited data resulted in findings that were not yet comprehensive enough to describe all aspects studied. Further research can be done by increasing the number of respondents;
2. Limited time to meet with respondents for interviews, so that the data to be sought through interviews is not collected optimally. This causes the data obtained to be less specific and reliable.

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