

Analysis of Micro Business Management Strategies in Efforts to Maintain Business Sustainability (Case Study on Genki Yoghurt Micro Business)

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Abstract: This study aims to analyze the effective and efficient long-term management of micro-businesses in an effort to increase operating profits and the sustainability of these businesses. The application of management accounting, such as determining the cost of goods sold, selling price, then financial accounting in preparing financial reports and marketing strategies, is the focus of this research. The method used in this research is a descriptive method based on sources from the literature (journals, articles, books, etc.). The results of this study will provide a strong picture of the implementation of strategies in micro-business management in an effort to increase income, profit and business sustainability. An accurate determination of the cost of goods manufactured will determine the accuracy in determining the product's selling price and determine the right marketing strategy. Adequate financial reporting will provide information for the business itself in determining future business development.

Keyword: micro-business management, business sustainability

1. Introduction

The Covid-19 pandemic leaves a significant impact on all aspects of life, including Micro, Small and Medium Enterprises (MSMEs). As is well known, MSMEs have an important role in maintaining the nation's economy. Not only that, MSMEs absorb 96.9% of the total employment and contribute 60.34% to Indonesia's gross domestic product (GDP). According to Putri Tanjung, Special Staff for the President and Chief of CXO CT Corp, 48% of MSMEs can only last a maximum of three months. They also could not continue their business due to capital difficulties and decreased sales. "We know that many of these sectors have been affected by the pandemic, but there is one sector that has been hit hardest, namely MSMEs. In 2020, almost 48% of MSMEs can only last a maximum of three months. If the pandemic continues, then 80% of micro-businesses will have no money and no savings of more than 60% (Hasibuan, 2020). This will have an impact on the national economy.

Genki Yoghurt is a micro business that is engaged in the culinary sector, which has been running for about 15 years making yoghurt from fresh milk. So far, sales have been carried out by consignment to cake shops, school canteens, colleges and individuals' orders. Based on the results of interviews, for the last two years, the turnover of this business has not shown any progress, it has even tended to decline. Not to mention that the covid-19 disaster that has occurred since March 2020 has made this business worse, production and sales stopped for 4 months. After a productive business is allowed to move again, it does not necessarily make this business run smoothly, plus the sales targets of this business are also many that are not yet operational, such as canteens at schools or campuses. At least we conclude that there are three main problems in this micro business, namely marketing, production and financial reporting.

The results of this study are expected not only to be a solution for the Genki Yoghurt business, but also to be implemented in various other micro businesses. This research is also expected to be the basis for developing other strategies in the future in an effort to maintain business sustainability.

2. Literature Review

Business Management

For businesses that produce their own goods, management accounting plays an important role in determining the cost of goods sold and the selling price. Management accounting plays a crucial role in a more competitive business environment for business organizations in the modern business paradigm. The following are some of management accounting benefits stated by (Martius, 2012): management accounting helps maintain and control company resources; tracking performance; planning, Managing cost and price. Its application in micro businesses will be tailored to the business's needs at that time with a more general language. As has been stated, this research focuses on determining the cost of goods manufactured and the selling price.

The cost of production according to (Supriyono, 2013) is the amount that can be measured in units of money in the form of cash paid, or the value of other assets that can be delivered or sacrificed, or services rendered or sacrificed, or debt incurred or additional capital in the context of ownership. goods or services needed by the company, either from the past (historical cost) or in the future (acquisition cost that will occur). The cost of production in an entity is a calculation to find out all production costs and at the same time determine the selling price of a product so that it can be adjusted to the desired sales profit. The elements of the cost of goods manufactured are generally divided into three categories, namely direct raw material costs, direct labor costs and factory overhead costs, while variable costing is a calculation of the cost of a product that only includes variable production costs. Full costing is a method of determining the cost of product by including all variable and fixed costs of the product, while variable costing is a calculation of the cost of product that only includes variable production costs. Costs that are fixed to the product (BOP not fixed) are included as period costs. After calculating the cost of goods manufactured accurately, the next step is to determine the selling price.

The selling price, in general, can be determined using the markup/cost plus pricing method, value-based pricing and competitive-based pricing. Using markup/cost plus pricing, business actors determine the desired profit percentage, then multiply it by the cost of goods that have been calculated previously and add the calculation result to the cost of goods to determine the selling price (Kurniawan, 2014). Value-based pricing is widely used by companies to attract customer loyalty by setting low prices with quality products (Kotler & Keller, 2016). Competitive based pricing is determined after analyzing a competitor's products and then considering the selling price (Kotler & Keller, 2016). After determining the selling price, then determining how to market the product.

Most of the Micro, Small and Medium Enterprises (MSMEs) actors argue that marketing or marketing is selling, even though the definition of marketing is not necessarily selling. Basically, business people must consider marketing a strategy to increase the product's added value. In the midst of increasingly fierce and dense business competition, MSMEs must have an advantage over competitors or other business actors.

Some reasons for the importance of marketing strategies for businesses, which are quoted from (BisnisUKM, 2015):

1. Marketing is useful for describing the product information to consumers, starting from its advantages, features and various detailed information about the product.
2. Marketing is useful for facing business competition. For example, product strategies, product's price strategies, and promotional strategies could become powerful weapons to win the competition.
3. Marketing is the blood of a company or also known as company blood. Without having a good marketing strategy, sales will be difficult to achieve maximum results.
4. An important goal with any marketing strategy is to build a brand. Simply put, consumers will prefer product brands that they already know or trust beforehand. So brand building is essential in marketing.
5. Marketing strategies are needed to build relationships with consumers. In addition, business actors can also implement a customer retention strategy so that consumers can become loyal and do not move to competitors or other business actors.
6. Marketing plays an essential role in knowing what consumers want. One of the sciences in marketing is marketing research which plays a role in determining consumer desires and consumer behaviors. That way, business actors can find out what the market wants.
7. Marketing strategy plays a vital role in maintaining business growth in the long term. A long-term business will be primarily determined by brand strength, product quality and ongoing marketing communications.
8. Through a precise marketing strategy and new breakthroughs that you create, it is possible that in the future consumers will be more interested in the products you offer compared to other competitors.

After managing the production and marketing of products, the next management that must be done is applying simple financial accounting by business actors.

The application of financial accounting in business organizations is mandatory for business development and continuity. The financial accounting standards that can be used by MSMEs are the Financial Accounting Standards for Micro, Small and Medium Enterprises (SAK EMKM), which are intended for small and medium enterprises or industries.

Benefits and business decisions that are carried out based on accounting as research conducted by (Ediraras, 2010) include:

- a. Business performance appraisal and as evaluation material for the future.
- b. Useful as a basis for consideration of purchasing raw materials for production and means of production.
- c. Decisions regarding prices, for example, determining the selling price, slashing prices, increasing the price of goods/services, etc.
- d. Apply for financing to the bank.
- e. For business development, decisions to open or close branches.
- f. Addition and development of human resources, increase employee income, provide bonuses to employees.
- g. Preparing a budget for the next period.
- h. Addition of business assets.
- i. Business promotion.

If applied continuously and consistently, the business management steps above will maintain business continuity.

3. Business Sustainability

The word "sustainable" has the word "green" attached to it. The word sustainable itself describes or gives the meaning of a long-term continuation process or action, causing or allowing something to continue for a certain period of time, and a process or action that keeps something going or keeps something going. From the above definitions, it can be concluded that in the context of "sustainable" business, or sustainability involves processes and actions that maintain the company from time to time.

Broadly speaking, how a company can be sustainable is not only about green environment. Indeed, the environment should still be a major concern because every business and life needs resources from the environment. However, the sustainability of a business other than the environment also includes legal, financial, economic, industrial, social, material and behavioral aspects.

Each of these aspects has its own language, customs and culture so that it stands in a different portion of the circle. However, they still have something in common, namely waste elimination and an extension of existing resources. In short, the essence of sustainability consists of eliminating waste and expanding resources. From a business point of view, sustainability is about reducing current costs as well as costs that may arise in the future, in any form to facilitate profitability, competitiveness and business life. In 1994, British business consultant John Elkington condensed these areas into three categories and referred to them as a 'triple bottom line' namely People, Planet and Profit (Scott & Stahel, 2013). In short, the three of them are pillars that measure the success value of a company with three criteria, namely economic, social, and environmental.

4. Methodology

The formulation of this research is descriptive qualitative by making direct observations or observations, interviews and documentation. The descriptive method is a method used to examine the status of human groups, an object, a condition and a system of thought and events that will occur (Sugiyono, 2016). The purpose of a descriptive study is to aim at a systematic, factual and accurate exploratory picture or painting regarding the facts, characteristics, and the relationship between the various symptoms to be studied.

5. Result and Discussions

If we have a business, surely we want our business to be going for a long time or sustainable. However, most of the world is dominated by short-term thinking, views on the many problems facing humans today, and allowing individuals or groups to do something without considering the consequences of their actions in the future is a sad fact. Coupled with a sustained pandemic situation, it becomes something hefty. Through this research, we intend to formulate workable solutions for small businesses in order to survive in various conditions.

The management accounting aspect pays attention to information related to its business activities, both internal information for improvement and external aspects of the company related to opportunities and threats that will affect the ability to compete in business activities (Rachman & Prayitno, 2018). In this study, determining the cost of goods sold and selling prices is the main focus.

Our recommendations based on the results of surveys and analyzes for determining the cost of goods and selling prices are as follows:

Table 4.1
Calculation One Bottle of Yoghurt Raw Material

No.	Material Type	Price
1	Fresh Milk	Rp. 1.600,00
2	Nutrijell	Rp. 250,00
3	Sugar	Rp. 365,92
4	Syrup	Rp. 24,31
5	Seeds	Rp. 519,23
Total		Rp. 2.759,46

Table 4.2
Calculation of Direct Labour and Factory Overhead Costs
for One Bottle of Yoghurt

No	Cost Type	Price
Direct Labour		Rp. 1.500,00
Factory Overhead		
1	Bottle	Rp. 750,00
2	Sticker	Rp. 150,00
3	Depreciation	Rp. 13,89
4	Misc.	Rp. 133,33
5	Gas	Rp. 133,33
Factory Overhead Total Cost		Rp. 1.180,55

Table 4.3
Calculation of the Cost of Production for One Cup of Yogurt

No	Cost Type	Price
1	Raw Material	Rp. 2.759,46
2	Direct Labour	Rp. 1.500,00
3	Overhead	Rp. 1.180,55
Production Cost		Rp. 5.440.01

The process of determining the cost of the product is based on calculations using the full costing method (Supriyono, 2013). Based on the calculation of the cost of goods above, we determine the selling price using the cost plus pricing/markup method (Kurniawan, 2014). The expected profit percentage is 70%. The results of the calculation are as follows:

$$\begin{aligned} \text{Cost of production} &= \text{Rp. 5.440.01} \\ \text{Product selling price} &= \text{Cost of product} + (\text{Cost of product} \times \text{mark up}) \\ &= \text{Rp. 5.440.01} + (\text{Rp. 5.440.01} \times 70\%) \\ &= \text{Rp. 5.440.01} + \text{Rp. 3.808.01} \\ &= \text{Rp. 9.248.02} \sim \text{Rp. 9.250,00} \end{aligned}$$

The product can not last long, so the price marked up with a percentage of 70%, because the product does not use preservation agents. The sale of product is mostly on consignment, and if the product is not sold, it will be returned to the manufacturer. Next are the recommendations for the marketing process.

Marketing is the spearhead of the company to increase revenue. Apart from maintaining direct sales and consignment, the most effective marketing is utilizing online media during this pandemic. Currently, we have helped add the product to the marketing channels through one of the most widely used online sales applications.

Online sales expand the market share of this product. Promotions related to this product have also begun to be intensified by utilizing social media. We hope that promotion and marketing can increase income overtime to return to normal conditions in the long term. Next, from the results of this study are recommendations for financial statements.

The financial statements that we recommend for this micro-business are limited to the statements of financial position and profit and loss. The consideration is that apart from adjusting to the absorption capacity of business actors, these two reports are generally used to access low-interest capital from the government.

STATEMENT OF FINANCIAL POSITION
GENKI YOGHURT
January, 31 2021

ASSET		LIABILITIES	
CURRENT ASSETS			
Cash	Rp 1,000,000		
Supplies	Rp 400,000		
Inventories	Rp 2,573,500		
Prepaid Rent	Rp 3,000,000		
TOTAL CURRENT ASSET	Rp 6,973,500	TOTAL LIABILITIES	Rp -
NON_CURRENT ASSETS		EQUITY	
Vehicle_net	Rp 4,000,000	Capital	Rp 19,353,500
Gas cylinders_net	Rp 250,000		
Refrigerator-net	Rp 6,500,000		
Pressing Machine_net	Rp 480,000		
Incubator_net	Rp 1,000,000		
Stove_net	Rp 150,000		
TOTAL NON_CURRENT ASSETS	Rp 12,380,000	TOTAL EQUITY	Rp 19,353,500
TOTAL ASSETS	Rp 19,353,500	TOTAL LIABILITIES & EQUITY	Rp 19,353,500

INCOME STATEMENT
GENKI YOGHURT
For the month ended January 31 2021

Sales Revenue		Rp xxx
Cost of Good Sold		(Rp xxx)
Gross Profit		Rp xxx
Operating Expense :		
Salaries Expense	Rp xxx	
Rent Expense	Rp xxx	
Supplies Expense	Rp xxx	
Depreciations Expense	Rp xxx	
Fuel	Rp xxx	
Utilities Expense	Rp xxx	
Miscellaneous Expense	Rp xxx	
Total Operating Expense		(Rp xxx)
Net Income		Rp xxx

Genki Yoghurt's business has not utilized capital from creditors, so that the obligation value is still zero. With the existence of a statement of financial position and profit and loss, it is hoped that this business will be able to access a broader range of capital, especially capital assistance from the government with low-interest rates.

6. Conclusion

If all the steps above are carried out continuously and consistently, it will significantly impact this business. In addition, various information related to business from the results of this study will increase the company's ability to survive. A more accurate calculation of the cost of the product and the determination of the selling price will give the company an idea of how much profit it can get. The broader marketing and cost-effective promotional media that we recommend from this study are also expected to increase the income of this business. Adequate financial reporting will provide information for business actors to develop their business, including opening access to capital.

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