THE IMPLEMENTATION MODEL OF FINANCIAL STATEMENTS-BASED GROUP SYSTEM TO INCREASE REVENUE ON THE CREATIVE INDUSTRY

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Abstract

The purpose of this research program was to know: The Implementation Model of Financial Statements-based Group System to Increase Revenue on the Creative Industry in Kayubihi Village. The method used was qualitative method with terminal implementation. The data is qualitative. The results of the research show that: (1) the averages of Implementation based on Knowledge and skills about simple financial entry in doing the business: 94.4 percent of bamboo wicker craftsmen; Knowledge about simple financial entry: 87.8 percent of the craftsmen; Skills about simple financial entry according to the trained: 91.2 percent of the craftsmen. (2) after understanding and mastering on how to make a simple financial entry, the craftsmen claimed that they no longer experience an error in determining the selling price, (3) household expenditures and business expenditures activities are now separated, (4) the wages determination for employees is adjusted to the revenues earned from business results.

Keywords: financial; group system; bamboo wicker

JEL Classification: M49, L68

1. INTRODUCTION

The creative industries have been highlighted as a key source of employment growth in the ‘knowledge economies’ of post-industrialised nations (Cameron 2010). The current situation of Indonesian economy which is relying on Micro, Small and Medium Enterprises (MSMEs) is one of the basic determination of government strategy in recovering the national economic that is the development focusing on the empowerment of MSMEs. The important role of MSMEs as business people is shown through one of the indicators that is the amount numbers and active in various business sectors and subject to the public interest. Besides being the largest business sector in its contribution to the national development, MSMEs is also providing the opportunity of considerable job vacancies for domestic workers, so that its role is very important in helping government to reduce the unemployment. Morgan (2009), and also in line with Hernandez (2010), state that the long-term government coaching and empowerment can play a role in improving the competitiveness of MSMEs in a sustainable way. Chowdhury (2007) states that the government has an important role in creating a positive climate in developing small businesses. In line with that statement, Chen (2006), and Marcovics (2005) state that the government plays a role in protecting
small and medium enterprises in order to grow its business to overcome the competition.

The combination of artistic creativity and local culture, made Bali as one of the provinces which is famous for its craft industry. One of the regions in Bali that can develop craft centers is Kayubihi Village. Kayubihi Village is one of the villages designated as village of craft centers, especially bamboo wicker crafts. This is because most of the people in Kayubihi Village rely their lives on bamboo wicker handicraft sector and supported by abundant raw materials. Moreover, Kayubihi Village is a tourism route between Tirta Empul and "Batur and Lake Batur" tourist attraction which is demanded by foreign tourists and domestic tourists. This condition has an implication which is increasing and widespread of the product marketing to the various regions in Indonesia and even abroad. Along with the increasing number of "orders" with various variation trigger the increased production of bamboo wicker crafts from time-to-time.

Initially, the product of bamboo wicker crafts are only produced to meet the needs of the local people in Bali by selling through traditional markets in Bali or by directly ordered by the buyer to the craftsmen, and the number of orders is relatively small. With the development of the tourism industry, bamboo wicker handicrafts are in great demand by tourists to serve as souvenirs, so bamboo wicker is a handicraft mascot for Bangli regency. Now the craftsmen in Kayubihi Village are no longer work alone, but they require the employees to serve the needs of the tourism industry and orders from collectors to be shipped abroad using containers (Kayubihi Village Monograph, 2011). The number of orders can reach hundreds to thousands of units with different models according to the wishes of the buyer. Every day, the craftsmen in Kayubihi Village can produce one to two pieces of bamboo wicker. That is included the craftsmen that already have two to five employees. So that every month they are able to produce sixty to one hundred and fifty pieces of bamboo wickers with various types and motives. McRobbie (2004) describes the ‘passionate attachment’ creative workers have for their work as a disciplinary mechanism, where the pleasures of work (autonomy, creativity, freedom of expression) enable an intensification of labour and normalisation of exploitative working conditions (Allen et al., 2013).

Economically this condition is very beneficial for the community of bamboo wicker craftsmen in Kayubihi Village, if they can do the financial entry well. But the craftsmen in Kayubihi Village, who are mostly primary school graduates admitted to having difficulties in calculating production costs (purchasing materials, employee salaries, maintenance and purchasing of production equipment) and venture capital (land rent and initial capital). This is because they make conventional calculations by remembering the costs they spend without doing the financial entry. So, the craftsmen often experience difficulty in calculating the cost of production and capital issued every month. So that the business management personnel, land rent, and initial capital are often not calculated in determining the selling price. In fact, if the lease of land, management costs, and initial capital are calculated, the craftsmen do not get a significant profit compared to the issued capital.
This condition is used by the collectors to bid the bamboo wicker products cheaply, because the craftsmen do not know how to make financial entries and only use estimates in determining the selling price. Various problems experienced by the craftsmen in Kayubihi Village is very detrimental including the employees. While the collectors gain multiple benefits by exploiting the weaknesses of the craftsmen who do not understand how to make financial entries.

Based on the analysis of the condition and the prospect of the bamboo wicker craftsmen profile as presented before, it can be identified that the main problem faced by the bamboo wicker craftsmen is the difficulty in making financial entry to calculate the production and capital cost as well as the determination of the selling price in accordance with market price to gain profits. On the other hand, the collectors who utilize the weakness of bamboo wicker craftsmen who cannot make financial entry to determine the selling price often put the craftsmen in loss. Since the craftsmen are not yet accustomed to produce, they cannot determine the capital and production costs incurred to produce the product, while the collectors try to bid as low as possible to gain the maximum profit. In today's highly competitive environment, most companies are focused on customer retention as a key to success. Marketing activities are established mainly based on customer value. Although the importance of customer expected value is fully known, the relevant researches are quite sparse and there is no clear definition of the concept of customer value. Primal studies on the effect of profits of Market Strategies (PIMS) states that the definition of the value is based on product quality, relative price and customer expectations (Wang et al., 2004).

Based on the analysis of the above problems, it is necessary to find the appropriate and productive solution to the problems faced by the craftsmen in the Kayubihi Village in Bangli regency. One alternative that is seen to be appropriate is to provide training for the craftsmen in making financial entry. Based on the rationale, this program will train the craftsmen with group system (each group will be given the material of practice by experts with different time according to the agreement of the group). By doing this, it is expected that the bamboo wicker craftsmen can make good financial entry, so they can accurately calculate the profit and loss and the selling price in accordance with the production costs and venture capital.

The problems faced by businesses in sourcing financing for expansion are not necessarily caused by a lack of available funding, although there are subsector specific variants; for example, a lack of seed development for video games and company investment in film businesses. However, common to most creative industries subsectors there appears to be a gap in the provision of private funding and debt finance for business expansion and growth that goes beyond initial start-up or individual projects. Businesses tend to face two major challenges in accessing the finance that they need to grow. First, information on available funding and financing options is often fragmented and hard to navigate, and management teams lack experience in how to position themselves appropriately. Second, the business models of creative businesses are not always readily understood by
investors and lenders, largely because a lack of data and market intelligence renders it hard to quantify value in the sector or compare across investment opportunities.

Industrial sector has an important role and position for long-term economic development in many countries. Industrialization expected to be the primary solutions to accommodate the increasing population in the agricultural sector and the beneficial stimulant to increase activities in other areas of community life which is expected to increase production and national income in general, either directly or indirectly. Higher national income can increase the propensity to support and provide the availability of funds that necessary for further investment (Sutikno et al., 2017).

2. THEORETICAL FRAMEWORK AND HYPOTHESES

The creative economy era is a shift from the era of agricultural economy, the era of industrialization, and the information age. The Department of Commerce (2008) defines the creative economy as a manifestation of seeking sustainable development through creativity, which is development sustainable economy is a competitive climate and has a reserve of renewable resources. Claire (2009) writes about how to grow creative economies in Tacoma, USA using an experiment called "Tacoma Experiment". In this experiment recruited 30 people with professional backgrounds from various fields to work for a year. The process of this experimental project is more to how 30 people are mutually maintain communication so as to create a good relationship with each other. The core of the research is sharing or exchanging ideas and information between individuals can increase the value of creativity. The value of one's creativity is believed to increase with the communication. The research is enough to provide an overview of the development of creative economy. Creative economy can be regarded as a system of supply and demand transactions derived from economic activities that are driven by the industrial sector called Creative Industry. Therefore, the creative industry is an integral part of the creative economy. The creative industry is an industry derived from the utilization of creativity, skills and individual talents to create welfare and employment through the creation and utilization of the creative power and creation of the industry (Tri and Darwanto, 2013).

Economic Theory of Transaction Costs states that transaction costs consist of the cost of finding suppliers from inputs, cost information on quality and price, bargaining costs, contract monitor fees with input suppliers, legal costs when contracts are violated, losses that may arise as a result of investing in very specific or specific assets (Ropke, 2000).

The financial statements show the position of resources owned by the company over a period. Complete financial statements usually include balance sheets, income statements, changes in equity statements, cash flow statements and notes to the financial statements. According to Hery (2012), the financial statements are basically the results of an accounting process that can be used as a tool to communicate financial data or corporate activities to interested parties. Juminang (2008) states that the financial statements are the accounting process results that can be
used as a tool to communicate with parties who are concerned with the financial condition and results of the company's operations. These stakeholders include management, owners, creditors, investors, distributors, employees, government agencies, and the general public. Unegbu (2014), historically, accounting predates monetary economy. This was precisely, in the era of barter economy (i.e. exchange of goods for goods) when transactions were not only pre-determined by measurement but also by exchange values. Wolk and Rozycki (2008) argue that accounting and financial information are parts of accounting theory. Gulman (1939), added that the accounting system at that time avoided financial reports to outsiders or determination of income or tax due to government and allied parties. The system still reveals that the accounting system at that period was of course fulfilling the societal needs and expectations of the users of financial statements. Accounting in recent years, has made significant impact on socio-economic and political development especially on recording, preparing, interpretation, auditing and investment. Other impacts include merger, acquisition, planning, controlling, and storage of business operation. Above all, is the impact on the decision making process (Remi, 2006).

Fu (1971) said the accounting systems that were mostly used by feudal and expansionist for merchants and estates in China, allowed for large physical distances and several layers or hierarchies. Ahmed (2000) argued that, funds accounting system exists in the form of general reserve fund, special reserve fund and reserve fund. The source of the goods, the purposes for which they were used, the frequency of taxes being levied and each tax ceiling were all bases of accounting system. While Jusuf (2005) states that financial statements are the result of the accounting process. From those definitions, it can be stated that accounting is a process that includes (1) recording, (2) classificating, (3) summaring, (4) reporting, and (5) analyzing financial data from an organization. Recording and classificating activity are the process which are done regularly and repeatedly every time a financial transaction occurs. While the reporting and analyzing activities are usually only done at a certain time. From the above understanding, it can be concluded that the financial statements are an information tool that connects the company with the parties concerned that indicate the condition of corporate financial health and corporate performance.

Accounting, written records of all transactions, personal account for wages paid to employees, inventory records, and records for assets acquisitions and disposals. In addition, it contains evidence of auditing of all accounts, (American Institute of Certified Public Accountants (AICPA) (2006).

In fact, the financial statements aimed to provide useful information for users of the report, especially as a basis for consideration in the decision-making process. These accounting reports are called financial statements. The financial statements are the last product of a series of recording and processing of business transaction data. An accountant is expected to be able to organize all accounting data to produce financial statements and even must be able to interpret and analyze the financial statements made. The specific purpose of the financial statements is to present fairly and in
In accordance with generally accepted accounting principles regarding the financial position, results of operations and other changes in financial position. According to the Financial Accounting Standard (2004), "The purpose of financial statements for general purpose is to provide information about the financial position, performance and cash flows of the company which are useful for most users of financial statements in order to make economic decisions and show accountability (stewardship) management over the use of the resources entrusted to them". It can be concluded that the main purpose of financial statements is to provide financial information to the users of financial information in order to know the position, performance and changes in the company's financial position and to use in decision making.

According to the Financial Accounting Standards (2004), the financial statements consist of: (a) Balance Sheet. Balance sheet or often called a statement of financial position. According to Jusuf (2001), balance sheet is a list that describes the company’s assets, liabilities and capital. The balance sheet is made with the intention to describe the financial position of an organization at any given moment. The balance sheet components include: (1) Assets which consist of current assets, fixed assets and other assets; (2) Liabilities consist of short-term liabilities and long-term liabilities; (3) Capital consists of paid-in capital and retained earnings. (b) Income Statement. The financial statements are a report showing the revenues and expenses of a business unit for a certain period. The differences between income and expense are the profit earned or loss incurred by the company. The income statement sometimes is called earnings or income, while expense report is a report that shows the financial progress of a company and is also a connecting line of two consecutive balance sheets. The profit and loss statements describe the success or failure of a company's operations in an effort to achieve its objectives. The results of company operations are measured by comparing the earnings of the company (Jusuf, 2001). If the income is greater than the cost, then the company is said to earn a profit. Whereas if the opposite occurs, then the company is said to be at loss. (c) Capital Change Report. According to Astuti (2012), the report changes capital provides information of ownership capital's increase or decrease in a certain accounting period. Additional ownership capital and net profit are things that can increase owner's capital. While loss, prive or dividend distribution is a deduction of owner's capital. The information presented in the capital change report relates to the pre-prepared income statement. Therefore, it is very unlikely to prepare a report of capital change without previously preparing the income statement first. (e) Statement of Cash Flows. According to Kashmir (2008), the cash flow statement is a report showing all the aspects related to the activities of the company, either directly or indirectly affecting the cash. The cash flow statement consists of cash in and cash out for a certain period. (f) Notes to the Financial Statements. The contents of this note are general description of the company, the accounting policies adopted, and the explanation of each balance sheet, profit, and loss account. When the explanation of each balance sheet, profit, and loss account is still elaborated, it is described in the appendix. The explanations for each
account detailed the accounts in the balance sheet, profit, and loss.

Based on the above background then the problems in this study are: (1) how is the model of simple bookkeeping implementation using group system on bamboo woven craftsman in kayubihi village? (2) how much is the effectiveness of the implementation of a simple bookkeeping implementation model using a group system of woven bamboo craftsmen in the kayubihi village in relation to the increase in the income of the community?

3. RESEARCH METHOD

The method used was a quantitative method with a programmed implementation-based terminal group system. This means that each group of craftsmen will be given a package of democratic financial entry programs, began with the introduction of knowledge and skills of simple financial entry, followed by direct practice of simple financial entry, then they will be conditioned to make simple financial entry independently using the following indicators for success measurement. The data is a qualitative data. Data were collected by interview method, documentation, and observation.

<table>
<thead>
<tr>
<th>No</th>
<th>Data Type</th>
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<th>Indicators</th>
<th>Success Criteria</th>
<th>Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Knowledge about simple financial entry</td>
<td>Craftsmen (50 people in 5 groups)</td>
<td>The craftsmen’s knowledge</td>
<td>There is a positive change to the knowledge of the craftsmen. Scale (0-100%)</td>
<td>interview guidelines</td>
</tr>
<tr>
<td>2.</td>
<td>The skills of the craftsmen according to what they have been trained about simple financial entry</td>
<td>Craftsmen (50 people in 5 groups)</td>
<td>Skills of the craftsmen</td>
<td>There is a positive change to the craftsmen’s skills. Scale (0-100%)</td>
<td>Interview guidelines and observation format</td>
</tr>
<tr>
<td>3.</td>
<td>Implementation based on knowledge and skills about simple financial entry in doing business</td>
<td>Craftsmen (50 people in 5 groups)</td>
<td>Implementation based on Knowledge and skills of the craftsmen</td>
<td>There is a positive change to the knowledge and skills of the craftsmen after the implementation. Scale (0-100%)</td>
<td>Interview guidelines and observation format</td>
</tr>
</tbody>
</table>

Source: data processing
4. DATA ANALYSIS AND DISCUSSION

Research result

The implementation model of simple financial entry to determine the capital and the selling price of bamboo wicker products made for the craftsmen is done in the Kayubihi village in Bangli regency. Moreover, the flow of the implementation model of simple financial entry is to determine the capital and the selling price of the bamboo wicker products starting from: 1) the preparation stage which consists of the stages: (a) preparation of administrative materials in accordance with the needs of the research implementation, (b) coordinating with the craftsmen of bamboo wicker handicrafts (c) preparing the financial entry material, 2) the implementation stage which consists of: (a) implementing the model by making terminal financial entry to determine the capital and the selling price of bamboo wicker handicrafts; (b) limited simulation to make simple financial entry to determine the capital and selling price of bamboo wicker handicrafts that have been made in the training session, and 3) the evaluation stage which consists of giving the result of making simple financial entry to determine the capital and the selling price of bamboo wicker handicrafts that are terminal.

<table>
<thead>
<tr>
<th>No</th>
<th>Data Type</th>
<th>Data Source</th>
<th>Percentage</th>
<th>Success Criteria</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Knowledge about simple financial entry</td>
<td>Craftsmen in group 1</td>
<td>87%</td>
<td>Success</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Craftsmen in group 2</td>
<td>89%</td>
<td>Success</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Craftsmen in group 3</td>
<td>89%</td>
<td>Success</td>
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<tr>
<td></td>
<td></td>
<td>Craftsmen in group 4</td>
<td>86%</td>
<td>Success</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Craftsmen in group 5</td>
<td>88%</td>
<td>Success</td>
</tr>
<tr>
<td>2</td>
<td>The skills of the craftsmen according to what they have been trained about simple financial entry</td>
<td>Craftsmen in group 1</td>
<td>90%</td>
<td>Success</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Craftsmen in group 2</td>
<td>92%</td>
<td>Success</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Craftsmen in group 3</td>
<td>90%</td>
<td>Success</td>
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<td></td>
<td></td>
<td>Craftsmen in group 4</td>
<td>93%</td>
<td>Success</td>
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<td></td>
<td></td>
<td>Craftsmen in group 5</td>
<td>91%</td>
<td>Success</td>
</tr>
<tr>
<td>3</td>
<td>Implementation based on knowledge and skills about simple financial entry in doing business</td>
<td>Craftsmen in group 1</td>
<td>94%</td>
<td>Success</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Craftsmen in group 2</td>
<td>96%</td>
<td>Success</td>
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<td></td>
<td></td>
<td>Craftsmen in group 3</td>
<td>93%</td>
<td>Success</td>
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<tr>
<td></td>
<td></td>
<td>Craftsmen in group 4</td>
<td>94%</td>
<td>Success</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Craftsmen in group 5</td>
<td>95%</td>
<td>Success</td>
</tr>
<tr>
<td></td>
<td>Averages</td>
<td></td>
<td>94.4%</td>
<td>Success</td>
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</table>

Source: data processing
The results obtained through group system methods in the preparation of financial entry for the bamboo wicker craftsmen is described through chart 1 as follows:

Discussion

Through the implementation model of the group's financial statements, bamboo wicker craftsmen in Kayubihi village acknowledge that they have adequate knowledge and skills in making a simple financial entry in order to calculate the inflow and funding. The results of the research activities in the implementation model of a simple financial entry that has been experienced by the craftsmen in the Kayubihi village, namely:

1) Most of the bamboo wicker craftsmen can make a simple financial entry which is used as a basis in determining capital and selling price of bamboo wicker handicrafts,
2) After acknowledging the implementation of the financial entry in the business, the craftsmen claimed to be no longer experience an error in determining the selling price;
3) Between the expenditure of household needs and the expenditure on business activities are now separated,
4) The wages for employees has been adjusted to the income obtained from the bamboo wicker handicrafts that have been made.

The results of the research show that: (1) the averages of the implementation based on knowledge and skills about a simple financial entry in business: 94 percent of the bamboo wicker craftsmen can make a simple financial entry which is used as a base in determining capital and selling price of bamboo wicker handicrafts, (2) knowledge about simple financial entry: 87.8 percent of the bamboo wicker craftsmen, and (3) the skills about simple financial entry according to the trained: 91.2 percent
of the bamboo wicker craftsmen.

Bamboo woven craftsmen in Kayubihi Village can make simple bookkeeping which can be used as guidance in determining start-up capital, production cost, finishing cost, determining the selling price according to production cost and determine the profit and loss of the business done.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATION

Following the implementation model of a simple financial entry with a group system for bamboo wicker craftsmen in Kayubihi village, they acknowledge that they had adequate knowledge and skills in making the financial entry in order to calculate the inflows and disbursements.

Several things that can be used as recommendation of the implementation of this research are: (1) every bamboo wicker craftsman who has employees to develop a simple financial entry system to guarantee the sustainability of the business undertaken; (2) the local government should always provide guidance and training for the bamboo wicker craftsmen in the village Kayubihi through the Office of Koprasi and the industry, because the bamboo wicker handicrafts they sell contributed to the budget and income of the Bangli regency.

The limitation of this research is the location of research is only focused in Kayubihi Village of Bangli District, so the next research is expected to use the broader research location, besides the subject of this research is only focused on women woven bamboo craftsman. Then further research is expected to use a broader subject, the determination of wages for employees who are invited to work is often uncertain, adjusted to the conditions and situations of the profits derived from the bamboo woven made, then One of the alternatives considered visible enough to be done by the government of Bangli district through the department of cooperatives and SMEs is to carry out training improvement knowledge and skill of housewife craftsmen mothers in Kayubihi Village. The increased income of these craftsmen will automatically increase the region's original revenue (PAD) of Bangli Regency from the levy and income tax sectors and increase tourist arrivals to the Bangli Regency.

REFERENCES


