

## The Financial Freedom Approach in MSME Financial Management in the Tourism Sector



Yudhanta Sambharakreshna<sup>1</sup>, Fariyana Kusumawati<sup>2</sup>, Anis Wulandari<sup>3</sup>

<sup>1,2,3</sup>University of Trunojoyo Madura

**ABSTRACT:** The short-term goal of this research is to provide knowledge and understanding of MSMEs financial management using the financial freedom approach, in addition to providing alternative solutions for MSMEs in solving the problems they face in managing their finances. The long-term goal is that MSME actors are able to apply or implement their financial management using the financial freedom approach.

This type of research is qualitative using a descriptive approach. The design stages of the research used include identification of research phenomena and problems, selecting key informants related to the research, data collection (observations, interviews, recordings, and documentation), data validity, data analysis, and research conclusions.

The results of the study show that first, MSMEs actors in the four destinations have not carried out financial management such as recording, reporting and financial control. Second, MSMEs in the four destinations do not understand, understand and have knowledge of financial management using the financial freedom approach. However, in reality the majority of MSMEs have carried out most of the stages of financial freedom except for the stages of investing in financial assets and preparing emergency funds (reserves) which they did not do.

**KEYWORDS:** Financial Management, MSMEs, Financial Freedom

### INTRODUCTION

COVID-19 pandemic that has hit countries in the world has resulted in changes in behavior in individual/human life (Yarlina & Hunda, 2021; Zulfikar, 2021). Significant changes in changing patterns of human behavior occur in social and economic aspects as a result of the spread of the COVID-19 virus (Leonandri & Fitriana, 2021; Rosita, 2020; Tubagus, 2018). From an economic perspective, the spread of the COVID-19 virus resulted in a loss of IDR 517.5 trillion, and if this cannot be handled as soon as possible, then Indonesia's economic growth will result in a contraction of up to -2.07% (Hadiwardoyo, 2020; Laga & Jamu, 2018; Yarlina & Hunda, 2021).

So far, the largest contribution to the economy in Indonesia has come from Micro, Small and Medium Enterprises (SMEs). Efforts to develop and improve MSMEs are one of the government's strategies to eradicate them poverty. The existence of MSMEs can increase the absorption of labor in distribution the economy of the poor with equal distribution of good job opportunities in both rural and urban areas have been shown to improve economic distribution (Mistriani, Tutik, & Yuliamir, 2021; Muttaqin, Taqi, & Arifin, 2020). MSMEs will be able to contribute 60% of GDP and absorb 97% workforce in 2020 (Irawati, 2018; Yarlina & Hunda, 2021).

Creative economic development supports the economy in the Madura region. Creativity is an activity that is very valuable in the creative economy. The creative e-economic concept can be used by business actors to maintain the continuity of their business by innovating and creating products that are marketed. The creative economy is an economic era that has entered the fourth economic wave after the first economic wave, namely the agricultural economic wave, the second industrial economic wave, and the third wave of the information economy. The wave of the creative economy is predicted to help economic growth in Indonesia where most actors in the creative economy are micro, small and medium enterprises.

The economy in Madura is largely supported by the MSMEs sector. The number of MSMEs in each district is as follows: Bangkalan district 166,768 with employment of 210,003, Sampang district 195,215 with employment 264,569, Pamekasan district 195,554 with employment 257,481, Sumenep district 269,005 with employment 486,196.3 However various limitations that become obstacles for MSMEs to carry out their activities and development (Haliza and Sifa, 2021).

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COVID-19 pandemic that occurred in Indonesia provides the impact on the decline in MSME income (Alfrian & Pitaloka, 2020). According to statistics, 37,000 SMEs have reported a decline in sales (Gultom, 2021; Pakpahan, 2020). Therefore, special tactics are needed to deal with the COVID-19 pandemic for MSMEs (Putri, Pramudiati, Nusron, & Prasetyo, 2021). One of them is by involving parties of academic, the business world, and the MSMEs community to help MSMEs in real work.

COVID-19 pandemic impact on economic instability, including Micro, Small and Medium Enterprises (MSMEs). In general, the majority of business actors have experienced a decline in income and even bankruptcy due to the COVID-19 pandemic. The Chairman of the Standing Committee for MSMEs and Cooperatives of the Indonesian Chamber of Commerce and Industry stated that in reality there are still many MSMEs that have ended up bankrupt by 40% due to the impact of this pandemic, one of the reasons being a lack of knowledge about business management (Ariesta, 2021).

Facing this, a strategy is needed for MSMEs to survive and be able to develop their business. One of the main aspects that has a great impact on MSME actors is the decrease in the number of sales which makes the MSMEs financial condition in a crisis condition. Restrictions on social activities make it difficult for MSMEs to develop their business scale.

Financial management is vital for a business, but in general some small businesses and not a few MSMEs actors combine personal finance and business finance. Financial condition really needs to get more attention because if not disciplined and good at managing it may not fulfill the needs future funding. The results of research related to MSMEs financial management show that the ability to financial literacy can influence the way individuals think about financial conditions and influence strategic decision making in terms of finance and better management for business owners (Anggraeni, 2015; Rumbianingrum et al, 2018; Saputra ; 2018; Humaira et al, 2018; Widyasari et al, 2019; Putri, 2020; Pusporini, 2020; Saskia et al, 2020). An understanding of financial literacy by business actors provides the ability to manage finances well.

Many MSMEs cannot develop properly, so these businesses only remain silent on a micro scale. Some of the weaknesses that prevent MSMEs from developing include: (1) low knowledge of financial management; (2) difficulties in applying accounting; (3) low awareness of the importance of accounting; (4) lack of working capital; (5) limited information technology mastery, (6) lack of qualified human resources, and (7) lack of marketing techniques/strategies. The financial health of MSMEs can be seen from the increase in financial performance. According to Silaya, (2020) in Afaf and Yendrawati, (2021) MSMEs can be said to be financially healthy if MSMEs management is able to manage finances using planning and carrying out appropriate analysis according to MSME goals. Some of the reasons entrepreneurs cannot achieve financial health were expenses greater than income, uncontrollable consumer debt, not saving emergency funds and savings funds, lack of financial planning, etc.

The weaknesses faced by MSMEs above can actually be overcome by using the financial freedom approach. Financial Freedom or financial freedom is a condition to obtain freedom in financial affairs, which gives the meaning that a person can make his choice in managing finances in accordance with his hopes and goals in life. According to Orman (2000) in Afaf and Reni (2021) financial freedom is a situation where individuals are free from fear and anxiety over financial deficiencies and have freedom over their financial strengths without having to work harder. In other words, financial freedom is a condition that shows a person is free from all kinds of debt, has passive income that can make ends meet, is protected financially from all risks, and is no longer bothered when he has to spend money for fun.

The lack of knowledge of MSMEs regarding financial freedom causes their financial management to be less than optimal so that business profits are less than optimal. Based on this, this study raises the financial freedom approach as a solution in MSME financial management. Based on the previous description, the formulation of the research problem is: "How is financial management based on Financial Freedom in micro, small and medium enterprises (MSMEs) in the tourism sector as creative economic actors?" The objective of this research is to provide knowledge and understanding to MSMEs as creative economic actors in managing finances using the financial freedom approach .

## LITERATUR RIVIEW

### Creative Economy

Judging from history, the economy has experienced a shift in orientation which was initially oriented towards agriculture and then moved to an industrialization orientation. After that, from the era of industrialization shifted to the information age which was followed by technological and information discoveries (Purnomo, 2016:6). This orientation change/shift creates new life for humans and encourages humans to be more active and productive in discovering new technologies. These changes create work patterns, production patterns and distribution patterns that are more efficient and effective.

Quoting from the 2025 Creative Economy Blueprint, the creative economy is an added value creation (economic, social, cultural, environment) based on ideas born from resource creativity human beings (creative people) and based on the use of science, including cultural and technological heritage. Creativity not only based on art and culture but also based on science and

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technology, engineering and telecommunications science. In general, there are several aspects in the creative economy, namely creativity, intellectual property rights, symbolic meanings of use value or symbolic items and production methods (Djulius, 2019:10).

### Financial Management

Purba et al., (2021:114), defines financial management or financial management as planning, organizing, directing, and controlling financial activities such as procuring and utilizing business funds. Because Purba (2021) is synonymous with financial management as financial management, this research will also be synonymous with financial management. Financial management is all activities related to the acquisition, financing and management of assets with several overall objectives, where the entire process is carried out to obtain company income by minimizing costs (Kasmir, 2010; Hartati, 2013) to maximize company value (Yuesti, 2019: 2) Meanwhile, according to Yuesti (2019:2) defines financial management as an activity of planning, budgeting, checking, managing, controlling the search and storage of funds owned by an organization or company

Hartati (2013), groups the function of financial management (financial management) into 2 (two), namely: (1) activities to seek funds (obtain of funds aimed at making investment decisions that generate profits), and (2) activities to allocate funds, activities aimed at managing the use of funds in company activities. Yuesti et al (2019:3), state that there are several functions of financial management, namely: financial planning, financial budgeting, financial management, financial search, financial storage, financial control, and financial audits. Nurdiansyah and Rahman (2019: 74) state that the functions of financial management are financial planning and budgeting, controlling, checking, and financial reporting bro .

### Micro, Small and Medium Enterprises

According to Law no. 20 of 2008 concerning Micro, Small and Medium Enterprises, what is meant by Micro Enterprises are productive economic businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated by law. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled or become part either directly or indirectly of Medium Enterprises or Large Enterprises that meet the criteria of Small Enterprises as referred to in the law. Medium Enterprises are productive economic enterprises that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with Micro or Large Enterprises with total net worth or annual sales results as stipulated in the law. Large Enterprises are productive economic enterprises carried out by business entities with a net worth or annual sales results greater than Medium Enterprises, which include state-owned or private national businesses, joint ventures, and foreign businesses conducting economic activities in Indonesia.

Based on Law no. 20 of 2008, the classification of SMEs can be divided based on the criteria for ownership of company assets and turnover. The criteria for Micro Enterprises are having a maximum net worth of Rp. 50,000,000 excluding land and buildings for business premises, and having annual sales of a maximum of Rp. 300,000,000. Small Business criteria, namely having a net worth of more than IDR 50,000,000 - IDR 500,000,000 excluding land and buildings where the business is located, and having annual sales proceeds of more than IDR 300,000,000 up to a maximum of IDR 2,500,000,000.

Medium Business Criteria, namely having assets of more than Rp. 500,000,000 to a maximum of Rp. 10,000,000,000 excluding land and buildings for business premises , and having annual sales proceeds of more than Rp. 2,500,000,000 up to a maximum of Rp. 50,000. 000,000.

### Financial Freedom

Financial freedom means a condition to obtain freedom in financial matters (Afaf and Reni, 2021). Many people think that money is not a source of happiness, but in fact, with good financial conditions, we will not be bothered by life. Financial freedom can also be interpreted as a step in order to achieve a free financial condition. Or it could also be interpreted as a situation when a person is financially able to meet their needs and desires without worrying about feeling deprived. <https://www.modalrakyat.id> (2022).

Anyone can get this condition of financial freedom. However, to achieve financial freedom there is hard work that must be done first. For some people, the process may have to be in the long term. However, that doesn't mean it's impossible. Moreover, the cost of living will continue to rise in the future, so this financial freedom is indeed worth fighting for. We can just imagine when someone can use free money for sure, and you don't have to work hard. When you're old, you might dream of this situation.

Wuisan on the People's Capital Web on January 14 2022, describes eight ways to achieve financial freedom, namely:

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**Define goals.** The first step is to get the desired financial freedom, namely setting goals. Setting this goal, can be started by answering the question why do we want to be financially free. Financial freedom means not spending money at will, but finding what you want to achieve when you get financial freedom. For example, you will use the money to worship with your family in the Holy Land, and other purposes that need to be specified.

**Doing financial planning.** When we have set goals, the second step to achieve financial freedom is to make the best possible financial planning. This financial planning can be done once a month. The goal is to map the use of the money you have. This is done so that our money can circulate, not be used up to buy this and that. By doing this planning, it is hoped that we can better understand our financial condition.

**Have savings.** After we do the second step correctly, the third step to achieve financial freedom is to have a special account to save properly. With savings, it is hoped that it will help us to carry out financial planning in the future. The easiest way for us to be easy to save is when we receive a salary or direct income, we set it aside to save. Never think that saving is leftover money because later we will find it difficult to set aside money at the end of time.

**Invest real assets.** The fourth step to achieving financial freedom is to invest in real assets. One of the goals of Financial Freedom is to make money work for you. That is, without doing the hard work, the money keeps flowing into our wallets or pockets. To achieve this, the way is to buy assets or make real investments. An example is buying a property that can be rented out and become passive income. For example, we have a boarding house with 10 rooms. One room is valued at IDR 2 million per month. In 1 month, you will earn IDR 20 million without having to work hard.

**Invest in financial assets.** The fifth step to achieving financial freedom is to invest in financial assets or financial securities. We cannot avoid that one of the goals of financial freedom is to make money work That is, without doing the hard work, the money keeps flowing into our wallets or pockets. To achieve this, apart from buying assets or making real investments, this can be realized by investing in intangible assets or financial securities. This type of investment can increase the value of money in the future and some are effective at following inflation. Examples of financial investment instruments are money markets, P2P lending, mutual funds, stocks, and others. Here you will have money and make money increase in a certain time. Apart from that, you can also benefit by buying one through the provision of People's Capital. This P2P lending provides safe and reliable funding because it has legal permits from the Financial Service Authority.

**Avoid going into debt.** The sixth step to achieving financial freedom, namely avoiding debt. Owe can be done when we really need it. However, if there are other ways to make ends meet, avoid going into debt because it's just a hassle, because if you have too much debt, it will be difficult for you to pay it off. Thus, debt can get in the way of achieving financial freedom.

**Prepare an emergency fund.** The seventh step to achieving financial freedom, namely preparing an emergency fund. Having an emergency fund will help us deal with sudden matters that must be resolved. If we provide these funds, then when facing sudden matters, we don't need to use money to get things done. Usually the size of the emergency fund is usually 6 times or 12 times spending per month and these funds must be separated from savings and investments.

**Find additional income.** The eighth step in achieving financial freedom is looking for additional income. To find a side income, this can be done by looking for or doing a side job or side business. The most basic thing when we do business or side jobs is to arrange the schedule as well as possible so that we don't get tired when we have long working hours. We recommend that this business or side job be carried out according to our abilities. The results of this additional income can be used for savings to buy assets to invest.

## RESEARCH METHODS

### Types of research

This study uses qualitative research methods, namely research that aims to build a proposition and explain the meaning behind the social reality that occurs. This research also seeks to look at what is happening in the world and put the findings obtained in it where researchers stand from reality or events that take place in the field against a natural environment (Bungin, 2007: 44). According to Bogdan and Taylor (1975) cited by Moleong (2010: 4) defines qualitative methodology as a research procedure that produces descriptive data in the form of written or spoken words from people and observable behavior.

The reason for this research using qualitative research is that research data collection is not rigid or more *flexible*, but always in accordance with the actual situation. With qualitative methods, data relating to feelings, norms, beliefs, habits, mental attitudes, and the culture adopted by a person or group of people can be found (Moleong, 2007:8-13). Qualitative methods aim to gain a general understanding of social reality from the participant's perspective. This study seeks to understand the meaning according to the information provided by the informants, because this research is a social analysis that uses a subjectivism approach, which seeks to understand the situation as it is.

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### Research Approach

Descriptive research is research that aims to describe, describe or describe the state of phenomena that have been and are ongoing. Description is to clearly describe the phenomenon that occurs in the field, where the description of the phenomenon is then examined (interpreted) by the researcher according to his point of view. This meaning is subjective, without judging according to what is found in the field (Mappiare, 2009).

### Research Design

Research design is a design that describes how the research is carried out in order to get what is the purpose of the research. Design is a logical link between empirical data and the initial research questions, especially the conclusions (Yin, 2009). The research design is used to answer research questions about how MSME finance is managed with a financial approach Freedom. The steps in the research design are as follows; (1) Identification of research phenomena and problems, (2) Selecting key informants related to research, (3) Application of research methods, (4) Data collection, (5) Data validity, (6) Data analysis, and (6) Conclusion Research.

### Data Collection Stages

The stages of data collection in this study include: (1) Preliminary survey , in the form of extracting *up-to-date information* either through articles, the internet, print media, and others to obtain an overview of MSME financial management in Madura. (2) Literature survey , in the form of collecting and studying finished data obtained from reference books and research journals. (3) Field data collection , field data collection is done by observation, interviews, recording and documentation. The data collection process was carried out by observing, in these observations the researcher conducted in-depth interviews to obtain information related to the research objectives. In the interview process, the researcher used a tape recorder to facilitate the data collection process and in addition to the information/data obtained from the documentation that supports the research.

### Research Informants

The informants in this study were MSME actors who were on the tour of Bangkalan Blue Beach, Camplong Sampang Beach, Talang Siring Pamekasan Beach, and the Sumenep Kraton Museum.

## RESEARCH RESULT

### Bangkalan Blue Beach MSME Profile

The manager of the Blue beach in Telaga Biru Tanjungbumi Village provides a place for Micro, Small and Medium Enterprises (MSMEs) to carry out business activities in the destination area. The majority of MSMEs run are small traders from local residents. They sell various kinds of food and drinks and toys. The number of MSMEs in the blue beach location is more than 10 business actors. The time for business activities is carried out in accordance with the operational hours of the blue beach. Visit time every day (Monday-Sunday) from 07.00 – 17.00 WIB.

The results of interviews with MSME actors (Mr. Saniman) regarding capital, they explained that business capital comes from their own capital. They manage the business based on the amount of capital they have. Mr. Saniman also explained that the initial capital was under IDR 1,000,000 (one million rupiah). Mr. Saminam is developing his business slowly according to his financial capabilities without using funds from external parties such as debt.

The results of the interview with Mr. Saniman regarding the income generated, he explained that the income earned every day is uncertain. The amount of daily income is between IDR 150,000 – IDR. 300,000. This amount depends on the large number of visitors to the blue beach destination.

### Profile of MSMEs in Camplong Sampang Beach

The manager of the Sampang camplong beach provides a place for Micro, Small and Medium Enterprises (MSMEs) to carry out business activities in the destination area. The majority of MSMEs run are small traders from local residents. They sell various kinds of food and drinks and toys. The number of MSMEs in the blue beach location is more than 10 business actors. The time for business activities is carried out in accordance with the operational hours of the blue beach. Visiting time every day (Monday-Sunday) 24 hours. The average MSMEs sell food and drinks such as rujak madura, meatballs, rice, fruits, soft drinks, young coconut ice, and others. In addition, there are also children's toy traders.

Results of interviews with MSME actors (Mrs. Mariyam) who have been selling on Camplong beach for 20 years, since their children were small and now their children are married. Mother sells rujak madura, meatballs, other foods and drinks. Mrs. Mariyam related to capital, they explained that business capital comes from their own capital. They manage the business based on the amount of capital they have. Mrs. Mariyam explained that the initial capital was under IDR 1,000,000 (one million

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### Profile of MSMEs at Talang Siring Pamekasan Beach

The Talangsiring Pamekasan beach manager provides a place for Micro, Small and Medium Enterprises (MSMEs) to carry out business activities in the destination area. The majority of MSMEs run are small traders from local residents. They sell various kinds of food and drinks and toys. The number of MSMEs in the Talangsiring beach location is more than 10 business actors. The time for business activities is carried out in accordance with the operational hours of the blue beach. Visit time every day (Monday-Sunday) from 07.00 – 15.00 WIB.

The results of interviews with MSME actors (Mr. Saniman) regarding capital, they explained that business capital comes from their own capital. They manage the business based on the amount of capital they have. Mr. Saniman also explained that the initial capital was under IDR 1,000,000 (one million rupiah). Mr. Saminan is developing his business slowly according to his financial capabilities without using funds from external parties such as debt. In addition, the results of an interview with Mr. Saniman regarding the income generated, he explained that the income earned every day is uncertain. The amount of daily income is between IDR 150,000 – IDR. 300,000. This amount depends on the large number of visitors to the blue beach destination.

### Profile of SMEs in the Sumenep Museum and Palace

MSMEs in Sumenep Museum and Palace destinations are managed by the youth culture and sports tourism service. The Sumenep Museum and Palace provide a place (gallery) to accommodate and market products created by UMKM. SMEs are only as suppliers. The products sold include, typical Madura food/snacks, traditional herbs, drinks, batik cloth, batik clothes, mukenah, odheng (blangkon), kitchen utensils, accessories typical of Sumenep and others.

### Portrait of MSME Financial Management in Tourism Destination Areas

Based on data from the Ministry of Cooperatives and Small and Medium Enterprises, 99% of business forms in Indonesia are MSMEs (Forbes.com, 2020). The existence of tourist destinations in the Madura region can provide opportunities for communities around tourist destinations to increase income and the economy. The development of tourist destinations can attract tourists to visit so that this creates SMEs that trade traditional products produced by the surrounding community. The growth and development of MSMEs can stimulate the economy.

The sustainability of MSMEs does not only depend on the development of tourist destinations, but on another matter, MSMEs financial management factors have an important role in the sustainability of MSMEs businesses. The survey results at the four tourist destinations in Madura, namely Blue Beach (Bangkalan), Camplong Beach (Sampang), Talang Siring Beach (Pamekasan) and the Palace Museum (Sumenep) show the development and growth of MSMEs in the tourist area. This is shown by the existence of MSMEs that carry out their business and business activities in a sustainable manner. The sustainability of the MSMEs business cannot be separated from the financial management carried out.

### Financial Planning

Financial planning is very important for business actors in running their business/business so that the business is run continuously. Financial planning related to sources of capital. Capital can be obtained through the use of personal assets which are used as own/personal capital (internal capital), and can be in the form of loans/debt to financial institutions as a source of external capital. MSMEs practitioners must consider the capital composition between personal capital and loans/debt, and don't let the value of the *leverage ratio* increase or be high. A high ratio value indicates the financial condition of a business depending on loans/debt.

MSMEs capital in the tourist destination area comes from its own capital. MSME actors avoid loans from outsiders so that they are not in debt and interest on loans. They always set aside some of their profits to increase their business capital. The following are the results of interviews with MSMEs in the four tourist destinations on the island of Madura:

Mr. Syamsuri, an MSMEs actor who sells cassava chips at the Sumenep Palace Museum, when interviewed, stated that the initial capital of IDR 500,000 came from his own funds. Every profit is set aside to increase business capital until now Mr. Syamsuri's cassava chip business is growing rapidly. Mrs. Nur Khatijah, an MSME entrepreneur at the Sumenep Palace Museum, also stated that the personal capital used when starting her business was IDR 20,000,000. Mrs. Nur Khatijah's business produces typical Sumenep food/snacks. Mrs. Nur Khatijah's business is growing rapidly and employs 3 employees for the last 10 years.

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MSMEs in Talang Siring Beach, Pamekasan Regency, such as Ms. Aprilia, who sells food such as meatballs, soup and salad, and Mr. Saniman, who sells drinks and snacks, started his business with his own capital. They rely on their own capital so that the business they start can get optimal profits, and they are not burdened with installments in repayment of loans to banks and cooperatives.

Mr. Eko runs a klontong shop and Mrs. Aisyah sells Rujak, meatballs and drinks in the tourist area of Campong Beach, Sampang Regency. They also funded themselves from the start of their business until now. Mr. Eko stated that he had no intention of starting his business with a loan. Likewise, Mrs. Aisyah also had private money. Mrs. Aisyah said, "Just selling is not necessarily profitable every day, sometimes it's quiet... sometimes it's busy, even every week/month I have to pay installments, my business might go bankrupt because of debt." From the results of her efforts, Ibu Aisyah has managed to send her son to university level.

Mrs. Syarifah started a business with her own funds. He has been running a klontong shop for 1.5 years in Pantai Biru, Bangkalan Regency. Syarifah's mother did not dare to make a loan because she was worried that she would not be able to pay the loan installments. Mrs. Syarifah always set aside profits to increase capital and the rest was used for daily needs.

From the results of interviews with MSMEs actors in the four tourist sites, it can be illustrated that financial planning related to MSME actors' capital is sourced from personal capital. The SMEs are trying to meet their capital needs by setting aside their business profits. In this way, they are not burdened with installment payments and loan interest and are more focused on their business activities and achieving profits.

### Recording and Reporting

Recording and reporting are an important part of financial management. By recording the results of business activities, MSMEs actors can evaluate their business activities and also have real knowledge of the results of the business carried out by them.

Business actors are supposed to carry out financial recording and reporting, but MSMEs actors, most of whom are micro and small businesses, often ignore this. In fact, recording all business income and expenses every day is essential so that business actors can control performance and development his business well. Business actors are at least required to know the costs that have been incurred for the operation of their business, and how much profit is obtained, as well as how much capital is used for the business. The amount of operational costs, profits and capital can be known if business transaction activities are recorded regularly and then generate business reports. Thus, business owners can also evaluate the ability and capacity of their business so that business development plans can be determined based on the recording data.

Most micro and small business actors in tourist destinations such as Blue Beach, Camplong Beach, Talang Siring Beach and the Sumenep Kraton Museum do not record and report their business activities. They are used to calculating expenses and income based on memory. According to micro and small business actors, the habit of managing finances so far has relied on memory. They predict in a relatively short period of time the disbursements and receipts of cash so that they are often unable to remember the expenses and profits of their business in previous periods.

So far, they have not implemented a recording and management model in accordance with correct accounting principles to record all of their business transactions. They think that if they still record their financial statements in the books, they will be in trouble because they don't know what funds will come out suddenly and if they still record them, it will take a long time. With the existence of these recording and reporting conditions, micro and small business actors cannot compare expenses (costs) and business profits between the previous period and the current period. They do not know whether today's business activities are better than yesterday's business activities. Most importantly, they are still able to run their business with the capital they own and use.

**Control.** Control in financial management is an integral part of success and sustainability an attempt. Effective financial control can maintain and keep the company's activities running as planned. Financial control activities for medium, small and micro enterprises (MSMEs) have actually been implemented carried out by MSMEs owners. In individual companies or MSMEs, in general the owners are directly involved in daily business activities, including giving work orders, supervising the course of activities, supervising the physical cash and goods, and making payment of fees themselves, keeping money/ cash themselves, calculating profits and losses by their own way. In fact, their business activities are running normally and many MSMEs are successful in running their business activities, the longer their business grows.

Financial control of MSMEs does not have to apply control systems implemented by large companies (such as standard budgeting and costing systems, accounting and responsibility centers), but are adapted to the MSMEs business scale. MSMEs financial control is still quite effective and efficient by combining financial control using physical control and historical accounting, but it is also possible that it already requires control using the budget.

### MSME Financial Management Based on Financial Freedom

Financial freedom is a condition for obtaining freedom in financial matters (Afaf and Reni, 2021). Generally, most people think money is not everything to achieve happiness, but in reality, good financial conditions provide guarantees or certainty in survival. Financial freedom is also interpreted as a stage to achieve a free financial condition or interpreted as a condition when a person is financially able to fulfill his needs and desires without worrying about feeling deprived. <https://www.modalrakyat.id> (2022).

Everyone can do this condition of financial freedom. To achieve financial freedom requires hard work to be done. For some people, the process may have to be in the long term. However, that doesn't mean it's impossible. Moreover, the cost of living will continue to rise in the future, so this financial freedom is indeed worth fighting for. This condition can also apply to individual MSMEs in carrying out financial management freely. Several stages to achieve Financial Freedom are as follows:

#### Setting goals

Setting goals begins by answering the question why do we want to be financially free. Financial freedom means not spending money at will, but finding what you want to achieve when you get financial freedom. MSMEs in the tourist area of Bangkalan Blue Beach, Camplong Sampang Beach, Talang Siring Pamekasan Beach and the Sumenep Palace Museum are mostly run by women. They open this business for various reasons such as increasing family income, taking advantage of their free time, especially for MSMEs who are domiciled around tourist attractions, but in general they do business to increase income in order to improve their standard of living. MSMEs that are run seriously are able to realize their life goals such as paying for their children's education up to the tertiary level, being able to carry out the pilgrimage, and so on. This was confirmed by Mrs. Maryam (Pantai Camplong) who stated: "I have been doing this business for about 20 years, from the results of this sale, I was able to send my children to study at Trunojoyo University". In addition, Aisyah's mother (Pantai Camplong) stated "the proceeds from sales are collected to be able to go to the holy land (mekkah)". Mrs. Syarifah (Pantai Biru) and Mrs. Aprilia (Talang Siring beach) also said the same thing, namely "I opened a business to be able to have a house, because I still live at my parents' house".

Based on the results of interviews with several MSMEs actors in these attractions, it was shown that the goals of setting up their businesses were different and this was also reinforced by the results of the Forum Group Discussion, namely setting up a business for them was a way to achieve their goals in life, even though their goals were not the same as one another. Other. Whatever the goals of these MSMEs actors have shown they have actually implemented the first step in financial freedom, namely determining/setting goals.

#### Doing Financial Planning.

In financial freedom, financial planning is important, especially with regard to sources of capital, receipts and expenditures of money. MSME actors in planning capital using their own / personal capital (internal capital) and loans/debt to financial institutions (external capital). The majority of MSMEs in the tourism sector at Blue Beach Bangkalan, Camplong Beach Sampang, Talang Siring Beach Pamekasan, and the Palace Museum Sumenep obtain venture capital from private capital (internal capital). Even though they want to increase their capital, they still use personal money. So far, they have avoided capital from external parties on the grounds that they are worried they will not be able to pay off their debts. This is reinforced by statements from Mrs. Aisyah and Mrs. Maryam (Camplong beach) that so far they have established businesses using their own capital. They do not use capital from outside parties (banks) for fear of not being able to pay debts and avoid loans from outside parties so that they are not in debt and interest on loans. They always set aside some of their profits to increase their business capital.

The amount of initial capital is determined according to the ability of each MSME actor. The following are the results of interviews with MSMEs in the four tourist destinations on the island of Madura:

Mr. Syamsuri (Palace Museum Sumenep): "I started a business with my own capital, initial capital of IDR 500,000". Mrs. Nur Khatijah, an MSME entrepreneur at the Palace Museum Sumenep, also stated that the personal capital used when starting a typical Madura food and snack business was IDR 20,000,000. Until now the business is able to employ 3 employees. Mrs. Aprilia sells food such as meatballs, soup and salad, and Mr. Saniman, who sells drinks and snacks at Talang Siring Beach, Pamekasan Regency, also started his business with his own capital. They rely on their own capital so that the business they start can get optimal profits, and they are not burdened with installments in repaying loans to banks and cooperatives.

The results of the interview with Mr. Eko (Camplong Beach), namely: "I use my own capital sir, otherwise I don't want to open a business, even though I have little capital, the important thing is my own money". Aisha's mother said, "Just selling is



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not necessarily profitable every day, sometimes it's quiet... sometimes it's busy, even every week/month I have to pay installments, my business might go bankrupt because of debt".

Cash receipts for SMEs come from sales. Every day, the income earned will be stored/collected up to a certain limit (weekly/monthly). Cash receipts from sales include cost of goods sold and profits. The form of receipt in the form of cost of goods sold will be used to repurchase inventory that has been reduced. Then, cash receipts in the form of profits will be saved which can later be used to meet daily needs and for savings. This is in accordance with the statement of Mr. Syamsuri (Palace Museum Sumenep), namely "every profit from the sale, yes, I set aside to increase business capital, no".

The expenditure plan for MSME players is generally for spending on business needs and spending on household needs. Expenditures for business needs are usually taken from sales proceeds in the form of receipts for cost of goods sold. This expenditure is in the form of purchasing stock of merchandise inventory. Expenditures for shopping for household needs are taken from the profits obtained from each sale collected at a certain time (daily/weekly/monthly).

Based on the results of interviews and FGDs with several MSME actors in 4 tourism objects in planning their finances, starting with a capital plan followed by a plan for cash receipts and disbursements, it shows that all sources in carrying out their capital plans use their own capital (internal capital) and avoid debt (external capital). ). The cash receipts plan is used to buy back merchandise inventory that has been reduced and to meet daily needs as well as for savings. As for the cash disbursement, it is used to finance expenses for business needs and household needs. So it can be concluded that these MSME actors have carried out the second stage of financial freedom in the form of financial planning.

### **Have Savings**

The third step in financial freedom is having savings. Savings are excess funds stored as funds that are not used to finance daily expenses/needs. Saving can be done at a bank/cooperative/other financial institution or at home. The existence of savings, is expected to help us to do financial planning in the future. The simplest way so that we can easily save, that is, when we receive a salary or direct income, we set it aside for saving. Never think that saving is leftover money because later we will find it difficult to set aside money at the end of time.

Most of the MSMEs in the 4 (four) tourist attractions have carried out saving activities, although not many save at the bank. They prefer to save at home for the reason that it is easy to pick up at any time and they avoid saving at the bank because they are considered a hassle. Actually, banks provide facilities that make it easy for their customers to carry out transactions, both withdrawing and depositing money through an ATM machine. However, due to the limited knowledge and technology of MSMEs actors, this facility is considered a hassle for them.

This is supported by the results of interviews and FGDs with MSMEs actors. Mrs. Maryam (Camplong Beach): "I've never kept money in the bank, because I'm lazy, if I take it long, the bank is not far away". This is also in line with the statement of Aisyah's mother (Camplong beach): "When I save money at home, I have never been to the bank." Mrs. Syarifah (Blue Beach): "I don't have an ATM, besides if I have one I can't use it". Mrs. Aprilia (Talang Siring Beach): "I save money at BMT".

From several statements by MSMEs actors, saving is a habit for them, even though the majority of them save at home. So that the savings they do is the third stage of financial freedom.

### **Real Asset Investing**

Investment in real assets is the fourth stage to achieve financial freedom. Real investment is a purchase activity in tangible assets that are profitable in the future such as land, houses, livestock and gold. Based on the results of interviews with MSMEs actors such as Mrs. Maryam (Camplong Beach), Mr. Syamsuri (Palace Museum Sumenep); Mrs. Aprilia (Talang Siring Beach); and Mr. Eko (Camplong Beach) stated that when they have accumulated a lot of savings, MSMEs practitioners will use their savings to buy real assets such as buying gold, goats, cows, motorbikes, houses, land and so on.

The results of the interviews and FGD concluded that MSMEs actors in 4 (four) tourism objects had invested in real assets, so this corresponds to the fourth stage in financial freedom.

### **Invest In Financial Assets**

Investment in financial assets or financial securities is the fifth stage to achieve financial freedom. This investment is a purchase transaction of financial securities such as stocks, bonds, money orders, certificates of deposit and mutual funds. At this stage all MSME actors do not know and understand about investing in financial assets or financial securities. This is supported by a statement from MSME players, namely Mr. Syamsuri (Sumenep Kraton Museum): "What is a stock exchange, I don't understand". Mr. Eko (Pantai Camplong): "I know about deposits, but I don't understand/understand and have never had one." Mrs. Maryam (Pantai Camplong): "what is deck, I don't know what stock is". Mrs. Aprilia (Pantai Talang Siring): "Wow, I don't have it, don't you understand what that is?".

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Based on the statements submitted by the informants and the results of the FGDs, it can be concluded that they do not know, understand and understand financial assets in the form of stocks, bonds, certificates of deposit and mutual funds. Therefore, the fifth stage to achieve financial freedom was not implemented.

### Avoid Debt.

Avoiding debt is the sixth stage to achieve financial freedom. Debt is something that is borrowed from other people/other parties either in the form of money or objects. MSME actors can actually make loans for their businesses, but they don't want to be in debt. Because by being in debt they are burdened with loan interest. Their fear of debt is also caused by their fear of not being able to pay it off and fear of being in debt. This was confirmed by statements from MSMEs actors such as Mrs. Maryam (Camplong Beach): "I don't want to borrow a deck, even if it's a little bit that matters is my own money, I'm too lazy to think about installments"; Mrs. Aisyah (Camplong Beach): "I'm afraid I can't pay the installments"; Mrs. Nur Khatijah (Palace Museum): "I don't want it, ma'am, it's hard to have debt, moreover, there's nothing that can be used as collateral".

Based on the statements of the informants and the results of the FGDs, it can be concluded that they are afraid of taking on debt to meet their business needs. Therefore, the sixth stage of achieving financial freedom, namely avoiding debt, can be implemented by MSMEs actors.

### Prepare an Emergency Fund

The seventh stage to achieve financial freedom is to prepare an emergency fund or reserve fund. An emergency fund or reserve fund is a saved fund that aims to help someone in dealing with sudden matters that must be resolved, for example there is a family disaster that is sick, there is a family having a celebration and so on. If we provide these funds, then when facing sudden matters, we don't need to use money for daily necessities to complete them.

According to Mrs. Aprilia (Talang Siring Beach), she stated that: "I have funds like that, if I get sick, I already use the money I have." Mrs. Syarifah (Blue Beach): "If there is a family having a celebration, they use money every day, I don't think I have any spare money." Mr. Eko (Pantai Camplong): "I don't understand emergency funds, if there is a disaster, I sometimes use business too." The results of interviews and FGDs with MSME actors can be concluded that they have never thought about emergency funds or reserves, so the seventh stage to achieve financial freedom is not carried out by them.

### Find Additional Income

Seeking additional income is the eighth stage to achieve financial freedom. Additional income is income earned outside of one's main income (side income). We recommend that this business or side job be carried out according to our abilities. The results of this additional income can be used for savings to buy assets to invest.

In general, the majority of MSMEs actors in the four tourism objects are women (mothers), where this business is carried out to help increase family income. Their husbands generally also have regular jobs although they are not employees such as fishermen, farmers and Indonesian workers. This is reinforced by the statement of Mrs. Aprilia: "My husband is a fisherman, every day I look for fish in the sea, I sell them here". Mother Maryam: "I sell here alone because my husband works as a farmer, so he goes to the fields every day." Mr. Eko: "My wife is a TKW, ma'am, so I sell them here".

The statements made by MSMEs actors above are the results of interviews and FGDs. It can be concluded that MSMEs actors actually open businesses/sell at tourist objects just to get additional income. Although there are also MSMEs actors who open businesses or sell with the aim of obtaining the main income. So that at this stage, it can be said that several MSMEs actors have implemented it to achieve financial freedom conditions, but not for those who make business activities their main source of income.

## CONCLUSIONS

Based on the results of the research conducted, it can be concluded: (1) Blue Beach in Bangkalan tourism destinations, Camplong Beach in Sampang, Talang Siring Beach in Pamekasan and the Sumenep Museum & Palace show that the average number of tourists has increased significantly in 2022. (2) The average number of tourists the average total income of the four tourist destinations has also increased, so that they are able to contribute to their own regional income. (3) On average, MSMEs actors from the four tourist destinations are micro business units (small traders) that are individually owned. (4) Related to financial management, MSMEs actors in the four tourist destinations do not record, report and control finances. (5) MSMEsactors in the four destinations do not understand, understand and have knowledge about financial management using the financial freedom approach. However, in reality most of the stages of financial freedom have been carried out by them, and only the stages of investing in financial assets and preparing emergency funds (reserves) have not been carried out by them.

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