

EFFORTS TO INCREASE COFFEE STORE BUSINESS INCOME THROUGH FINANCIAL LITERATURE DURING THE COVID-19 PANDEMIC

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Abstract | *The existence of coffee shops (warkop) as a business option for the community is very easy to find, where it serves various types of coffee. The ease of entering the coffee shop market impacts the fierce competitiveness among coffee shops in obtaining more consumers. The COVID-19 pandemic also impacts the sustainability of coffee shops because of the decreasing income and inability to finance business operations. Coffee shop Micro, Small, and Medium Enterprises (MSMEs) that have good financial literacy will be able to manage finances and increase business income. This community service aims to assist coffee shop business actors, especially in Omak Kopi SMEs, regarding financial literacy and management. The results of this assistance are that Omak Kopi MSME's actors (1) have financial literacy in the medium category, including financial institution service products to invest by saving, making loans, and insurance; and (2) can perform financial management by making good financial records. This assistance has implications for increasing financial literacy and managing business finances, increasing the income of MSME actors during the COVID-19 pandemic.*

Keyword | *Financial Literacy; Business Income; Coffee Shop*

Abstrak | Keberadaan warung kopi (warkop) sebagai salah satu pilihan usaha bagi masyarakat yang sangat mudah ditemui dimana menyajikan kopi dari berbagai jenis. Kemudahan memasuki pasar warung kopi berdampak pada adanya persaingan antar warung kopi dalam memperoleh konsumen yang semakin ketat. Pandemi covid-19 juga berdampak pada keberlangsungan warung kopi dikarenakan pendapatan mengalami penurunan dan tidak dapat membiayai kegiatan operasional usaha. Pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) warung kopi yang memiliki literasi keuangan baik akan dapat mengelola keuangan dan meningkatkan pendapatan usaha. Pengabdian masyarakat ini bertujuan memberikan pendampingan kepada pelaku usaha warung kopi khususnya di UMKM Omak Kopi mengenai literasi keuangan dan pengelolaan keuangan. Hasil dari pendampingan ini pelaku UMKM Omak Kopi (1) mempunyai literasi keuangan dalam kategori sedang meliputi produk layanan lembaga keuangan untuk berinvestasi dengan menabung, melakukan pinjaman, serta asuransi; serta (2) mampu melakukan pengelolaan keuangan dengan membuat pencatatan keuangan yang baik. Pendampingan ini berimplikasi dapat meningkatkan literasi keuangan dan mengelola keuangan usahanya yang pada akhirnya meningkatkan pendapatan pelaku UMKM pada masa pandemi covid-19.

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Kata kunci | Literasi Keuangan; Pendapatan Usaha; Warung Kopi

INTRODUCTION

Coffee is one of the world's commodities that carries the name of Indonesia, especially Java. In general, for the people of Indonesia, drinking coffee has become a part of everyday life, especially for the elderly, young people, and teenagers. Today, coffee has not only become a habit of reducing sleepiness but has become a life for adults and young people, both men and women, in their daily routines (Solikatun & Demartoto, 2015). This causes an increase in coffee consumption. Most people see the benefits of coffee in reducing sleepiness. However, it turns out that coffee has other benefits, namely reducing the risk of breast cancer, reducing the risk of type 2 diabetes by 50%, curing migraines, and preventing gallstones, which are caused by mucus in the gallbladder hardening. The xanthine contained in caffeine can reduce. These lenders prevent diabetes because they contain chlorogenic acid, which can help prevent hormone resistance which is a symptom of diabetes (Nasri, Aini & Sunarti, 2020).

The growing coffee business in the world affects the coffee business in Indonesia, where the coffee business is starting to increase in the downstream industrial sector with more and more coffee shop businesses emerging. Therefore, Micro, Small, and Medium Enterprises (MSMEs) take this as an opportunity to advance their coffee shop business. As for how to make the love of drinking coffee as an additional income to open a coffee shop business. In the past, Indonesian people only enjoyed coffee in coffee shops, but now the coffee shop has innovated into an increasingly modern coffee shop. Therefore, the more advanced the coffee shop business makes SMEs need to look for a competitive advantage so that they have differences that cannot be found in other coffee shops. This also needs to be done by Omak Kopi SMEs as business partners in community service activities at the Faculty of Economics, Sanata Dharma University.

Omak Kopi is an MSME in the coffee beverage industry which Ronny Setiawan and Budianto pioneered as coffee lovers. MSMEs are in Bandan RT 04/ RW 15, Sendangsari, Minggir, Sleman Yogyakarta and will open on January 11, 2021. The Omak Kopi logo reflects the image of the mother's face, and some lines surround it like a house. This MSME can be used as a vehicle to hang out, especially for coffee lovers, where this business is open from Tuesday to Friday from 18.00 - 22.00 WIB while Saturday to Sunday from 16.00 - 22.00 WIB. The variety of drinks and food sold by MSMEs includes coffee drinks (such as Espresso, Cappuccino, and Latte Coffee), non-coffee drinks (such as chocolate and green tea), and food (such as fried rice and so on). The price offered to consumers starts from IDR10.000,00 to IDR25.000,00 per glass.



Figure 1. Omak Kopi SME's Location
(Source: Omak Kopi's Instagram, 2021)

In Indonesia, MSMEs are one of the business sectors that have a somewhat important role in the national economy and have a role in the absorption of labor and the distribution of development results. However, the Covid 19 pandemic that hit many countries in the world, including Indonesia, has hit various aspects of people's lives, especially the economy. Many MSME actors suffer losses because operations cannot run normally. However, operational costs continue to increase, such as the cost of renting a place, the cost of salaries, and employee THR. Based on data obtained from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (2021), there are at least 163,713 MSMEs and 1,785 cooperatives affected by the Covid-19 outbreak, and 63.9% of MSMEs experienced a decrease in sales turnover of more than 30%. The MSME sector contributes to 60% of Indonesia's Gross Domestic Product (GDP), with a workforce absorption of more than 90% (Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, 2021). Therefore, this pandemic condition can threaten the economic sector and will trigger an increase in the number of unemployed.

Octavina & Rita (2021) explained that in the third quarter of 2020, due to the Covid-19 pandemic, commodity prices for Robusta and Arabica coffee weakened to USD2.8 (IDR41.734,00) and USD1.5 (IDR22.357,00) per kilogram, respectively. The decline in commodity prices at the retail consumer level did not fall sharply like non-agricultural commodity prices because the distribution process for coffee products did not experience significant obstacles. The decline in prices is still due to the low absorption of coffee products at the consumer level due to social restrictions. Likewise, OMAK KOPI's MSMEs were directly affected by the Covid-19 pandemic, where operating hours were limited; even at worst, this business could temporarily close. If they are forced to continue operating by allowing visitors to continue enjoying coffee on the spot, it will result in crowds that can become a new cluster for the spread of Covid-19. This has resulted in the sustainability of MSME Omak Kopi, a comfortable hangout place for coffee and chat. Therefore, SMEs, especially Omak Kopi, must manage their finances well through financial literacy.

Financial management is one of the main problems in MSMEs, especially during the Covid-19 pandemic, because if financial management in MSMEs does not go well, it will hamper business performance. According Taft, Hosein, Mehrizi & Roshan (2013) stated that financial management is related to all areas of management that involve finance, not only the sources and uses of finance in the company but also the financial implications of investment, production, marketing, or personnel decisions and the total performance of the

company. Therefore, good financial management will have a positive impact on business sustainability. This is in accordance with research conducted by Hapsari (2020), which states that MSME businesses whose finances are managed and informed transparently and accurately will positively impact the MSME business itself. As for efforts to improve financial management, one of which is by MSME players understanding financial literacy well, including basic knowledge of financial management and financial knowledge in particular regarding credit management, savings, and investment as well as risk management (insurance).

According to the Indonesia Financial Services Authority (2017), financial literacy is knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision-making and financial management to achieve prosperity. Financial literacy means sorting out financial products according to their needs and managing personal assets well, including cash, debt, and investment management. Better financial literacy, better planning, and financial management so that they can face financial problems during the Covid-19 pandemic. Based on the results of the 2019 SNLKI (Indonesian Financial Literacy National Strategy) survey conducted by OJK (Financial Services Authority) shows that the financial literacy index reaches 38.03% and states that Indonesian people, in general, do not fully understand how to improve the quality of decision making and financial management to achieve prosperity (www.ojk.go.id). The results of the OJK survey have implications that financial literacy, especially for MSME players, needs to be improved.

Many MSME actors do not know how to manage finances well and only focus on profit. These business actors only realized the importance of good financial management after the Covid-19 pandemic occurred. Therefore, by having good financial knowledge, MSME actors are expected to put their knowledge into practice for the operation of their businesses to improve the performance and sustainability of MSMEs. For example, record business financial statements regarding cash flows of financial income and expenditure from sales turnover regularly and correctly so that business management and accountability can be better accounted for. MSME actors who have good financial knowledge will be able to manage their business finances and make financial decisions properly and correctly. MSME actors, in particular, can invest in trusted investment institutions (not fall into fraudulent investments that can harm business actors) and carry out insurance and loans to legal banking and non-banking financial institutions.

Likewise, Omak Kopi SMEs, based on observations, have problems in managing finances which are still simple, and have difficulty knowing the calculation of business profits. Based on the description above, the community service team tries to assist with financial literacy for Omak Kopi SMEs. Hopefully, this assistance can increase business income and business continuity, especially during the Covid-19 pandemic.

LITERATUR REVIEW

Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are a business community whose activities are carried out by a person or a business entity that meets the criteria following Law Number 20 of 2008. The criteria for Micro Enterprises are having a maximum net asset of IDR 50,000,000.00 where land and buildings of the place of business are not included or having a maximum annual sales income of IDR 300,000,000.00. While the criteria for Small businesses are having net assets of more than IDR 50,000,000.00 up to a maximum of IDR 500,000,000.00 where land and buildings where the business is not included, or having an annual sales income of more than IDR 300,000,000.00 up to a maximum IDR 2,500,000,000.00. The criteria for Medium Enterprises are having net assets of more than IDR 500,000,000.00 up to a maximum of IDR 10,000,000,000.00 where land and buildings of business premises are not included or have annual sales income of more than IDR 2,500,000,000,00 up to a maximum of IDR 50,000,000,000.00.

Financial Literacy

According to Chen and Volpe (1998) (in Margaretha & Pambudhi, 2015: 81), to measure financial literacy, you can use four indicators basic knowledge of financial management, credit management, savings and investment management, and risk management. Financial literacy is an activity to advance the knowledge, beliefs, and skills of a person and the community so that they can manage finances appropriately (Indonesian Financial Literacy National Strategy, 2019:80). According to Rahayu & Rahmawati (2021:48), if someone has good financial literacy, he will be able to manage his finances better, for example, someone has diversification in sharing investments (savings and insurance). According to Rahayu & Rahmawati (2022:83), if MSME actors have good financial literacy, it can be one of the easiest accesses to obtain capital from financial institutions and, in the end, manage finances appropriately and increase MSME income.

Business Income

According to Mardiasmo (2018), income is any additional economic ability received or obtained by taxpayers from Indonesia and outside Indonesia, which can be used for consumption or to increase the taxpayer's wealth in any name and form. Meanwhile, according to Tanan & Dhamayanti (2020), income is an increase in economic benefits during an accounting period in the form of income or additional assets or a decrease in liabilities resulting in an increase in equity that does not come from the contribution of investors. Therefore, income is related to economic business activities carried out by the community that increases assets or reduce liabilities and are generated by economic actors who are also taxpayers.

METHOD

The community service team's step was to provide education about financial literacy through basic knowledge of financial management, namely in financial bookkeeping, by compiling simple financial reports. Bookkeeping activities are an attempt to document all transaction activities of receipts and disbursements of money, which in the end can know the financial condition of the business. So that with bookkeeping activities, MSME actors can find out how much their business wealth is, the amount of debt, the number of receivables, and the total value of the inventory. Thus, with this mentoring activity, it is hoped that Omak Kopi MSME actors can prepare simple financial reports such as income statements and cash flows. Furthermore, the community service team also provides financial literacy assistance by providing education on financial knowledge, specifically including (1) credit management (how to get business capital with loans from legal banking and non-banking financial institutions); (2) saving and investing (investing in trusted investment institutions so as not to fall into fraudulent investments that can harm business actors); and (3) risk management (insurance). In addition, the community service team also distributed questionnaires to determine the level of financial literacy of Omak Kopi MSME owners with indicators used, including basic personal finance knowledge in general and financial knowledge in particular (i.e., savings or savings, credit, investment, and insurance). As for knowing the level of financial literacy, the following formula is used (Margaretha and Phambudi, 2015: 81).

$$\text{Literacy Level} = \frac{\text{respondent's answer is correct}}{\text{answer all questions}} \times 100\%$$

Furthermore, the results of the above calculations will be compared with the financial literacy category according to Chen and Volpe (in Margaretha & Pambudhi, 2015: 81). The following are the categories of financial literacy: if the correct answer is < 60%, it can be interpreted that the individual has low financial knowledge; if the correct answer is in the range of 60% - 79%, it can be interpreted that the individual has moderate financial knowledge; and if the correct answer is > 80%, it can be interpreted that the individual has high financial knowledge.

RESULTS

The first step the community service team took was to provide education about financial literacy. During the COVID-19 pandemic, increasing financial management capabilities will help MSME actors deal with economic pressures, provide protection against risks, or access capital. Meanwhile, 74% of MSME actors do not have access to financing because financial literacy has not been evenly distributed (Small and Medium Enterprise Cooperatives Office, 2021). Therefore, financial literacy is essential to avoid financial problems, especially for MSME actors. The community service team's mentoring activity for MSMEs introduced financial service products such as investment, saving, borrowing,

and insurance. So it is hoped that this activity will increase the income and sustainability of this MSME. In addition, Omak Kopi SMEs can also avoid investing in illegal financial instruments, especially during the COVID-19 pandemic.

The community service team's second step was to provide education about financial management, namely in financial bookkeeping, by compiling simple financial reports. Bookkeeping activities are an attempt to document all transaction activities of receipts and disbursements of money, which in the end can know the business's financial condition. So that with bookkeeping activities, MSME actors can find out how much their business wealth is, the amount of debt, the number of receivables, and the total value of the inventory. Thus, with this mentoring activity, it is hoped that Omak Kopi MSME actors can prepare simple financial reports such as income statements and cash flows.

DISCUSSION

Based on data obtained from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (2021), there were at least 163,713 MSMEs and 1,785 Cooperatives affected by Covid 19, and 63.9% of MSMEs experienced a decrease in sales turnover of more than 30%. Therefore, a significant decline in demand is a major problem for the economy of MSME actors. Efforts to restore the strength of the MSME sector are the key to national economic recovery due to this pandemic. In the new normal era, increasing financial management capabilities will assist MSME actors in dealing with economic pressures and protecting against risks or access to capital. Meanwhile, 74% of MSME actors have not had access to financing because financial literacy has not been evenly distributed (Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, 2021). Therefore, financial literacy is important to avoid financial problems, especially for Omak Kopi SMEs.

Based on the questionnaire regarding financial literacy that the community service team distributed to Omak Kopi MSME owners, the results showed that the financial literacy level of Omak Kopi MSME owners was in the medium category (78.57%) because it was still in the range of 60% - 79%. As for the financial literacy assistance activities that the community service team carried out for Omak Kopi SMEs, namely by introducing financial service products such as investing, saving, borrowing, and insurance, it is hoped that this activity will contribute to increasing the income and sustainability of Omak Kopi SMEs. In addition, Omak Kopi SMEs can also avoid investing in illegal financial instruments, especially during the Covid-19 pandemic.



Figure 2. MSME Financial Literacy Assistance for Omak Kopi
(Source: Personal documentation, 2021)

Furthermore, the community service team also assists in financial management because one of the problems of MSME Omak Kopi is the financial management which is still simple and has difficulty knowing the calculation of business profits. Good financial management for MSMEs is crucial because it is the key to the company's smooth operation (Layyinaturrobanayah & Zuenita, 2017). In this community service activity, the team provides assistance related to financial management, namely in financial bookkeeping and compiling simple financial reports. Bookkeeping activities are an attempt to document all transaction activities of receipts and disbursements of money, which in the end can know the financial condition of the business. So that with bookkeeping activities, MSME actors can find out how much their business wealth is, the amount of debt, the number of receivables, and the total value of the inventory. Thus, with this mentoring activity, it is hoped that Omak Kopi MSME actors can compile simple financial reports such as income statements and cash flows to achieve efficiency and effectiveness in business finances.

CONCLUSION

The results of community service activities for Omak Kopi SMEs include: (1) Omak Kopi UMKM owners have financial literacy in the medium category regarding financial service products for saving, borrowing, and insurance investments; and (2) MSME Omak Kopi can carry out financial management by making good financial records. This community service activity implies that it can improve financial literacy and manage business finances, increasing the income of MSME actors, especially Omak Kopi, during the Covid-19 pandemic.

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STATEMENT OF FREE CONFLICT OF INTEREST

The authors hereby declare that the data published in our article entitled "Efforts to Increase Coffee Store Business' Income Through Financial Literature During The Covid-19 Pandemic" does not have a conflict of interest with any parties. If it is found any, the authors will take full responsibility in the future.

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