

Analysis of Financial Management on Business of Entrepreneur Students Faculty of Engineering UNNES

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Abstract. The government develops programs to promote and introduce entrepreneurship to the community, including to the higher education (College). The government formulates a college curriculum that is synergized with the concept of entrepreneurship and also provides funding assistance programs to the students, so that educated entrepreneurs will emerge. UNNES is one of the universities that supports the development of young entrepreneurs. Based on the previous studies results, the main challenge of the development of MSMEs, from financial management on bussiness. However, a research gap was found in that research result. Moreover, based on the existing business phenomena, student-managed MSMEs also have great potentials in supporting the country's economy [1]. The final objectives of this study are the findings and detailed description of financial management on business from the entrepreneurial students of the Engineering Faculty, UNNES. This result used to develop the mentoring program for the entrepreneurial students of Engineering Faculty of UNNES that complies with the UNNES conservation concept, so that it will improve the business performance of the students of Engineering Faculty of UNNES. The grand theory of this research is theory of finance, theory of entrepreneurship, and theory of financial behavior. Types of data are primary and secondary data. The population of entrepreneurial student of the Engineering Faculty of UNNES are 75 students. Descriptive analysis was used to interpret the respondent's data. The result of the research states that 68% understand about budgeting, 68% do financial record and 48% do financial report and 42% carry out budgeting control.

Keywords: Entrepreneurial Student, UNNES, Financial Management on Business

1 Introduction

Micro, Small and Medium Enterprises (MSME) are able to overcome the problem of unemployment in Indonesia, in which there are 7.05 million unemployment, including educated unemployment (Central Statistics Agency, 2020). The Covid-19 pandemic has shaken the economies of countries around the world, and Indonesia is no exception. MSMEs have had significant impacts due to this. There are a total of 64 million MSMEs in Indonesia and 56% of them have experienced degradation. However, MSMEs are an industrial sector that has high adaptability to the country's economic conditions [2]. A data proved that after the 1997-1998 economic crisis, the number of MSMEs increased and was able to absorb 85 million to 107 million workers [3]. Even during the 2008 monetary crisis, MSMEs were able to survive by relying on their creativity and excellence.

Based on the description above, the government is trying to improve and advance MSMEs in Indonesia. The Indonesian government promotes special programs to support and expand entrepreneurship among the public, including promoting them to universities. The government's efforts include: compiling university curriculum that is synergized with the concept of entrepreneurship and providing funding assistance programs to students. These funding programs include: Program Kewirausahaan Mahasiswa Indonesia (PKMI) which consist with Kegiatan Berwirausaha Mahasiswa Indonesia (KBMI), Akselerasi Startup Mahasiswa Indonesia (ASMI), Program Pendampingan Wirausaha Mahasiswa Indonesia (PWMI), Program Krenova, Program PKM Kewirausahaan (PKMK) and many more. Government's supports in increasing entrepreneurship students increase the number of MSMEs in UNNES, especially in the Engineering Faculty.

Based on the data, the most prominent problem of businesses managed by Entrepreneurial students in the Engineering Faculty in general is the finance management. They are fluent in trading and using the internet marketing but have difficulty in correctly answering about the amount of net turnover per month. Whereas, financial management is an important point in a business management. The ability to manage personal finances is becoming increasingly important [4]. This also applies to finance management on business. The important point in managing business finances is not how much money entrepreneurs have but how and how well entrepreneurs make financial decisions and manage their business finances.

Considering the problems above, this study will formulate how the condition of financial management should be for entrepreneurial students of the Engineering Faculty of UNNES using several indicators to explain the variables of business financial management. The variables include: 1) budgeting, 2) financial records, 3) financial report and 4) budget control (Kuswandi, 2005). The sub-indicators are: separating business and personal cash, making business expenditure plans, making financial record books, calculating profits, rotating cash flows, controlling assets, debt, and capital, setting aside profits for business development. The benefits of this study illustrate the condition of financial management of the entrepreneurs at Engineering Faculty of UNNES. Afterwards, a cluster will be made according to the value of financial management of each entrepreneur at Engineering Faculty of UNNES. This cluster will be used for planning assistance efforts or improving financial management for entrepreneurs at Engineering Faculty of UNNES. Hopefully, these efforts will be able to improve the business performance of entrepreneurial students at the Engineering Faculty of UNNES.

This research is based on financial theory, entrepreneurship theory and behavior theory. There are various previous empirical studies that examine the development of MSMEs and their relation to financial management. However, there are still gaps in the results of these studies. A research mentions that business financial management does not support the performance and growth of MSMEs in Gauteng Province, South Africa [5]. Research by Layyinaturrobaniyah and Muizu [6] states that MSME financial management is an important spirit in business sustainability in Purwadadi, West Java. Furthermore, based on the existing business phenomenon, student-managed MSMEs also have great potential in supporting the country's economy [1]. Moreover, student-managed SMEs tend to be more creative and innovative because they are supported by knowledge as their background. It is hoped that student-managed MSMEs will develop better and faster if the constraints are investigated and solutions are found.

From the description above, the purpose of this study is to answer the question of how is the financial management of the entrepreneurial students of Engineering Faculty of UNNES in terms of several business financial management variables which are 1) budgeting, 2) financial

records, 3) financial report and 4) budget control. In the next stage, the research results will be developed into a cluster of level mapping of business financial management of entrepreneurial students at Engineering Faculty of UNNES. The results of this study will be useful for facilitating the Mentoring program for entrepreneurial students of Engineering Faculty of UNNES in accordance with Unnes conservation.

2 Methods

The type of data used is primary data. They were obtained by in-depth interviews and questionnaires using the googleform application sent to entrepreneurial students at the Engineering Faculty of UNNES. The research population was 131 respondents from entrepreneurial students the Engineering Faculty of UNNES, (UNNES simkatmawa data 2020). They were saturated samples. The variable of business financial management is proxied by: 1) budget use, 2) financial records, 3) financial reporting and 4) budget control (Kuswandi, 2005) [7]. Questionnaires consisted of closed and open questions, where the statements in closed questionnaires were measured using interval data measurements (Ferdinand, 2006, p. 222). The measurement of interval data was carried out using a bipolar adjective technique (agree-disagree scale) using a scale of 1-10 points to obtain interval data. Descriptive analysis was used to interpret the respondent's data. The existing latent variables (constructs) were manifested in manifest variables (indicators) and further elaborated into question items. The answers to questions from these respondents were measured again with a scale so that the results are in the form of numbers (scores). Furthermore, this score is processed by statistical methods.

3 Result and Discussion

This research used three theories as its reference basis. Theory of finance explains that individuals will perform allocating activities of various combinations of limited resources over time. The main point is that these resources are derived from two things, which are 1) provided internally or externally, 2) how the resources are allocated. Entrepreneurship theory states that entrepreneurship is an innovation process that results in a new creation in terms of: the product creation, methods, markets, raw materials and organizations [8]. This theory focuses on the concept of innovation, in addition to paying attention to the risks and factors of organizing production, as well as developing the entrepreneurs profile. Entrepreneurship theory has developed into several theories, including: 1) economic entrepreneurship theory [8], resource based entrepreneurship theory (Drucker, 1985), psychological entrepreneurship theory (McClelland, 1961) and sociological entrepreneurship theory (Hagem 1962). Another one is the theory of financial behavior which explains how a person treats, manages, and uses the financial resources available to him [9].

UNNES tries to create young entrepreneurs within the University, by conducting efforts such as: 1) conducting Entrepreneurship courses and Business Management courses, 2) entrepreneurship mentoring programs, 3) entrepreneurship competition assistance, 4) improving the university's entrepreneurial atmosphere and 5) establishing an entrepreneurial incubator program initiated by the Research and Community Service Institute (Lembaga Penelitian dan Pengabdian Masyarakat /LP2M) and UNNES Student Affairs. The programs

above were also carried out by the Engineering Faculty of UNNES. From these programs, non-seasonal businesses were born. The turnover generated by UNNES entrepreneurial students is considered well, where some even generate hundreds of millions per month. Some even have expanded business branches in other areas. Examples of businesses that are fairly large and pioneered by entrepreneurial students of the Engineering Faculty of UNNES are: it's Milk, Katsukai, Lidia Salon, MDPLFarm, Halo Servis, Hayare and many more. There are more than 200 entrepreneurs assisted by the Engineering Faculty of UNNES (Simkatmawa Unnes 2020). In 2021, five businesses initiated by the students of Engineering Faculty of UNNES won the KBMI national competition. This good achievement shows that the businesses of the Engineering Faculty of UNNES students are able to compete in national competitions.

3.1 A Perspective of Business Financial Management Side

The businesses pioneered by the Engineering Faculty of UNNES entrepreneurs are growing rapidly both in quality and quantity. Their business turnover range is still varied, ranging from Rp. 1,000,000.00 to over Rp. 50,000,000.00. The results of the initial data collection in this study showed that the entrepreneurial students of the Engineering Faculty of UNNES obtained a sufficient and decent business turnover. However, the interesting part is that most of the entrepreneurs do not have an established business financial management. Based on data analysis, the scores on financial management of Engineering Faculty of UNNES entrepreneurs are: 1) 68% of them understand Budgeting, 2) 68% of them do financial records, 3) 48% of them do financial report and 4) 42% of them do budget control. With sub-indicators such as: separating business and personal cash, making business expenditure plans, having a business financial record book, calculating business profits, rotating cash flows, controlling assets, debt, and capital, setting aside profits and business development. The indicators of business financial management are described in the table below.

Table 1. Business Finance Management for Entrepreneurial Students of Engineering Faculty of UNNES

No	Variable	Indicator	Score
1	Budgeting	Separating business and personal cash	47%
		making business expenditure plans	78%
2	Financial Records	Have a business financial record	80%
		Organized business financial records	78%
3	Financial Report	Calculating business profit	90%
4	Budget Control	Rotating cash flow	67%
		controlling assets, debts, and capital	54%
		setting aside profits for business development	34%

(Primary data processed for research, 2021)

3.2 A perspective of the Engineering Faculty of UNNES Entrepreneurs

The basic qualities of entrepreneurship include the quality of thinking and physical power, including: creative thinking, innovative thinking, original thinking, systems thinking, decision-making skills and positive thinking. On the other hand, there are three important dimensions of entrepreneurship, including: innovation, risk taking and being proactive. In this study, the profile of Engineering Faculty of UNNES entrepreneurs was measured by variables such as: 1) strategy orientation, 2) Human Resource orientation, 3) entrepreneurial culture, 4)

entrepreneurial orientation, 5) award philosophy [10]. Based on previous research, the five indicators are able to explain the profile of entrepreneurs who are able to improve their business performance [11]. The results of this study indicate that the scores for each indicator are: 1) 78% for strategy orientation, 2) 78% for HR orientation, 3) 86% for entrepreneurial culture, 4) 80% for entrepreneurial orientation, 5) 83% for reward philosophy. The student entrepreneurs of Engineering Faculty of UNNES already have an entrepreneurial organization which is called the Engineering Faculty of UNNES Entrepreneurial Student Association (Himpunan Mahasiswa Wirausaha/HMW) which is guided by entrepreneurship lecturers and fostered directly by the Vice Dean for Student Affairs of Engineering Faculty of UNNES. The functions of the Engineering Faculty of UNNES Entrepreneurial Student Association have run well, including: 1) providing business assistance, 2) collecting data for the Faculty, and 3) holding business classes. Entrepreneurial students of Engineering Faculty of UNNES on average have run their businesses for a period of 6 months to 5 years. The fields of these businesses include: 1) culinary (25%), 2) fashion (28%), 3) beauty (39%), 4) Internet and technology (5%), 5) agriculture (2%), 6) others (1%). Based on the data above, the business field that the Engineering Faculty of UNNES entrepreneurs engaged in are still in line with the education major they are taking.

Tabel 2. The profile of Engineering Faculty of UNNES Student Entrepreneurs

No	Indicator	Score
1	Business period	Minimal = 6 months Maximum = 5 years
2	Business field:	
	Culinary	25%
	Fashion	28%
	Beauty	39%
	Internet and Technology	5%
	Agriculture	2%
	Others	1%
3	strategy orientation	78%
	HR Orientation	78%
	Entrepreneurial Culture	90%
	Entrepreneurial Orientation	70%
	Reward Philosophy	90%

(Primary data processed for research, 2021)

The entrepreneurial students at the Engineering Faculty of UNNES have understood that it is important to separate business finance from personal cash. This is to make a clear business development progress. However, it is unfortunate that only 47% of them do this consistently. This raises a problem in which entrepreneurs will have financial difficulties when purchasing for their business needs. This issue sometimes confuses the entrepreneurs of Engineering Faculty of UNNES because they feel that their business is actually running well and smoothly (indicator: there are consistent buyers and daily income). From the independent interview research, it was found that the business cash was used for the owner's personal needs. 78% of entrepreneurs make expenditure plans for businesses. They make a list of shopping and employee salaries for the next 6 months. 80% of entrepreneurs have a business financial record, but it is not yet effective. It appears that there are still many entrepreneurs who state that they are busy and do not have time to record daily finances, so that many business

incomes and expenses are not controlled by the owners. 90% of entrepreneurs calculate business profits, but not consistently. 67% of entrepreneurs rotate the cash flow used to add facilities that support their business. Entrepreneurs think about the sustainability of their business by adding facilities to promote their business on social media. 54% of entrepreneurs control assets, debts, and capital. 34% of entrepreneurs set aside and invest their business profits for business development. Entrepreneurs understand about growing businesses, therefore they try to set aside a portion of the net profit of their business for business development, even though the value is still considered low, based on this research. Some of them even plan to develop the business using a franchise system.

Based on the analysis result above, entrepreneurial students at the Engineering Faculty of UNNES understand and believe that financial management is the main key in business sustainability and development. However, they still do not implement a good and consistent financial management in their business. The problem is related to self-consistency, which is seen in the medium score of the component of strategy orientation and entrepreneurial orientation. Problems that arise based on the results of this study can be overcome by business assistance, because the score of the entrepreneur's reward philosophy and entrepreneurial culture is high thus that they can still move forward.

4 Conclusion

Descriptive analysis was used to interpret the respondent's data. The results showed that 68% of Engineering Faculty of UNNES entrepreneurs understood the budgeting, 68% of them did financial records, 48% of them carried out financial report and 42% of them carried out budget control. The results of this study indicate that the scores for each indicator are: 1) 78% for strategy orientation, 2) 78% for HR orientation, 3) 86% for entrepreneurial culture, 4) 80% for entrepreneurial orientation, 5) 83% for reward philosophy. Entrepreneurial students of Engineering Faculty of UNNES on average have run their businesses for a period of 6 months to 5 years. The fields of these businesses include: 1) culinary (25%), 2) fashion (28%), 3) beauty (39%), 4) Internet and technology (5%), 5) agriculture (2%), 6) others (1%).

The limitation of this research is that it has not shown the effect of business financial management of the Engineering Faculty of UNNES student entrepreneurs on their business performance. In the future, we hope that we can expand our research and add other variables to be included in this research, such as external locus of control, and other variables that may impact the business performance in terms of business financial management.

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