

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

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ABSTRACT

The existence of a coffee shop (warkop) as a business option for the community is very easy to find where it serves coffee of various types. The ease of entering the coffee shop market has an impact on the competition between coffee shops in obtaining increasingly fierce consumers. The COVID-19 pandemic also has an impact on the sustainability of coffee shops because income has decreased and cannot finance business operations. Micro, Small and Medium Enterprises (MSMEs) coffee shops who have good financial literacy will be able to manage finances and increase business income. This community service aims to provide assistance to coffee shop business actors, especially in Omak Kopi SMEs regarding financial literacy and financial management. The results of this assistance are MSME actors Omak Kopi (1) have financial literacy in the medium category including financial institution service products to invest by saving, making loans, and insurance; and (2) able to perform financial management by making good financial records. This assistance has implications for increasing financial literacy and managing business finances which in turn increases the income of MSME actors during the COVID-19 pandemic.

Keywords: Financial Literacy, Business Income, Coffee Shop

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 and now also young people and teenagers. Today, consuming coffee has not only become a habit to reduce 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 just to reduce sleepiness. But 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, preventing gallstones, where gallstones are caused by the presence of mucus in the gallbladder hardening and 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 development of the world coffee industry also has an impact on the coffee industry in Indonesia, which has increased in the downstream industry as seen in the rise of coffee shops today. This is an opportunity for entrepreneurs to develop their coffee shop business. Many coffee lovers make their coffee drinking hobby a business to increase their income. A few years ago, most of the people consumed coffee only at small warungs or coffee shops. However, along with the times, coffee shops developed into modern coffee shops. The development of the coffee shop business causes competition to become increasingly fierce, where business actors seek a competitive advantage by trying to provide better facilities. Likewise, Omak Kopi's Micro, Small and Medium Enterprises (MSMEs) are partners in

carrying out this community service activity.

Omak Kopi is an MSME engaged in the culinary field, especially coffee drinks (Figure 1). This coffee shop officially operates on January 11, 2021, having its address at Bandan RT 04 / RW 15, Sendangsari, Minggir, Sleman, Yogyakarta. Omak Kopi was founded by Ronny Setiawan who has interests and hobbies about the world of coffee, in collaboration with Budianto so that OMAK KOPI was founded.



(Source: Omak Kopi's Instagram, 2021)

Figure 1. Omak Kopi SME's Location

Omak Kopi comes from the Papuan language which consists of two words "OMAK" which means mother and "KOPI" which means coffee. Figure 2 below is the Omak Kopi logo which has a sketch of the face of a mother and is surrounded by lines that resemble a house which means a house. Omak Kopi's goal is to inspire young people to be brave and not ashamed to be entrepreneurship. Omak Kopi can be one of the destinations to hang out or be visited by coffee enthusiasts, both the Awang people who are not familiar with the world of coffee.



Figure 2. Coffee Omak Logo

(Source: Omak Kopi's Instagram, 2021)

The vision of Omak Kopi is to become a comfortable hangout place for coffee and chat. While Omak Kopi's mission is to provide a space that is not insulated so that it is more liquefied or open for coffee connoisseurs or just to gather. Omak Kopi's operating hours are Tuesday to Friday at 18.00 - 22.00 WIB and Saturday to Sunday at 16.00 - 22.00 WIB. Omak Kopi has several product categories that are displayed in the menu list in Figure 3 below. Most of the menus provided at Omak Kopi are coffee drinks, for consumers who want to try drinking other than coffee, Omak Kopi serves non-coffee drinks, including chocolate and green tea. The drink menu at Omak Kopi offers a price of Rp. 10,000, 00 to Rp. 25,000, 00 for each glass.

MENU			
ROK PRESSO		MANUAL BREW	
Espresso	8k	V60	13k - 25k
Black Coffee	10k	Kopi Tubruk	12k
Cappuccino	15k	Vietnam Drip	10k
Latte	15k		
SIGNATURE COFFEE		NON COFFEE	
Kopi Susu	10k	Green Tea	12k
Kopi Susu Caramel	15k	Chocolate	12k
Kopi Susu Hazelnut	15k		
Kopi Susu Peppermint	15k		
Kopi Susu Gula Aren	15k		
Kopi Cendol	15k		
FOOD		SNACK	
Nasi Goreng	12k	Pisang Goreng	7k
Indomie Goreng	7k	Mendoan	7k
Indomie Goreng Bakso Sosis	10k		
Indomie Kuah	7k		
Indomie Kuah Bakso Sosis	10k		

Figure 3

Menu List at MSME Omak Kopi

(Source: Omak Kopi's Instagram, 2021)

In Indonesia, MSMEs are one of the business sectors that have a fairly important role for 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, but 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%. Whereas the MSME sector contributes greatly 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 USD 2.8 (Rp 41,734) and USD 1.5 (Rp 22,357) 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 which has the advantage of being a comfortable hangout place for coffee and chat. Therefore, SMEs, especially Omak Kopi, need to manage their finances well through financial literacy.

According to 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. 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. 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 in a transparent and accurate manner will have a positive impact on 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 Financial Services Authority (2014), financial literacy is knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision-making and financial management in order to achieve prosperity. Financial literacy means being able to sort out financial products according to their needs and being able to manage personal assets well including cash, debt and investment management. The better financial literacy, the better in planning and financial management so that they will be able to face financial problems during the Covid-19 pandemic. Based on the results of the 2019 SNLIK (National Survey of Financial Literacy and Inclusion) 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 be able to put their knowledge into practice for the operation of their business in order to improve the performance and sustainability of MSMEs. For example, recording business financial statements regarding cash flows of financial income and expenditure from sales turnover on a regular basis properly 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), 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 provide assistance regarding financial literacy to Omak Kopi SMEs. So that it is hoped that through this assistance it can increase business income and business continuity, especially during the Covid-19 pandemic.

METHOD

The step that the community service team took was to provide education about financial literacy through basic knowledge of financial management, namely in financial bookkeeping by compiling simple financial reports. Basically, 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, the amount of debt, the amount 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 (ie 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 and Pambudh, 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 AND 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 be able to assist MSME actors in dealing with economic pressures, providing protection against risks or to access capital. Meanwhile, 74% of MSME actors have not had access to financing because financial literacy has not been evenly distributed (Small and Medium Enterprise Cooperatives Office, 2021). Therefore, to avoid financial problems, financial literacy is an important requirement, especially for Omak Kopi SMEs.

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. So 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. 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%.



Figure 4.
MSME Financial Literacy Assistance
for Omak Kopi

(Source: Personal documentation, 2021)

Furthermore, the community service team also provides assistance in financial management because one of the problems of MSME Omak Kopi is financial management which is still simple and has difficulty knowing the calculation of business profits. Good financial management for MSMEs is very important because it is the key to the smooth operation of the company (Layyinaturrobaniah & Muizu, 2017). In this community service activity, as shown in Figure 4, the team provides assistance related to financial management, namely in financial bookkeeping and compiling simple financial reports. Basically, 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, the amount of debt, the amount 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 so that efficiency and effectiveness of business finances are achieved.

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 is able to carry out financial management by making good financial records. The implication of this community service activity is that it can improve financial literacy and manage business finances which in turn increases the income of MSME actors, especially Omak Kopi during the covid-19 pandemic.

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