

Be Identifying Micro-Entrepreneurs Perception toward Financial Training: a Support for Economic Empowerment

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Abstract— This study aims to identify the perceptions of micro-entrepreneurs on the benefits of simple financial training provided by microfinance institutions. These perceptions can reflect economic empowerment that has been supplied by the microfinance institution through training. Two hundred and ninety-four questionnaires with open questions can be analyzed using descriptive statistics through frequency analysis. The results of the data analysis show four benefits perceived by micro-entrepreneurs. The four are the ability to distinguish between the needs and wants, the ability to manage daily finances, the motivation to keep saving, and the additional knowledge primarily related to financial records.

Keywords—*Micro-Entrepreneurs, Financial Training, Economic empowerment*

I. INTRODUCTION

Micro entrepreneurs are one of the business actors driving economic activity in Indonesia. The independence and resilience of micro-enterprises against financial pressures were evident during the monetary crisis in 1998 [1]. Thus, micro-enterprises must be maintained, and the sustainability of micro-enterprises is essential not only for the government but for business and society. One of the efforts to encourage the durability of the micro-market is to support the empowerment of micro-entrepreneurs. Empowerment is an effort to provide opportunities and or facilitate micro-entrepreneurs, so they have the capital, technology, information, marketing guarantees, and others. This empowerment has done by government and micro-finance institution. Microfinance institutions are financial institutions that focus on impoverished communities or micro-entrepreneurs. One type of empowerment that is do is economic empowerment. Economic empowerment is done through simple financial training so that micro-entrepreneurs can manage finances better so than expected to increase the micro-entrepreneurs economy. Many studies focus on small and medium-sized businesses [2]-[6], but fewer pay attention to micro-enterprises [7]. Not only is that, as far as the author's knowledge, there no research that identifies

the perceptions of micro-entrepreneurs on economic empowerment through the financial training that has given to the micro-entrepreneurs. The identification of these perceptions is necessary to understand whether simple financial training provided by financial institutions includes empowerment that is beneficial to the micro-entrepreneur. Thus, the purpose of this study is to identify microfinance clients' perception of simple finance training. This perception can be applied further for the scale development of the variable of financial empowerment.

A. Empowerment

Empowered communities are the responsibility of empowerment. It means that people have the ability, the strength of the physical aspect, personal, material. The purpose of the empowered community is to be able to achieve independence. The empowerment process includes a cycle that involves communities to work together in formal and non-formal groups to conduct problem studies, plan, implement, and evaluate planned programs jointly. The empowerment process is measured through the quality and quantity of community involvement starting from the research or problem analysis; program planning; implementation program; Engagement in continuous evaluation [3]. Furthermore, community empowerment has the power, strength, or ability by the community to identify potentials and problems and can determine independent alternative solutions [4]. Community empowerment measured through three aspects: the ability to make decisions, independence, and the ability to utilize the effort for the future.

There is levels of community participation in empowerment as well as Citizen Power, Tokenism and Non-participation, and eight sub-levels [5]. These levels include: 1)Citizen control is controlling society public policies ranging from formulation, implementation until its evaluation; 2) Delegated power is the government gives authority to the community to take care of itself some of his needs in a development program; 3)A partnership is the existence of a collaboration between government and society in the program development; 4)Placation involves citizens to become a committee member in the program but the right decision to stay on the

government becomes a member of the committee in the program, but the right decision to remain in the government; 5) Consultation, the existence of communication two directions such as attitude surveys, citizen meetings, and hearing; 6) Information, there is only one-way communication from government to communities such as announcements, pamphlets, posters, annual report; 7) Therapy, aim not to encourage people to participate but rather to educate the people; 8) Manipulation, people are directed not to feel compelled to do something but directed to attend.

Empowerment appoints on the ability of people [6]. In particular, empowerment support people or groups in the order they can meet such basic needs they have freedom. They not only free to express opinions but free from hunger, free from ignorance. Also, to be able to reach source sources earning possible, they can improve his income and acquire goods and services they need. Next, participate in the process development and decisions which influence them. Also, community empowerment is a concern and considered as one of the appropriate approaches to overcome social problems, especially poverty, implemented by various elements ranging from government, business and society through civil society organizations [2].

B. Indonesian Laws of Empowerment

Regional Government Law no. 22 Year 1999 affirmed that pushing for empowering the community, cultivate initiatives and creativity as well as improving community participation. National Government Law no. 25 in the 2000s stated some ways to enhance empowerment community among: 1) strengthening institutions and local community organizations, 2) countermeasures poverty and social protection community, 3) improvement community full use helps the community to improve economic life, social and political.

Furthermore, there is Law no. 6 the Year 2014 on firmly explaining about empowerment community as stipulated in article 1 paragraph 12. The report reads: "empowerment the village community is an effort to develop independence and community welfare with improve knowledge, attitude, skills, behavior, ability, consciousness, and utilize resources through determination policies, programs, activities, and assistance that match the essence of the problem and priority needs of the village community ". Furthermore, article [18] mentioned: "The authority of the village includes police in the field of administration village administration, village development implementation, village community development and empowerment villagers based on community initiatives, the rights of village origins and customs.

C. Individual Empowerment

Guidance is one form of empowerment [7]. The process of assisting has done by someone who is an expert for an individual. These people are guided to

develop their own and independent capabilities by leveraging the power of individuals and tools that exist and can be developed based on the norms applied. Furthermore, community empowerment orientation should help communities to establish themselves based on existing innovations, defined participative, with a method-oriented approach to the needs of target communities and practical matters, whether in the form of individual or group services [8]. For individual empowerment, it is necessary to understand their motivation as internal motivation. It is related to self-determination that empowerment is a reflection activity. The process can be initiated and maintained only by agents or subjects seeking strength or self-determination. It means that micro-entrepreneurs who have high self-determination are more likely to succeed when following the empowerment process and vice versa [14]. Therefore, individuals can capture information and use it for future business purposes.

Individual empowerment useful for individuals as micro business actors have confidence, as well as convey aspirations, have a livelihood, participate in social activities, and independent in carrying out the duties of his life. Individual empowerment have some techniques that can be applied; there are: 1) building relationships that reflect empathy; 2) Respecting the choice and personal rights of the client determines his destiny (self-determination); 3) recognizing individual differences and uniqueness; 4) emphasizing cooperation; 5) building a dignified communication; 6) maintain client confidentiality [15-16]. The perpetrators of micro business actors in individual empowerment require having high creativity because it can recognize opportunities to be an opportunity. They are the perpetrator's businesses that have high flexibility can even turn the challenge of being opportunities.

Micro-entrepreneurs should have orientation entrepreneurship dimensions [11]. These dimensions, such as identifying and evaluating opportunities, innovation, risk-taking, business management development of new ideas on products, process, or service can increase the company's market share, and direct better performance. Then approach used to the micro-business actors in individual empowerment shifted from the development role to promotional role. The only original approach providing credit subsidies and cheap interest into more methods focuses on training and provisioning activities information [12]. Through individual empowerment is expected to manifest entrepreneurship with the character of a great personality [13]. In other words, an entrepreneur is a person who has a productive personality as mature individual psychology.

D. Family Empowerment

Family is the smallest unit in society. Therefore, individual empowerment cannot separate from family empowerment. Family empowerment defined as a measure of ability using the resources in achieving the desired results [14]. Thus, empowerment family is

how well a family can use resources it has to produce a product or item per unit of time it works. In this case, a family is considered empowered if the family can create a product or output per unit time of work. It can state that the family shows the level higher empowerment if the family can produce the product more by using the same or fewer resources. Then in the family, there are elements of human, material components, and aspects of time.

Community empowerment reflects the actions taken by a group of people to improve life in the community, including family [20-21]. Family empowerment is empowerment covering social aspect, political, and psychological. What is meant by social empowerment is how weak households gain access to information, access knowledge and skills, access to participate in social organizations, and access to financial resources

E. Economic Scale Empowerment

Economic empowerment includes: 1)ways to provide opportunities or greater access to production assets (especially capital); 2)strengthening the position of transactions and business partnership of the people's economy, so that people's economic actors are not just price takers; 3)strengthening small industries; 4)encouraging the emergence of new entrepreneurs; 5)spatial equalization.

Micro-business actors can maintain business about the ability to manage economies of scale and profitability of their business [9]. Community empowerment should be considered in the aspect of capital, remembering: 1) how the provision of capital assistance does not create community dependency; 2) how to solve this capital aspect is done through the creation of a conducive system for micro-business actors in gaining access to financial institutions; 3)how to use a scheme or policy of capital allocation is not stuck in an inadequate economic or economic subsistence [15]. The advantage is a profitable business unit.

Profit reflected economic scale is money or salary earned by a person as appropriate remuneration with what it does. The purpose of the company is to make a profit. Theoretically, the gain compensated for the risks borne by the company. The more significant risk, the benefit earned must be higher. Profit is the value of total revenue company minus the total cost incurred by the company [16]. In obtaining profit sometimes required additional capital from financial institutions. The money capital should be provided, not for initial capital, but development capital. After the effort pioneered and showed a good prospect because if the business has not shown a good profit growth or sustainable business, often financial institutions will not lend [17].

II. METHOD

This type of research is an explorative study in which little known phenomena, especially those relating to perceptions of the benefits of simple financial training for micro-entrepreneurs. Open-

ended questions are one of the best ways to understand the event [18] that designed for this study.

This research applied a survey method to collect data from microfinance clients in Jakarta and Tangerang. Correctly, purposive sampling was used with one main criterion to be eligible as a respondent. This main criterion is the respondent should at least already one year as microfinance clients. These criteria were set based on the aim of this research is to identify clients perception toward finance training given to support the sustainability of micro-entrepreneurs. Questionnaires have distributed by the help of microfinance institution to their clients in Jakarta and Tangerang.

The data derived from the open question was analyzed using the description statistic, that is, the frequency analysis. From the frequency analysis will be seen the primary perception of respondents of the training of simple finance. Results frequencies will use the basis for the development of the scale of the variable of empowerment of finance.

III. RESULT AND DISCUSSION

Profile of the respondents. There were two-hundred, and ninety-four questionnaires were returned and can use in this study. From the survey, there were nine male respondents and 285 female respondents. The clients of microfinance institutions, generally women [27]. More than a third of respondents are food-based traders (e.g., rice stalls, selling cakes, snacks, etc.). Other respondents are traders of household appliances on credit and also selling clothes on credit. And almost a third of respondents have been trading for 7-10 years.

Results show four main perceptions: 1. they can differentiate between needs and wants, 2. they can manage their daily finance, 3. they are motivated to save more, and 4. enhance their knowledge through simple finance activities recording.

Differentiate between needs and wants. A businessperson must be able to distinguish between wants and needs. The majority of respondents are women who manage business finances and family finances. Therefore, they should be able to maintain discipline in managing business finances. Through simple financial training, they learn how to separate business finance and personal finance.

Meanwhile, the needs of the family and the wishes of the family, they must be able to separate the wisdom of the more mainstream. The need for business sustainability is the need they need to manage, such as purchasing materials to keep business going. Personal needs are sometimes urgent, such as the needs of schoolchildren. The role of mentors in groups is essential to direct them to know and discipline in business finance management. Many micro-entrepreneurs faced needs and desires [10]. If they can eliminate the passion that is not related to the business, it will help the business continuity.

In this study, respondents have been trading for more than five years, meaning they can distinguish

which business needs and whatnot. The role of sharing knowledge and encouraging groups in an effort becomes essential. It is because, through the group, they are motivated to stay focused on running the business needs.

Manage daily finance. Managing or managing business and business finances effectively is a method to keep the company's rate of flow of funds to avoid leaks that result in financial losses. As micro-business actors that have survived more than five years, the majority of respondents can manage daily finances. Respondents admit knowing how crucial financial stability in fulfilling daily needs. It is because their female majority is also not too burdened with the family's primary financial needs. So that business finance as a sideline in daily income.

The importance of achieving an excellent profit to manage daily finances more freely. Business actors try to have creativity in marketing example of shoulder seller will follow the night market conducted by the seller group every two times a week. Respondents stated that they still use the traditional way of managing the first business finances, namely to separate the money physically immediately. Distinguish in which envelopes still needed as sustainable capital. But in other hands, most of them forget to take into account their salary as a part of human resources.

Motivation to save more. For micro-entrepreneurs saving make them feel safe and in the present and future. Their savings are done privately or through groups with mandatory savings of about 10 thousand rupiahs. Sometimes they follow a daily or monthly "arisan" of collecting money together to be retrieved at a particular time. Indeed they have not set the percentage of money saved business earnings. But at least they have the motivation to keep to increase business and improve personal welfare.

Respondents also avoid having multiple receivables. So if there are customers who are delinquent for too long, they will ask him not to reduce their daily savings. As traders, they prefer cash payments. But the problem is uncertain income. Saving, according to the respondent, is one way of maintaining financial security when the business is not as expected. This motivation in saving also reflects the ability in social empowerment through the family. Because it aims to improve family welfare

Enhance knowledge of simple finance activities recording. All Respondents are lucky to get regular training from one of the microfinance institutions that provide support, not just financial loans. This microfinance institution assists in developing business skills and includes knowledge of financial management. They have financial recording training that distinguishes personal and business finances. Then the business group mentor helps in monitoring the record. If not done with the discipline will be reminded and the impact on the ability to repay the debt given by the microfinance institutions.

They taught simple bookkeeping and record money in and out of the balance sheet. The

microfinance institutions can see if there is a profit or loss position. Because respondents already have business endurance with a 7-10 year period, they can quickly attend training in improving their financial recording skills. It is part of economics scale empowerment.

IV. CONCLUSION

Micro-Entrepreneurs can differentiate between needs and wants. They can manage their daily finance and motivated to save more. Furthermore, they enhance their knowledge through simple finance activities recording. Therefore, they should be able to maintain discipline in managing business finances. They are motivated to stay focused on running the business needs. They used simple bookkeeping and record money in and out of the balance sheet. Also, they can see if there is a profit or loss position.

Micro-Entrepreneurs can quickly attend training in improving their financial recording skills. It is part of the economics empowerment.

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