

COMPARATIVE ANALYSIS OF VARIOUS ASPECTS OF MSMEs IN the TRADE AND SERVICES SECTOR

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Abstract

This study aims to carry out a comparative analysis of various aspects of the trade and service sector of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, particularly in the financial, accounting, and tax aspects. The research was conducted by collecting data through interviews and questionnaires to MSME owners engaged in the trade and service sector. In the financial aspect, the analysis is carried out on MSME financial management in both sectors, including initial capital, operational expenses, and income. The results of the analysis show that MSMEs in the trade sector have higher initial capital than MSMEs in the service sector. However, MSMEs in the service sector have lower operational expenses and higher incomes than MSMEs in the trade sector. In the accounting aspect, the analysis is carried out on the management of ledgers, financial reports, and the recording of MSME transactions in both sectors. The results of the analysis show that MSMEs in the trade sector have more complete and accurate transaction records than MSMEs in the service sector. This can be seen from the existence of a sales recording system, inventory purchases, cash flow statement journals, and profit and loss reports and to control raw material inventories using *Microsoft Excel*, and stock taking is carried out every day. Meanwhile, in the service sector, financial records are only for payment of employee wages, this is because the owner does not understand accounting writing and reporting techniques in the service sector. In the tax aspect, the analysis is carried out on understanding and compliance of MSMEs with tax regulations in Indonesia. The results of the analysis show that MSMEs in both sectors have a poor understanding of tax regulations in Indonesia, and many are still not compliant with paying taxes.

Keywords: Trade, Services, Accounting Aspects, Financial Aspects, and Tax Aspects

INTRODUCTION

In the era of globalization and increasingly fierce business competition, micro, small and medium enterprises (MSMEs) are becoming increasingly important in supporting a country's economy. MSMEs have been proven to be able to make a significant contribution to economic development, such as creating jobs, increasing people's incomes, and driving overall economic growth. As the sector most run by MSMEs, the trade and service sector plays an important role in economic development. However, MSMEs in the trade and service sector often face various

challenges and obstacles in developing their business. Therefore, it is important to carry out a comparative analysis of various aspects of the trade sector in order to identify the factors that influence the success of their business. Aspects of marketing, finance, and human resources are factors that influence the success of MSMEs in the trade sector. In addition, external factors such as the business environment and government regulations also influence the success of the MSME business in the trade sector. Another level of success must also be supported by the use of information and communication technology (ICT) which can improve the business performance of SMEs in the trade and service sector. This is because ICT can help MSMEs in developing products and services, expand market reach, and increase operational efficiency. Then the existence of comparative analysis can be an effective method for identifying the factors that influence the success of MSME businesses. By conducting a comparative analysis of several MSMEs that have the same characteristics but have different performances, it can be identified what factors influence business success.

Based on this explanation, it can be concluded that a comparative analysis of various aspects of the MSME trading sector is an effective method for identifying the factors that influence business success. Therefore, this research is expected to make a positive contribution to supporting the development of MSMEs in the trade and service sector in Indonesia. We review the relevant literature in Section 2. Section 3 the research methods. Section 4 presents the results & discusses them. Section 5 concludes the paper.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

a. Definition of MSMEs

MSMEs is an abbreviation of Micro, Small, and Medium Enterprises. The definition of MSMEs varies depending on the country and source. However, in general, MSMEs can be interpreted as businesses that have a small to medium scale, with characteristics such as having assets and a limited number of employees. MSMEs are usually managed independently by their owners and have a significant influence on the economy at the local, regional, and national levels. In the Indonesian context, the Ministry of Cooperatives and MSMEs defines MSMEs as "productive economic enterprises managed by Indonesian citizens or business entities whose capital is wholly or mostly owned by Indonesian citizens, which are in the form of individuals or business entities that are independent, have assets not included land and buildings with a maximum of Rp. 10,000,000,000 (ten billion rupiahs) and meet other requirements stipulated by laws and regulations." MSMEs have a very important role in the economy, especially in creating jobs, strengthening the local economy, and supporting economic growth. Because of this, the development of MSMEs has become one of the main focuses in many countries, including Indonesia, MSMEs play an important role in the economy around the world. According to World Bank data, MSMEs account for around 90% of all businesses in the world and provide employment to around 50-60% of the workforce in most developing countries. In Indonesia itself, MSMEs also have an important role in creating jobs and strengthening the local economy. According to data from the Ministry of Cooperatives and MSMEs, in 2019 there were around 64.2 million units of micro, small and medium enterprises (MSMEs) operating in Indonesia.

However, MSMEs also face various challenges in developing their business, such as lack of access to financial and non-financial resources, intense competition from big businesses, and a lack of business skills and knowledge. Therefore, governments and related institutions in many countries work to provide support and help increase the welfare and success of MSMEs. In the context of the trade sector, MSMEs also play an important role in creating new business opportunities, expanding access to markets, and enriching the variety of products and services. Comparative analysis of various aspects of the trade sector MSMEs can provide useful insights for business owners and governments to improve business performance and strengthen the trade sector as a whole.

b. MSME Trade Sector

MSMEs in the trade sector can be interpreted as micro, small, and medium enterprises engaged in trade. MSMEs in the trade sector cover various types of businesses, such as grocery stores, minimarkets, food stalls, restaurants, repair shops, and so on. The trade sector is an important sector in the economy because it has a very vital role in facilitating trade in goods and services between producers and consumers. MSMEs in the trade sector also have an important role in creating jobs and strengthening the local economy. In facing increasingly fierce business competition, MSMEs in the trade sector need to develop appropriate strategies to strengthen their business, increase competitiveness, and expand access to markets. Comparative analysis of various aspects of MSMEs in the trade sector can assist business owners and governments in identifying business strengths and weaknesses, as well as finding ways to improve business performance and strengthen the trade sector as a whole. For example, a comparative analysis of business aspects in MSMEs in the trade sector may include factors -factors such as financial management, marketing, human resource management, and product innovation. In terms of financial management, MSMEs need to ensure that business financial management is carried out effectively and efficiently, including in terms of managing cash flow and managing debts. On the marketing side, MSMEs need to pay attention to the marketing aspects of products and services, including in terms of branding, promotion, and product distribution.

c. Service Sector MSMEs

According to Rahmadita et al., (2018) MSMEs in the service sector are small and medium enterprises engaged in services, such as consulting services, beauty care services, delivery services, photography services, and the like. MSMEs in the service sector have an important role in a country's economy because they can create new jobs, increase people's income, and strengthen the service sector as a whole. MSMEs in the service sector can also provide more personal and creative services to consumers, due to their small business scale and flexibility. Nonetheless, MSMEs in the service sector also face various challenges, such as intense competition and rapid changes in market trends. Therefore, the development of an appropriate and innovative business strategy is the key to success for MSMEs in the service sector. Unfortunately, service sector MSMEs are still often overlooked in economic analysis and public policy. In fact, the service sector has grown rapidly and contributed significantly to a country's economy. One of the studies conducted by Wahyuni, S. (2019) shows that MSMEs in the service

sector in Indonesia have grown rapidly in recent years, with the largest contribution from the trade, food, and beverage services, and health and social services sectors. Therefore, a comparative analysis of various aspects of service sector MSMEs is also very important to do, to strengthen the service sector as a whole and maximize the potential possessed by service sector MSMEs. In conducting a comparative analysis of MSMEs in the service sector, there are several aspects that need attention, such as aspects of marketing and branding, product and service innovation, and human resource management. Marketing and branding aspects are very important for service sector MSMEs because they can influence consumer perceptions and increase business competitiveness. In addition, product and service innovation also needs attention, to keep up with changing market trends and improve the quality of the products or services offered. Finally, human resource management is also an important factor in managing the MSME business in the service sector, because qualified and competent employees can provide great added value to the business. By carrying out a comparative analysis of various aspects of the service sector MSMEs, business owners, and the government can find the right solutions to overcome various challenges and strengthen the service sector as a whole. This will have a positive impact on a country's economic growth, as well as make a greater contribution to the welfare of society

However, there are several obstacles that are often faced by service sector MSMEs in conducting a comparative analysis of these aspects. These obstacles include limited resources, lack of access to information and technology, and a lack of skills and knowledge in managing a business. Therefore, there is a need for support and assistance from the government and related institutions, such as training and business assistance, easy access to financing, and adequate infrastructure. In the Indonesian context, service sector MSMEs have a very important role in the economy, especially during the ongoing COVID-19 pandemic. According to data from the Ministry of Cooperatives and MSMEs, in 2020 there are around 64.2 million MSMEs in Indonesia, most of which are engaged in the service sector. Therefore, a comparative analysis of various aspects of service sector MSMEs is very important, especially in facing the challenges caused by the COVID-19 pandemic.

In conclusion, service sector MSMEs have an important role in a country's economy, and a comparative analysis of various aspects of service sector MSMEs needs to be carried out to strengthen the service sector as a whole. There are several aspects that need to be considered in this comparative analysis, such as aspects of marketing and branding, product and service innovation, and human resource management. Nonetheless, there are obstacles that need to be overcome in carrying out this comparative analysis, such as limited resources and a lack of skills and knowledge in managing a business. Therefore, there is a need for support and assistance from the government and related institutions to strengthen the MSME sector in the service sector in Indonesia (Hamza & Agustien, 2019).

d. Financial aspect

In relation to a business feasibility study, the financial aspect is a very important aspect. This is because the financial aspect determines the survival of the company. Given that future conditions are filled with uncertainty, certain considerations are needed because in a feasibility study, there are various aspects that must be studied and examined for feasibility so that the

results of the study are used to decide whether the project or business should be feasible or postponed or even canceled. (Holy, 2017) .

And feasibility studies are usually classified into two parts based on the orientation expected by a company, namely based on profit orientation, what is meant is a study that focuses on economic profits and an orientation not on profits (social), what is meant is a study that focuses on emphasizes that a project can be carried out and carried out without thinking about value or economic benefits (Wibowo & Zainul Arifin, 2015) .

The financial aspect itself is an aspect that is used to assess the company's finances as a whole. This aspect is just as important as the other aspects, in fact some entrepreneurs consider this aspect to be the most important for analysis because from this aspect it is clear that matters relating to company profits are clearly defined, so it is one of the most important aspects to examine its feasibility.

e. Accounting Aspects

According to Hery, (2015) Accounting is a process in the form of a sequence of steps that must be passed by a business transaction. Accounting is a financial information system, which aims to produce and report relevant information for various interested parties. Accounting can be defined as an information system that provides reports to users of accounting information or to parties who have an interest (stakeholders) in the performance results of the company's financial condition.

According to Hantono & Rahmi, (2018) Accounting is also often considered a business language, where business information is communicated to stakeholders through accounting reports. Initially, business transactions are identified, recorded, and then reported through accounting reports, which are accounting information communication media. Business transactions here can be interpreted as an event or economic events that affect changes in the company's financial position. The accounting information needed by users of financial statements varies greatly depending on the type of needs taken. The users of this accounting information are grouped into two categories, namely internal users and external users.

f. Tax Aspect

Taxes are mandatory contributions to the state owed by individuals or entities that are coercive by law, by not receiving direct compensation and used for the needs of the state for the greatest prosperity of the people (Ananda, 2015) .

Now the business world cannot be separated from the tax aspect. Therefore business and taxes are said to be one currency with two sides that are related to each other. Whether or not a business venture develops will certainly be influenced by the prevailing aspects. Likewise, tax revenue will be successful if the business world can develop properly (Darmawati & Oktaviani, 2018) .

One way to increase taxes is of course related to the development of a business or not. If the business world experiences development, state revenue from the tax sector can increase. On the other hand, if the business world does not develop, it is difficult to expect tax revenue to increase.

RESEARCH METHODS

This research method uses a descriptive qualitative method, which is a qualitative research method that focuses on the description or depiction of a phenomenon that is observed in detail and comprehensively. (Sugiyono, 2019) . This method aims to understand in depth the characteristics and nature of the observed phenomena. Data collection techniques through observation techniques, interviews, and document studies. The data obtained must be related to the phenomenon being studied. then processed and analyzed using qualitative analysis techniques such as thematic analysis, narrative analysis, or content analysis. The results of data analysis are then interpreted to identify patterns or themes that arise from the observed phenomena. Interpretation is carried out by referring to theories or concepts that are relevant to the phenomenon being studied. The interpretation results are then presented in the form of a comprehensive and detailed narrative or description of the observed phenomenon.

RESULTS AND DISCUSSION

A. MSME Trade Franchise Mixue Bekasi

1. Short profile

MSME Franchise Mixue Bekasi is located at Perumnas 1, Bekasi City. Franchise or franchising is a concept where an independent entity begins with mutual cooperation between the franchisor (as a system administrator). The Bekasi mixue franchise is a business that provides drinks and ice cream with various flavors which are currently in great demand by all groups, both young children, adults and parent. In terms of the business model, Mixue Bekasi Franchise purchased a Franchise license from PT Zhisheng Pacific Trading. When purchasing the franchise, this includes the start of outlet construction, menu books, recipes, product manufacturing equipment and training for new employees. The materials used are obtained by way of an order from PT Zhisheng Pacific Trading as the franchise licensee.

2. Financial aspect

According to information from the researcher's interview with the owner, it is known that the initial capital for purchasing the franchise is around 400-500 million Rupiah. These costs do not include costs for renting a shophouse (2 years) ranging from 50-60 million rupiah, interior design ranging from 300-400 million rupiah, permits ranging from 15-20 million rupiah. So to start this business the initial capital that must be prepared ranges from 800-950 million rupiah. Profits per day average around 5-7 million rupiah and are highest on Saturdays, Sundays and national holidays which can reach 10 million rupiah. With these calculations, the average net income per month can reach 60-70 million rupiah and the break even point from purchasing this franchise will be 10-12 months.

3. Accounting Aspects

In terms of bookkeeping, this business has provided a recording system for the franchise purchase package. Starting from the sales system (cashier), purchases, inventory, journals, cash flow reports and income statements. To control the supply of raw materials is carried out using *Microsoft Excel* and stock taking is carried out every day.

4. Tax Aspect

Judging from the taxation aspect, this business is classified as a micro, small and medium business with a turnover value of below 4.8 billion in one year, so the tax imposition is using the Income Tax provisions, namely PP number 55 of 2022 concerning adjustments to regulations in the Income Tax Sector which includes changing several the provisions include the final PPh of 0.5% which was previously regulated by PP 23 of 2018. Therefore the tax imposition is the imposition of final PPh of 0.5% of the total turnover after deducting 500,000,000. the researcher did not obtain sufficient information whether the business paid taxes or not because the business owner did not understand the taxation aspects and the researcher did not gain access to tax reporting made by the business owner.

B. MSMEs Setia Mitra Konveksi

1. Short profile

MSMES Setia Mitra Konveksi which has a home industry which is located at Jalan Brujulan Dusun Awiluar RT 001 RW 007 Dusun Awiluar Limbangan Village, Wanareja District, Cilacap Regency. Setia Mitra Konveksi is a business that provides services for making soccer clothes for both small children and adults. in terms of business model, Setia Mitra Konveksi has a business partner located in West Jakarta. Raw materials in the form of sheets of cloth are sent to Setia Mitra Konveksi and then processed into finished goods, namely in the form of clothes. In the processing process it involves a lot of manpower such as tailors, overlockers, ironing workers, thread removers and lastly the packing process. Items in the form of sheets of cloth that arrive are then processed by the obras process, then the sewing process, after being tidied up by ironing, then cleaning is carried out by removing the remaining threads attached to the clothes, and finally packing in lousin units. after all the processes are complete, the finished goods in the form of clothes are ready to be sent back to Jakarta.

2. Financial aspect

According to interview information conducted by researchers, every week Setia Mitra Konveksi can send 3 times finished goods to Jakarta using big box cars or pick-up trucks. in one delivery can send a total of 3,000 losuins of clothes, if in one week it can send a total of 9,000 lozenges, so that in one month it can send around approximately 36,000 losuins of clothes. if in one year the total shipment is around 300 thousand to 400 thousand lozenges. The turnover obtained is estimated in one year around 1.5 billion to 3 billion rupiah.

3. Accounting Aspects

Based on the results of interviews with business owners and the results of observations made by researchers, it was found that these MSMEs had not recorded transactions properly. incoming and outgoing money is not recorded at all. records are made only for payroll to employees only. to see the turnover earned, the business owner only looks at the bank statement and the amount shown on the receipt received. The reasons for business owners not making financial reports include not understanding what accounting is, feeling the hassle of making financial reports according to the applicable format, not yet separating company assets and personal assets, money from business turnover is still used for personal and family needs, too it is expensive to pay for the services of experts, and the latter still feels that there is no need to make financial reports because the most important orientation is to keep the business running.

4. Tax Aspect

Judging from the taxation aspect, this business is classified as a micro, small and medium business with a turnover value of below 4.8 billion in one year, so the tax imposition is using the Income Tax provisions, namely PP number 55 of 2022 concerning adjustments to regulations in the Income Tax Sector which includes changing several the provisions include the final PPh of 0.5% which was previously regulated by PP 23 of 2018. Therefore the tax imposition is the imposition of final PPh of 0.5% of the total turnover after deducting 500,000,000. the researcher did not obtain sufficient information whether the business paid taxes or not because the business owner did not understand the taxation aspects and the researcher did not gain access to tax reporting made by the business owner.

CONCLUSION

This study aims to carry out a comparative analysis of various aspects of the trade and service sector of Micro, Small and Medium Enterprises (MSMEs) in Indonesia, particularly in the financial, accounting and tax aspects. The research was conducted by collecting data through interviews and questionnaires to MSME owners engaged in the trade and service sector. In the financial aspect, the analysis is carried out on MSME financial management in both sectors, including initial capital, operational expenses, and income. The results of the analysis show that MSMEs in the trade sector have higher initial capital than MSMEs in the service sector. However, MSMEs in the service sector have lower operational expenses and higher incomes than MSMEs in the trade sector. In the accounting aspect, the analysis is carried out on the management of ledgers, financial reports, and recording of MSME transactions in both sectors. The results of the analysis show that MSMEs in the trade sector have more complete and accurate transaction records than MSMEs in the service sector. This can be seen from the existence of a sales recording system, inventory purchases, cash flow statement journals and profit and loss reports and to control raw material inventories using Microsoft Excel and stock taking is carried out every day. Meanwhile, in the service sector, financial records are only for payment of employee wages, this is because the owner does not understand accounting writing

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