

# Financial Literation for New Businesses for Prospective Internships IN JAPAN

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## Abstract

*Financial literacy as one of the basic literacy offers a set of knowledge and skills to manage financial resources effectively for the welfare of life as well as basic needs for everyone to minimize, find solutions, and make the right decisions in financial problems. Financial literacy also provides knowledge about the management and utilization of resources as ammunition for the formation and strengthening of Indonesian human resources who are competent, competitive, and have integrity in facing competition in the era of globalization and free markets and also as citizens and citizens of the world who are responsible. responsible for the preservation of nature and the environment in meeting the needs of life and welfare. If financial literacy is related to business financial management, it is how to increase the ability of aspiring new entrepreneurs to make financial planning and processing for their new business. In business financial management, it is divided into 3 parts: 1) activities of using funds, 2) activities of obtaining funds, 3) activities of using funds. ITB-AD conducts training programs for prospective interns in Japan by providing knowledge and skills in financial management. This knowledge is given to them before leaving their internship in Japan and after returning from Japan, so that they understand financial and business management in a simple way.*

*Keywords: financial literacy, training program, prospects for internships in japan*

## Preliminary

The term financial literacy is perhaps a relatively new term that we hear, so many people ask what is meant by financial literacy. By definition financial literacy can be defined as a series of processes or activities to increase the knowledge, skills and trust of consumers and society so that they are able to manage personal finances properly. Financial literacy as one of the basic literacy offers a set of knowledge and skills to manage financial resources effectively for the welfare of life as well as basic needs for everyone to minimize, find solutions, and make the right decisions in financial problems. Financial literacy also provides knowledge about the management and utilization of resources as ammunition for the formation and strengthening of Indonesian human resources who are competent, competitive, and have integrity in facing competition in the era of globalization and free markets and also as citizens and citizens of the world who are responsible. responsible for the preservation of nature and the environment in meeting the needs of life and welfare.

The purpose of literacy in society is that as consumers of financial products and services, consumers must know about the benefits and risks of products as well as their rights and obligations as consumers so that consumers can make financial decisions that better suit their needs. In carrying out education based on the following principles

- a. Inclusive  
Financial literacy includes all classes of society
- b. Systematic and measurable  
Financial literacy is programmed, easy to understand, simple, and its achievement can be measured
- c. Easy access  
Financial information and services are widespread and easily accessible
- d. Collaboration  
Involve all stakeholders in general together in implementing financial literacy.

### **Basic Principles of Financial Literacy**

1. The whole (holistic) element of financial literacy synergizes with the other five basic literacies, with 21st century skills.
2. Integration (integrated) with competence, character quality with other five basic literacy. Integration with various fields, including schools, families and communities.
3. Responsive to local wisdom and religious teachings in Indonesia. Contains content that considers local wisdom and religious teachings that are very diverse in Indonesia.
4. Universal responsiveness: considering, responding to, and making use of things related to financial literacy that come from anywhere (universal).
5. Inclusive: embracing all parties openly and equally; open up opportunities or opportunities and possibilities that come from other parties.
6. Participatory: involving, utilizing, utilizing various stakeholders, financial literacy, and various resources owned by various stakeholders.
7. Suitable psychological, social and cultural development: financial literacy materials, programs and activities in line with individual development, social development and culture that surrounds or shelters the individual.
8. Sustainability: all programs, activities and results must be continuous and mutually supportive.
9. The accuracy of all programs, activities, and results of financial literacy must be accountable to all literacy stakeholders and can be accessed and reviewed by other parties

If financial literacy is related to business financial management, it is how to increase the ability of aspiring new entrepreneurs to make financial planning and processing for their new business. In business financial management is divided into 3 parts:

#### **1. Use of activity funds**

Funding activity is the activity of investing funds in various assets known as portfolios. A portfolio which means there are a minimum of two or more items held by investors or managed by them. The purpose of doing a portfolio is to reduce the risk for those who have a portfolio. Risk reduction is carried out by diversifying risks. The portfolio process has four stages, namely the investment objectives phase, the market expectations stage, the portfolio development stage, and the performance evaluation stage:

- a. The stage of determining investment objectives is the initial stage that must be carried out by all parties if they want to manage an investment portfolio. At this stage, the entrepreneur must understand the amount of risk tolerated by the entrepreneur for his investment portfolio. Usually, the risk that is tolerated is closely related to the desired rate of return. If there is a high risk, the rate of return will also be high. Investment aims to provide opportunities for the funds invested to grow when used as investment funds in the future. If this is the case, what are the funds now? What if the value of the funds held decreases? This should really be considered by entrepreneurs. Another variable that must be considered by entrepreneurs at this stage is the investment period (time horizon). The investment period determined by the entrepreneur becomes the benchmark for determining the investment instrument to be invested. If the entrepreneur has an investment period of 5 years, the entrepreneur can invest in investment instruments that have a term of 5 years, such as bonds and stocks 5 years.
- b. The second stage carried out by entrepreneurs is to collect information about all existing investment instruments, and how the desires of various parties to the entire investment market. The information needed is the market expectations of the investment instrument. If market expectations are too low or too high and not in line with the entrepreneur's goals,

the entrepreneur should revise his goals to suit the market situation. If market expectations do not match, entrepreneurs will find the investment cycle is not appropriate.

- c. The third stage is the implementation phase of the existing market situation. At this stage, the entrepreneur selects, buys and sells investment instruments according to the entrepreneur's wishes. When the entrepreneur conducts research on the market situation, the entrepreneur already knows the financial assets that become the entrepreneur's portfolio.
- d. The fourth stage is the final stage of the portfolio process, which is calculating the managed portfolio. Furthermore, portfolio management results in the form of rates of return compared to standard rates of return. Entrepreneurial satisfaction will occur if the portfolio rate of return is higher than the benchmark rate of return. It also shows that entrepreneurial skills are visible in terms of asset allocation, instrument selection, and market timing.

The four stages of the portfolio process above are interrelated, because the results achieved are the outputs of the previous stages.

## 2. Funding Activities

To start a business, basically sources of capital can be obtained through

- a. Owner's equity. Own capital is the easiest way. The source of financing itself can be obtained from savings, reserve funds or using assets that are not productive.
- b. Bank loan. If the capital itself is not sufficient to meet the capital needs by borrowing from the bank. There are three types of bank credit, namely:
  1. Business Loans are loans that are shown to finance a productive business.
  2. Consumer credit, namely: credit that is used to buy something that is consumptive, for example buying a house or private vehicle.
  3. Multipurpose loans, namely: loans that can be used for consumption or business purposes.

One of the challenges for entrepreneurs is choosing between using their own capital or using borrowed funds. The following is an activity for students to understand the difference between using their own capital and borrowing.

## 3 Fund Management Activities

After planning the business and getting capital for the business, the next step is to manage finances during the business process. Here are a few things to consider in financial governance.

- a. We must separate personal money from company money. Never mix personal money and company money.
- b. We must ensure a neat and orderly record system according to accounting rules. Every transaction is recorded in a daily journal, ledger, income statement, and balance sheet.
- c. Perform cash management. Cash management is needed to optimize assets, to ensure that all bills will be paid properly.
- d. Conduct monthly evaluations related to finance, namely realization of production and income, realization of costs and realization of inventories, total debt and cash conditions.

There are several aspects that must be considered in the use of fees, among others.

1. A. Initial price  
all costs incurred to fund the building or establishment of a business
2. Financial Projection or Design
  - Open a daily balance
  - Income balance projections or plans
  - The projected balance or concept should be cash

## Investment Appraisal Criteria

An assessment is needed to find out how much business benefits will be carried out. In addition, in managing a business, in principle, in running a business there are three types of capital needed, namely initial investment capital, working capital and operating capital.

- Initial Investment Capital. Initial investment capital is the capital required at the start of the business, usually used for the long term.
- Working capital. Working capital is the capital that we have to spend to buy or make the goods and services we produce.
- Operational Capital. Operating capital is the capital that we have to spend to pay for operating costs for our business month

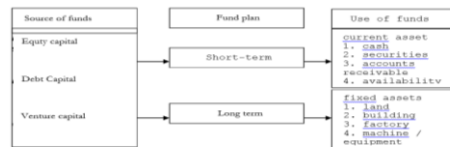


Figure 1. Flow of sources and uses of funds

One of the difficulties in managing a business is managing and overcoming the use of funds in the company's business. In order for prospective interns in Japan to understand how important budgeting and fund management are, the following prospective internships in Japan that can be used to instill an understanding of how to manage finances and still manage a company budget or in their business will be explained in the next section of the discussion.

### Formulation of the problem

- The reason for choosing this Skills Institute as a forum for this activity?
- What stages are given for prospective internships in Japan?
- What financial literacy materials for new businesses are taught to prospective interns in Japan?

### Aim

Financial literacy materials for new ventures for prospective interns in Japan are provided to add knowledge and insight for prospective interns in Japan regarding financial planning, use and processing during and after their return from Japan

### Method of Implementation

The Ahmad Dahlan Institute of Technology and Business (ITB-AD) as one of the private universities in Muhammadiyah has a target to increase the number of public services (frequency and target) in the 2016-2021 Higher Education Strategic Plan. Community service can be carried out efficiently if it is able to optimize the competencies possessed by lecturers, most of whom have educational backgrounds in the fields of Management and Accounting. The analysis of community service programs carried out among others, is in line with and supports national issues. As pioneered by OJK since 2013 (revisited 2017), ITB-AD participated in the National Strategy for Indonesian Financial Literacy. In accordance with the approach taken by OJK, this approach is carried out with three types of approaches, namely:

- Geographical approach (based on location).
- Target approach (based on community groups).
- Sectoral approach (by sector or type of financial institution).

Community service activities by ITB-AD use a targeted approach, which is an approach to community groups (professional) prospective apprentices to Japan, which began in the first quarter of 2019.

The reason for choosing the approach method through the target approach (community group), in this case, this community group is a prospective intern who will move to Japan. As for what is being done for several reasons:

1. The first problem is that the debt is quite high as part of preparations before leaving for Japan. These funding needs arise in the form of language training fees, medical examination fees, living expenses (accommodation, food, transportation), and fees for obtaining documents (passports, visas, work permits).
2. The second problem is low financial literacy and business planning in the form of a lack of understanding of financial and business products and services and inadequate financial and business planning and objectives. live in Indonesia).

Of these two problems, ITB-AD held a training program for the second problem. This knowledge is given to them before leaving their internship in Japan and after returning from Japan, so that they understand financial and business management in a simple way.

The methods used during the training are lecture, discussion, and practice methods. with the following information:

1. The explanation uses power point materials, contains concepts (narrative), photos and illustrations containing financial planning.
2. Participants are given practice papers that have been printed and can be filled out during the exercise in the form of financial objective forms, financial planning, and simulation calculations.

For post-training (post-training), training papers are also provided in softcopy so that participants can repeat or recalculate the planning and allocation of funds held during their internship program in Japan. Contains in detail the steps for implementing activities, how to select respondents / target audience, specific materials and tools used, tool design, performance and productivity, data collection and analysis methods

## Results and Discussion

### A. Institutional Selection

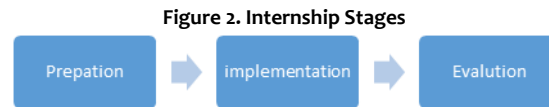
This target selection was carried out in January and February 2019 through information and introductions with members of the Japan Foreign Apprenticeship Sending Association (AP2LN). Recommendations and readiness of LPK in accepting community service activities are in 2 institutions, namely LPK Bangkit Indonesia in Jakarta and LPK Mulia Mandiri in Bandung. This activity has taken place can be seen in the table below:

Table 1. Schedule of Activities

Date	Location	Lecturers Involved	Number of participants
23 January 2019	LPK Mulia Mandiri	1 person	31 participants
23 February 2019	LPK Rises	1 person	18 participants
March 1, 2019	LPK Mulia Mandiri	2 persons	32 party attendees
March 31, 2019	LPK Rises	2 persons	45 participants
August 10th	LPK Rises	2 person	60 participants

## B. Stages of Providing Training

For post training (post training), training papers are also provided in softcopy so that participants can repeat or recalculate the planning and allocation of funds held during their internship program in Japan. The steps taken are as follows:



### Preparation phase

#### Community Group Selection

Determination of targets is the determination of prospective interns who will be given education. This target setting is based on the criteria that a sending agency (LPK) wants to cooperate with, regularly sends apprentices to Japan, and has at least 10 participants per class.

#### Material preparation

1. The material designed consists of several parts, namely:
  - a. General description of the amount of income during an internship in Japan.
  - b. Concepts and examples of financial goals and planning.
  - c. Training to plan and use funds while in Japan.
2. This material should be kept simple and easy to understand.

### Implementation Stage

Implementation is carried out by conducting visits and training. The training is conducted on the day that the apprentice does not receive core training, namely language and skills training.

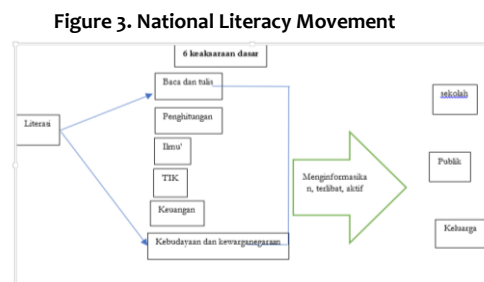
### Evaluation Phase

This stage is done in 2 ways:

1. Meeting with LPK about the effectiveness of the material delivered by ITB-AD lecturers.
2. Internal meetings between community service actors are chaired by the head of the Community Service Project Team, as well as by the Chancellor or Deputy Chancellor.

## C. Financial Literacy Materials for New Business

1. **At the beginning of the material**, prospective apprentices are given a basic explanation of the national literacy movement as shown below:

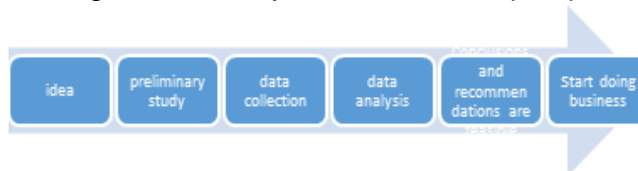


Prospective internships are explained about legal bases such as presidential regulation number 82 of 2016 concerning the National Strategy for Inclusive Finance. Financial Literacy, Ministry of Education and Culture, 2017

### 2. Business feasibility study materials:

Business feasibility study materials are given to apprentices as knowledge and conditions for apprentices before apprenticeship and after returning from apprentices who wish to open new businesses. This material describes the practical steps of a business feasibility study as shown below

Figure 4. Practical Steps for a Business Feasibility Study



Then the interns are given a case study explanation of plans to open a new business with capital from the work they received during their internship in Japan. To do the above exercise, apprentices must understand personal financial risks as shown below. Like the picture below

Figure 5 Personal Financial Risks



**3. New business financial literacy training materials:**

Before explaining the business of the new financial literacy training. Prospective apprentices are reminded that there are priorities for financial expenditures so that they can plan and manage expenses in an orderly manner, this is given so that after returning from Japan they will no longer experience financial difficulties, difficulty meeting daily needs, difficulties for the welfare of their families and ultimately difficulties in planning their time ahead after they returned from Japan. To better understand the above, they are described like the following example:

Table 2. Allowance

Transfer ke Indonesia	Tabungan	Beli sepeda motor	Beli ponsel	Buka bisnis
35.000.000	30.000.000	20.000.000	2.500.000	25.000.000
Pernikahan	Sedekah	Renovasi rumah	Oleh-oleh	Sisa uang
25.000.000	6.328.775	10.000.000	5.000.000	4.326.125

The above explanation can provide a clear picture for prospective interns when they return from Japan regarding planning, simple financial management and planning to open a new business systematically. So that they can use the results of their business for 3 years to be used properly and correctly, After that prospective apprentices are given an explanation of the calculation of investment, sales, cost of goods, operating costs per month in cash, monthly depreciation costs, gross profit for new businesses such as shown below:

Table 3. Investment Calculations

Komponen	Satuan	Volume	Harga	Skor	Informasi
Menyewa	Tahun	2	6.000.000	12.000.000	Periode 24 bulan
Renovasi	Satuan	1	2.000.000	2.000.000	Begitu di awal
Mebel	Set	2	500.000	1.000.000	2 set kursi meja
Rak	Set	3	2.000.000	6.000.000	Untuk memajang barang
Komputer Kasir	Satuan	1	5.000.000	5.000.000	Kalkulator
Modem	Satuan	1	400.000	400.000	Internet di warung
Kabel dan instalasi	unit	1	500.000	500.000	Instalasi Kabel Internet
Kasir dan perangkat lunak inventaris	Lisensi	1	500.000	500.000	Pembelian perangkat lunak
<b>Total Investasi</b>				<b>28.400.000</b>	

Table 4. Sales Calculation

Komponen	Satuan	Volume	Harga	Skor
Nasi	Kg	500	12.500	6.250.000
Indomie	Membungkus	100	3.000	300.000
Gula	Kg	50	13.000	650.000
telur	Kg	200	28.000	5.600.000
Minyak goreng	Liter	150	11.000	1.650.000
Air mineral	Botol	150	5.000	750.000
<b>Total Penjualan</b>				<b>15.200.000</b>

Table 5. Cost of Goods

Komponen	Satuan	Volume	Harga	Skor
Nasi	Kg	500	8.000	4.000.000
Indomie	Membungkus	100	1.200	500.000
Gula	Kg	50	10.000	650.000
telur	Kg	200	20.000	4.000.000
Minyak goreng	Liter	150	7.000	1.050.000
Air mineral	Botol	150	1.500	225.000
<b>Total Penjualan</b>				<b>9.896.000</b>

Table 6. Monthly Cash Operational Costs

Komponen	Satuan	Volume	Harga	Skor
Listrik	Bulanan	1	500.000	500.000
Telepon	Bulanan	1	100.000	100.000
Internet	Bulanan	1	150.000	150.000
Karyawan	Orang	1	1.200.000	1.200.000
Biaya Air dan Kebersihan	Bulanan	1	300.000	300.000
<b>Total biaya operasional bulanan</b>				<b>2.250.000</b>

Table 7. Monthly Depreciation Costs

Komponen	Satuan	Volume	Harga	Skor	Informasi
Sewa bulanan	Tahun	24	6.000.000	250.000	Sewa dibagi 23 bulan
Biaya Renovasi	Satuan	24	2.000.000	83.333	Renovasi dibagi menjadi 24 bulan
Biaya Penyusutan Mebel	Set	36	1.000.000	27.778	Furnitur digunakan selama 36 bulan
Biaya Penyusutan Rak	Set	24	4.000.000	166.667	Rak digunakan 24 bulan
Biaya Perangkat Lunak Penyusutan	Satuan	24	500.000	20.833	Perangkat lunak digunakan 24 bulan
<b>Total Biaya Penyusutan</b>				<b>798.611</b>	
<b>Total biaya operasional dan penyusutan</b>				<b>3.048.611</b>	
<b>Laba bersih</b>				<b>2.256.389</b>	



After understanding the explanation of financial literacy for building a new business or business, prospective interns to Japan are then explained and taught to make a simple business summary as shown below:

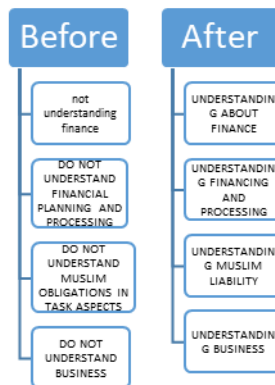
Figure 6. Business Summary

PENGELOLAAN	
NAMA BISNIS	
NAMA BISNIS PROSPEKTIF	
JENIS BISNIS	
PEMASARAN	
BARANG PASAR	
TUJUAN KONSUMEN	
AREA PEMASARAN	
RENCANA PENJUALAN / TAHUN	
KEUANGAN	
PEMBIAYAAN BISNIS TOTAL	
EKUITAS PEMILIK	
KEBUTUHAN MODAL LUAR	
DURASI MODAL	
PENJUALAN TAHUN	
KEUNTUNGAN TAHUN	

#### 4. Evaluation

The last stage is evaluation, this evaluation is held to determine the extent to which the material can be accepted and understood by prospective interns in Japan, we can describe it as follows:

Figure 7 Evaluation Chart



Material evaluation is carried out in the impact analysis:

1. Awareness material has worked.
2. The material understanding of financial planning and new business management has been successful.
3. The material on Muslim obligations in the asset aspect needs to be improved by including lecturers in the fields of Al Islam and Muhammadiyah.
4. The business feasibility study material has been successful.

LPK Mulia Mandiri and LPK Bangkit Indonesia have asked ITB-AD to be able to run this program regularly every 2 months (LPK Mulia Mandiri) and every month LPK Bangkit Indonesia.

### Activity photos



### Conclusion

Apprentices after receiving education from this training material, they gain awareness, knowledge and skills in financial planning and new businesses. For candidates for internships in Japan regarding financial processing and new ventures for the future, it is important to know and learn. Understand simple financial and business management for their survival during their internship in Japan or after they return from their internship. With this education, helping prospective interns make financial and business plans for the future before they do their apprenticeship, when they do internship in Japan, and after they return to Indonesia. This is useful so that they no longer have difficulty meeting their needs

### Thank-you note

In carrying out this community service, the community service implementation team would like to thank:

- Head of LP3M Institute of Technology Ahmad Dahlan Jakarta, Jalan Ir Juanda No 77, Ciputat, South Tangerang, 15419, telp 021-7430930, who always supports the community service team to always work.

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- The leadership of LPK Mulia Bandung, which has given the community service team the opportunity to carry out community service activities.

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