Increasing Income Through Financial Management And Entrepreneurial Innovation

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Abstract
This study aims to examine increasing income through financial management and entrepreneurial innovation. This research is literature so that the form of research is descriptive qualitative. Literature study through books and related scientific journals. Performance is the result of various continuous management decisions to achieve certain goals effectively and efficiently in accordance with what is desired about the achievements or setbacks. Company performance is an achievement of goals by individuals and organizations effectively and efficiently. Effectiveness relates to its ability to achieve the desired goals, while efficiency describes how much input is needed to produce an output. Financial information helps to assess the company's ability to meet its obligations, increase capacity, and obtain funding, helping to assess the quality of future earnings and cash flows. Good financial management behavior will be able to manage business finances well. Innovation as creativity provides added value to the resources owned. Innovation is to take advantage of change rather than create it. The ability to innovate is needed in a business that has many competitors and is prone to saturation.

Keywords: *Income, Financial Management, Innovation and Entrepreneurship.*

I. INTRODUCTION

Entrepreneurship is a process for identifying, developing, and bringing forward visions in life [1]. This means that entrepreneurship has an important role with the ability to create and provide products that have added value through the courage to take risks, creativity and innovation in business as well as being able to organize properly in finding and reading opportunities that exist in the market.Entrepreneurship is a person's expertise in facing future risks and growing to earn profits by using all the resources they have so that the business has increased. Entrepreneurship contributes to job creation, product innovation, social mobility towards a higher status, quality improvement through competition, strengthening economic flexibility, and increasing economic efficiency [2]. To realize this contribution, every business is required to perform well. One of the crucial aspects is financial performance, which often describes the ability of a business to survive in the long term [3]. There are 3 concepts that need to be understood in understanding entrepreneurship as a whole: entrepreneurship, which is one's ability to see opportunities, opportunities, namely the ability to see and understand problems, then develop unexpected solutions, and innovation, namely the development of new methods, processes, and products.Competition, change, and uncertainty characterize the life of the business environment. The business environment is changing rapidly so that the business world needs a set of tips to survive and thrive. The business world seeks to gain competitive advantage through various means and policies. One way that can be done by management is to measure its performance. Company performance is a result shown by the company to interested parties about the achievements it has achieved [4].

Business actors are required to always upgrade their knowledge and abilities so that the business they run can win the competition [5].Today many are more interested in the world of entrepreneurship than looking for work. In addition to the narrow employment opportunities, choosing entrepreneurship as a future investment. Apart from that, it can also open up new jobs and in its operations there are many things that must be prepared. Many factors must be understood, especially regarding financial management. These factors are very important for the continuity of the business that is being carried out. Financial management is the activity of the owners and management of the company to obtain the cheapest sources of capital and use them as effectively, efficiently, as productively as possible to generate profits [6]. The main tasks of financial management include; decisions about investment, financing business activities, and profit sharing. The financial management functions are planning, budgeting, controlling, auditing, and reporting.Good financial management helps business people to know important things for the company, such as; asset calculation, good cash flow, to stabilize product prices, good tax planning, and ensure employee welfare. On this basis, one can understand and manage business and business development. Financial management is carried out by managers so that business development rests with the manager. Mastery of aspects of financial management is very important to note.

Poor financial management means that the company will not be able to compete and may even go into liquidation because it cannot survive. Within the scope of small business/SME entrepreneurship, the application of financial management should be simpler and more applicable, but still within standard and customary provisions. In addition, financial management for small business sellers needs to consider their character, which has a relatively simple turnover speed and type of business.Increasing entrepreneurship in terms of financial management and innovation is very important. Entrepreneurship is indeed not a taboo thing to hear and practice. Providing entrepreneurship training increases partner human resource expertise and is able to manage business management and financial management properly [7]. For entrepreneurs, managing financial management is very important because of very limited capital resources and immature managerial abilities. besides that, a soul that wants to see results instantly without going through a lot of processes makes financial risks even higher. There are two types of skills to develop an entrepreneurial culture, namely: personal skills (cognitive, social, relational, technical and management skills) and business skills (company strategy, products and services, corporate image, management information systems, resource management human resources, financial management, marketing, among others, and the formal and informal structure of the company) [8]. This shows that if micro-enterprises want to develop properly, they should have personal skills and business skills [9]. This is in accordance with the statement [10] that slow business development is due to a lack of competent human resources, as well as financial difficulties that should be minimized with competent financial and human resource governance.

II. METHODS

This research is a library research that relies on data from the library so that the form of this research is descriptive qualitative. Literature study through books and related scientific journals. To obtain data in the research process, you can rely on documentation from the media and theories from various literature so that media and literature information discusses Increasing Income through Financial Management and Entrepreneurial Innovation. The type of data used in research is secondary data with collection techniques from documentation and other archives related to the problem [11].

III. RESULT AND DISCUSSION

Entrepreneurship in Economics

There are consequences of the liberalization of world free trade for countries that carry out or revitalize industrialization as the main strategy for their economic development. On the one hand, this liberalization process will open up a wider international market that has the potential to increase foreign exchange and strengthen the economy [12]. On the other hand, the liberalization process has also resulted in relocation of businesses or jobs in various business sectors to new locations that offer production costs and/or efficiency and other advantages. Various reports and studies show that the competitiveness ranking of Indonesia's countries and products has been declining in recent years. One of the main reasons for the relatively poorer position of Indonesia's competitiveness is due to the ineffectiveness of the innovation system which is one of the key factors of national competitiveness. In many developed countries, entrepreneurship is encouraged as a means of stimulating innovation. In the context of advanced industrialist countries and knowledge-based economies, innovation, especially high-tech industries is a target, while entrepreneurship is a tool or instrument to achieve this target. For developing countries like Indonesia, unemployment is a major economic problem. The relationship between entrepreneurship and job creation must certainly be a major concern. In developing countries, entrepreneurship is not only a tool, but also a target. Entrepreneurship which is manifested in the creation of new businesses or business enterprises can create jobs, can be an alternative to simply looking for work which is sometimes full of discrimination. The issue of entrepreneurship is an important issue in development.

Increased revenue

Companies with a profit orientation, whether in the form of products or services, are of course always looking for ways to increase revenue/sales profits. Income is the benefit derived from the use of assets [13]. Strategies to increase revenue may be different between companies, but basically the goal is the same. Each company has a secret strategy because it is the key to success in achieving it. There are several other supporting factors that aim to increase revenue so that the right steps are needed so that all the efforts taken also have better quality and performance. There are several ways to increase company profits, namely (1) adding products or services so that the opportunity to earn income will increase. This is done after an analysis of the approximate number of products to be added; (2) attractive appearance or product innovation [14]**.** Show attractive and different demos so that it is attractive to potential customers so that it will indirectly increase revenue; (3) offer products in large sizes; (4) increasing sales value by improving product quality; (5) expanding sales targets. Conduct a feasibility study for the product market; (6) increase sales media. In addition to offline sales, develop online sales such as Instagram, Facebook, e-commerce and others with the aim of touching the entire market [15] [14]; (7) reduce production costs. Conducting an in-depth analysis of operational costs from production, marketing to sales.

Financial Management

Performance is the result of various continuous management decisions to achieve certain goals effectively and efficiently in accordance with what is desired about the achievements or setbacks. Company performance is the level of achievement that has been achieved. Company performance is an achievement of goals by individuals and organizations effectively and efficiently, especially MSMEs [16]. The effectiveness of an organization relates to its ability to achieve the desired goals, while efficiency describes how many inputs are needed to produce an output. The performance of a business unit can be measured from three things, namely the minimum use of resources (efficiency), the ability to produce a product or service according to the required specifications (effectiveness), and a product or service on customer satisfaction (outcome).In general, financial information helps to assess a company's ability to meet its obligations, increase capacity, and obtain funding, helps in assessing the quality of earnings and the dependence of earnings on estimates and assumptions about future cash flows. The success of the business can be seen if management is carried out properly and correctly. This is important and the function of financial management is carried out properly, so the main goal of financial management is realized in maximizing the value of the company and providing added value to the assets owned.

Financial management is related to the effectiveness of fund management. If you can't manage your finances well, it will be certain that your business will find it difficult to develop your business. With financial management behavior a person can better plan and manage their finances. Everyone has different financial management behaviors. This is adjusted to the financial situation and goals to be achieved from each person [17]. Financial management behavior in entrepreneurship is influenced by various factors. One important factor in managing finances is the financial knowledge possessed by the actors themselves. There is a relationship between financial knowledge and financial management behavior in that the better the financial knowledge possessed by a business actor, the better his financial management will be [17] [18]. The results of the study show that there is a positive influence on mastery of financial management on business success [19]. This means that mastery of financial management has a good impact on the success of the entrepreneurship program. Financial management has an effect on Micro, Small and Medium Enterprises (MSMEs) [20]. Training in compiling financial reports is expected that MSMEs can make financial reports which are one of the requirements for applying for credit at the Bank for additional business capital [21] [22]. The training is expected to increase the knowledge and understanding of MSME business actors on the importance of financial management in a business, in this case MSME and financial management can be important factors for developing a business so that it runs effectively [23].

As for the function of financial management; (1) financial planning, to find out the flow and profits and losses earned by the company so as to provide information about the condition of the company; (2) planning, receiving and allocating budgets to the maximum extent possible and on target to avoid funds that should not need to be spent or can be used as a means of suppressing the budget to the maximum extent possible; (3) control, aimed at evaluating and correcting deficiencies in finance and the financial system in the process of implementing it; (4) financial audits, carried out properly and supervised to safeguard assets and avoid irregularities that may occur; (5) financial reporting is important information regarding financial condition as well as material for analyzing financial report ratios. Measuring the performance of each field can use different benchmarks according to the objectives to be achieved. In determining performance benchmarks there are three things that need to be considered, namely what benchmarks are used, determining standards of success, and in multiple benchmarks it is necessary to determine the balance with one another.

Financial performance

Financial performance is a good prospect or future, growth, and development potential for the company. Financial performance information is needed to assess potential changes in economic resources that may be controlled in the future and to predict the production capacity of existing resources [4]. Company management is very interested in the financial statements that have been analyzed because they can be used as a basis for making decisions for the future. The use of ratio analysis based on financial report data can find out the financial results that have been achieved in the past, can find out the company's weaknesses, and know the performance which is considered quite good. The measure that is often used is a ratio or index that shows the relationship between two financial data. Financial ratios are the main tool in financial analysis because financial analysis can be used to identify some of the company's financial strengths and weaknesses [24]. By analyzing financial ratios, information will be obtained regarding the assessment of the company's past, present and future expectations. Based on financial ratios and financial information can be used to predict the value of the company so that performance measurement is one of the important factors in the company.

Financial Statement Analysis

Financial statement analysis is a process of evaluating the company's financial statements and those of other similar companies to assess the company's past and present financial condition and to determine estimates and predictions regarding future financial conditions and performance. The main object of the financial statement analysis process is the information generated from the financial statements. Financial ratio analysis is basically comparing several items in the financial statements to interpret the company's financial condition and operating results [4]. The purpose of using ratios when analyzing information is simply by making a basis for measuring the flow of information to be analyzed so that the ratios of two different companies can be compared or maybe a company that is the same at the same time and also different. The results of the analysis will be more useful and meaningful if they can be compared with the results of the analysis at different times with the same company. There are four objectives of financial statement analysis, namely: (1) as a tool in choosing alternative investments or mergers, (2) assessing future financial performance conditions, (3) there may be problems that occur either in management, operations, finance or other problems , and (4) assess management achievements, operations, efficiency, and others.

The Importance of Entrepreneurial Innovation

In addition to prioritizing non-financial conditions such as a comfortable place to relax, rest, or enjoy a meal, innovation is one of the added values from consumers which is of course very important for the company. Innovation as a tool to take advantage of change as an opportunity for business. Innovation is a specific tool of entrepreneurship, an act that provides resources with new strengths and capabilities to create wealth [25]. It is said to be a resource because innovation can provide economic benefits. Innovation in entrepreneurship opens opportunities for product verification and market share. A competitive and dynamic business environment requires entrepreneurs to always be adaptive and look for the latest breakthroughs.

Self-satisfied character will bring the business to decline, so innovation is the answer for successful entrepreneurs.Innovation as creativity as something that can be implemented and provides added value to the resources that are owned. To always be able to innovate, creative intelligence is needed. Innovation is the key to the economic development of any company. As technology changes, old products sell less and old industries decrease in number. Innovation is the structure of the future development of the economy. For entrepreneurs, innovation is to capitalize on change rather than create it. Seeking innovation is done by exploiting changes in the findings that cause change.

Innovative ideas can be sourced from external and internal creativity. Facing increasingly complex competition and the global economy, creativity is not only important for creating competitive advantage, but also important for company sustainability. In global competition, creative and innovative human resources are needed as well as having an entrepreneurial spirit. Entrepreneurs can create added value and excellence. The added value is generated through creativity and innovation. Creativity is a process and attitude. The creative instinct must be continuously improved in everyday life, such as seeing business opportunities in competition. Even the smallest things, for entrepreneurs, deserve to be treated creatively. Entrepreneurs will be successful if they develop creative thinking processes and implement new or old things in new ways (innovation).Innovation capability is an organization's ability to adopt or implement new ideas, processes and new products [26]. Innovation capability is generating new ideas and knowledge to take advantage of market opportunities. Product innovation capability is the ability to bring new knowledge or technology to develop new products [27]. The ability to innovate is absolutely necessary in a business that has many competitors and is prone to burnout.

IV. CONCLUSION

Entrepreneurship is a process for identifying, developing, and bringing forward visions in life. Entrepreneurship contributes to job creation, product innovation, social mobility towards higher status, quality improvement. Competition, change, and uncertainty characterizes the life of the business environment, so it is necessary to measure performance. Performance is an achievement that has been achieved which is shown to interested parties. Increasing entrepreneurship in terms of financial management and innovation is very important. There are many factors that must be understood in entrepreneurship, especially regarding financial management for the continuity of the business being carried out. For small business entrepreneurs such as SMEs, the application of financial management should be done in a simple and applicable manner, but still within the applicable standard provisions.Companies with a profit orientation, whether in the form of products or services, are of course always looking for ways to increase revenue/sales profits.

Strategies to increase revenue may be different between companies, but basically the goal is the same. Supporting factors to increase revenue (1) add products or services; (2) product innovation; (3) large size; (4) product quality; (5) sales targets; (6) media sales, and (7) reduce production costs. Company performance is the level of achievement that has been achieved. In general, financial information helps to assess the ability to fulfill its obligations, increase capacity, and obtain funding, helps in assessing the quality of earnings and the dependence of earnings on estimates and assumptions about future cash flows. Financial management function; (1) financial planning; (2) budget; (3) control; (4) financial audit; (5) financial reporting.The second important thing is innovation because it is a tool to take advantage of change as an opportunity for business. A competitive and dynamic business environment demands to always be adaptive and seek the latest breakthroughs. Innovation is the key to economic development. Creativity is a process and attitude so that it continues to be improved. Innovation capability is an organization's ability to adopt or implement new ideas, processes and new products.

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