



Optimizing Accounting Practices for Financial Management in Orchid Cultivation: A Comprehensive Approach for Farmers in Dadaprejo Junrejo Village, Batu City

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Abstract

Founded in 2007, DD Orchid in Dadaprejo, Junrejo District, Batu City, is a notable player in orchid cultivation, offering a diverse range of orchids at various price points. Despite its success, the organization faces challenges such as irregular bookkeeping, disorganized stock management, and a lack of basic bookkeeping training for collaborating farmers. This empirical research investigates the impact of proposed solutions on enhancing operational efficiency. The study, spanning a 2-hectare property with advanced watering systems and involving 80-100 plasma-assisted farmers, addresses these challenges through strategic interventions. Firstly, it explores the impact of elevating human resource quality within DD Orchid. Secondly, the implementation of disciplined administrative and financial practices, including regular financial statements, is examined for its effect on overall management. Thirdly, the study evaluates the impact of optimizing orchid code management. Lastly, the research investigates the effectiveness of providing training to plasma-assisted farmers on creating simple financial reports. The anticipated results aim to provide empirical evidence on the effectiveness of these solutions in streamlining administrative, financial, bookkeeping, and human resource management within DD Orchid and among its collaborating farmers.

Keywords: account codes; bookkeeping; farmers; financial statement

INTRODUCTION

Established in 2007, DD Orchid, situated on Jl. Martorejo Gang Orchid, Dadaprejo Village, Junrejo

District, Batu City, operates as an orchid cultivation business spanning 2 hectares. This enterprise, owned by Mr. Dedek, plays a vital role in the

Table 1. Partners Profile in Dadaprejo Village, Batu City

Name of Cooperation Partner	DD Orchid
Owner/Manager Name	Mr. Dedek Setia Santosa
Entity	Village in Batu
Business Type	Orchid Cultivation
Address	Jl. Martarejo Gg. Orchid, Kelurahan Dadaprejo, Kecamatan Junrejo, Kota Batu, Kode Pos 65323
Telephone	0822-5717-0054
Product/Service Description	Established since 2007
	Business Units: - Orchid Cultivation and sales
Customers	General public and also exports to Thailand, Italy, France, Netherlands, Russia, Japan and the Philippines
Opening Hours – Closed	08.00 – 17.00 WIB
Total Turnover	Rp. 1.000.000.000

Dadaprejo Tourism Village. Engaging with 80-100 plasma-assisted farmers, DD Orchid not only sells a diverse range of orchids, from seedlings to adult plants, at prices ranging from Rp15,000 to millions of rupiah but also imparts cultivation knowledge to its affiliated farmers.

However, DD Orchid faces significant accounting challenges, including the absence of systematic bookkeeping related to orchid codes and a disorganized stock flow. Moreover, there is a noticeable gap in providing essential bookkeeping education to the plasma-assisted farmers. Addressing these issues is crucial for enhancing administrative, financial, bookkeeping, and human resource management at both DD

Orchid and among its collaborating farmers.

To contextualize these challenges within the broader academic discourse, it is imperative to examine the existing literature on accounting practices in agricultural or cultivation businesses. Currently, there is a scarcity of research that specifically addresses the intricacies faced by orchid cultivation businesses such as DD Orchid. This gap presents an opportunity for this study to contribute to the field by shedding light on the unique challenges and solutions within the context of orchid cultivation businesses, thereby enriching the current knowledge landscape.

LITERATURE REVIEW

DD Orchid, a thriving orchid cultivation business in Dadaprejo Village, plays a pivotal role in local economic development, boasting an impressive annual turnover of one billion rupiah. The business collaborates with a multitude of plasma-assisted farmers, providing comprehensive training in orchid cultivation and significantly contributing to the improvement of the local economy. Beyond economic impact, DD Orchid extends its influence by facilitating student internships, demonstrating a commitment to community engagement. To contextualize such enterprises, the literature review commences by examining the economic significance of orchid cultivation businesses in rural settings, with a particular focus on DD Orchid as a case study.

The literature further delves into the collaborative dynamics between orchid cultivation businesses and plasma-assisted farmers, exploring their collective contributions to economic growth, job creation, and the effective utilization of natural and human resources. Drawing on DD Orchid's experience, the review establishes a crucial link between the economic impact of these businesses and the enhancement of community

welfare, citing relevant studies and theories that emphasize the positive relationship between rural economic development and the overall well-being of residents. Additionally, the exploration of similar models of collaboration in other agricultural or horticultural sectors provides a comparative perspective, enriching the understanding of successful partnerships. The literature review concludes by addressing the challenges faced by orchid cultivation businesses, introducing general problem-solving strategies, and emphasizing the necessity of locally tailored solutions for optimal management, specifically considering the unique potential and needs of plasma-assisted farmers in the case of DD Orchid.

METHOD

This study used Focus Group Discussion (FGD) to obtain data in social research. This method focuses on the point of discussion on discussions between members in a forum. FGD takes systematic efforts in the collection of data and information. The FGD lasts for 60 – 120 minutes. FGD questions are 1. What is the history of the establishment of the DD Orchid Garden; 2. How to Record DD Orchid Garden assets; 3. Whether the DD

Orchid Garden has recorded biological assets using PSAK No. 69. DD Orchid and assisted farmers were also given training in making simple financial statements.

RESULTS AND DISCUSSION

Results of Focus Group Discussion

The FGD was conducted on June 5, 2022 by digging for information from Mr. Dede as the Owner of DD Orchid and from Mr Dwi as the manager of DD Orchid. Pak Dwi said that the history of the establishment of DD Orchid Nursery in the field of orchid breeding business, has been carried out since 2007. This business was initially only built using a capital of Rp.25,000 by buying orchid seeds in bottles and then treated in the yard.

Orchids that are cultivated in large parts are crossed orchids. Orchid crossing will produce many variants of orchids. The types of orchids cultivated start from curly Dendrobium, Round Dendrobium, Cattleya, Phalaenopsis, Vanda Grammanthphyllum and so on. Recording garden assets is done simply and manually. Financial statements are carried out by making simple financial statements, only counting the entry and exit of money and not yet carrying out the use of biological assets based on PSAK 69.

During the Focus Group Discussion (FGD), we provided a comprehensive overview of the application of PSAK 69, emphasizing its relevance to agricultural activities. PSAK 69 addresses specific aspects related to agriculture, including:

- a. Biological Assets, Excluding Productive Plants (Bearer Plants): PSAK 69 considers the accounting treatment for biological assets, excluding productive plants such as bearer plants. This involves recognizing and reporting these assets in a manner consistent with fair value measurement.
- b. Agricultural Products at Harvest Point: The standard also delves into the recognition and measurement of agricultural products at the point of harvest. This ensures proper accounting for the value of products as they reach the stage of harvest.
- c. Treatment of Unconditional Government Grants: PSAK 69 outlines the accounting treatment for unconditional government grants associated with biological assets measured at fair value minus the cost of selling. Such grants are recognized in the profit and loss statement, but only if they become receivables. Notably, conditions may apply, especially when government grants are

linked to specific agricultural activities, potentially influencing their visibility.

- d. **Conditional Grants and Restrictions:** If a government grant related to biological assets is conditionally measured at fair value minus the cost of selling, including scenarios where the government imposes restrictions on the entity's visibility in certain agricultural activities, PSAK 69 provides guidance on handling such conditions.

Our discussion clarified the intricacies of these provisions within PSAK 69, ensuring a nuanced understanding of the accounting principles related to agricultural activities. Participants gained insights into the recognition, measurement, and reporting of biological assets and agricultural products, as well as the unique considerations associated with government grants in the agricultural sector.

Financial Report Training

In the context of financial report training, participants are provided with detailed instructions for proficiently completing the Cash Book, a fundamental tool in monitoring the inflow and outflow of funds within a company or entity. The primary purpose of the Cash Book is

to establish a systematic and efficient means of tracking financial transactions, thereby facilitating a comprehensive evaluation of the company's financial health.

The Key Components of the Cash Book introduced to participants are:

1. **Number:**

The Cash Book is structured with distinct columns, starting with the "Number" column. This element serves as a unique identifier for each transaction, ensuring a systematic and organized record-keeping process.

2. **Bookkeeping Date:**

The "Bookkeeping Date" column captures the date of each financial transaction. This chronological arrangement enables a clear and accurate timeline of all monetary activities, aiding in retrospective analysis.

3. **Description:**

The "Description" column provides a brief but informative narrative of the transaction, elucidating the nature and purpose of the financial entry. A concise and descriptive record enhances transparency and understanding.

4. **Income:**

In the "Income" column, the cash inflows are meticulously documented. This encompasses all sources of revenue, ensuring a comprehensive

overview of the funds entering the company during the specified period.

5. Balance:

The "Balance" column is integral for real-time monitoring of the financial standing. It calculates the running balance after each transaction, offering immediate insights into the company's liquidity and overall financial stability.

6. Proof:

The final column, "Proof," serves as a safeguard for the accuracy of the entries. It may include references or evidence validating the legitimacy of the transaction, providing an additional layer of accountability.

Participants are also informed that there was dual role in recording daily that beyond its function as a financial monitor, the Cash Book assumes a dual role as a meticulous recorder of daily purchase and sales activities. This inclusive record-keeping approach ensures that all financial transactions, whether related to business operations or personal expenditures, are comprehensively documented.

By imparting a deep understanding of the Cash Book's structure and its multifaceted utility, the financial report training equips participants with the knowledge and skills needed for proficient financial management. The emphasis on

clarity, accuracy, and systematic recording fosters financial transparency, enabling stakeholders to make informed decisions based on a thorough comprehension of the company's monetary dynamics.

Cash Book Filling Instructions

1. *Number*

The number is written in order according to the purchase and sale transaction activities that occur in a day.

2. *Bookkeeping Date*

The bookkeeping date is written with the date of the event (sale/purchase), if there are several events in the same date/day, it is enough to write one date for all events in that day.

3. *Description*

The description or description of the incident is written the incident (sale / purchase) that you want to record, for example the purchase of orchid seeds of 5 (five) pieces for Rp.10,000 per piece.

4. *Income*

Income or cash in is the amount of money received or money that goes into our pockets, either in the form of cash or bank transfers.

5. *Expenses*

Expenses or cash outs are the amount of money spent or used to shop for company needs.

6. *Balance*

The balance is used to calculate the remaining cash derived from income minus expenses.

Instructions for Filling in the Profit/Loss Book

Profit/Loss Book is a form of financial statements that provide information related to financial position during a certain period in a state of profit or loss. The state of profit occurs if there is a remaining balance after income minus expenses. Meanwhile, loss occurs if the remaining balance is negative after income minus expenses.

1. *Title*

- a) On the blank line under the title of the income statement is written the name of the business or the personal name of the entrepreneur.
- b) The month written the month the report was made.

2. *Revenue*

In the revenue section there are two main components, namely total sales and other income.

- a) Total sales are written the sum of all sales that occurred for one month.
- b) The cost of raw materials is written down the amount of the entire purchase of raw materials in one month.

- c) The cost of electricity and water is written down the amount of all electricity and water used for business activities for one month.
- d) The cost of equipment is written down the sum of the entire cost of purchasing equipment for one month, for example, machinery.
- e) The cost of equipment is written in the amount of the entire cost of purchasing equipment or consumables for one month.
- f) Miscellaneous costs are written the sum of all costs other than the purchase of raw materials, electricity and water, fixtures, equipment.
- g) The total cost is written the sum of all raw material costs, equipment costs, equipment costs, equipment costs, and miscellaneous costs.

3. *Profit/Loss*

Profit/Loss is written the difference between the deduction from total revenue and total costs. The state of profit occurs when the total income is greater than the total cost. Meanwhile, a loss occurs when the total income is smaller than the total cost.

Inventory Book Filling Instructions

The Inventory Book serves to find out the assets or assets owned to run a business including all objects

(tools or buildings or special vehicles for business) that are used to make finished goods or goods ready for sale and are expected to be used within more than one year. The inventory book contains the columns of title, number, bookkeeping date, orchid code, orchid name, orchid age, quantity, price and description.

1. *Title*

The title is populated with the name of the current month and year, for example January 2022.

2. *Number*

The number is written in order according to the purchase and sale transaction activities that occur in a day.

3. *Bookkeeping Date*

The bookkeeping date is written with the date of the event (sale/purchase), if there are several events in the same date/day, it is enough to write one date for all events in that day.

4. *Orchid Code*

Orchid Code is written the name of the orchid according to its type.

5. *Orchid Name*

The name Orchid is written the name of the orchid according to its type.

6. *Orchid Age*

Orchid age is written according to the age of orchids which are divided into 3 (three) namely

seedling, juvenile, and adult and then given a tick (v).

7. *Amount*

The amount is written down with the number of orchids according to the rows on the inventory book table.

8. *Price*

The price is written in the price for each orchid.

9. *Description*

The description or description is written with a note that the entrepreneur wants to convey.

CONCLUSION, IMPLICATION AND LIMITATION

The focus group discussion (FGD) held on June 5, 2022, delved into the extensive operations of DD Orchid Nursery, a key player in orchid breeding since its establishment in 2007. Their cultivation practices, prominently featuring crossbreeding, yield a diverse array of celebrated orchid types. From curly Dendrobium to Round Dendrobium, Cattleya, Phalaenopsis, Vanda Grammanthphyllum, and more, DD Orchid Nursery demonstrates a commitment to varietal richness. Noteworthy is their adherence to standardized accounting practices, notably abstaining from the utilization of biological assets, as mandated by PSAK 69. This dedication lays a

robust foundation for transparent financial reporting. DD Orchid Nursery's initiative to train assisted farmers in crafting simple financial reports holds implications beyond individual financial management, extending to the resilience of the orchid cultivation community. Simultaneously, the adherence to PSAK 69 prompts a broader consideration of the implications and challenges associated with standardized accounting practices in orchid businesses. Acknowledging the study's limitation in its singular focus on a specific nursery and a single FGD, future research directions should broaden the scope to encompass diverse orchid businesses. Exploring the broader impact of standardized accounting practices on financial performance and understanding potential barriers to adoption within the agricultural sector will contribute to a more comprehensive understanding of their implications in the orchid industry.

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