

## Community Empowerment Through Selling Price Determination Training At The Border Market Of Humusu C Village, Insana District, North Central Timor Regency

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### Abstract.

*This service will be carried out at the border market of Humusu C Village, Insana District, North Central Timor Regency, East Nusa Tenggara Province. The problems experienced by the village are composed in two types of problems, namely accounting problems, and financial management problems with the following details: Accounting problems faced by Humusu C Village include: lack of understanding in financial records so that they are unable to get out of poverty, inadequate knowledge of business concepts, so they are unable to set goals for economic activities carried out. Furthermore, the financial management problem faced by Humusu C Village is a lack of understanding in determining the price of goods sold, resulting in prices that are too low on the products sold and very minimal profits. 1) Lack of understanding in financial records; 2) Knowledge of weak business concepts; 3) Inability to set targets and evaluate the business. Financial management problems faced by Humusu C Village include: 1) Putting prices too low and always reducing profits. Solutions offered to overcome these problems include socialization to communities directly involved in international transactions at the border market of Humusu C Village, Focus Group Discussion (FGD) with sellers in the Humusu C Village environment to ensure the determination of selling prices in the border market, and assistance of each team member with the seller group. With the solutions offered for the above problems, it is hoped that international transactions that occur in the border market of Humusu C Village can run according to the policies and rules set by the Government.*

**Keywords:** *Frontier Sale Price; Financial Recording; Financial Management; and Humusu Village.*

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### I. INTRODUCTION

When viewed from the aspect of economic growth, until now there has not been well formed an institutional structure related to economic empowerment in the border area of Timor Leste. What is seen is economic development carried out individually without being supported by measures implemented by local governments. As a result, economic growth increased but by a small quantity mainly due to illegal trade practices. Humusu C Village is a village that is directly adjacent to RDTL with an area of 53.84 km<sup>2</sup>. Geographically, Humusu C village is located at an altitude of 16 meters above sea level with very high rainfall intensity so that most people in Humusu village work as farmers and fishermen with an operational system using a traditional system. Humusu C Village is one of the pockets of poverty in NTT, which has an impact on many people living below the poverty line. Based on data from the Central Bureau of Statistics of TTU Regency stated that North Insana District which Humusu C Village is part of the district, it was explained that there were only 13 State Civil Apparatus consisting of 11 men and 2 women. Based on this data, it can be concluded that out of 10,656 residents of North Insana sub-district, only 13 or about 0.1% have permanent jobs, while the rest earn their own living by farming and trading and fall into the poor category with a per capita income of less than Rp.408,000 per month ([timortengahutarabps.go.id](http://timortengahutarabps.go.id)). The people of Humusu Village rely heavily on trading as one type to meet their economic needs by selling various crops produced and then sold to traditional markets.

The selling price of goods set is entirely derived from the generally accepted price (market price) and not based on calculations that detail the desired costs and profits. This is because the local community trades only to earn income to meet needs. Meanwhile, determining the selling price is an important factor because it can determine business continuity. Determination of selling prices is one factor in product marketing strategies that consider cost calculations. The determination of selling prices plays a role in product

sales where the effect on sales is reflected in the achievement of planned sales targets. The size of the profit obtained is influenced by the high or low sales of an entity. Therefore, profit is an indicator of financial performance in determining whether the company will develop, expand, or close the business. For cross-border trade businesses, sales proceeds are important for business continuity. If the sales proceeds cannot cover costs, it will have an impact on operational activities where the company is difficult to maintain its existence and can go out of business (Mulyati, et al 2021). Referring to the point of the problem, the same applies to consumers from neighboring countries (Timor Leste). The absence of a special price set for foreign consumers (Timor Leste) results in very minimal profits, as well as when selling to domestic consumers.

The absence of goals, lack of knowledge and lack of information in trading result in no motivation in determining the selling price that is worth it. As a result, the people of Humusu C Village only apply the traditional sales system without setting a profit margin that is compared between selling prices and operational costs. This situation is a serious problem considering that the systematics of "Cross-Border Trade" literally means trade between residents of two countries at "special prices". According to Blater (2000) in Awang et al, 2013 trade in border areas contributes to economic development in a region. The proof is that this activity can get them out of the cycle of poverty and improve the socioeconomic status of the family and become the main source of income from the household (Damon et al, 2009; Muzvidziwa, 2001; United Nations, 2010 in Awang et al, 2013). Based on the explanation above, the problem of the people of Humusu C Village who are cross-border trade business actors lies in accounting and management problems of market financial governance both for commodity sales and money changers. The accounting problems in Humusu C Village are a lack of understanding in financial records so that they are unable to get out of poverty, inadequate knowledge of business concepts, so they are unable to set goals for the economic activities carried out. Furthermore, the financial management problem faced by Humusu C Village is a lack of understanding in determining the price of goods sold, resulting in prices that are too low on the products sold and very minimal profits. Based on the two sides of the problem described, the main problem with this service is the determination of the selling price of products that are not based, both sales with domestic currency and foreign currency (foreign currency).

The focus in this service program is community empowerment by providing concrete education related to determining selling prices so that the people of Humusu C Village can experience the transition of the economic system in the commodity trading system and money changers. In addition, the community can achieve changes in the financial management system that are more integrated in the proportional benefits of each community considering the position of Humusu Village which has the highest potential to experience economic improvement due to bilateral relations (territorial boundaries) between Indonesia and Timor Leste. This service activity is in line with IKU number 3, namely lecturers carrying out off-campus activities because the PkM program is carried out outside the domicile area of Widya Mandira Catholic University Kupang. In line with IKU 5 where the results of lecturer activities are used by the community through socialization and adjustment of the sales system based on determining selling prices in transactions for foreign currencies for the sale of traditional market commodities and money changers with a certain time frame adjusted to the PkM implementation schedule. Furthermore, this PkM program is also included in the IKU 2 classification where in this PkM program students are included in this program as a study field. In addition, supervision of economic transactions will also be carried out on the determination of commodity selling prices and money changers based on PSAK 10 together with the Community Service team. The condition of the traditional market in Humusu Village and money changer activities in Humus Village can be seen in the following picture:

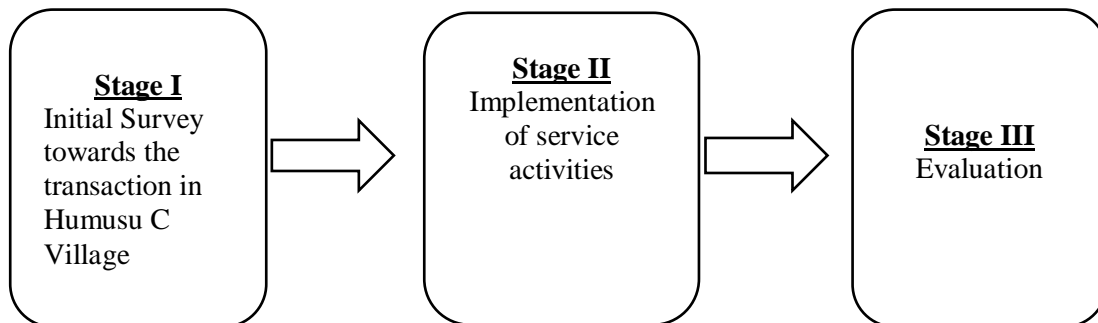
**Fig 1. Preliminary Observation of Traditional Market Conditions and Money Changer Activities in Humusu Village C**



## II. METHODS

Community service based on several stages, including:

1. **Preparation:** In this stage, the team has done survey towards the transaction in border market of Humusu C Village, North Insana District, North Central Timor Regency, East Nusa Tenggara Province.
2. **Implementation:** In this stage, the team has undertaken the implementation activity for 12 (twelve) months that is shown in Picture 2.



**Fig 2. Implementation Stage of The Community Service Activities**

The implementation stages are carried out to overcome the partner's problem, including:

1. Indiscipline in recording financial reports.
2. Weak business foundation.
3. Difficulties in separating personal finance and finances originating from business units.
4. Lack of knowledge in debt planning and debt management.
5. Inability to set business targets and business evaluation.
6. Setting on low selling prices and always reduces material profits because sellers are not based on production costs.
7. Set the same profit margin for all products.
8. Lack of understanding about the difference between margin and mark-up.
9. Not considering the cost component on each traded product and it is not even included as an element in determining the selling price.
10. Tends to replicate the selling price set by other sellers.
11. Determining commission or incentive based on selling price and not on the cost of goods sold.
12. Tends to give discounts (price cuts) that do not add value and often have implications for losses.

The result of the problems above is the losses for sellers, so the community service team tries to undertake activities in stages and runs the implementation activities for 12 (twelve) months. During the process to solve the problems above, the community service team has actively discussed and has conducted evaluation of activities periodically with partners. The involvement of partners in this community service is as discussion partner and socialization team.

3. **Evaluation:** A joint evaluation is carried out to find out how much the influence of this activity has on partners and the impact on the behavior of traders and buyers in border markets.

### III. RESULT AND DISCUSSION

This Community Service is carried out to provide additional knowledge to border communities through Training on Determining Selling Prices at the Border Market in Humusu C Village, Insana District, North Central Timor Regency. This activity was held on Monday, 23 October 2023 at the Humusu C Village Border Market. The targets of this activity were trading business actors, related officials, and the community with a total of 90 participants attending. The following is a series of community service activities:

1. Registration
2. Opening and introduction
3. Providing material regarding correct accounting records and bookkeeping
4. Providing material on personal financial management and finances originating from business units.
5. Providing material on determining the correct selling price
6. Discussion
7. Ask and direct traders to fill out a questionnaire regarding determining selling prices.

**Fig 3.** Documentation of community empowerment through selling price  
Determinati on training at the border market



In the community service scheme, several substantial problems were found which are unresolved problems faced by the Humusu C community as traders at the Wini border market. Most of the community has very minimal understanding regarding how to realize the selling price determination system and in the end this has direct consequences regarding the operational income of traders which is determined along with minimal understanding from the trading community in the border market of Humusu C Village. One concrete example relates to This gap can be seen from how selling prices are determined where traders compare prices for similar merchandise between fellow border traders. This is of course a stimulus related to the delay in improving the economy of the border trader community. Most people level the selling price and this can concretely help stabilize the selling price of certain commodities, but it is very unreliable when referring to operational cost groups. Every trader certainly has differences in determining operational costs. There are traders who are supported by operational support, while there are traders who are not. Of course, this will directly shape variations in operational costs between each trader in the border market. This method applies to traditional markets or other modern markets (Kandouw, 2019). Apart from that, another substantial problem found among border market traders is determining selling prices that do not include the exchange rate for transactions in foreign currency.

A situation that often occurs at the border market in Humusu C Village is the intensity of buyers from abroad (Timor Leste) who always make purchases intensively when traveling abroad in Indonesia, especially in Humusu C Village. Proportional profits due to sales to consumers from abroad do not actually provide increase in proportional income for border traders in Humusu C village, most traders provide the same treatment for selling prices for both consumers from Indonesia and abroad. This is a bad thing where this condition is a form of backwardness in the financial literacy of border traders and the proceeds from

sales of traded goods will not even exceed the profit margin due to the fact that there is no price difference for goods traded to foreign consumers (Nerina, 2017). The findings which are a stimulus for the lack of economic development of the border trading community in Humusu C Village are a situation that shows a delay in literacy and financial inclusion in these trading communities. Based on this, several improvements can be formulated that can be taken by the PD. Markets to improve the economic situation of the Humusu C village trading community include:

1. Conduct intensive training to increase financial literacy, especially for special trading schemes in border areas
2. Carry out infrastructure improvements which have implications for retribution money so that there is encouragement to restructure selling prices for commodities traded in border areas.
3. The National Border Management Agency as the manager of border areas must facilitate information on exchange rates and conduct socialization on the economic situation of overseas regions (Timor Leste) so that people who are border traders are more responsive to the overseas economic situation to adjust selling prices for commodities traded there overseas consumers

As an aid to realizing this improvement, a table format can be used to accommodate selling prices for commodities traded in border markets, namely as follows:

**Table 1.** List Of Commodities

*Merchant Name, Name of Business Place*  
*Year (Includes commodity price recapitulation period)*

No	Product name	Acquisition cost	Selling price	Selling price at foreign currency exchange rate
		(1) <i>(Contains the nominal value to obtain goods so they are ready to be traded Number of units x acquisition price per 1 unit)</i>	(2) • <i>(Determining the selling price by adding the acquisition price + profit margin)</i> • <i>Calculate profit margin = expected net profit x 100%</i>	(3) <i>(Determining the selling price by adding the acquisition price + profit margin)</i> <i>After getting the selling price, it is immediately multiplied by the applicable dollar exchange rate</i>

#### IV. CONCLUSION

This Community Service Program aims to provide additional knowledge to border communities through training in determining selling prices at the border market in Humusu C Village, Insana District, North Central Timor Regency. The targets for this activity were trade business actors, related officials and the public with a total of 90 participants attending. In the community service scheme, several substantial problems were found which are unresolved problems faced by the Humusu C community as traders at the Wini border market. Most of the community has very minimal understanding regarding how to realize the selling price determination system and in the end this has direct consequences regarding the operational income of traders which is determined along with minimal understanding from the trading community in the border market of Humusu C Village. Apart from that, there are other substantial problems. What is found among border market traders is the determination of selling prices that do not include the exchange rate for transactions in foreign currency.

Proportional profits resulting from sales to consumers from abroad do not actually provide an increase in proportional income for border traders in Humusu C village, most traders give the same treatment to selling prices for both consumers from Indonesia and abroad. This is a bad thing where this condition is a form of backwardness in the financial literacy of border traders and the proceeds from sales of traded goods will not even exceed the profit margin due to the fact that there is no price difference for goods traded to foreign consumers (Nerina, 2017). Based on this, several improvements can be formulated that can be taken by the PD. Markets to improve the economic situation of the Humusu C village trading community include conducting intensive training to increase financial literacy, especially for special trading schemes in border areas, carrying out infrastructure overhauls which have implications for retribution money so that there is encouragement to restructure the selling prices of commodities traded in border areas.

## V. SUGGESTION

The lack of economic development of the border trading community in Humusu C Village is a situation of delays in the development of literacy and financial inclusion of the trading community in the border market of Humusu C Village. Based on this, several suggestions were given to the PD. The market to improve the economic situation of the Humusu C village trading community is as follows:

1. Conduct intensive training to increase financial literacy, especially for special trading schemes in border areas.
2. Carry out infrastructure improvements which have implications for retribution money so that there is encouragement to restructure selling prices for commodities traded in border areas
3. The National Border Management Agency as the manager of border areas must facilitate information on exchange rates and provide socialization on the economic situation of overseas regions (Timor Leste) so that people are more responsive to the overseas economic situation to adjust selling prices for commodities traded to overseas consumers.

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