

Improving the Welfare of MSMEs Through Strengthening Financial Management: A Practical and Innovative Approach

Indra Sulistiana¹, Febby Febriana², Ariawan Rahmat³, Putri Nur Aeni Hendrawan⁴, Yeni Andriyani⁵

¹ Universitas Pamulang, Indonesia; dosen02868@unpam.ac.id

² Universitas Pamulang, Indonesia; dosen10120@unpam.ac.id

³ Universitas Banten, Indonesia; ariawan.rahmat@stiebanten.ac.id

⁴ Universitas Pamulang, Indonesia; putrinuraeni693@gmail.com

⁵ Universitas Pamulang, Indonesia; yeniandriyani10@icloud.com

ARTICLE INFO

Keywords:

Welfare;
MSMEs;
Financial management

Article history:

Received 2024-04-12

Revised 2024-05-22

Accepted 2024-06-30

ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) have a vital role in the economy, especially in creating jobs and supporting local economic growth. However, one of the main challenges faced by MSMEs is the lack of understanding and skills in financial management. Many MSMEs face problems in managing their finances that can hinder the growth and sustainability of their businesses. This community service activity aims to improve the welfare of MSMEs through strengthening financial management with a practical and innovative approach. We organize training workshops on the use of financial technology, individual consultation sessions, and business plan development. Through this approach, we provide MSMEs with practical knowledge and skills so that they can manage their finances more effectively and sustainably. The output targets of the activity are increasing MSME knowledge and understanding of financial management, improving practical skills in financial management among MSMEs, adopting innovative approaches in MSME financial management, and improving the welfare and sustainability of MSME businesses.

This is an open access article under the [CC BY-NC](#) license.



Corresponding Author:

Febby Febriana

Universitas Pamulang, Indonesia; dosen10120@unpam.ac.id

1. INTRODUCTION

Sasahan Village in Waringinkurung District, Serang Regency, Banten Province, is an area that has many Micro, Small, and Medium Enterprises (MSMEs) engaged in various productive economic fields. These MSMEs play an important role in the local economy by creating jobs and supporting regional economic growth. However, they also face various challenges that hinder the growth and sustainability of their business. One of the main challenges faced by MSMEs in Sasahan Village is the lack of understanding and skills in financial management. Many MSMEs have difficulties in managing their finances, including in accurate financial records, financial analysis, and the use of technology to improve

operational efficiency. One of them is the location of Sasahan Village, approximately 20.2 km from the Pamulang University, with 51 minutes by car. The description of the map is as follows:

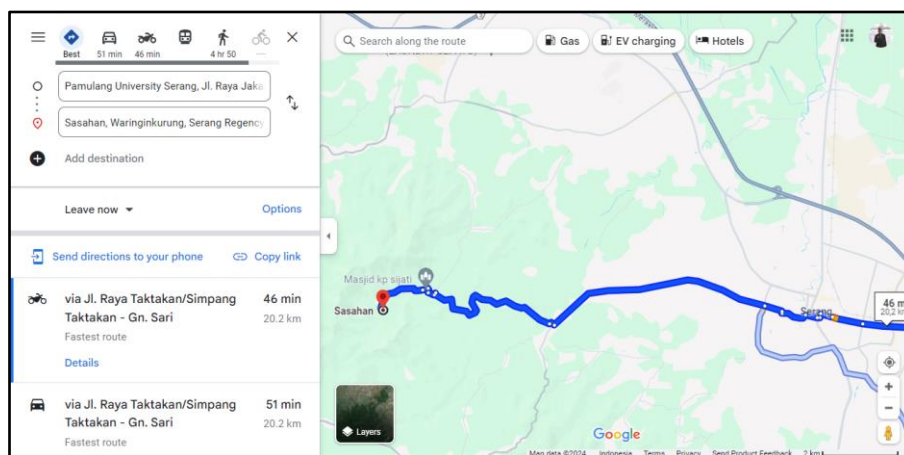


Figure 1. Location Map of Sasahan Village

In addition, limited access to financial technology and effective marketing strategies are also significant obstacles for MSMEs in achieving the desired growth. The low adoption of innovative and sustainable financial management practices further exacerbates this condition, making it difficult for MSMEs to compete and thrive in an increasingly competitive market. Through this community service program, we aim to improve the welfare of MSMEs in Sasahan Village by strengthening their financial management through a practical and innovative approach (Manap et al., 2023). The program includes a variety of activities, such as financial management training workshops, individual consultation sessions, and the development of a business plan focused on financial sustainability.

The main objectives of the program are to improve financial management knowledge and skills among MSMEs, encourage the adoption of financial technology for financial recording and analysis, and develop a business plan oriented towards financial sustainability (Gendalasari & Riyadi, 2022). Thus, it is hoped that MSMEs in Sasahan Village can better manage their finances, improve operational efficiency, and achieve sustainable growth (Farla et al., 2024). This program not only provides direct benefits to the MSMEs involved, but also supports the overall growth of the local economy. Through a comprehensive and sustainable approach, we hope to create a service model that can be replicated in other regions, providing a broader positive impact on MSME communities across Indonesia.

This service program is supported by various research and studies that show the importance of effective financial management for the success of MSMEs. Good financial management not only helps MSMEs in managing their income and expenses, but also allows them to make better business decisions, improve access to funding, and take advantage of market opportunities more effectively (Wulaningrum et al., 2020). Therefore, improving financial management understanding and skills is a crucial step in supporting the growth and sustainability of MSMEs.

In this context, our service program is designed to provide comprehensive solutions to the challenges faced by MSMEs in Sasah Village. Through training, consulting, and business plan development, we strive to provide practical knowledge and skills that can be directly applied by MSMEs. In addition, by encouraging the adoption of financial technology and innovative management practices, we hope to help MSMEs overcome existing barriers and achieve better financial well-being. Thus, this program not only provides direct benefits to the MSMEs involved, but also contributes to sustainable and inclusive local economic growth.

With the support of various parties, including financial institutions, local governments, and local communities, we are confident that this program will successfully achieve its goals and have a significant positive impact on MSMEs in Sasah Village. We also hope that this service model can serve as an example

for similar programs in other regions, helping more MSMEs across Indonesia to achieve financial well-being and sustainable growth.

2. METHODS

This approach in community service activities uses qualitative and quantitative methods to understand the problems and needs of MSMEs through in-depth observation and interviews, as well as measuring the impact of the interventions carried out. The subjects of service are MSMEs in Sasahan Village, Waringinkurung District, Serang Regency, Banten Province, which are selected based on the type of business, business scale, and willingness to participate. The research procedure includes the preparation stage, the implementation of training, mentoring, and the final assessment, with financial management training modules, individual consultation sessions, and periodic monitoring. Materials used include training modules, financial recording guides, and simple financial applications using google sheets(Handayani, 2022), While the research instruments include questionnaires, interview guides, and financial measuring tools.

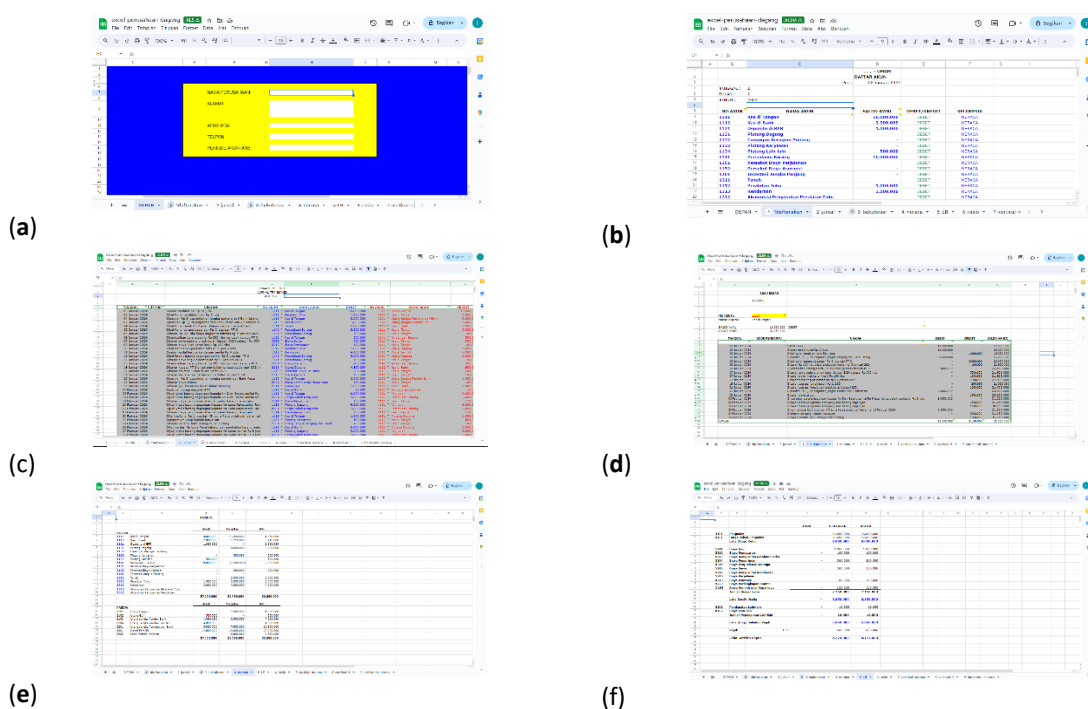


Figure 2. The view of the bookkeeping application with google sheets (a) Front profile view; (b) Account Registration; (c) Journal; (d) General Ledger; (e) Balance Sheet Statement; (f) Income Statement.

Data were collected through observations, in-depth interviews, surveys before and after training, and documentation of activities. Data analysis uses qualitative techniques to identify key patterns and issues through thematic analysis, and quantitative techniques to measure changes in financial management understanding and skills using descriptive and inferential statistics. With this systematic and comprehensive method, it is hoped that this community service activity can provide significant benefits for MSMEs in Sasah Village, improve their welfare through strengthening practical and innovative financial management, and become a reference for other community service programs that aim to empower MSMEs in various regions.



Figure 3. Photo of Activity (a) Training; (b) Group photo of participants.

3. FINDINGS AND DISCUSSION

Overall, this community service activity has succeeded in achieving its goal of improving the welfare of MSMEs through strengthening financial management. This program shows that with the right approach, MSMEs can be empowered to better manage their finances, which in turn will improve their performance and well-being.

Findings

After the implementation of community service activities with the theme "Improving the Welfare of MSMEs Through Strengthening Financial Management: A Practical and Innovative Approach," several significant results have been achieved. The following are the results obtained from this program:

1. **Improved Understanding of Financial Management:**
Based on the results of the survey before and after the training, there was an increase in understanding of financial management in 90% of the participants. Participants are able to understand the basic concepts of accounting, recording transactions, and preparing simple financial statements.
2. **Improving Financial Management Skills:**
Through training and mentoring, MSMEs can apply the knowledge gained in their financial management. As many as 85% of participants showed improved skills in daily financial records, cash flow analysis, and inventory management.
3. **Adopt Innovative Approaches:**
Participants are introduced to a variety of simple financial applications that can assist them in financial recording and analysis. As many as 70% of participants started using this application in their daily operations.
4. **Improved Business Performance:**
There was an increase in business performance in 75% of participants, which was measured by an increase in turnover and operational efficiency. Some participants reported increased profitability and decreased operating costs after implementing better financial management.
5. **Program Sustainability:**
Students involved in this program show a high commitment to continue mentoring MSMEs after the program is officially completed. This ensures sustainability in the implementation of good financial management.

Discussion

1. **Enhancement of Financial Management Understanding and Skills:**
The results of the survey showed an increase in understanding and financial management skills in participants. This shows that the training provided is effective in increasing the financial literacy of MSMEs. The practical approaches used, such as case studies and simulations, help participants better understand the concepts taught.
2. **Adoption of Technology in Financial Management:**
The introduction of simple financial applications is one of the keys to the success of this program. The application makes it easier for participants to record and analyze finances, which were

previously considered difficult and time-consuming. The use of this technology not only improves efficiency, but also the accuracy of financial records.

3. Improved Business Performance:

The implementation of good financial management has been proven to have a positive impact on business performance. With neat financial records and regular financial analysis, MSMEs can identify financial problems early and take appropriate actions to address them. This improvement in business performance also has an impact on improving the welfare of MSME owners and employees.

4. Program Sustainability:

The sustainability of the program through mentoring by students is an important aspect in ensuring the implementation of sustainable financial management. Involved students not only gain practical experience, but also build strong relationships with MSMEs. This creates a supportive ecosystem for MSMEs in the long term.

5. Challenges and Solutions:

Although many positive results have been achieved, the program also faces some challenges. One of the main challenges is resistance to change, especially in the adoption of new technologies. Some participants were initially reluctant to use financial applications because they were considered complicated. However, through a persuasive approach and hands-on demonstrations, participants finally realized the benefits of the technology.

The success of this program is expected to be a model for other community service programs that aim to empower MSMEs in various regions.

4. CONCLUSION

Based on the results of community service activities, the conclusions are as follows:

1. Based on the results of community service on improving the welfare of MSMEs through strengthening financial management: a practical and innovative approach can be managed through a systemic financial reporting process and the MSME financial system can be carried out applicative and comprehensively through the Microsoft Excel system.
2. Based on the results of the questionnaire on improving the welfare of MSMEs through strengthening financial management: a practical and innovative approach was obtained that the people of Sasahan village agreed that the management of financial statements was carried out systemically to obtain conclusive results.

REFERENCES

- Farla, W. W., Nailis, W., Afrina, M., Meitisari, N., Ekonomi, F., & Sriwijaya, U. (2024). Peningkatan Keterampilan Manajemen Usaha Untuk Optimalisasi Kinerja UMKM di Desa Burai Kabupaten Ogan Ilir. *AKM: Aksi Kepada Masyarakat*, 4(2), 559–568. <https://doi.org/10.36908/AKM.V4I2.1003>
- Gendalasari, G. G., & Riyadi, R. (2022). Manajemen Keuangan (Laporan Keuangan Sederhana UMKM). *JPM: Jurnal Pengabdian Mandiri*, 1(9), 1761–1770. <https://bajangjournal.com/index.php/JPM/article/view/3545>
- Handayani, F. (2022). Implementasi Penyusunan Laporan Keuangan Sederhana Berbasis Microsoft Excel Pada UMKM Abi Jaya. *eprints.perbanas.ac.id*. <http://eprints.perbanas.ac.id/9698/>
- Manap, A., Lubis, A., Ginting, R. U. B., Hawari, Y., Buana, L. S. A., Pujiningsih, D., & Yusnindar, Y. (2023). WORKSHOP TATA KELOLA KEUANGAN BAGI UMKM SECARA SEDERHANA DAN DIGITAL. *Community Development Journal: Jurnal Pengabdian Masyarakat*, 4(4), 8952–8960. <https://doi.org/10.31004/CDJ.V4I4.20083>
- Wulaningrum, P. D., Hanjani, A., & Wardana, L. K. (2020). Pendampingan Branding Usaha dan Manajemen Keuangan dalam Rangka Pendirian Unit Usaha Mandiri Kantin Pimpinan Cabang Pemuda Muhammadiyah Kasihan, Bantul. *Jurnal Pengabdian Pada Masyarakat*, 5(2), 400.

<http://ppm.ejournal.id/index.php/pengabdian/article/view/322>