

Financial Management Training for Micro Business to Maintain Existence in The Digital Era

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ABSTRACT

Village Owned Enterprises is a business entity established with the aim of helping provide facilities to local village communities to be able to develop entrepreneurial skills, starting from creativity to produce an item that can generate selling value and use value over a long period of time, by In other words, they are able to compete in terms of quality. However, it is very unfortunate when the active members of Village Owned Enterprises do not yet have the skills to keep financial records which is one of the important aspects of running a business. This activity aims to provide training to every active member of the Village Owned Enterprise in the Kludan Village, Sidoarjo with the Asset Based Communities Development method with several stages that have been carried out including conducting studies, having dreams or targets, setting procedures, setting clear goals and having self-determination. It is hoped that the service activities that have been carried out will have a positive impact by demonstrating the development of the abilities possessed by each member of the Village Owned Enterprise in utilizing financial literacy.

Keywords: Economy, Financial, Management

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INTRODUCTION

The presence of small business units in the community is one of the community's responses in making efforts to improve the community's economic life. This is often done by becoming a reseller of a store or company. Even when they have home-produced products, they don't hesitate to immediately offer their products from either their closest family or neighbors.

The success of a business does not only depend on the marketing methods applied by MSME players, but also on the capability to manage business finances. The ability to manage finances is one of the problems that is often overlooked by MSME business actors, especially those related to the application of correct financial management and accounting principles. These difficulties are often found due to the lack of capability and access to accounting information for MSME actors, educational background that does not allow business actors to gain knowledge about accounting and other financial literacy. (Febrian & Kristianti, 2020). The abilities and capabilities possessed by MSME actors are one of the aspects that can create professional MSMEs, even though they use a fairly simple accounting method. The ability of MSME business actors to maximize accounting methods that are good and sustainable and in accordance with business needs is able to realize professional, transparent and accountable business financial management or management so that they are able to show their true financial position, and can be used to monitor developments in the business's financial condition.

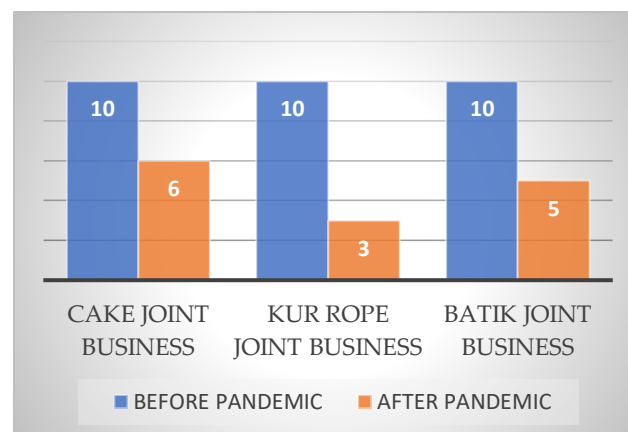
Some of the financial management problems found in micro-enterprises are that there is often no proper budget planning, resulting in several obstacles in managing operating profits. In fact, one of the micro business financial problems lies in the utilization of the budget. Budget refers to the process by which a business estimates its finances for the coming period and plans its operations (Fauzi, 2020). Not only the problem of budget plans that make business financial problems messy, but also inconsistent financial reports. Some even don't pay attention at all or don't even have financial reports. Knowledge and understanding in preparing financial reports often considered complicated by business people. This description of the condition of MSMEs is also experienced by the Kludan Village Joint Business Group (KUB), which is fostered by Bumdes Sedayu Prima Makmur, Kludan Village, Tanggul Angin District, Sidoarjo.

A village-owned enterprise is a village business unit whose management is carried out by the village government and has a legal entity. The purpose of establishing a Village-Owned Enterprise is to provide facilities to the village community based on the types of businesses provided by the Village-Owned Enterprise, including social business, financial business, leasing business, intermediary, trade, joint venture groups, contractors. (Pemerintah Desa Sukadana, 2014). Sources of funds for Village-Owned Enterprises can be collected from several sources, including funds from the Village Government, village community savings, government assistance funds, both the village

government itself and the city district government, loans or equity participation from third parties which are a form of cooperation. on the basis of mutual benefit. Not only from the several sources above, village-owned enterprises can also make loans after obtaining approval from the local BPD (Agunggunanto et al., 2016).

The Kludan Village KUB is a business unit that makes its residents the main movers of the business group. Several handcrafted products from KUB had previously been sold from several markets near Kludan Village. The enthusiasm of the residents to run the business group received a good response from the local village government by establishing an administration post for Village Owned Enterprises as a place to sell and store handicrafts from the Kludan BUMDES Joint Business Group.

There are 3 Joint Business Groups fostered by Kludan Village Owned Enterprises, namely; Batik Joint Business Group, KUR Rope Business Group and Cake Joint Business Group. This business group also includes micro businesses that have felt the impact of Covid - 19, which now only relies on sales through orders. The decrease in the level of purchases caused the members of each business group to decrease. Initially, each Joint Business Group which consisted of 10 people became only 3 to 6 people. This is shown in graph 1 below:



Graph 1. Development of the Number of Members in 2019-2022

Source: Primary Data Processed

Based on the problems faced, it is necessary to prioritize the problems that will be immediately addressed through training activities (community service) by conducting focus group discussions with Kludan Village KUB administrators and conducting training aimed not only for administrators but also for every KUB members mentioned earlier. It is hoped that the implementation of this training will be able to have a direct positive impact on the development of the Kludan Village Joint Business Group.

[Read the guidelines for authors very carefully before formatting the article, please!]

METHODS

The implementation of this activity uses the ABCD (Asset Based Community Development) method. Asset Based Community Development is an approach that has an alternative concept of community empowerment using assets. Assets in this context use the meaning of potential or resources owned by the community itself, by using the potential or resources they have, the community can use these assets as one of the main pillars in empowering. This potential can be in the form of wealth that is owned within, it can be in the form of intelligence, caring, mutual cooperation, togetherness, or it can be in the form of availability of natural resources (Al-Kautsari, 2019).

An asset is not something that simply exists or is not the ownership of something. More precisely, assets are rights or claims related to property, both concrete and abstract. These rights and claims are protected by custom, convention or law, whereas private property is a social claim by a person to use or prohibit receiving the benefits of certain rights.

This asset-based development is one way to improve the quality of society in supporting welfare, because by favoring an asset that is owned is the main capital in increasing community empowerment. The asset-based approach incorporates a new, more creative way of looking at reality. This approach prefers a perspective that a community must have something that can be empowered. The main responsibility in the implementation of community development programs is to empower the community itself or have the power, strength or ability (Hapsari, 2020).

The method offered to the Joint business group is the provision of training and mentoring which aims to help provide views on members of the Joint business group in applying financial managerial methods to help improve the quality of the business from a financial perspective (Oktafia & Dewanti, 2023). Mature financial planning will have a significant impact on the company's growth.

After carrying out the pre-test, post-test, and presentation of material by the speakers, participants were given the opportunity to ask questions regarding matters related to financial management for MSME or related business units.

RESULT AND DISCUSSION

Preparation Phase

The preparatory stage in the implementation of this activity is in the form of coordination from the Community Service Team with the management of the Kludan Village Owned Enterprise, Sidoarjo City to carry out training activities and after that mentoring will be carried out. In this coordination, similarity and agreement have been achieved in community service programs to increase human resource capacity (especially active members of the Joint Business Group in the form of financial management training).

Implementation Phase

The implementation stage carried out by the community service team was to provide two consecutive trainings, namely training in making structured financial

reports in the Kludan Village Joint Business Group. During the financial report preparation training, material was provided on how to plan raw material expenditure, how to make business financial calculations so that the business would experience financial progress. The financial progress of a business is one aspect of the readiness of a business to be able to enter the business world with a wider range.

The training with this theme was attended by 15 participants who were members of the Joint Business Group accompanied by the local village head. The material presented was considered quite complicated because the members who took part in the training were constrained by a lack of education and their lack of familiarity with managing finances. So that in running a business often only use estimates. Lack of attention to the importance of financial reports makes it difficult to detect the progress of the business. In other words, these business actors "simply" run a business without a clear vision (Wardi et al., 2020).

Provided Training Materials that given to the participants of the trainings:

1. How to make a sales transaction report.
2. How to make a purchase transaction report.
3. How to make a cash book.
4. How to make a sales record book.
5. How to make a stock book and stock report.
6. How to make a business finance planning book.

After being given the pre-test and post-test, the results obtained from the training participants were that they were only able to answer around 80% of the total 20 questions given (pre-test and post-test). However, the training participants continued to participate in the activity enthusiastically and had the courage to ask questions related to the training theme that day. However, changes in the participants' abilities cannot be seen directly, but through a process of honing skills every day so that their capacities are maximized. Some of the training participants also directly stated that the material received was in accordance with the needs and constraints experienced related to financial management.

The training activities ran interactively and well, this was evident from the enthusiasm of the participants during the training and being active in the question and answer session. This can be seen in the training activities as shown in figure 1 below.



Figure 1. Business Financial Management Training Activities

Source: training documentation

Evaluation Phase

The results of increasing the understanding of the training participants will be presented in the form of a table of pre-test and post-test values of the KUB business financial management training participants which can be seen in table 1 below:

Table 1. Overall Participant Value Recap Results

PARTICIPANT	PRE-TEST SCORE	POST-TEST SCORE	INCREASE PRECENTAGE
1	50	70	40.00%
2	55	70	27.00%
3	50	80	60.00%
4	65	75	15.38%
5	60	80	33.33%
6	55	70	27.00%
7	65	80	23.07%
8	65	80	23.07%
9	50	80	60.00%
10	50	80	60.00%
11	60	80	33.33%

12	55	80	45.45%
13	50	75	50.00%
14	55	80	45.45%
15	50	80	60.00%

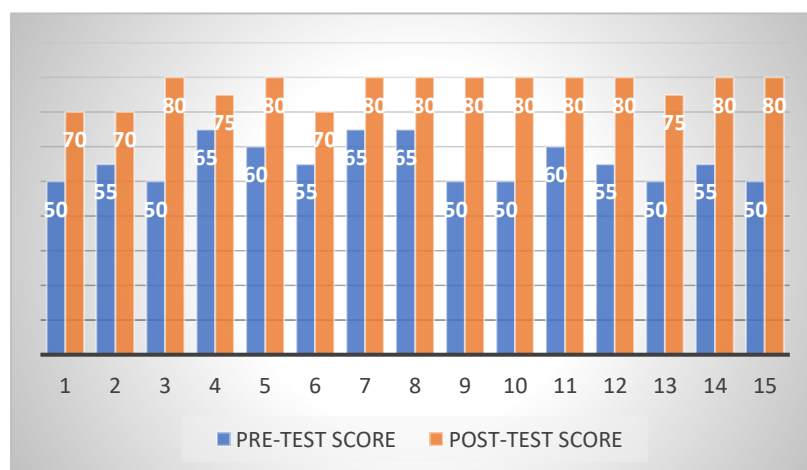
Source: primary data processed

In the results of the recapitulation of the values above, data processing has been carried out to show the percentage of increased understanding of participants before and after the training was held by the community service team with the following calculations:

$$\frac{(PostTest - PreTest)}{PreTest} \times 100$$

From the table above it can be seen that all participants experienced an increase in value after receiving training from the community service team with the highest percentage achieved was 60% for participants 3, 9, 10, 15. Changes in values that occur prove that the training was well received and successfully implemented through the theoretical understanding gained. The lowest percentage in the table is in participant 4 with 15.43%. This shows that everyone's acceptance and absorption of knowledge is different. What is expected from these results is that each participant who has a good score increase is able to help other participants to better understand the material that has been given as well as its implementation in the business environment.

For a clearer picture of improving participant understanding skills, it can be seen in graph 2 below:



Graph 2. Participants Skill Improvements

Source: Primary Data Processed

The diagram above shows an increase in the value of each participant with the highest score at 80, with an initial score of 75 for the highest score before receiving training from the community service team. The improvement was very clear, and the training provided directly impacted each participant.

The following table will be given which shows the results of the frequency distribution of the participants' values during the pre-test which can be seen in table 2 below:

Table 2. Frequency Distribution of Pretest Scores for Members of the Kludan BUMDes Joint Business Group, Sidoarjo

Data	Participants	Average	Modus	Median
Pre-Test	15	55,66	65	55

Source: primary data processed

The pre-test results show that at least 75 percent of all participants actually know about the importance of financial management for small and medium enterprises. However, from every material given, the participants found it difficult to respond and understand what the speaker had given. One of the difficulties in understanding this is influenced by the lack of adequate education, as well as the lack of financial literacy obtained, so that when running a business, KUB members do not pay attention to the growth of their business units from a financial perspective. (Rumbianingrum & Wijayangka, 2018).

The following will present a table with data on the frequency distribution of participants' scores after receiving training (post-test) which can be seen in table 3 below:

Table 3. Frequency Distribution of Post-test Scores for Members of the Kludan BUMDes Joint Business Group, Sidoarjo

Data	Participants	Average	Modus	Median
Post-Test	15	77,33	80	80

Source: primary data processed

After being given training and some explanations that had been adjusted to the conditions of the KUB, the participants seemed enthusiastic to try to better understand the material presented. Financial literacy is very important in developing a business.

From the discussion results obtained, most of the members of the business group have not separated money for household needs and money for business needs. Sometimes they put together the expenditure budget that is used as capital purchases. Small needs for business raw materials are often not considered as business expenses, this can affect the financial performance of the business due to the lack of clarity in the flow of funds used and obtained. (Handayani et al., 2022). The training participants showed a development of theoretical understanding as evidenced by the increase in scores obtained from the post-test.

Overall, the implementation of the training by the community service team went well. Each training member is able to participate in and complete the training to completion, and actively provides questions regarding the elements related to the theme presented. The training participants were also seen actively taking notes and trying to understand every material given by the speaker. Some of the obstacles faced were that almost all of the training participants did not have a good foundation and lack of knowledge of financial management. It is unfortunate when some of the material presented has to be repeated and brief basic explanations are given so that the training participants are able to follow the material well and implement it directly.

CONCLUSION

Community service activities with training methods that aim to provide insight and understanding regarding the importance of management and financial reports in the Joint Business Group which is part of the Kludan Village-Owned Enterprise, Sidoarjo City has succeeded in increasing the knowledge and insight of each member of the business group. It is hoped that the knowledge and lessons learned will be of use to the members of the Joint Business Group in an effort to develop their business in an increasingly fierce world market competition. This activity does not only stop at the training given on that day, but will continue to carry out regular monitoring and mentoring processes which are expected to also have a significant positive impact on the growth of the Joint Business Group assisted by BUMDEs Kludan, Sidoarjo, East Java.

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