



IMPROVING FINANCIAL LITERACY IN MSMEs THROUGH BOOKKEEPING TRAINING AND LITERACY EDUCATION

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Abstract

MSMEs are expected to be the forefront to strengthen economic pillars in achieving sustainable development goals (SDGs). This is because MSMEs are one of the most able businesses to survive in deteriorating economic conditions, especially in this Covid-19 pandemic. Therefore, MSMEs must have good financial management so that the business carried out can be sustainable. One of them is by having the correct financial record and compiling the financial statements needed to make decisions in planning the next business strategy. Food MSMEs in Indonesia do not have a good record, so they cannot produce financial statements. The results of training and mentoring make simple bookkeeping and compile these financial statements increase the awareness of MSME actors for the importance of information generated by financial statements as the basis for decision making and preparing business strategies to achieve sustainable business.

Keywords: Financial Literacy, MSMEs, Bookkeeping, Literacy Education

INTRODUCTION

The Covid-19 pandemic that hit the world, especially Indonesia, has a significant impact on economic growth, one of which is felt by Micro And Medium Enterprises (MSMEs). Based on a survey of 202 culinary businesses such as bread, biscuits, cakes, market snacks, pancakes and pastry in Surabaya and Jakarta, about 94% of MSMEs were affected by Covid-19 (Laoli, 2020). Faced with these conditions, the government has shown enough support to continue to invite MSMEs to survive, even moving forward to improve the Indonesian economy. One of the support provided by the government, realized through the commitment to provide funds prepared for MSMEs in the National Economic Recovery (PEN) program amounting to Rp 123.46 trillion, which is up to July 30, 2020 has been absorbed around 22.57% or Rp 27.86 trillion. MSMEs are expected to be at the forefront of achieving the economic pillars of the world development agenda in 2030 by the sustainable development goals. (SDGs). Furthermore, these expectations are realized in job creation of decent working conditions, business innovation, adaptation and impact mitigation. adverse economic, social and environmental in business operations for inclusive and sustainable economy growth (Siregar, 2020).

Some examples of MSME conditions that can boost the Indonesian economy are that MSMEs can absorb the most significant labor, 97% of the total workforce in Indonesia is in the MSME sector. Most people rely on income as business actors and workers in the MSME sector (Fajar, 2020). Meanwhile, before the Covid-19 pandemic, the contribution of MSMEs in 2019 had

reached 60.34% of national GDP, against the export value of 14.17%, and 58.18% to the value of investments (Andilala, 2020).

The Covid-19 pandemic impacts MSMEs, but it turns out that there are still hopes that arise from some of them, such as Food MSMEs located in Indonesia which despite being affected by the pandemic but still survive to show their existence. The concept in Indonesia is an educational tourism concept with several business units, such as herbal medicine business, Food business, chip business, cobek business, kentongan business with the number of workers currently in the range of 3-5 people per MSMEs. For the Food business unit itself, 10 MSMEs have been established for approximately 10 years and become suppliers of several leading Food stores in Indonesia. Food MSMEs in Indonesia aim to develop the Indonesian economy through the development of MSME business through the transfer of knowledge and knowledge.

The condition of the 10 FOOD MSMEs is currently in a stable state, although the pandemic is quite affecting, but these MSMEs can continue to produce and market their products outside the province. In addition to producing written food and stamps, MSMEs also sell food coloring services that are also quite much requested by the market. However, it is appropriate if the operation and development of the MSME market is supported by sound financial management, one of which is with financial records that turned out to be sober. A business unit needs financial recording as a reference in looking at the business conditions being run (Rumi, 2020). Furthermore, the importance of financial recording for MSMEs is a decision-making tool. The results of financial records in simple financial statements can be used to make decisions for the next business strategy. Stakeholders can use any profit or loss generated by MSMEs to consider market expansion or other strategic decisions (Ayunda, 2020).

Food MSMEs in Indonesia so far do not have financial statements that are standard and by generally accepted provisions. Financial recording is rarely done, even some do not do at all. Some MSMEs that record finances are also limited to cash flow of receipts and expenditures. In addition, the problem related to financial recording carried out by MSMEs of Food is the separation of business entities with individuals. All MSMEs stated that it is still too difficult to identify personal and business assets that impact financial records that are ultimately unable to describe the actual business conditions. Meanwhile, Food MSMEs in Indonesia are expected to be able to make simple financial statements that describe the actual conditions of the business.

The purpose of this community service activity is to implement the tridharma of higher education to provide training to MSMEs related to sederhana bookkeeping, including how to book and its benefits for business units. In addition, the purpose of community service is also to design a simple form of bookkeeping that is most likely to be done by MSMEs and assist MSMEs in

implementing bookkeeping. This is in daily business activities. The benefits of this activity are to increase the understanding of business actors about the benefits of doing bookkeeping and practically be able to book every financial transaction that occurs, including those that can separate business and personal entities.

According to Law No. 28 of 2007 concerning General Provisions and Procedures of Taxation (Government Regulation of the Republic of Indonesia, 2007), simple bookkeeping is a recording process carried out in a manner regular and periodic to collect financial data and information. This financial recording includes property, liabilities, capital, income, costs, and the amount of the price of acquisition and delivery of goods or services. Next, the output resulting from the financial recording is in the form of financial statements, usually in balance sheets, income statements, cash flow statements, and capital change reports.

Basic accounting assumptions need to be considered in the preparation of financial statements, the purpose is so that financial statements can be presented accurately and accounted for. One of the basic assumptions of accounting is the assumption of business unity. This concept sees an organization as a stand-alone business unit, separate from its owner. The organization or company is considered an accounting unit separate from its owner or other business entities (Wadiyo, 2020). Thus, for business unity, all transactions that are ada in the company must be separated from the personal transactions of the company owner (Aanwijzing, 2019).

IMPLEMENTATION METHOD

This community service activity is carried out via Zoom. This community service activity carried out includes training and mentoring financial bookkeeping to produce simple financial statements of business units.

The participants of this simple bookkeeping training are several MSMEs in Indonesia consisting of Food MSMEs, CHIP MSMEs, and pottery craft UMK. Meanwhile, for mentoring participants, it is focused on FOOD MSMEs only. In more detail, the implementation of community service is carried out in several steps with the following methods: (1) Preliminary surveys are conducted to see the condition of MSMEs in Indonesia, especially in the era of the Covid-19 pandemic. In addition, identification of the problems faced as a chart for the design of training materials and assistance in this community service activity is also carried out; (2) Coordination with the Government of Indonesia is carried out to ensure the place of implementation of community service activities while also mapping the common problems faced by MSMEs in Indonesia, especially related to financial management, while coordination with Food MSMEs is also carried out to ensure the needs of MSMEs Food by the training and mentoring materials that will later be delivered; (3)

Collection of references and literature studies related to simple bookkeeping for MSMEs as a basis for making training and mentoring materials. The material is made in a complete presentation with case examples to facilitate the transfer of knowledge to MSMEs; (4) Design simple bookkeeping methods and direct training and assistance provided to MSMEs in Indonesia.

DISCUSSION OF SERVICE IMPLEMENTATION

This masyarakat service activity is carried out by the activity plan. The training was carried out after the beginning of the month, the team conducted a preliminary survey to see the condition of MSMEs in Indonesia. The training was carried out for two consecutive days by delivering materials related to simple bookkeeping, then at the next meeting, simple bookkeeping assistance was carried out directly to MSMEs.

The main problem faced by MSMEs is the absence of separation between household and business finances. Most of the MSMEs that exist so far are indeed recording but only sales transactions. Related to the allocation of business costs, it is still mixed with the calculation of crocodiles for household purposes. Likewise with receipts, cash transactions on business results increase household income. MSME actors tend to use memory as a basis for recording, transactions recorded using complete written supporting documents are still very lacking. Most MSMEs only have a double sales note as one form of supporting documents related to sales transactions, but for transaksi in addition more A lot without using supporting documents. In addition, there are no accounting policies implemented in SMEs, for example related to hanging receivable balances, calculation of inventory methods and loading costs to products. In general, the problems experienced by MSMEs in Indonesia are more about the lack of knowledge related to accounting policies in conducting simple bookkeeping and pricing mechanisms. Most MSME actors determine prices also based on habits and market prices. The determination of costs to the product to determine the selling price tends to be ignored and based on intuition only. In addition to these problems, these MSME actors tend not to have particular time to do administrative things such as making simple bookkeeping. Most of these MSMEs have other jobs outside of the business being run, coupled with them doing all the business activities of MSMEs themselves, so they do not have enough time for orderly administration.

On the first day, the team gave a briefing related to simple bookkeeping. This simple bookkeeping material includes the mechanism of recording every transaction that occurs, grouping accounts and bukti transactions and compiling simple financial statements. starting from calculating business profit or loss, changes in capital to creating a balance sheet.

In this simple bookkeeping training, MSME actors do not want to receive material reviews but also learn to practice directly this bookkeeping stage through case examples. At the end of the first day of the session, the team created a simulation to give an accurate picture of the accounting cycle starting from transaccial recording to preparing financial statements. On the second day of training, participants were given the material of calculating the cost of goods. This session is no less essential to convey because most MSMEs do not understand how to charge fees to the produk. The costs taken into account are usually only the main costs, namely raw materials and labor. Direct overhead costs, indirect overhead costs, and recurring costs are not considered as product costs. In this second day session, trainees are asked to identify the costs incurred in the raw material process until the customer receives the finished material.

In addition to training, the study team also conducts direct assistance to MSME actors as a follow-up to assist MSME actors in producing simple financial statements to calculate the charge of costs to the product. Accompaniment is done three times. In the first assistance, the team assisted MSME actors in identifying their assets, debts and business capital to see the balance sheet position of each MSME. Some MSMEs can identify the initial balance of the balance sheet account, but some have difficulty. This happens because there is no financial separation between households and businesses.

In the second assistance, MSMEs learn to record transactions and group according to their accounts. Transactions that occur in MSME business activities are not too many types. Most MSMEs, in a week only have sales transactions. The team provides a financial recording book to help MSMEs record every transaction and can easily group on each account. The recording of this transaction continues until the third assistance. In the third assistance, the team checked the recording of transactions carried out by MSMEs. The mistake often occurs is that recording is only done on one side. For example, recording sales transactions in cash, only cash accounts are recorded to increase but on sales accounts are not added and on the contrary. Based on the transaction that occurred for two weeks, the participants assisted MSME actors in compiling simple financial statements starting from income / loss statements, changes in capital, and balance sheets. balance. At the end of the series of coaching and mentoring, each MSME presented the results of a simple bookkeeping compiled.

Based on the presentation results, in general, MSMEs have been able to make their simple financial statements. MSMEs have understood the flow from the beginning of the initial determination of saldo in the financial statements, identification of transactions and recording them in the cash book and balance sheet. Obstacles in making simple financial statements carried out by SMEs include limitations in human resources. Most middle-aged MSME managers with relatively

low educational backgrounds, and many have dual functions, namely as MSME owners and mothers. household. This leads to limited time to do bookkeeping while also intending to cause business and household finances to be mixed. In addition, it was found that the openness of MSMEs was relatively low at the time of assistance. Most of the MSME actors are reluctant to provide accurate data for various reasons, among others do not want to know the turnover per month because to hide tax obligations, not willing to submit receivable data because they do not want customers owned by similar MSMEs, especially customers.

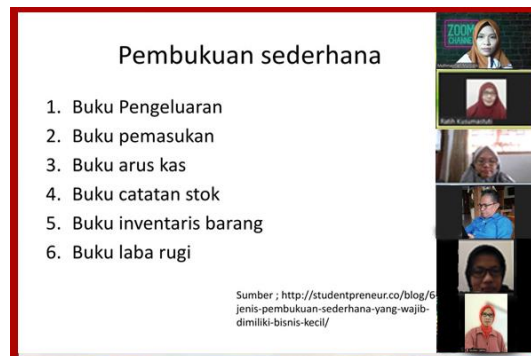


Figure 1. Implementation of Activities

CONCLUSION

The proposal that can be given from community service activities in the form of training and simple bookkeeping assistance for Food MSMEs in Indonesia is that these activities can be carried out correctly. Training is carried out for 2 days, while mentoring is carried out 3 times with a certain period. The results of training and mentoring provide an increase in the financial literacy of MSMEs by creating simple financial statements and charging costs to products. MSME actors ultimately have an understanding that financial statements can reflect the natural conditions of a business, furthermore financial statements can be used as a means of making business decisions. It can be seen that this community service activity raises the awareness of MSME actors that it is essential to be able to separate personal finance and business finance. However, constraints related to human resources that double in all functions in MSME business activities make the inability to do business bookkeeping. The educational background of each different MSME actor makes a difference in understanding and implementing the simple bookkeeping provided.

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