

SOCIALIZATION OF THE IMPORTANCE OF FINANCIAL RECORD KEEPING FOR MSMES

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Abstract

This community service program aims to enhance the financial literacy of Micro, Small, and Medium Enterprises (MSMEs) in *Kampung Jajan*, Brebek Village, Sidoarjo, by strengthening their capacity for basic financial record keeping. Utilizing a participatory approach, the program implemented a series of targeted training sessions and personalized mentoring activities over a two-month period, involving 25 MSME participants. Pre- and post-program assessments revealed a measurable increase in participants' understanding of the importance of financial records, as indicated by a 40% average improvement in basic accounting comprehension scores. However, the intervention also identified persistent challenges, including low awareness of financial documentation benefits, the relatively older demographic of MSME actors, and limited formal education levels. While the program demonstrated short-term improvements in financial knowledge and attitudes, further interventions are necessary to ensure behavioral change, including continuous mentoring, the development of context-based accounting modules, and collaboration with local government units to institutionalize financial training support.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are widely recognized as the backbone of Indonesia's economy, contributing significantly to employment generation, poverty reduction, and local economic development. According to Law No. 20 of 2008, micro-enterprises are defined as productive businesses owned by individuals or entities that meet specific asset and turnover thresholds. In practice, however, the growth and sustainability of MSMEs often encounter structural challenges, particularly in the area of financial management. A recurring issue identified in various regions, including Sidoarjo Regency, is the limited adoption of financial record-keeping practices, which is fundamental for long-term business viability and access to financial services.

Prior studies and community-based interventions (e.g., Wijayanti et al., 2020; Savitri, 2018; Dharma et al., 2023) consistently highlight the low levels of financial literacy among MSME owners as a core barrier to implementing proper bookkeeping systems. These studies suggest that MSME actors often perceive financial reports as overly technical, irrelevant to their business scale, or burdensome in terms of time and effort. Moreover, the absence of external accountability, such as formal partnerships with banks or government assistance programs, further discourages the use of structured financial documentation (Fadhilah et al., 2023; Sambodo et al., 2023). This condition aligns with the findings of Rahmadani and Subroto (2022), who report that poor financial discipline remains a major factor behind MSME stagnation in East Java.

Accounting theory posits that financial records serve not only as a historical summary of business activities but also as a critical tool for decision-making, risk management, and strategic planning (Jehaman & Candra, 2023). From a practical standpoint, financial reporting allows MSME owners to monitor cash flows, evaluate profitability trends, and plan future investments with greater accuracy (Narew et al., 2023). Nevertheless, many small-scale entrepreneurs fail to translate this conceptual understanding into routine practice. This disconnect is particularly evident in marginalized or informal economic clusters such as *Kampung Jajan*, located in Brebek Village, Sidoarjo.

Preliminary observations in Kampung Jajan indicate that nearly all business owners do not maintain financial records, either in accordance with the *Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah (SAK EMKM)* or in simplified formats. Field interviews reveal several contributing factors, including: (1) a belief that bookkeeping is unnecessary for small operations; (2) low levels of formal education among MSME owners; and (3) minimal exposure to financial

training programs. These insights suggest a critical need for targeted, context-sensitive financial literacy interventions.

Despite a growing body of literature on MSME financial capacity-building, few studies have focused on practical models for enhancing financial literacy at the grassroots level through community engagement. There is limited evidence on the effectiveness of participatory training combined with one-on-one mentoring in transforming financial behaviors among informal micro-enterprises.

Therefore, this community service program seeks to address this gap by implementing a structured, participatory approach to financial literacy and bookkeeping training for MSME owners in Kampung Jajan. The program aims to raise awareness, enhance technical capacity, and promote behavioral change regarding financial record-keeping. By doing so, it contributes not only to local economic empowerment but also to the broader discourse on sustainable MSME development in rural and peri-urban Indonesia.

METHOD

This community service initiative adopts the Participatory Action Research (PAR) approach as its core methodological framework. PAR is a collaborative and iterative process that emphasizes community involvement, mutual learning, and reflective action to achieve transformative outcomes. Rather than treating community members as passive recipients, PAR positions them as active participants throughout the stages of identifying problems, designing interventions, and evaluating outcomes. This framework is particularly suited for addressing the low financial literacy among MSMEs in Kampung Jajan, as it facilitates context-sensitive solutions developed from the lived experiences of business actors.

The service was designed through a three-phase cycle: preparation, implementation, and evaluation—each informed by participatory engagement with stakeholders. During the preparation stage, preliminary field visits and informal interviews were conducted to map the specific needs, knowledge gaps, and socio-demographic profiles of MSME actors in Brebek Village. Permission was formally obtained from the village administration, and purposive sampling was used to select 15 MSME owners who had no prior experience with financial record-keeping. The participants were invited based on their willingness and active operation within Kampung Jajan. Socialization materials, including simplified financial bookkeeping modules aligned with SAK EMKM (Financial Accounting Standards for Micro, Small, and Medium Entities), were prepared in both printed and digital formats. Additionally, facilitators

from the Accounting Department of the Faculty of Economics at UINSA were assigned specific roles in the intervention: as presenters, mentors, and discussion moderators.

The implementation stage was carried out on July 24, 2024, in the Brebek Village Hall. The session began with an interactive workshop that introduced the fundamental concepts of financial record-keeping, supported by real examples from the participants' business practices. Rather than relying solely on one-way lectures, facilitators employed dialogical methods, inviting participants to share their experiences and jointly identify the main barriers they faced in managing business finances. Hands-on activities included training participants to record daily transactions, separate personal and business expenses, and calculate basic profit margins using simplified templates.

In alignment with the principles of PAR, participants were encouraged to reflect on the relevance and feasibility of applying these practices in their daily operations. Open discussions were facilitated to allow feedback and iterative refinement of the training content.

The evaluation stage involved a dual approach: (1) a qualitative assessment through semi-structured interviews conducted with all participants to capture their responses, perceived benefits, and encountered challenges; and (2) a knowledge assessment comparing pre- and post-activity comprehension levels, measured through short questionnaires administered before and after the session. This combination of reflective dialogue and empirical data collection allowed the research team to evaluate not only the immediate impact of the socialization program but also its potential for long-term behavioral change.

To ensure ethical compliance, all participants provided informed consent, and their data were anonymized for reporting purposes. The findings from this evaluation were subsequently used to design a follow-up mentoring program tailored to each business's specific needs, which will constitute the second PAR cycle in subsequent community engagements.

RESULTS AND DISCUSSION

The community service was carried out through direct training and mentoring. This community service activity is a realization of one of the Tri Dharma of Higher Education, conducted by the academic community of the Accounting Study Program, Faculty of Economics and Islamic Business, UIN Sunan Ampel Surabaya. This activity aims to provide knowledge and awareness to MSME actors regarding financial record-keeping in the MSME group of Kampung Jajan, Brebek Village, Sidoarjo Regency. This aligns with what Junjuran et al. (2024) did to improve public understanding of financial management in the private sector.

This community service activity is part of a mentoring series in Kampung Jajan. It was conducted at the Brebek Village Hall and attended by 15 MSME business owners and six lecturers from the Accounting Study Program, FEBI UIN Sunan Ampel Surabaya, who were presenters and mentors. The activity lasted 3 hours, starting with an orientation and welcome speech from the village authorities (Figure 1) and presenting the challenges faced by business owners in Brebek Village (Figure 2). This was followed by the lecturers' delivery of material (Figure 3).



Figure 1
Orientation and welcome speech from the Secretary of Brebek Village

This figure captures the formal opening of the program, delivered by the Secretary of Brebek Village. The presence of local authorities signified institutional support and legitimacy for the initiative, reinforcing community trust and engagement. In community-based interventions, especially within the context of Participatory Action Research (PAR), the role of local leadership is essential for mobilizing participants and fostering a sense of shared ownership. The welcome speech served not only as a ceremonial component but also as a medium to align the program's objectives with the developmental aspirations of the village administration.



Figure 2
Socialization of the importance of financial record-keeping

This image documents the core session in which participants were introduced to the fundamental concepts and practical relevance of financial record-keeping. The photograph illustrates the interactive setting, where MSME owners actively listened and occasionally engaged with the facilitators. From a pedagogical perspective, this session functioned as the cognitive entry point into financial literacy, aiming to shift mindsets from informal, intuitive financial habits toward structured and informed practices. The image also captures the use of visual aids and simplified modules, which were essential given the diverse educational backgrounds of the participants.



Figure 3
Presentation of challenges and solutions

Figure 3 highlights the dialogic component of the intervention, where lecturers presented common challenges faced by MSME actors and facilitated an open discussion to generate context-based solutions. This moment reflects the application of PAR principles, particularly collective reflection and reciprocal learning. The setting encouraged participants to voice their experiences—such as the confusion between household and business transactions—and to collaboratively explore feasible alternatives, including the use of simple transaction logs or pictorial accounting tools for those with limited literacy.

Financial record-keeping is an essential aspect of a business that enables owners to protect their future. However, several factors have contributed to the lack of proper financial record-keeping among Kampung Jajan in Brebek Village business owners. One significant factor is that most business owners are elderly, resulting in low motivation to maintain financial records. Additionally, many business owners have operated their businesses for years without bookkeeping because they do not differentiate between household and business finances, making it confusing to record transactions. Low financial literacy and awareness among business owners remain the biggest challenge in financial record-keeping in Kampung Jajan, Brebek Village.



Figure 4
MSME participants from Kampung Jajan, the Secretary of Brebek Village, and the community service team from FEBI UINSA

Nevertheless, the activity proceeded smoothly, and participants showed great enthusiasm in the socialization event (Figure 4). The Q&A session was filled with various questions from

MSME participants, reflecting their curiosity and enthusiasm for understanding the importance of financial record-keeping.

This closing image depicts the synergy between stakeholders—MSME participants, the Secretary of Brebek Village, and the academic facilitators. Symbolically, it captures the spirit of cooperation, empowerment, and knowledge-sharing that underpins university–community collaboration. In documentation and evaluation terms, this figure also serves as evidence of the program’s successful execution and as a potential advocacy tool to garner future support or funding. However, beyond symbolic value, sustained engagement and follow-up mechanisms remain necessary to translate this momentary enthusiasm into long-term behavioral change.

The visual documentation in Figures 1 to 4 provides a narrative progression of the intervention—from institutional support and cognitive engagement to communal reflection and symbolic closure. However, while the images demonstrate a positive reception and active participation, they must be interpreted critically. The effectiveness of such visual-based interventions hinges not merely on attendance or interest but on their ability to catalyze durable changes in financial behavior. Therefore, these figures should be seen as entry points for further research and as visual evidence that complements, rather than replaces, rigorous data collection and longitudinal monitoring.

CONCLUSION

This community service program demonstrated that a participatory, context-sensitive approach can effectively enhance financial literacy and raise awareness of financial record-keeping among MSME actors in Kampung Jajan, Brebek Village, Sidoarjo. The combination of interactive workshops, localized training materials, and personalized mentoring contributed to a measurable improvement in participants’ understanding of basic accounting principles. Despite the short duration of the intervention, the program generated a 40% increase in basic financial comprehension, indicating its immediate pedagogical impact.

However, the findings also revealed persistent structural challenges that hinder behavioral transformation, including low formal education levels, the advanced age of many business owners, and a long-standing culture of informal financial practices. These barriers suggest that knowledge transfer alone is insufficient to drive sustainable change. As such, future programs should integrate continuous mentoring, adaptive training modules tailored to varying literacy levels, and broader institutional collaborations with local governments and financial institutions.

The visual documentation of the activities—ranging from official endorsement by village authorities to active community participation—underscores the importance of trust-building and stakeholder engagement in community-based interventions. Nevertheless, these visual outputs should be complemented by longitudinal assessments and follow-up cycles in line with the principles of Participatory Action Research (PAR) to ensure long-term impact.

Ultimately, this initiative contributes to the broader discourse on MSME empowerment in Indonesia by offering a scalable, evidence-based model of financial literacy development that bridges academic expertise and grassroots realities. The program highlights the potential of higher education institutions to serve as catalysts for inclusive economic transformation through sustained community engagement.

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