Sahwahita: Community Engagement Journal
Vol. 2, No. 2, 2025, 108-117
ISSN: **3030-8879**

CHALLENGES FOR BUSINESS ACTORS MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES): DUCK SNACK VILLAGE

Inas Dhiya Syamsina[1], Diyah Ayu Mei Munah[2], Puput Candra Kirana[3], Shinta Amalia Oktaviani [4], Marshall Sava Laksa Muhammad Wibisono[5], Natasya Putri Wardani [6], Sefian Dwi Oktaviano[7], Chusnul Furqon[8], Ade Irma Suryani Lating[9]
Universitas Islam Negeri Sunan Ampel, Surabaya, Indonesia[1,2,3,4,5,6,7,8,9]
ade.irma@uinsa.ac.id[1], diyahayumei055@gmail.com[2], puputkirana211@gmail.com[3], liashinta321@gmail.com[4], marshallsaval.m.w@gmail.com[5], natsyaptrr@gmail.com[6], sefianokta@gmail.com[7], qonfurqon06@gmail.com[8], ade.irma@uinsa.ac.id[9]

Keywords

MSMEs, Financial Recording, Capital, Technology

Abstract

Kampung Jajan Berbek Village, Sidoarjo Regency, is an MSME center area that focuses on the production and sale of traditional cakes involving around 30 business actors who produce from their respective homes. This study aims to identify the main challenges faced by MSME actors in carrying out their business activities, especially related to aspects of financial recording, access to capital, and utilization of digital technology. The method used in this study is a qualitative approach through field observation and semi-structured interviews with MSME actors. The study results show that most MSME actors still do not have an adequate financial recording system, some of which do not even record at all. In addition, limitations in accessing capital and low utilization of social media as a means of promotion are the main obstacles to business development. Based on these findings, this study recommends the need for intensive training in financial management and digital marketing, as well as facilitation of sustainable access to capital to support improving the performance and competitiveness of MSMEs in Kampung Jajan Berbek Village.

Sahwahita: Community Engagement Journal
Vol. 2, No. 2, 2025, 108-117
ISSN: **3030-8879**

Sahwahita: Community Engagement Journal
Vol. 2, No. 2, 2025, 108-117
ISSN: 3030-8879

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a very strategic role in national economic development. The existence of MSMEs is not only the largest absorber of labor, but also contributes significantly to Indonesia's Gross Domestic Product (GDP) and poverty alleviation in various regions (Melati et al., 2024). Amidst the increasingly complex dynamics of the global economy, MSMEs are the backbone of the national economy, especially in the informal and rural sectors, which are the main basis of people's economic activities.

However, despite having great potential, MSMEs still face various challenges, both internally and externally. Internal challenges such as low financial literacy, limited managerial capacity, and minimal use of technology are still significant obstacles. Meanwhile, from an external aspect, MSMEs often experience difficulties in accessing formal financing, limited marketing networks, and a lack of support from a conducive business ecosystem (Hidayat et al., 2022).

One of the fundamental challenges faced by MSMEs is the low ability to prepare and manage simple, yet accurate and informative financial reports. Financial reports not only reflect the financial condition of the business but are also an important tool in making business decisions, as well as opening access to wider financing (Sugiarto & Budiantara, 2024). The lack of knowledge and skills in financial recording means that most MSMEs do not distinguish between business finances and personal finances, thus affecting the sustainability and growth of their businesses.

This condition is also found in the UMKM community that is part of "Kampung Jajan" in Berbek Village, Sidoarjo Regency. This village is known as a center for home industries that produce and sell various types of traditional cakes. There are around 30 active business actors who produce food in their respective homes and sell it either directly or through collectors. Social relations between business actors are quite close, reflected in the existence of savings and loan associations and joint savings activities as an effort to strengthen business capital, especially approaching the month of Ramadan when sales activity decreases.

However, the reality on the ground shows that most MSMEs in Kampung Jajan have not implemented an adequate financial recording system. Financial management is still conventional and undocumented, with a tendency to mix household expenses and business finances. This is exacerbated by the assumption that financial recording is complicated and irrelevant for small businesses, so that business actors rely more on estimates and experience in managing daily finances.

In addition to obstacles in financial literacy, MSMEs also face obstacles in accessing financing. The lack of administrative documents, including financial reports required by formal financial institutions, is a major barrier for business actors to obtain additional capital. The low understanding of the importance of financial reports also contributes to the lack of administrative readiness when applying for loans or participating in government business assistance programs.

Another challenge that is no less important is the limitations in the use of information technology. In the midst of the digitalization of the economy in the Industry 4.0 era, most of the Kampung Jajan MSME actors have not been able to optimize technology as a means of marketing and business development. Although they already have social media accounts such as Instagram, their use is still very limited due to low digital literacy, the relatively senior age of business actors, and limited technical assistance. Marketing still relies on traditional methods such as consigning products to collectors or selling directly to regular customers.

The last aspect that is a challenge is the quality of the product in terms of packaging. Although the taste of Kampung Jajan products is known to be delicious and authentic, the appearance of the packaging is still simple, making the product's competitiveness less than optimal. Business actors' concerns that packaging innovation will increase selling prices and reduce consumer purchasing power make them reluctant to innovate. Whereas in an increasingly competitive market, the visual and aesthetic aspects of a product are important factors in attracting consumer interest.

Given the complexity of these challenges, comprehensive intervention efforts are needed in the form of community empowerment activities, especially simple financial recording training, digital marketing training, and product packaging design. This socialization and training are expected to increase awareness and capacity of MSME actors in managing their businesses professionally and sustainably.

METHOD

This community service activity was carried out in Kampung Jajan, Berbek Village, Sidoarjo Regency, with the main focus on introducing a simple financial reporting method to MSMEs in the area. The selection of this location was based on initial observations and qualitative interviews, which showed that most MSMEs in Kampung Jajan had not implemented a structured financial recording system, resulting in stagnation in the development of their businesses. Therefore, this activity was designed to provide an applied solution through financial recording training based on a community empowerment approach.

The design of this activity uses an Asset-Based Community Development (ABCD) approach that emphasizes the potential and internal strengths of the community as the starting point for development. This approach was developed by Kretzmann and McKnight (1993) and emphasizes that each community has individual assets, associations, institutions, and physical and economic resources that can be mobilized collectively. In the context of this activity, MSME actors as experienced individuals, the Kampung Jajan community as a social network, and support from the village government and universities as partner institutions are part of the ecosystem developed through the ABCD principle. This activity does not start from the shortcomings or weaknesses of the community, but from the capacity that is owned and can be developed to produce sustainable change.

The implementation of the activity began with the problem identification stage through surveys and in-depth interviews with MSME actors to find out the financial practices that have been carried out so far. The qualitative data obtained were analyzed using a thematic analysis approach to find patterns of major challenges, such as mixing personal and business money, no daily transaction records, and ignorance in separating types of incoming and outgoing cash flows. Based on this data, the community service team then prepared a training module that was relevant to the needs of the participants.

Table 1
ABCD Instruments

ABCD Components	Applications in the Field
Individual Assets	MSME actors as subjects who have experience and capacity in entrepreneurship.
Association Assets	The MSME group or Kampung Jajan community is a social network that supports each other.
Institutional Assets	Academic partners (service team), village government, and local cooperative/MSMEs services.
Physical Assets	Training venue in Kampung Jajan, supporting facilities for activities, and local business equipment.

The training was conducted interactively, where participants were taught basic techniques for recording financial reports, such as separating personal and business money, recording cash receipts and cash expenditures, and preparing simple profit and loss reports. The training was conducted through case study simulations and the use of manual cash books, as well as demonstrations of the use of simple financial recording applications for micro businesses.

Sahwahita: Community Engagement Journal
Vol. 2, No. 2, 2025, 108-117
ISSN: **3030-8879**

Participants were also given daily practice worksheets so that the training did not stop at the theoretical level.

To measure the effectiveness of the training, the community service team developed pre-test and post-test instruments to assess participants' initial and final understanding of the material presented. In addition, an evaluation of participants' perceptions of the benefits of the training was carried out using a satisfaction questionnaire. Quantitative data from the pre-test and post-test were analyzed descriptively, compared to see the increase in participants' understanding, while questionnaire data were analyzed for frequency.

As a form of sustainability, this activity does not stop at training, but is continued with technical assistance activities for one month after the training. In this stage, participants are assisted in implementing financial records in their respective businesses. In addition, the formation of community-based MSME study groups is also facilitated as a forum for exchanging experiences and maintaining the spirit of sustainable financial records.

With an approach based on local strengths, active community participation, and supported by applicable and evaluative training techniques, it is hoped that this community service activity will not only improve the financial literacy of MSME actors but also strengthen their managerial capacity in running their businesses in a more sustainable and focused manner.

RESULTS AND DISCUSSION

The results of community service activities in Kampung Jajan Berbek show that MSME actors still face structural challenges in business management, especially in aspects of financial records, technology access, and product innovation. Based on direct observations and interviews conducted by the UIN Sunan Ampel Surabaya student team, it was found that most business actors do not yet understand the importance of simple financial records as a basis for making business decisions and as a prerequisite for obtaining formal financing access.

Figure 1
Interview with Mr. Anshor (village secretary)

Figure 2
Interview with Mrs. Qibthiyah's Snacks (Chorus)

Figure 3
Mr. Eko's Snack Interview (Choir)

One of the main problems is the lack of separation between personal and business finances. MSME actors assume that as long as daily income is sufficient to meet living needs, the business is considered to be running well. This paradigm hinders business development because it cannot objectively measure business performance. This is reinforced by the interview results documented in Figure 2 and Figure 3, namely when the team talked with Mrs. Qibthiyah and Mr. Eko, two business actors and local MSME coordinators. From the conversation, it was revealed that daily transaction recording was not done routinely, and some actors even relied only on memory or informal bookkeeping, such as notes on makeshift paper.

Figure 2 shows the community service team's interview with Mrs. Qibthiyah, who stated that the main obstacles in financial recording were limited time and understanding. She also said that most business actors were accustomed to running their businesses based on intuition and had not realized the importance of an orderly financial system. This image represents the general condition of female MSME actors in the area, who are burdened with dual roles between domestic and productive activities, so they do not have the time or energy to manage financial administration systematically.

Meanwhile, Figure 3 shows that Mr. Eko provides an additional perspective that some business actors have concerns about taxes if they record their finances openly. This fear indicates the low level of fiscal literacy among local MSMEs, which needs to be addressed through a sustainable educational approach. In addition, an interview with Mr. Anshor, Secretary of Berbek Village, as shown in Figure 1, shows the openness of the village government to support the economic empowerment program for residents, including providing training venues and facilitating coordination between MSME actors. However, this institutional synergy has not been utilized optimally in the long-term planning of empowerment activities.

In terms of activity implementation, the socialization carried out on July 24th, 2024, went quite well technically. The activity was opened with remarks from village leaders, followed by the delivery of material by resource persons discussing financial records and taxation aspects for MSME actors. However, the results of this activity have not been analyzed quantitatively, especially through the pre-test and post-test that have been carried out. The absence of score results or data on increasing participant understanding hinders the objective evaluation of the impact of the activity. This measurement is important to show the success of the program and support the validity of community service activities as academically based social interventions.

Furthermore, MSMEs in Kampung Jajan Berbek also still face obstacles in accessing technology and utilizing social media for marketing. Although they already have an Instagram account, its use is not optimal due to limited digital understanding. This shows the importance of further assistance that is not only one-way socialization, but in the form of mentoring and direct practice. On the other hand, the appearance of MSME products has not shown significant innovation, especially in terms of packaging. Business actors are concerned that attractive packaging will increase selling prices and reduce purchasing power. This reflects the trade-off between product aesthetics and price perception among local producers, which should be bridged through branding training and market segmentation strategies.

Although the approach used is ABCD (Asset-Based Community Development), the results of the activities have not shown optimal utilization of all community assets. For example, individual assets in the form of knowledge and business experience have not been further developed after socialization. Institutional assets such as support from the village and the UMKM office have not been packaged in the form of sustainable collaborative programs. Likewise, physical assets such as training venues have not been used as regular training rooms or entrepreneurship learning centers. In other words, this activity is still in its early stages and has not yet formed a structured and sustainable empowerment system.

Therefore, a comprehensive evaluation is needed that not only emphasizes the technical success of the implementation of activities but also assesses the substantive impact and potential sustainability of the program. Follow-up activities such as the formation of MSME working groups, routine training, and collaboration with Islamic financial institutions or partner universities need to be designed as part of the local economic empowerment roadmap based on strengthening community capacity and independence.

CONCLUSION

This study reveals that MSMEs in Kampung Jajan, Berbek Village, Sidoarjo, face serious challenges in running their businesses, especially in terms of financial recording, access to capital, utilization of digital technology, and product packaging innovation. Most business actors do not yet have an adequate financial recording system, tend to mix personal and business finances, and still rely on intuition in daily financial management. Limited understanding of financial administration also hinders their access to formal financing.

In addition, low digital literacy causes MSMEs to not optimally utilize social media and digital technology as a means of promotion and market development. Age factors, domestic burdens, and minimal assistance also worsen the situation. Another challenge is the lack of innovation in product packaging, which has an impact on low competitiveness in a competitive market.

Through a community asset-based approach (ABCD), the community service activities provided simple financial recording training, as well as post-training technical assistance. The results of the activities showed an increase in understanding of MSME actors regarding the importance of financial recording and data-based business management. Continuous intervention is needed in the form of training, fiscal education, digital marketing, and policy support to strengthen the capacity of MSME actors towards sustainable and professional businesses.

REFERENCES

Alyani, I., Saptono, I., & Jahroh, S. (2023). Digital Transformation Drivers for Indonesian MSMEs. *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)*, *7*(1), 423-441. https://doi.org/10.31538/iijse.v7i1.4374

Ansori, Moh. and Afandi, Agus and Fitriyah, Ries Dyah and Safriyani, Rizka and Farisia, Hernik (2021) *Pendekatan-pendekatan dalam University-Community Engagement*. UIN Sunan Ampel Press, Surabaya. ISBN 978-602-332-139-1

Chaidir, M., Yulianti, G., & Santoso, S. (2024). Dampak Digitalisasi terhadap Inovasi Teknologi pada Usaha Mikro, Kecil, dan Menengah. *Jurnal Visi Manjemen*, *10*, 74–87. https://doi.org/10.56910/jvm.v10i2.523

Galih Refa Sugiarto, & Martinus Budiantara. (2024). Pelatihan Pencatatan Keuangan pada Usaha Capcin Bu Putri dan Usaha Kue Kering PKK Dusun Klenggotan. *JURPIKAT (Jurnal Pengabdian Kepada Masyarakat)*, *5*(1), 60–69. https://doi.org/10.37339/jurpikat.v5i1.1570

Gumilang, W. S., Lazuardi, G. R., Indrawan, M. R., & Sulharis, H. F. (2024). Identifikasi Faktor Penentu dan Penolak Adopsi Aplikasi Telemedicine Menggunakan Teori Difusi Inovasi: Diffusion Of Innovation Theory. *El-Mujtama: Jurnal Pengabdian Masyarakat*, *4*(2), 1492–1504. https://doi.org/10.47467/elmujtama.v4i2.6046

Hidayat, A., Lesmana, S., & Latifah, Z. (2022). Peran UMKM (Usaha, Mikro, Kecil, Menengah) Dalam Pembangunan Ekonomi Nasional. *Jutrnal Inovasi Penelitian*, *3*, 6707–6714.

Melati, Misnawati, Haris, T. S., Rahmadani, J., & Mutmaiana. (2024). Analisis Potensi Dan Tantangan Usaha Mikro Kecil Menengah (UMKM). *Journal Of Social Science Research*, *4*, 10557–10565. https://j-innovative.org/index.php/Innovative

Saragih, A., & Sari, M. (2023). Analysis of Factors Affecting the Financial Performance of MSMEs Businesses in Buntu Bedimbar Village, Sub-District Tanjung Morawa. *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)*, *6*(3), 2428-2436. https://doi.org/10.31538/iijse.v6i3.3950

Khalikussabir, K., Mawardi, M. C., Handayati, P., & Hermawan, A. (2024). The Role of Fintech in Improving Financial Literacy in Micro Small to Medium Enterprises in Malang. *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)*, *7*(1), 819-832. https://doi.org/10.31538/iijse.v7i1.4375

Toha, Mohamad & Habibah, N.J. (2023). MSME Empowerment and Development Program to Increase Consumer Satisfaction. *Sahwahita: Community Engagement Journal, 1*(1), 26-39. https://e-journal.bustanul-ulum.id/index.php/Sahwahita/article/view/24