

## SOCIALIZATION OF FINANCIAL MANAGEMENT IN MSMEs ARENTA IN PANDEGLANG DISTRICT - BANTEN

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### Abstract

In the Indonesian economy, UMKM is the business group with the largest number and proved to be able to withstand various types of economic crises. The number of UMKMs increases from year to year. The new development of the UMKM can only be seen from the number side. In general, especially in the financial aspect, only a few UMKMs have experienced development in terms of their financial performance. This is not apart from the unconsciousness of UMKM's perpetrators about the importance of corporate finance management. Financial management becomes one of the important aspects of the company's progress. Financial management can be done through accounting. Accounting is a systematic process for generating financial information that can be used for decision-making for its users. Method of implementation: 1. Problem-solving (Preliminary Studies, Identification, and Formulation of Problems, Problem Solving), 2. Khalayak Target (According to the outcome of the problem that the author has previously outlined, the target audience in this service is the financial manager on UMKM ARENTA 3. Keterkaitan (For Society: Increasing knowledge about good and correct financial management, For the place of service to the community: Giving an active role of the community in the management of UMKM finance, for the institution of the University of Faletehan: Implementing tasks as a lecturer is the Three Darma College is from the aspects of devotion to society

**Keywords:** Financial Management, Socialization.

### INTRODUCTION

In the Indonesian economy, MSMEs are the business group with the largest number and have been proven to be able to withstand various shocks from the economic crisis. The development of the number of MSMEs from year to year is increasing. The development of new MSMEs can be seen from the number side only. In general, especially in the financial aspect, only a few MSMEs have experienced developments in terms of their financial performance. This is inseparable from the unawareness of MSME actors on the importance of managing company finances. Financial management is an important aspect of the progress of the company. Financial management can be done through accounting. Accounting is a systematic process to produce financial information that can be used for decision-making for

its users.

As long as MSMEs still use money as a medium of exchange, accounting is needed by MSMEs. Accounting will provide several benefits for MSMEs, including: (1) MSMEs can find out the company's financial performance, (2) MSMEs can know, sort, and distinguish company assets and owner's assets, (3) MSMEs can know the position of funds both sources and uses, (4) MSMEs can make the right budget, (5) MSMEs can calculate taxes, and (6) MSMEs can know the flow of cash during a certain period. Seeing the benefits generated by accounting, MSMEs should be aware that accounting is important for their companies.

The use of accounting can support the progress of MSMEs, especially in terms of finance. Increasing profits can also be planned using accounting. With an increasing profit rate, the development of MSMEs will be better so that MSMEs will truly become one of the solutions to economic problems in Indonesia. However, there are still many MSMEs that have not used accounting to support their business activities.

The reasons for MSME actors not using accounting include accounting being considered something difficult and not important. Some MSME actors say that even without accounting, the company still runs smoothly and always earns profits. Many MSME actors feel that their business is running normally, but these MSMEs are not experiencing development. When they get 2 questions about the profit earned each period, they can't show it in nominal numbers but with tangible assets such as land, houses, or vehicles.

Furthermore, these assets are obtained not only with company funds but sometimes coupled with personal assets. These assets are also sometimes not used for the company but are used for personal gain and there is no record or separation between the two. This causes the development of the company, especially in terms of financial performance, cannot be known clearly. A lack of understanding of financial reporting creates new problems for MSME actors, including difficulties in accessing credit.

Many MSME actors still do not know or understand the benefits of profit and loss reports, financial position reports/balance sheets, and reports on changes in the capital because MSME actors themselves are still blind to financial reports. Many MSME actors in Indonesia are considered not to have met bank requirements because MSME actors do not understand financial reports. While this financial report is very important because it can be used as a basis for whether the business is healthy or not, and the bank can estimate how much credit will be given to MSME actors. From a quote from [Jogja.tribunnews.com](http://Jogja.tribunnews.com), the Creative Economy Agency (Bekraf) is trying hard to improve the ability of business people to be able to prepare their business financial reports better and by banking standards. This aims to increase the confidence of the banking sector in providing credit to MSMEs.

Bekraf strives to provide an easy financial reporting application that can be applied to MSMEs. Utilizing information technology makes it easier for MSME actors to access and manage information, including financial reports. With the development of this technology, it will make it easier for MSME actors to minimize the occurrence of errors and delays in financial reporting. With the current technological developments, many developments have been made in creating tools to make it easier to carry out business activities. One of the obstacles often faced by these business actors is bookkeeping and the preparation of financial reports, understandably because not all micro business actors have an accounting background and if they have to hire an accountant, it may not be possible due to financial constraints. This

of course makes it difficult for every micro-entrepreneur in compiling financial reports.

This socialization activity aims to provide understanding to business actors regarding the importance of financial management and bookkeeping. Mastery of proper recording and bookkeeping can provide benefits to business actors in financial management. The understanding of business actors regarding recording and bookkeeping is expected to provide an overview for business actors to manage available finances properly and correctly so that business actors can develop their businesses.

### **A. Identifikasi dan Perumusan Masalah**

In this community service identified as follows:

1. It was identified that the human resources at UMKM ARENTA did not know the benefits of financial reports.
2. Identified that there is the management of financial reports that are not by financial reporting standards.
3. It was identified that there were human resources in UMKM ARENTA who did not understand the process of compiling financial reports.

Based on the description that has been stated above, the writer tries to formulate this community service problem in the form of questions as follows:

1. How do MSME actors know the process of managing financial reports?
2. How is the management of financial reports that do not comply with financial reporting standards?
3. How to prepare human resources for UMKM ARENTA in understanding the process of compiling financial reports?

### **B. Activity Objectives**

In line with the problems formulated above, the purpose of this community service is to:

1. Provide knowledge in financial management by making financial reports
2. Equip ARENTA MSME HR in making financial management
3. Offer socialization of financial management to prepare good financial reports. ARENTA MSME human resources can understand the process of preparing financial reports

### **C. Activity Benefits**

Based on the objectives that have been described, the benefits of community service are:

1. Can provide an understanding of financial management in running its business
2. Adding and increasing profits in the process of optimally regulating and managing finances.
3. Provide knowledge about the preparation of financial statements.
4. As a discussion forum and forum for exchanging knowledge and experience between communities and universities so that they can provide mutual benefits

## IMPLEMENTATION METHOD

### A. Problem-solving framework

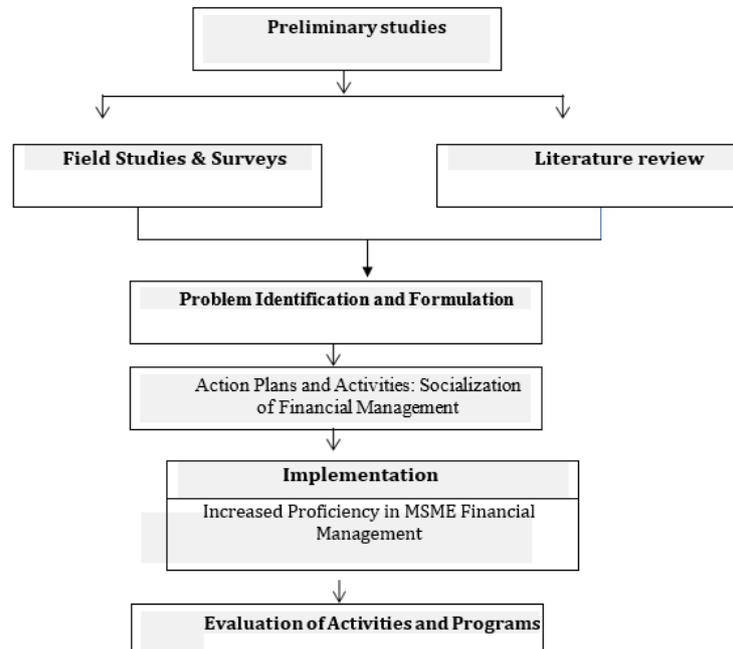


Figure 1 Flowchart of the Solution Framework

Here's a description of the troubleshooting:

#### a. Preliminary studies

Before formulating the problem, a preliminary field study and literature study were carried out to explore the problems in the field.

#### b. Problem Identification and Formulation

After identifying the problem, several problems can be formulated at the place of community service:

- a. Do not understand the process of good financial management
- b. Have not implemented financial management standards

#### c. Solution to problem

Based on the existing problems, it can be done problem-solving with the following steps:

- a. Before the mentoring stage, a survey and light discussion were carried out with the financial management team
- b. Conduct socialization on improving financial management
- c. At the end of the activity, an evaluation is carried out by conducting a test of the financial management process

### B. Target Audience

To the flow of problems that the author described earlier, the target audience in this service is financial managers at ARENTA MSMEs

### C. Linkages

#### a. For Society

Increase knowledge about good and correct financial management

#### b. For a place of community service,

Providing an active role for the community in managing MSME finance

#### c. For Faletihan University Institutions

Carrying out duties as a lecturer, namely the Tri Dharma of Higher Education, namely from the aspect of community service.

### D. Evaluation design

Evaluation of this community service activity can be seen in the following table:

No	Description	Time	Criteria	Goal Achievement Indicator	Benchmark	Information
1	Increasing the financial management of UMKM ARENTA	Des,2022	Add Knowledge	Manage financial reports	Average knowledge $\geq 80\%$	
2	Improvement of Human Resources in making financial reports	Jan,2023	Value Addee	Financial managers can create financial reports	Average practice grades $\geq 80\%$	

### E. Service plan and schedule

The schedule for this community service activity can be seen in the Ganttchart below:

**Gantt Chart of Community Service Activities**

No	Activity	Time of year 2022 - 2023							Ket
		Okt	Nov	Des	Jan	Feb	Mar	Apr	
1	<b>Activity:</b> Preliminary studies <b>Place:</b> ARETA MSMEs								
2	<b>Activity:</b> Develop and improve proposals <b>Place:</b> Universitas Faletihan								
3	<b>Activity: Preparation phase</b> Coordinate with the Head of UKM ARENTA Distribution of pre-socialization questionnaires <b>Place:</b> ARETA MSMEs								

<b>4</b>	<b>Activity: Implementation Stage</b> Discussion and Outreach <b>Place: ARETA MSMEs</b>								
<b>5</b>	<b>Activity: Evaluasi</b> Distribution of post-socialization and training questionnaires <b>Place: ARETA MSMEs</b>								
	Prepare community service reports								
	Report research								
	Journal Drafting								
	Submitted jurnal								

## RESULTS AND DISCUSSION

The results of community service activities regarding "Soaiisasi Financial Management of UMKM ARENTA in Pandeglang Regency - BANTEN" in Pasangrahan, Munjul from November 2022 to April 2023, Alhamdulillah, can be carried out well. The stages of community service activities that have been carried out are as follows: 1. Preparation Devotion a. Survey of service locations through visits to Munjul Village b. Application for permits for activities in writing to UMKM ARENTA c. Preparation of material to be delivered at the service. d. Preparation of MSME locations as a place to carry out activities. 2. Service Implementation a. The opening of the service begins with the opening ceremony and introduction of the service executor. The event was opened by the owner of UMKM ARENTA at 09.00 WIB in the morning. The opening and introductions were held ± 15 minutes. b. Submission of material The material is delivered to employees and MSME managers regarding efforts to optimize MSME financial management. c. Discussion/Debriefing After the material was delivered, participants were allowed to ask questions. 3. Closing and Evaluation of Activities Activities for return visits to the next practice process, closed with a photo together with MSME owners and activity participants. Output The output obtained from this activity is that MSME owners are motivated and interested in running a business by improving their financial management system even better so that their business can develop and be more properly managed. This in addition to contributing to MSME income will have an impact on increasing village economic growth. Apart from being able to provide value to MSME financial management, this socialization of financial management is also expected to become a recommendation in advancing MSME businesses to the maximum. Follow-up Recommendations Based on the evaluation carried out, the recommendations that we submit for this activity are similar activities to be carried out continuously to be able to share and see the progress of the business being undertaken and to know the challenges, obstacles, and solutions to solving problems encountered in carrying out business activities MSMEs.

## PHOTOS OF ACTIVITIES







**Pictures of ARENTA Production Room and Exhibition Room**

## **CONCLUSION**

1. Community service activities carried out in the form of outreach with the theme "Socialization of ARENTA MSME Financial Management in Pandeglang Regency" in Munjul Village can be carried out well.
2. The expected output is that MSME financial managers are interested and motivated to optimize management reports to create developments in business development potential.

## **Suggestion**

Service activities like this can be carried out routinely both at the same location and at different locations to increase the spirit and motivation of the community in optimizing their financial management reports so that the business being carried out can further optimize the MSME business.

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