

FINANCIAL LITERACY SOCIALIZATION IN MANAGING MSME FINANCES IN NORTH MERUYA VILLAGE

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ABSTRACT

Many MSMEs face a range of challenges depending on factors such as location, business type, capital, and financial literacy. A common issue is low productivity, often caused by internal problems like inadequate human resource management, technology use, financial literacy, marketing skills, and entrepreneurial ability. Additionally, limited access to capital, technology, markets, and information further stifles MSME growth. The primary financial barrier for MSMEs is their inability to meet banking requirements like proper financial reporting and business development plans, which limits their access to financing. Community service programs aim to address these gaps by educating MSMEs on how to prepare financial reports to secure bank financing, which can help improve production and business expansion. The program conducted at Nusa Indah RPTRA in North Meruya focused on MSME operators and aspiring entrepreneurs, offering social mapping, socialization, training sessions, and follow-up monitoring. As a result, participants gained a deeper understanding of financial management in MSMEs, enabling them to better navigate financial challenges. To ensure the sustainability of these efforts, continued government support, regular guidance for MSME owners, and collaboration between local authorities, PKK cadres, and the broader community are crucial. This integrated approach aims to foster long-term growth for MSMEs.

Keywords: MSMEs, growth, financial management, financial literacy, community service.

INTRODUCTION

The North Meruya Village is a rural area located in the Kembangan District, West Jakarta. This area is known as one of the centers for Micro, Small, and Medium Enterprises (MSMEs) in the Jakarta region. The development of MSMEs in the North Meruya Village is important to study, considering its crucial role in driving local economic growth and creating employment opportunities for the surrounding community. As one of the MSME hubs in West Jakarta, this village is expected to serve as a model for MSME development in other areas. According to the latest data from the Central Statistics Agency (BPS), the number of MSMEs in the North Meruya Village reached 2,785 units in 2020 (BPS, 2021). This figure shows a significant increase compared to previous years. In 2015, the village recorded 2,412 MSME units, and by 2018, it had risen to 2,601 units (BPS, 2016, 2019). The growth of MSMEs in the North Meruya Village is attributed to the economic potential of the area. The village is strategically located, close to the business and trade centers of West Jakarta. In addition, the infrastructure and supporting facilities such as roads, electricity, and clean water are well available in this area.

The majority of MSMEs in the North Meruya Village are dominated by micro and small enterprises. In 2020, there were 2,545 micro-enterprises and 240 small enterprises recorded (BPS, 2021). Medium-sized enterprises in this village are relatively few, contributing only about 0.01% of the total MSMEs. Common challenges faced by MSMEs vary depending on the location or existence of MSMEs, the type of business, capital, and lack of financial literacy. (Ardila, 2021) (Jayanti, 2022) (Susan, 2023) Common issues include low productivity due to internal issues such as low-quality human resources in management, organization, technological proficiency, finance, and marketing, weak entrepreneurship among MSME operators, limited access to capital, information, technology, markets, and other production factors. Innovation in information technology can benefit the community, especially MSME entrepreneurs, in easily, securely, and reliably accessing financial opportunities. One financial information technology innovation is Financial Technology which provides financial services. A study conducted by Octaviana and Rita (2021) demonstrates that the digitalization of MSMEs has a positive impact on the financial performance of MSMEs. Digitalization can improve MSMEs' access to market information, marketing, and financing, thus impacting sales and profitability (Oktasari, 2023).

However, the adoption of digitalization among MSMEs is still limited. Challenges faced include limited digital literacy, infrastructure, and capital. Therefore, support from the government and other stakeholders is needed to promote the digitalization of MSMEs.

There are many limitations and challenges to improving MSMEs' access to capital. Common issues between MSMEs and banks include bank product information and banking procedures for MSMEs; formal document formalities and procedures that MSMEs must fulfill; the amount of credit expected by MSMEs, and the amount realized by banks. From a capital perspective, the issues for banks with MSMEs lie in the feasibility of the business, both financial and marketing aspects, and labor (Bank Indonesia & Indonesian Accountants Association, 2015, Oktasari,2023).

In conclusion, the lack of financial access is due to differences in perspective between banking requirements that must be met by MSMEs such as financial reports and business development plans. The goal of this Community Service activity is to provide information related to accessing capital from banks by providing socialization and training on how to prepare financial reports, at least to obtain bank financing. Thus, MSMEs can increase their production funding and expand the unique characteristics of the creative MSME sector to be more competitive (Kartawan, 2016). Furthermore, this Community Service activity is motivated by phenomena related to corporate financial information such as financial reports and non-accounting information unrelated to financial reports. This information provides insights to banks regarding the decisions they will make regarding financing.

METHOD

Financial Literacy Socialization in Managing MSME Finances in North Meruya Village to Improve MSME Performance Readiness requires a comprehensive and sustainable approach. This includes the following stages: Stage 1. Initial Survey and Signing of Cooperation Agreement with Partners In the initial stage, the implementing team conducts an initial survey in North Meruya Village to identify the conditions and needs of the community related to financial literacy. This survey involves the village as a partner in this activity. After conducting the survey, the implementing team and the village sign a cooperation agreement to carry out Financial Literacy Socialization in Managing MSME Finances in North Meruya Village. Stage 2. Data Identification Needed for Socialization Activities After conducting the initial survey, the implementing team identifies the data needed to support socialization activities. This data includes the profile of North Meruya Village, the number and characteristics of MSMEs in the area, and information related to the financial literacy conditions of the community.

The implementing team also gathers relevant statistical data and case studies from various sources, such as research reports, journal articles, and government publications. Stage 3. Preparation of Equipment and Materials to Support Socialization Activities After identifying the needed data, the implementing team prepares the equipment and materials to be used in socialization activities. The necessary equipment includes a projector, laptop, and writing tools. The prepared materials include presentation materials, financial literacy modules, and relevant case studies on the socialization theme.

Implementation Stage 1. Conducting Financial Literacy Socialization in Managing MSME Finances in North Meruya Village In the implementation stage, the implementing team conducts Financial Literacy Socialization in Managing MSME Finances in North Meruya Village. This activity aims to improve the understanding and abilities of MSME practitioners in the area to manage their business finances. Topics covered include an introduction to basic financial literacy concepts, the importance of good financial management for MSMEs, and tips and strategies for managing business finances. 2. Documenting Socialization Activities and Dissemination During socialization activities, the implementing team documents the process through photos and videos. This documentation aims to record the implementation process and can be used for evaluation and future publication. Monitoring Stage 1. Monitoring the Implementation of Financial Literacy Socialization Activities After conducting socialization activities, the implementing team monitors to assess the extent of financial literacy understanding and implementation by MSME practitioners in North Meruya Village.

The Monitoring is done through direct visits to several MSMEs, interviews, and data collection related to their business financial management. Evaluation Stage 1. Publication and Report on Financial Literacy Socialization At the final stage, the implementing team creates a comprehensive publication and report on the Financial Literacy Socialization in Managing MSME Finances in North Meruya Village activities. This publication can be in the form of scientific articles or activity reports that can be distributed to relevant parties, such as local governments, financial institutions, and community organizations.



Figure 1. Illustrates the stages of activities of Financial Literacy Socialization in Managing MSME Finances in North Meruya Village.

RESULTS AND DISCUSSION

The community service event focused on the theme of "Achieving Business Sustainability and Environmental Sustainability: Reviewed from various management perspectives," utilizing an innovative learning approach known as the Learning Methodology. This approach emphasizes active participation from participants through experience, stimuli, and responses to stimuli. The success of the program hinges on the dedication of participants to improve in all aspects, particularly in enhancing communication among MSME actors. Socialization was conducted through the Knowledge Aspect, traditionally delivering material. The event, titled "Acceleration of Human Resource Competencies in Improving MSME Performance in North Meruya Village," took place on January 16, 2024, at RPTRA Nusa Indah, West Jakarta.

The outcomes of the community service initiative primarily revolved around enhancing understanding of business sustainability and environmental sustainability among MSME groups in North Meruya Village. Activities during the event were assigned based on responsibilities, with training commencing with socialization to engage partners and highlight the benefits of the program. Partners were encouraged to participate in sustainability efforts and were receptive to the training material, actively engaging with the content and asking questions.

The event catered to MSME actors in North Meruya Village, with discussions on financial literacy and the development of environmentally conscious businesses. Topics included digital marketing strategies, marketing planning for green entrepreneurship, and circular economy. A pre-test was conducted to assess participants' knowledge, revealing a lack of green business implementation among participants, and motivating them to partake in the training. Discussion on financial literacy, UMKM administration, and QRIS implementation followed, focusing on developing human resource competencies and technopreneurship characteristics.



Figure 2. Activities of The Event



Figure 3. Illustrates the stages of evaluation activities of Financial Literacy Socialization in Managing MSME Finances in North Meruya Village

The next material given to the participants is related to the circular economy. The participants' interest has started to become apparent with several questions directed at the speaker regarding business sustainability. Participants also provided examples of green businesses that can be developed. The speaker also gave examples of green businesses with good opportunities and the use of social media for promoting green products. The next topic is about financial literacy to create competitiveness for beginner entrepreneurs. This session begins with a review of the material that was previously provided. It turns out that the participants can clearly remember the important points that can be taken from the previous materials.

The next material discusses how to prepare financial reports and administration for MSMEs to meet credit requirements. Next, the material on the implementation of QRIS to enhance the sustainability of MSMEs was presented, followed by the material on accelerating the competency of MSME human resources to improve MSME performance, then the material on green entrepreneurship as an innovative solution for environmental sustainability, and the final material on the development of human resource competencies characterized by technopreneurship. The last session of this community service activity is the Q&A session. Here, participants actively ask questions related to financial literacy, social media, and the development of MSME human resource competencies. After the Q&A session, the speaker conducts a post-test to measure the participants' acceptance and understanding during the training activity. From the post-test results, participants already have green business ideas that can be implemented, enriched financial literacy, and knowledge on how to improve green human resource competencies. Participants also learned tips and tricks for utilizing online media for product marketing.

In the implementation of this activity, the service team did not encounter many significant obstacles. This is because the event was organized for the community managing MSMEs in Meruya Utara Village, who have a significant educational background. The response from the participants of this event was very good as they were able to arrive on time and follow the activities according to the scheduled time. The driving factor that influences the smooth execution of this activity is the participants' desire to gain knowledge and understanding. The relevance of this activity can introduce and enhance the knowledge and understanding of the community managing MSMEs in the Meruya Utara Village environment.

The event concluded with a Q&A session where participants inquired about financial literacy, social media marketing, and human resource competency development. A post-test conducted post-event indicated participants' enriched

understanding of green business ideas, financial literacy, and strategies for improving human resource competencies for UMKM.

CONCLUSION

The implementation of Community Service Activities has resulted in significant achievements. The topic sentence: The PkM activities carried out have had a positive and valuable impact on the community. A careful evaluation of the outcomes of the PkM activities indicates that the goals and objectives set beforehand have been successfully achieved. Performance measurement, analysis of the changes that have occurred, and identification of the lessons learned from the process have been comprehensively conducted to assess the impact of the activities. These findings show that the interventions made through PkM activities have had a positive impact on the behavioral changes of SMEs in managing sustainability. This also indicates an increase in awareness and participation of the community in financial literacy and financial management of SMEs.

Overall, the implementation of PkM activities has successfully achieved the set goals and made a valuable contribution to the relevant stakeholders. Comprehensive documentation, careful evaluation, and strong connection with the learning process are keys to the success of these activities. Overall, the implementation of Community Service Activities has had a positive and valuable impact on the community. Comprehensive evaluation, connection with the learning process, and diverse outcomes achieved are indicators of the success of these activities. Thus, PkM activities have made a significant contribution to improving the welfare and empowerment of the community, as well as enriching the learning process for the participants involved.

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