Bubungan Tinggi: Jurnal Pengabdian Masyarakat
http://ppjp.ulm.ac.id/journals/index.php/btj/index
e-ISSN: 2722-3043 p-ISSN: 2722-2934
Vol 7 No 1 2025
DOI: https://doi.org/10.20527/btjpm.v7i1.11681

Financial Management Strategies for Business Actors as an Effort to Improve Performance and Competitiveness

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Article Info

Article history:
Received: January 19, 2024
Accepted: August 30, 2024
Published: January 17, 2025

Keywords:
Businessman
Financial literacy
Financial management
MSME

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Abstract

Implementing this community service activity aims to answer the needs of MSMEs in the era of the global crisis known as COVID-19. This activity aims to provide practical knowledge and experience regarding financial management, implementing accounting, and other related matters, such as creating basic financial reports for MSMEs. The target participants of this activity are micro, small and medium enterprises, students, and the general public who want to increase their knowledge and insight regarding financial management strategies for business actors. The total number of participants who attended this agenda was 116 from various groups such as business people, professionals, students, and others. The method for implementing this activity is to use a PAR approach in the form of a national seminar through a virtual meeting which presents two resource persons from associations, practitioners and business actors so that they can provide various perspectives and knowledge that can provide future provisions for (potential) business actors. It is hoped that this activity can be a solution for business actors affected by COVID-19 or prospective business actors so that they become more alert and anticipatory in unpredictable economic conditions with high volatility.

To cite this article: Fauziyyah, N., Ersyafdi, I. R., Bestari, R., Aryani, H. F., Ahmadi, L. P., & Prabowo, M. A. (2025). Financial management strategies for business actors as an effort to improve performance and competitiveness. *Bubungan Tinggi Jurnal Pengabdian Masyarakat*, *7* (1), 101-108.

INTRODUCTION

One inevitable stage in life that must be faced is when a crisis occurs. Many people view a crisis as a tragedy that constrains life. One such crisis was the COVID-19 pandemic. COVID-19 has highlighted the importance of financial management and planning to prepare for difficult situations that may arise in the future (Ersyafdi, 2021). According to Fauziyyah and Ersyafdi (2021), COVID-19 remains a significant disaster across various industries, especially in healthcare and the economy. The economy has slowed down due to the pressure of COVID-19, reaching a "near-death" state. Severely affected sectors include investment, transportation, trade, tourism, and industry. This situation has increased market uncertainty and concerns about the pandemic's impact and development. Another sector heavily impacted by the COVID-19 pandemic is the MSME sector. MSMEs support the country's economic growth, employing approximately 97% of Indonesian workers. Additionally, MSMEs contribute to Indonesia's economy by generating 61.07% of GDP (Raharjo et al., 2022). According to Thaha (2020), the effects

of the COVID-19 pandemic on the MSME sector significantly impact Indonesia's economy, where MSMEs have a substantial contribution to the economy and various fields (see Table 1) (Amri; 2020).

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Table 1 MSMEs contribution

Contribution	Indonesia	MSMEs	%
Total Business Units	64,2 Million	64,1 Million	99%
Total Workforce	120,6 Million	116,9 Million	97%
Role in GDP	14.038.598 Trillion	8.573.895 Trillion	61%
Role in Non-Oil and Gas Exports	2.044.490 Trillion	293.840 Trillion	14%
Roles in Investment	4.244.685 Trillion	2.564.549 Trillion	60%

Table 1 explains that out of the 64.2 million total business units in Indonesia, 99% are MSMEs. The largest contribution to employment absorption in Indonesia comes from MSMEs, which account for 116.9 million or 97%. MSMEs also contribute 61% to GDP and 60% to investment in Indonesia. Finally, 14% of MSMEs contribute to Indonesia's non-oil and gas exports. Amri (2020) also notes that the COVID-19 pandemic has affected MSME activities in Indonesia. This is based on data from the Ministry of Cooperatives and SMEs, which reported that the effects of the COVID-19 pandemic impacted 163,713 MSME actors and 1,785 cooperatives. The majority of the MSMEs most affected were in the food and beverage sectors. Meanwhile, cooperatives in the daily needs sector felt the impact of the COVID-19 pandemic.

Decision-making is one of the essential points that must be carefully executed to choose the most optimal option in such complex situations. Individuals must be equipped with knowledge, insights, and learning to face various challenges, especially in the financial sector, as a way out of this global disaster. In times of uncertainty, financial literacy becomes a fundamental need to protect oneself in unpredictable situations and manage finances well. Financial literacy skills and knowledge influence financial behavior (Fauziyyah & Ersyafdi, 2021b). Another study in line with this is Bushan & Medury (2013), which states that financial literacy for MSMEs is very useful so that each individual can consider and make decisions in implementing effective financial management, which in turn will impact the individual's mindset towards financial conditions and also affect strategic decision-making and better financial management for business actors.

The problem faced by business actors has always been their limited capital. The majority of the capital composition owned by MSME actors comes from their capital, accompanied by limited capital available to develop the business properly (Rivaldo et al., 2023). Seeing this, the Indonesian government has begun to pay attention by channelling capital assistance to MSMEs (Irawati et al., 2023). Financial reports must accompany the capital assistance distributed by the government. However, most MSMEs still do not consider using accounting to support business operations important. Another reason business actors believe that using accounting in their business is too complicated and difficult is that without it, their business can still operate smoothly and generate profits (Reni, 2018). Some business actors also realize that their business runs as usual but does not experience significant development due to the difficulty of the lack of planning, management, and evaluation from a financial perspective. Moreover, Pratama's (2023) research states that the level of MSMEs' ability in Indonesia to manage finances is alert, with an average Business Fitness Index (BFI) of 43.84 and an ideal point of 75.

Given the problems and the significant contribution of MSMEs to the Indonesian economy and the importance of MSME actors having knowledge related to financial management, one way to support and contribute to the government's program for national economic recovery, which aims to address the impact of COVID-19 in both the health and economic sectors, is to provide an understanding that accounting can be a tool to help business development, especially in financial matters. Increased profits can be designed using accounting. As profits increase, MSMEs will develop better. This can make MSMEs one of the solutions to Indonesia's economic problems. Therefore, the academic community of the Accounting Study Program at Nahdlatul Ulama Indonesia University carried out community service activities in the form of an online seminar entitled "Financial Management Strategies for Business Actors as an Effort to Improve Performance and Competitiveness." This community service activity aims to increase students and the public's knowledge and insights into accounting in a more practical manner, adjusting the topic to real-world issues (financial management strategies for business actors).

METHODS

This community service activity (PKM) uses the PAR method or Participatory Action Research because the activity is oriented towards creating knowledge development regarding financial management among business actors, which can serve as an example for other business actors that financial management is important. This community service article is a descriptive article that manifests the event's written content from the preparation and during the community service agenda (Fauziyyah et al., 2022). The Accounting Study Program at UNUSIA carried out this community service activity to increase public knowledge about financial management for business actors. This activity targets micro, small, and medium enterprises (MSMEs), students, and the general public who wish to gain financial knowledge and insights for business actors. The community service seminar activity was held on February 19, 2022, with a total attendance of 116 participants from various circles, such as business actors, professionals, students, and others. The initial stage carried out by the writing team was to negotiate with the speakers regarding the implementation time and fix the discussion topics, including the introduction of MSME accounting, SAK EMKM, and financial management strategies for business actors. Next, the writing team prepared everything that could support the implementation of community service, such as media and others. The technical implementation of this community service was carried out through live streaming on YouTube and Zoom cloud meetings using the andragogy method, which is a method of presenting material or lectures followed by interactive discussions through sharing and question-and-answer sessions (Ersyafdi et al., 2021). This applies to both speakers at this community service. The evaluation used to achieve the goals of this activity was that in each session, the moderator would give a quiz with prizes to participants who answered the questions correctly. In addition, the team also prepared and distributed questionnaires at the end of the event to see how participants understood the material presented and its usefulness.

RESULTS AND DISCUSSION

Pre-Implementation

In the pre-implementation phase, meetings were held to determine the theme and material to be presented at the community service activity. Next, the community service team divided tasks among themselves and prepared assignment letters from the university to facilitate the preparation of this activity. The community service team also sought

suggestions from speakers from professional institutions that oversee all Educator Accountants in Indonesia, namely the Indonesian Institute of Accountants - Educator Accountants Compartment (IAI-KAPd), which is in line with the theme to be discussed. It is hoped that the representative speakers from professional institutions can provide good and appropriate material. Other speakers who also attended were practitioners or business people, so the perspectives presented were able to provide more diverse views as provisions for the future.

Implementation

This activity was carried out successfully and was attended by 116 participants from various professions, such as academics, students, and business actors. The participants came from various regions within Indonesia, including Papua, North Maluku, North Sulawesi, South Sulawesi, Bengkulu, South Sumatra, Riau, West Sumatra, Yogyakarta, DKI Jakarta, Central Java, East Java, West Java, and Banten. This is one of the positive aspects of conducting activities online because various parties can attend without being constrained by distance or space. Before the event started, the team asked several questions or conducted a pre-test with some participants randomly to assess the participant's level of knowledge or understanding of the material to be presented by the speakers. The results showed that no participant answered correctly and accurately regarding financial management. This activity was divided into two sessions. The first session discussed tips for financial management for business actors or MSMEs. The speaker for this topic was Dr. Ahalik, SE., Ak., M.Si., M.Ak., CA., CSRS., ASEAN CPA., DipIFR., CPMA., CPSAK., CPA. Through the speaker, participants understood that financial records must be kept disciplined, business finances must be separated from personal finances, and the business foundation must be protected and strong. Business actors must set aside some of their retained earnings to maintain the business through insurance and emergency funds, manage and plan debts, set targets, and evaluate the business. In addition to the above topic presentation, participants also actively participated in learning to formulate strategic financial management, financial reports, and SAK EMKM (Micro, Small, and Medium Entities). Through this presentation, it is hoped that participants, consisting of various EMKM managers, can directly hone their skills related to financial management. The following is a Figure 1 from when the first speaker gave the material.

Figure 1 The first speaker

At the end of the first session, the speaker also conveyed other very useful points for prospective business actors, specifically the characteristics that EMKM (Micro, Small, and Medium Enterprises) financial managers, who also act as accountants, should possess. These characteristics include professionalism, scepticism, attention to detail, logical thinking, and methodical. These traits will make accountants more professional and capable of detecting fraud within entities like EMKM that they manage. Achieving

financial reporting optimization requires efficient and effective financial management methods, enhancing business performance and competitiveness (Puspitaningtyas, 2017). Financial management can be defined as financing, managing, and acquiring assets with certain overall business goals (Kasmir, 2010). The speaker also provided case studies that could be resolved through accounting, allowing participants from the general public to practically understand what accounting is and how accounting records are maintained. The participants showed great enthusiasm during this process, as the delivery was engaging. Bookkeeping and financial administration are some of the challenges for MSMEs, especially regarding transparency and accountability (Lovita et al., 2022). In fact, accountable financial management not only aids in business management but also assists in decision-making processes and obtaining additional capital through loans or investments. Therefore, the agenda also included a presentation on financial management for business actors.

The next session was a presentation by the second speaker, Rezki Wulan Ramadhanty, SE., M.Sc., who is an MSME consultant and an entrepreneur/businessperson. In this session, participants were encouraged by the speaker to evaluate their current mindset. As an MSME manager, the speaker recommended adopting a growth mindset. This involves shifting from a fixed mindset to a growth mindset, characterized by thinking openly and continuously evolving to grow. Characteristics of a person with a growth mindset include being willing to take on new lessons and challenges that were previously unfamiliar, being resilient when facing obstacles without complaining, viewing effort as essential to becoming proficient, being open to advice and considering criticism as part of the learning process, and drawing inspiration and lessons from others' successes.

Generally, individuals own MSMEs, so their management process often gets mixed and inseparable. In the second session, the speaker suggested that MSME owners separate personal and business accounts, organize the founder/owner's salary, create business financial reports, and determine appropriate pricing. These recommendations aim to ensure the long-term sustainability of the business. Additionally, the speaker encouraged the MSME managers in the audience to regularly monitor financial conditions, formulate financial goals, manage and plan monthly budgets, focus on business investments, and conduct continuous evaluations. The following is a Figure 2 when the second speaker gave the material.

Figure 2 The second speaker

Evaluation

This community service activity was evaluated by distributing questionnaires to all participants who attended the event. There were three multiple-choice questions with the following answer options: (1) strongly agree, (2) agree, (3) somewhat agree, (4) disagree. The participants' responses to the questionnaire are presented in the following Table 2.

Table 2 Questionnaire results

Question	Responses			
	1	2	3	4
This webinar topic is interesting	72 (62%)	44 (38%)	0 (0%)	0 (0%)
The topic discussed is relevant to the needs	55 (47%)	61 (53%)	0 (0%)	0 (0%)
The topic discussed is easy to understand	47 (41%)	69 (59%)	0 (0%)	0 (0%)

From the first question, 72 participants (62%) strongly agreed that the topic of this activity was interesting, 44 participants (38%) agreed, and none answered somewhat agree or disagree. For the second question, 55 participants (47%) strongly agreed that the topic discussed in this activity was relevant to their needs, 61 participants (53%) agreed, and none answered somewhat agree or disagree. For the final question, 47 participants (41%) strongly agreed that the topic discussed in this activity was easy to understand, 69 participants (59%) agreed, and none answered somewhat agree or disagree. To assess the success of this activity, the community service team randomly selected several participants to answer questions posed by the team, and all selected participants answered correctly. This indicates an increase in participants' knowledge of financial management. All participants who answered correctly received a reward from the community service team as an incentive.

CONCLUSION

Financial literacy becomes a fundamental necessity for proper financial management in high economic uncertainty and volatility. To address these global challenges, UNUSIA organized a community service seminar on the importance of financial literacy. The seminar aimed to provide participants with an understanding of disciplined financial record-keeping, separating personal and business finances, and establishing a strong and protected business foundation. Participants actively formulated strategic financial management, financial statements, and SAK EMKM. This seminar is expected to be one of the solutions and a source of additional knowledge for MSMEs affected by COVID-19, enabling them to become more anticipatory in unpredictable and highly volatile economic conditions. Additionally, MSME actors are expected to implement the financial management strategies taught practically. Future financial literacy community service activities can be more varied and target not only economic actors with financial education backgrounds but also those with non-financial education backgrounds, such as "Finance for Non-Finance." It is also recommended that future activities increase relevance and sustainability and more in-depth evaluations be conducted to assess the level of success both qualitatively and quantitatively.

CONFLICTS OF INTEREST

The authors declare that there is no conflict of interest.

AUTHOR CONTRIBUTIONS STATEMENT

All authors contributed equally to this activity and paper and approved the final paper.

ACKNOWLEDGMENTS

We would like to thank the Accounting Study Program and LPPM Nahdlatul Ulama Indonesia University for supporting this work.

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