



Training on Financial Management and Budget Planning for the Sustainability of MSMEs

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ARTICLE INFO

Keywords: Financial Management, Budget Planning, MSMEs, Sustainability, Cash Flow Management

Received : 30, November

Revised : 14, December

Accepted: 28, December

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ABSTRACT

This community service program aimed to enhance the financial management and budget planning capabilities of Micro, Small, and Medium Enterprises (MSMEs) in the stationery and office supply sector in Cikarang Pusat. The program was conducted over two weeks from August 12 to August 26, 2024, with weekly training sessions held at the business locations of the participants. A total of eight MSME owners actively participated in the training, which focused on key financial management concepts such as cash flow management, expense tracking, and profit analysis. The program utilized a combination of theoretical presentations and practical workshops to ensure the immediate application of the learned skills. The results of the program were highly positive, with significant improvements observed in participants' financial literacy and practical skills. Financial literacy increased from 25% to 87.5%, the ability to create a budget rose from 12.5% to 87.5%, and 75% of participants successfully implemented effective cash flow management practices. The findings underscore the importance of targeted, hands-on training in improving MSMEs' financial practices and supporting their sustainability.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are crucial in driving economic growth and reducing unemployment in developing countries like Indonesia. However, many MSMEs face significant challenges in maintaining financial stability and achieving long-term sustainability. Among these challenges are inadequate financial management skills and the lack of effective budget planning, which can hinder their ability to compete in an increasingly dynamic market. This community service initiative, focuses on addressing these challenges among MSMEs located in Cikarang Pusat, particularly those specializing in the sale of stationery and office supplies (Diatmika et al., 2017); (Utami et al., 2019); (Sari & Yudistira, 2020); (Purba et al., 2024).

This activity is rooted in the phenomenological reality that MSMEs often struggle with basic financial literacy, leading to inefficiencies and a lack of clarity in their operational and strategic decisions. Financial mismanagement and poor budget planning can cause cash flow problems, reduced profitability, and ultimately business failure. By providing practical training and tailored financial management solutions, this program seeks to empower MSMEs with the knowledge and skills needed to improve their financial practices and ensure long-term growth (Adriyanto et al., 2023); (Yulianti & Wulandari, 2023).

The rationale for conducting this community service program stems from the observed gap between the financial needs of MSMEs and their ability to manage resources effectively. MSMEs in Cikarang Pusat, especially those in the stationery and office supply sector, face intense competition from larger businesses and online retailers. Despite their critical role in the local economy, many of these businesses lack structured financial strategies, making it difficult for them to sustain operations and adapt to market changes (Muslim et al., 2024); (Machfuzhoh et al., 2020).

The phenomenological evidence also reveals that MSMEs often operate without proper budgetary control, resulting in inefficiencies such as stock overflows, resource wastage, and difficulty in maintaining working capital. These issues highlight the urgent need for targeted interventions that focus on financial education and capacity-building to support MSME sustainability (Dasman et al., 2023), (Widayanti et al., 2024).

This program contributes significantly to the development of the MSME community by delivering specialized training in financial management and budget planning. One of its key contributions is enhancing financial literacy among participants, equipping them with fundamental knowledge of essential financial management concepts such as cash flow management, expense tracking, and profit analysis. This knowledge empowers MSME owners to make more informed and strategic decisions in their business operations. Additionally, the program emphasizes improved budget planning through hands-on workshops, enabling MSME owners to create effective budgeting strategies that align with their business goals and adapt to changing market conditions.

By adopting sound financial practices introduced in this program, the targeted MSMEs can enhance their operational efficiency and build resilience

against economic uncertainties, promoting sustainability. The program also contributes to theory enrichment by applying financial management theories and practical approaches to address real-world challenges MSMEs face. This application not only provides immediate solutions for the participants but also adds to the understanding of how these theories can be effectively implemented in a small business context.

Furthermore, this initiative focuses on a niche sector—stationery and office supply MSMEs in Cikarang Pusat—that has been relatively underexplored in terms of financial and budgetary practices. By targeting this unique sample, the program generates valuable insights into the financial dynamics of this sector, providing a novel perspective that could inform future research and similar community service initiatives.

This community service program aims to equip MSMEs in Cikarang Pusat with the financial tools and knowledge necessary for sustainable growth. By addressing key challenges in financial management and budget planning, the initiative not only supports individual businesses but also contributes to the broader economic development of the region. Through this training, MSME owners can gain the confidence to manage their finances effectively, ensuring their long-term success in a competitive market environment.

IMPLEMENTATION AND METHODS

The implementation of this community service program was designed with a meticulous approach to ensure that the training was both relevant and impactful for the participants. The program was conducted over a period of two weeks, from August 12 to August 26, 2024, with one session per week. These sessions were organized at the business premises of each participating MSME owner, which allowed the training to be directly relevant to their individual business contexts. By conducting the sessions at their places of business, participants could relate the materials to their specific operational challenges, making the learning process more practical and applicable. This setup fostered a learning environment that was both engaging and hands-on, ensuring that the participants could see immediate improvements in their financial management practices.

The participants of this program consisted of eight MSME owners who operated businesses in the stationery and office supply sector in Cikarang Pusat. These participants were carefully selected based on their willingness to enhance their financial management skills and their commitment to improving the sustainability of their businesses. The group size was intentionally kept small, which facilitated individualized attention, allowed for more interactive engagement, and ensured that each participant had ample opportunity to apply the concepts learned during the sessions.

The service delivery method was a blend of theoretical learning and practical application, making the training both comprehensive and actionable. The first part of each session included a structured presentation that introduced key financial management concepts, such as cash flow management, expense tracking, and profit analysis. These concepts were tailored to the participants'

current levels of financial literacy, ensuring the material was accessible and understandable. Visual aids, such as slides, charts, and simple financial templates, were used to enhance comprehension and provide clear examples of how these concepts apply to their specific businesses.

The second part of each session focused on hands-on activities where participants were encouraged to create and analyze their own financial documents. For example, participants developed personalized budget plans based on their expected income and expenses over the next three months. They also engaged in exercises where they analyzed their current cash flow and forecasted potential financial scenarios to understand the impact of various decisions on their businesses. These activities were designed to be practical, with real-life examples drawn from the stationery and office supply sector, making them directly applicable to their operations.

In addition to the hands-on exercises, the program included interactive discussions and question-and-answer sessions. These discussions allowed participants to address specific challenges they were facing in their businesses. For example, some participants raised concerns about managing inventory costs, while others struggled with managing late payments from customers. These concerns were discussed in-depth, and practical strategies were provided to help participants address these issues. By incorporating these personalized elements, the program became more than just a theoretical exercise; it was a tailored solution to the real-world challenges faced by MSMEs in the stationery and office supply sector.

Moreover, the program utilized case studies and examples from similar businesses within the sector. These case studies illustrated how other small businesses had successfully applied financial management techniques to improve their profitability and sustainability. By reviewing these examples, participants were able to see the potential benefits of adopting sound financial practices, motivating them to implement similar strategies in their own businesses.

Throughout the two-week program, there was continuous feedback and support for the participants. Facilitators conducted site visits between sessions to observe how the participants were implementing the concepts learned and offered personalized feedback to help improve their financial practices. This continuous support was essential for reinforcing the learning and ensuring the participants were on the right track in applying what they had learned.

In summary, the implementation method successfully integrated both theoretical knowledge and practical skills. This approach not only helped participants improve their financial literacy but also empowered them to take actionable steps towards better financial management and budget planning. The interactive nature of the program, along with the use of case studies, real-life examples, and ongoing support, ensured that the training was directly applicable to their business realities. By providing personalized and context-specific solutions, the program significantly contributed to enhancing the financial management practices of MSMEs in Cikarang Pusat, ultimately supporting their long-term sustainability and growth.

RESULTS AND DISCUSSION

The financial management and budget planning training program for MSMEs in Cikarang Pusat was successfully implemented through a series of structured activities. Each step of the process was designed to address the unique challenges faced by MSMEs in the stationery and office supply sector, ensuring the practical application of the training materials to their daily business operations. Below is a detailed account of the steps undertaken and the results achieved.

Steps of Implementation

1. Initial Assessment

The program began with an initial assessment of the participants' financial management practices. This assessment was conducted through interviews and a simple diagnostic survey to identify gaps in knowledge and areas of improvement. The findings revealed that most participants lacked structured budget plans and faced challenges in tracking expenses and managing cash flow.

2. Session 1: Financial Management Basics

The first session, held on August 12, 2024, focused on fundamental financial concepts. Topics included the importance of maintaining proper financial records, understanding revenue streams, and categorizing expenses. Participants practiced recording daily transactions using templates provided during the session.

3. Session 2: Budget Planning and Cash Flow Management

In the second session, conducted on August 19, 2024, participants were introduced to budget planning techniques. The training covered the development of monthly budgets, strategies for minimizing unnecessary expenses and forecasting cash flow. Participants created draft budget plans based on their business activities, which were reviewed and refined with guidance from the facilitators.

4. Follow-Up and Personalized Feedback

Between sessions, facilitators visited each participant at their business locations to observe the implementation of the techniques learned. This approach allowed for personalized feedback and adjustments to their financial practices, ensuring that the training materials were effectively applied.

Results and Outcomes

The program achieved significant results in improving participants' financial management skills and practices. Below are the key outcomes:

1. **Increased Financial Literacy:** All eight participants demonstrated an improved understanding of cash flow management, expense tracking, and profit analysis. Post-training evaluations showed that 87.5% of participants could independently prepare and manage a basic budget compared to 25% during the initial assessment.
2. **Adoption of Budget Planning:** Seven out of eight participants successfully created detailed budget plans for their businesses. These

- plans included clear revenue and expense projections for the next three months, with contingency allocations for unexpected expenses.
3. Enhanced Operational Efficiency: Participants reported a reduction in unnecessary expenses and better control over their cash flow within two weeks of applying the training methods. One participant shared that implementing a budget helped avoid overstocking inventory, which had previously been a recurring issue.
 4. Practical Application of Knowledge: The program’s hands-on approach allowed participants to apply theoretical concepts directly to their business contexts. This practical application ensured that the training was relevant and immediately beneficial.

Table 1: Improvement in Financial Management Skills and Practices Among MSME Participants

Indicator	Initial Assessment (%)	Post-Training (%)
Financial Literacy (basic knowledge)	25%	87.5%
Ability to Create a Budget	12.5%	87.5%
Effective Cash Flow Management	0%	75%

Source: Community Service Team, 2024

The table illustrates the significant improvements in key financial management skills and practices among MSME participants following the training program.

1. Financial Literacy (Basic Knowledge)

At the start of the program, only 25% of participants demonstrated a foundational understanding of financial management concepts such as cash flow tracking, expense categorization, and profit analysis. After completing the training sessions, 87.5% of participants displayed a solid grasp of these essential concepts, indicating a substantial enhancement in their financial literacy levels. This improvement was attributed to the structured presentation of basic financial principles during the first training session.

2. Ability to Create a Budget

Before the training, only 12.5% of participants could independently develop a budget plan. By the end of the program, this figure rose dramatically to 87.5%. The training's focus on practical, hands-on activities enabled participants to draft realistic and detailed budgets tailored to their business needs. The follow-up support provided during site visits helped refine these plans and ensured their feasibility.

3. Effective Cash Flow Management

Initially, none of the participants practiced effective cash flow management, as evidenced by the absence of systematic tracking and forecasting methods. Post-training, 75% of participants successfully implemented cash flow management strategies, such as monitoring daily transactions and planning for cash inflows and outflows. This outcome highlighted the

program's effectiveness in addressing one of the most critical challenges faced by MSMEs.

The data in Table 1 underscores the program's success in equipping participants with the knowledge and tools necessary to manage their finances more effectively. These improvements reflect not only the participants' enhanced skills but also the practical applicability and relevance of the training materials to their business operations.

Discussion

The results indicate that targeted financial training can significantly improve MSMEs' ability to manage their finances and plan budgets effectively. The hands-on and context-specific approach was instrumental in ensuring participant engagement and practical application. The use of real-life examples and follow-up visits played a critical role in solidifying the concepts learned during the sessions.

While the program was successful, it also highlighted the need for ongoing support and monitoring to sustain the improvements made. Future programs could incorporate digital tools, such as financial management apps, to enhance the ease and efficiency of financial planning for MSMEs.

Overall, this initiative demonstrated the effectiveness of tailored financial training in empowering MSMEs to achieve greater financial stability and operational efficiency, contributing to their long-term sustainability.



Source: Community Service Team, 2024
Figure 1. Photo of Community Service Activities

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The financial management and budget planning training program for MSMEs in Cikarang Pusat successfully achieved its objectives of improving financial literacy, enhancing budgeting skills, and promoting sustainable financial practices among participants. The program's hands-on, tailored approach effectively addressed the unique challenges faced by MSMEs in the stationery and office supply sector. Key outcomes included a significant increase in participants' ability to create and implement budgets, an improved understanding of cash flow management, and the adoption of strategies to enhance operational efficiency.

Participants demonstrated remarkable progress, with financial literacy increasing from 25% to 87.5%, and the ability to create a budget rising from 12.5% to 87.5%. Furthermore, 75% of participants successfully implemented effective cash flow management techniques. These results indicate that targeted training and personalized guidance can empower MSMEs to strengthen their financial practices, ensuring greater business sustainability.

Recommendations

1. Ongoing Monitoring and Support

To sustain the improvements made during the training, periodic follow-up sessions should be conducted. These sessions can provide participants with additional support, address emerging challenges, and reinforce the application of learned concepts.

2. Integration of Digital Tools

Introducing participants to user-friendly financial management software or mobile applications could further enhance their ability to track expenses, manage budgets, and forecast cash flow efficiently.

3. Expansion of the Program

The success of this program highlights its potential for replication in other sectors or regions. Expanding the initiative to include MSMEs in other industries could broaden its impact and contribute to the overall development of the MSME sector in Indonesia.

4. Advanced Training Modules

Offering advanced financial management training, including topics like investment planning, debt management, and financial risk mitigation, could further build the capacity of MSME owners to navigate complex financial scenarios.

5. Collaboration with Stakeholders

Partnering with local government agencies, financial institutions, and business associations could provide additional resources and expertise to enhance the program's reach and effectiveness.

This program has demonstrated the transformative impact of tailored financial training for MSMEs. By addressing fundamental challenges in financial management and budget planning, the initiative has empowered participants to build more sustainable businesses. Implementing the recommended actions will ensure the long-term success of this program and

further contribute to the development of the MSME community in Cikarang Pusat and beyond.

ACKNOWLEDGMENT

I would like to extend my sincere gratitude to all those who contributed to the successful implementation of the "Training on Financial Management and Budget Planning for the Sustainability of MSMEs" program in Cikarang Pusat. First and foremost, I would like to thank the MSME owners in the stationery and office supply sector for their active participation and commitment to improving their financial practices. Without their willingness to learn and apply new financial strategies, this program would not have been possible.

I would also like to express my deep appreciation to my colleagues and collaborators who provided invaluable suggestions and support throughout the planning and execution phases of the program. Their expertise and insights helped shape the training materials and ensured that the content was both relevant and accessible to the participants.

A special thank you goes to the financial institutions and local organizations that supported the program. Their financial assistance made it possible to carry out this initiative and reach MSMEs in need of capacity-building in financial management.

Lastly, I would like to acknowledge the support of my team, whose dedication and effort in delivering the training sessions, providing one-on-one assistance, and monitoring the progress of the participants were crucial to the success of this program.

Once again, thank you to all who contributed to this meaningful community service project. Your support has played an essential role in empowering MSMEs and enhancing their potential for sustainable growth.

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