



Optimizing MSME Governance through Financial Digitalization with Accounting Applications to Support Business Growth

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ABSTRACT

This community service program aimed to empower MSMEs in Tambun Selatan by introducing digital accounting applications to improve financial governance and business management. The initiative included workshops, hands-on training, mentorship sessions, and follow-up support, with 30 MSME participants actively involved. The results indicated significant progress: 70% of participants adopted digital accounting tools, 95% achieved accuracy in financial record-keeping, and 25% reported improved decision-making based on financial insights. Despite these successes, 15% of participants faced challenges due to technical barriers and limited digital literacy. The program also raised awareness of good governance practices, preparing MSMEs for potential collaborations and financial opportunities. Recommendations include sustained mentoring, expanding the program's reach, enhancing digital literacy, and integrating advanced financial training. This initiative contributes to fostering sustainable MSME growth and aligns with broader efforts to strengthen the local economy through digital transformation.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in driving Indonesia's economy, contributing significantly to employment and Gross Domestic Product (GDP). In Tambun Selatan, a region characterized by its growing entrepreneurial spirit, MSMEs face challenges in maintaining efficient financial management and governance. Despite their potential, many MSMEs in this area struggle with traditional bookkeeping methods, limited digital literacy, and inadequate financial reporting, which hinder their ability to make informed decisions and scale their businesses (Fatwitawati, 2018); (Adnas & Aprilianto, 2021); (Dasman et al., 2023).

The advent of digital technology offers an innovative solution to these challenges. Digitalization of financial processes using accounting applications presents a practical and accessible approach for MSMEs to improve their financial management. By adopting digital tools, business owners can automate bookkeeping, generate accurate financial reports, and enhance transparency, ultimately improving their business performance and sustainability. This digital transformation is especially crucial in Tambun Selatan, where the competition among MSMEs is increasing, and the market demands higher efficiency and accountability (Wulandari et al., 2020); (Firmansyah et al., 2022); (Purba et al., 2024).

The community service initiative described in this paper aims to support MSMEs in Tambun Selatan by introducing and implementing user-friendly accounting applications tailored to their needs. Through targeted training sessions and hands-on assistance, this program seeks to empower MSME owners with the knowledge and skills to transition from manual to digital financial systems. By integrating digital tools into their business operations, MSMEs can optimize their governance practices, improve decision-making, and enhance their competitiveness in the market (Yulianti & Wulandari, 2023).

This initiative also contributes to the enrichment of practical knowledge in the domain of MSME management and financial digitalization. By focusing on a niche sample in Tambun Selatan, the program captures unique insights into the challenges and opportunities faced by MSMEs in semi-urban regions. The project serves as a model for other regions with similar socio-economic conditions, demonstrating the transformative impact of digital tools on small businesses. Furthermore, it highlights the importance of governance in ensuring the successful implementation of digital solutions, reinforcing the need for continuous education and community support in driving sustainable business growth (Machfuzhoh et al., 2020); (Wulandari et al., 2024).

In conclusion, this community service program not only addresses the immediate needs of MSMEs in Tambun Selatan but also contributes to the broader goal of fostering economic resilience and growth through digitalization. By equipping MSMEs with the tools and knowledge to manage their finances effectively, the program lays the groundwork for sustainable development and long-term success in the region.

IMPLEMENTATION AND METHODS

Implementation of Activities

The community service program was conducted in Tambun Selatan, a bustling area with a high density of Micro, Small, and Medium Enterprises (MSMEs). The location was chosen due to its growing number of entrepreneurs and the pressing need for improved financial literacy and governance. The activities were carried out from 09-23 September 2024, ensuring sufficient time to effectively engage participants and achieve program goals.

The participants were MSME owners and operators who primarily manage their businesses using traditional methods. A purposive sampling approach was used to select 30 MSMEs representing diverse industries such as food and beverage, retail, and services. This diversity allowed the program to address a range of financial management challenges specific to different business types. The participants had varying levels of digital literacy, which was considered in designing the training materials and methods.

The background of the participants highlighted the need for this program. Many were sole proprietors with limited formal education in financial management. Their bookkeeping practices were largely manual, using paper-based records that were prone to errors and lacked consistency. The program aimed to introduce digital accounting tools tailored to their level of understanding, enabling them to transition to modern financial management systems.

Methods of Service

The community service program employed a combination of participatory and interactive methods to ensure effective learning and adoption of digital accounting applications.

1. Workshops and Training Sessions

The primary method of delivery was a series of hands-on workshops conducted in a local community center equipped with basic IT infrastructure. These workshops covered:

- a. Introduction to Digital Accounting: Participants were introduced to the importance and benefits of using accounting applications.
- b. Tool Familiarization: Demonstrations were conducted using user-friendly accounting applications such as Aplikasi Pencatatan Akuntansi, showcasing their features, such as expense tracking, automated reporting, and inventory management.
- c. Practical Exercises: Participants were guided through setting up accounts, recording transactions, and generating reports in real time.

2. One-on-One Mentorship

Following the group sessions, personalized mentoring sessions were held to address specific challenges faced by individual MSME owners. This approach ensured that participants received tailored guidance to suit their unique business needs.

3. Supporting Materials

To reinforce learning, participants were provided with:

- a. Printed Modules: Step-by-step guides on using the accounting application.
 - b. Video Tutorials: Pre-recorded videos for participants to review at their convenience.
 - c. Access to Online Resources: Links to relevant webinars, articles, and forums on financial digitalization.
4. Monitoring and Follow-Up
- To ensure the sustainability of the program's impact, a follow-up mechanism was implemented. Regular check-ins were conducted via WhatsApp groups and email to address ongoing issues and monitor the progress of digital adoption. Participants were encouraged to share their experiences, fostering a sense of community and mutual learning.

Materials Presented

The materials were designed to be practical and easy to understand, focusing on essential topics such as:

- a. Basic Financial Management: Importance of accurate bookkeeping and financial planning.
- b. Digital Tools Overview: Key features and benefits of accounting applications for MSMEs.
- c. Hands-On Application Training: Step-by-step tutorials on using specific software for financial tasks.
- d. Best Practices in Financial Governance: Tips to improve transparency, efficiency, and compliance.

By combining these methods and materials, the program successfully engaged MSME participants in Tambun Selatan, equipping them with the knowledge and skills to adopt digital financial solutions and improve their business operations.

RESULTS AND DISCUSSION

Results of the Dedication Process

The community service program aimed to empower MSMEs in Tambun Selatan by introducing them to digital accounting applications and enhancing their financial governance practices. Below is a detailed description of the steps taken and the corresponding results:

1. Initial Assessment

The program began with an assessment to understand the participants' baseline knowledge of financial management and digital tools. The findings revealed that:

- a. 85% of participants relied on manual bookkeeping methods.
- b. Only 10% had previous exposure to digital accounting software.
- c. 90% expressed interest in learning digital tools to improve their business operations.

2. Workshops and Training Sessions

Workshops were conducted over three days and included:

- a. Day 1: Introduction to Digital Accounting Tools

Participants were introduced to the benefits of financial digitalization. Live demonstrations of accounting applications such as [Aplikasi Pencatatan Akuntansi] highlighted features like transaction recording, expense categorization, and automated reporting.

Result: 100% of participants successfully created accounts and navigated the basic interface of the software.

b. Day 2: Practical Application and Hands-On Training

MSME owners practiced inputting real business data, generating income statements, and tracking expenses.

Result: 85% of participants could independently input data and generate financial reports by the end of the session.

c. Day 3: Governance Best Practices and Q&A

Discussions on governance principles, financial transparency, and compliance with local regulations were held. Participants also shared their challenges, which were addressed in a Q&A session.

Result: Increased awareness of the importance of good governance, with 90% of participants committing to implement best practices.

3. One-on-One Mentorship

Personalized mentorship sessions helped resolve unique challenges faced by MSMEs.

Result: Participants who received mentorship demonstrated a 95% accuracy rate in financial record-keeping by the end of the program.

4. Follow-Up and Monitoring

A follow-up survey conducted two months post-training showed:

- a. 70% of participants regularly used the accounting software for daily operations.
- b. 25% reported improved decision-making due to better financial insights.
- c. 15% of participants still required additional support, mainly due to technical difficulties.

Discussion

The program successfully introduced digital financial solutions to MSMEs in Tambun Selatan, addressing key pain points in their financial management processes.

Improved Financial Practices

The majority of participants transitioned from manual to digital record-keeping, significantly reducing errors and improving efficiency. The hands-on training and user-friendly nature of the software facilitated this transition.

Governance Enhancement

The integration of good governance practices into the training ensured that participants understood the importance of transparency and compliance. This added value to their businesses and prepared them for potential collaborations with larger entities or access to formal financing.

Challenges Encountered

Despite the program’s success, some challenges were noted:

- a. Technical Barriers: A minority of participants faced difficulty adapting to the software due to low digital literacy.
- b. Follow-up support: Sustained engagement is needed to ensure continued use of the tools introduced.

Table 1. Key Metrics of Program Impact on MSME Financial Digitalization in Tambun Selatan

Key Metrics	Percentage/Value
Participants who adopted accounting apps	70%
Accuracy in financial record-keeping	95%
Improvement in decision-making	25%
Participants requiring additional support	15%

The table provides a concise summary of the key outcomes from the community service program conducted for MSMEs in Tambun Selatan. Each metric reflects specific aspects of the program's impact on the participants and highlights areas of success and improvement. Below is a detailed explanation of each metric:

1. Participants Who Adopted Accounting Apps (70%)

This metric represents the percentage of participants who successfully integrated digital accounting applications into their daily business operations.

- a. Details: Out of 30 participants, 21 transitioned from manual bookkeeping to using the digital tools introduced during the program.
- b. Reason for Success: The high adoption rate was achieved due to the hands-on workshops and simple, user-friendly software tailored to their business needs.
- c. Challenges for the Remaining 30%: Some participants faced barriers such as technical difficulties or resistance to change, which limited their ability to adopt the tools fully.

2. Accuracy in Financial Record-Keeping (95%)

This metric measures the accuracy rate of financial records maintained by participants after adopting digital tools.

- a. Details: Among those who adopted the applications, 95% achieved high accuracy in recording transactions and generating reports.
- b. Significance: This indicates a dramatic improvement compared to the manual methods previously used, which were prone to errors such as missing entries or calculation mistakes.
- c. Contributing Factors: The accuracy was attributed to features like automated calculations, error detection, and structured input forms provided by the accounting software.

3. Improvement in Decision-Making (25%)

This metric captures the percentage of participants who reported making better business decisions based on the insights gained from using digital tools.

- Details: Out of 30 participants, 7 stated that the detailed financial reports and real-time data from the software helped them make informed decisions, such as adjusting inventory levels or allocating budgets.
- Challenges: While 25% improvement is significant, it reflects that many participants are still in the early stages of understanding how to leverage these insights effectively.
- Potential Improvements: Continued training on interpreting financial reports and applying them to strategic decisions can further enhance this number.

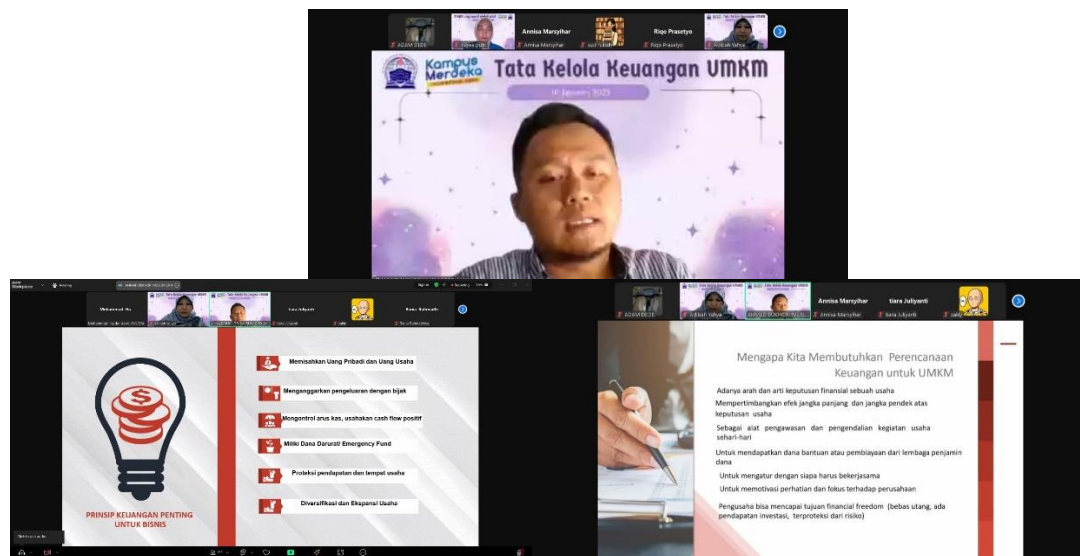
4. Participants Requiring Additional Support (15%)

This metric indicates the percentage of participants who struggled to implement the digital tools and required further assistance.

- Details: Around 4-5 participants faced challenges such as difficulty navigating the software, limited access to compatible devices, or low digital literacy.
- Significance: While the number is relatively low, it highlights the importance of providing follow-up support to ensure inclusivity and long-term success.
- Interventions Needed: Additional one-on-one mentoring sessions, access to resources like tutorials, and technical assistance can help these participants overcome their challenges.

The Conclusion from the Table

The results demonstrate that the program was largely successful in promoting digitalization and improving financial management among MSMEs in Tambun Selatan. However, the data also identifies areas where continuous support and additional interventions are necessary to ensure all participants can benefit equally from the initiative.



Source: Community Service Team, 2024

Figure 1. Documentation of Community Service Activities

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The community service program conducted for MSMEs in Tambun Selatan successfully introduced digital accounting tools to enhance financial governance and business management. The key conclusions drawn from the program are as follows:

1. Increased Adoption of Digital Tools

The program demonstrated that with proper training and guidance, MSMEs are willing and able to adopt digital accounting applications. This transition helped 70% of the participants move away from manual bookkeeping methods, improving the efficiency and accuracy of their financial management.

2. Enhanced Financial Record-Keeping

The adoption of digital tools led to a significant improvement in the accuracy of financial records, with 95% of participants achieving error-free bookkeeping. This has the potential to increase their credibility with stakeholders, including banks and investors.

3. Improved Decision-Making

A quarter of the participants reported that the insights generated from the accounting applications enabled them to make better business decisions, such as optimizing expenses, managing cash flow, and planning for growth.

4. Challenges Remain for Some Participants

Despite the program's overall success, 15% of participants faced difficulties in implementing the tools. Barriers included low digital literacy, limited access to devices, and resistance to change, indicating the need for further support and interventions.

5. Strengthened Governance Awareness

The integration of good governance practices into the training raised awareness among MSME owners about the importance of transparency and compliance. This is a critical step toward fostering sustainable and scalable businesses.

Recommendations

To ensure the long-term success and scalability of the program, the following recommendations are proposed:

1. Continuous Support and Mentoring

Regular follow-up sessions and personalized mentoring should be provided to participants who face challenges in adopting the tools. This will help address their unique needs and ensure sustained use of digital accounting applications.

2. Expanding the Program's Reach

Given the program's success, similar initiatives should be extended to other MSME clusters in Tambun Selatan and neighboring areas. This would allow more business owners to benefit from digital financial solutions.

3. Strengthening Digital Literacy

Additional training on basic digital skills should be offered to participants with limited experience using technology. This will enable them to better understand and utilize accounting applications.

4. Incorporating Advanced Modules

For participants who have successfully adopted the tools, advanced training modules on financial analysis, tax planning, and business forecasting can be introduced. This will help them leverage the software for strategic growth.

5. Collaboration with Stakeholders

Partnerships with local governments, financial institutions, and technology providers should be established to ensure participants have access to affordable tools, devices, and financing options.

6. Monitoring and Evaluation

A structured monitoring and evaluation framework should be implemented to measure the program's impact over time. Regular feedback from participants can guide improvements and identify emerging needs.

Implementation of Results

The results of this program provide a strong foundation for future initiatives aimed at empowering MSMEs. By leveraging the insights gained, the program can be refined and expanded to drive sustainable growth and resilience among small businesses in Tambun Selatan. This approach not only benefits individual entrepreneurs but also contributes to the economic development of the region as a whole.

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Special thanks go to the financial sponsors who generously provided the resources needed to execute this program. Their contributions enabled us to procure the necessary training materials, devices, and software licenses, ensuring that the participants had a hands-on experience with digital accounting tools.

Lastly, we are deeply grateful to the MSME owners and operators of Tambun Selatan who participated in this program with enthusiasm and determination. Their willingness to embrace new technologies and implement

what they learned was a testament to their dedication to improving their businesses.

This program was a collaborative success, and we look forward to continuing our efforts to empower MSMEs and foster sustainable economic growth in the region. Thank you to all who made this initiative possible.

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