

**ECONOMIC EMPOWERMENT OF THE COMMUNITY THROUGH  
OPTIMIZING THE UNDERSTANDING OF FINANCIAL STATEMENTS  
(MSMEs BOJONGSOANG VILLAGE BANDUNG)**

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**Abstract**

Financial recording and reporting training is expected to be able to overcome internal problems related to accountability that are often faced by MSMEs. The right assistance will help MSMEs to develop, from micro, small, to medium scale, can even be the forerunner of the emergence of large-scale industry. This research was conducted on MSMEs who are members of the "Someah" community, Bojongsoang Village, Bandung Regency, West Java Province, the majority of which are engaged in food and beverage, as well as handicrafts. The purpose of this study is to assist MSME partners in understanding the importance of recording financial statements, and analyzing financial statements. The research method used is descriptive qualitative. The results showed that in general, MSME actors in Bojongsoang Village did not have good and correct accounting and bookkeeping knowledge. However, with this assistance, participants understand more about accounting and recording financial statements better.

***Keyword: MSME, financial report recording, financial statement analysis.***

**1. INTRODUCTION**

Micro, Small and Medium Enterprises (MSMEs) make a crucial contribution to the Indonesian economy. The three main roles of MSMEs are; (1) absorb labor and expand employment opportunities, (2) the formation of Gross Domestic Product (GDP) and (3) provide opportunities, especially for low-income people to carry out productive economic activities (Bappenas, 2020). The Ministry of Cooperatives and SMEs of the Republic of Indonesia stated that of a total of 62.9 million units of business actors in Indonesia, 99.99% of them are MSMEs which absorb around 97% of the national workforce in Indonesia. The overall economic activity of MSMEs contributes around

60% to Indonesia's total Gross Domestic Product or around IDR 8,160 trillion per year (UMKM Indonesia, 2019).

Badan Pusat Statistik (BPS) (2020) recorded three non-agricultural MSE business fields in West Java Province where the number of business actors ranked at the top. This business is also able to absorb workers in West Java Province of more than 9.7 million people, which is around 74.07% of the total non-agricultural workforce. The three business fields are; (1) wholesale and retail trade, (2) provision of accommodation and provision of food and beverages, and (3) processing industry. There are around 3.4 million MSME business actors, the majority of whom are engaged in 5 processing industries, 44.9% in the food and beverage sector; 19.9% in the wood and woven crafts sector, 14.4% in the textile and apparel sector; 6.9% in non-metallic minerals; and 3.5% in the furniture sector.

As shown in the MSME data in West Java Province, MSME actors who are members of the “Someah” community in Bojongsoang Village are also mostly engaged in the food and beverage processing industry, as well as in the handicraft sector. Bojongsoang Village is located in Bojongsoang District, Bandung Regency, West Java Province, directly adjacent to Bandung City in the south. Located in a strategic location close to the Buah Batu toll road access, it provides a great opportunity for business actors to market their products at various souvenir shops along the Buah Batu canal.

The right assistance will help MSMEs to develop, from micro, small, to medium scale, it can even become the forerunner of the emergence of a large-scale industry if it is consistently managed properly and professionally. MSME actors, especially MSMEs in Bojongsoang Village are encouraged to continue to innovate through digital platforms. In 2017 Bojongsoang Village has been designated by PT Telekomunikasi Indonesia Tbk as a digital village. During the COVID-19 pandemic, digitalization is an effective way to improve the performance of MSMEs. Training on financial recording and reporting using smartphones in the “someah” MSME community of Bojongsoang had been successfully carried out previously in 2020 by the PKM team consisting of 6 lecturers and 5 students from the Accounting Study Program at Bandung Islamic University.

One of the internal problems faced by MSMEs is accountability (Burger, et al, 2015), so training in financial recording and reporting is expected to overcome this

problem. However, it is necessary to ensure that users fully understand the benefits of financial statements for business development, so that business actors will be motivated to consistently practice them. Based on the analysis of the situation and the audience in the MSME community of Someah Bojongsoang, it was concluded that partners have not been consistent in carrying out financial recording and reporting, even though they have used simple accounting application tools. The reason is the inability to process the financial information that is owned optimally, so that the financial statements that have been prepared feel minimal benefit.

Research by Widiastoeti & Sari (2020), Dipayanti et. al, (2020) states that the obstacle for MSME actors in compiling SAK EMKM-based financial reports is the human resource factor. Bookkeeping is considered complicated and difficult due to limited understanding in preparing financial reports, therefore it is necessary to provide assistance and training in the application of simple methods used in preparing financial reports. Simple bookkeeping is very important for business progress, one of the causes of MSMEs being difficult to develop is a poor accounting system (Manoppo & Pelleng, 2018).

Economic empowerment through simple financial reporting training provides good results for increasing MSME businesses (Hadziq & Nafis, 2017). Training and assistance in the preparation of MSME financial reports in Blitar City improves the ability of participants to apply simple bookkeeping management and is able to prepare financial reports independently (Istanti et. al, 2020). Wibawa et. al, (2019) provided training and assistance to MSME actors in Surabaya, and the results had a positive impact on MSMEs, including; (1) the ease of knowing profits quickly and precisely; (2) business progress that can be measured; (3) future business planning tools; and (4) as a solid basis in making business decisions.

## **2. IMPLEMENTATION METHOD**

Community service activities in the form of training are carried out in a hybrid manner, namely online through the WhatsApp (WA) group application and offline, namely face-to-face training for 1 meeting with health protocol discipline. The activity was held on Saturday, March 27, 2021 at the Bojongsoang Village Office, Bandung Regency. Following are the stages of PKM activities below:

### ***Preparation Phase***

At this activity stage, data collection related to the potential and problems of PKM partners is carried out, including:

- a. Discussion with the MSME coordinator in Bojongsoang village regarding real problems that occur in the field regarding financial records.
- b. Create a whatsapp (WA) group.
- c. Preparation and collection of pre-test questionnaires.

### ***Module Development Stage***

At this stage of the activity, a simple module was compiled entitled the use of financial reports in making business decisions for MSMEs.

- a. An explanation of the importance of recording to support the management of business units.
- b. An explanation of how to read and analyze financial statements.
- c. Explanation of business decisions that can be made by utilizing financial information.
- d. Explanation of the determination of the cost of production and the right selling price.
- e. An explanation of the measurement of financial health for decisions to increase capital or debt.

### ***Training Stage***

At this activity stage, mentoring training is carried out in optimizing the use of financial reports for business decisions.

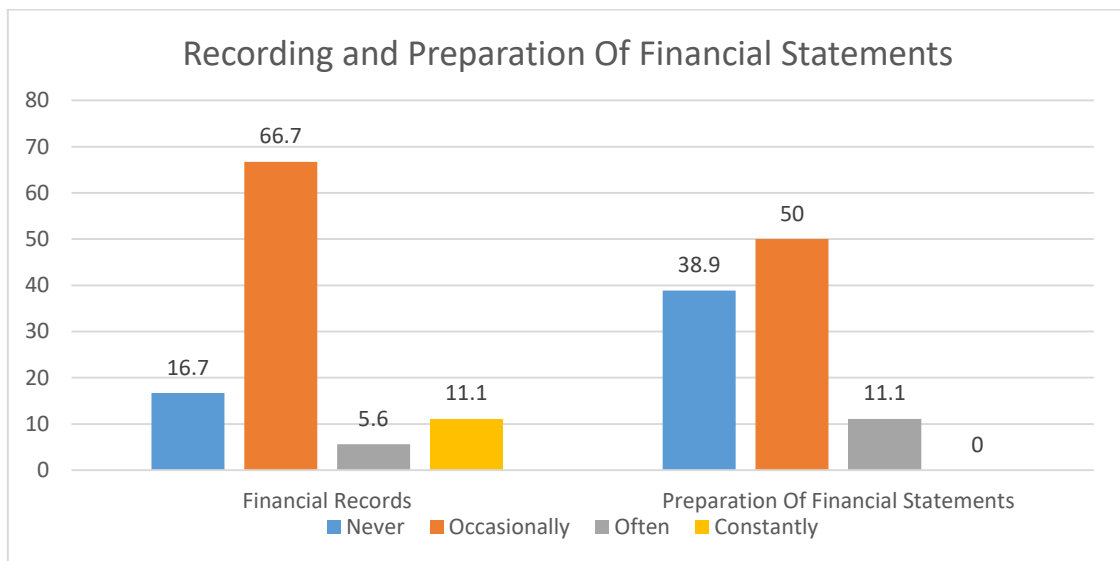
- a. Offline training on Saturday, March 27, 2021 at 08.30-12.00 at the Bojongsoang Village Office.
- b. Online mentoring for 2 weeks before and after the activity.
- c. Distribution and collection of pre-test and post-test questionnaires.

## **3. RESULTS AND DISCUSSION**

The results of Community Service activities "Assisting the Optimization of Financial Statements as a Business Decision Making Tool for MSMEs in Bojongsoang Village, Bandung" can be described as follows:

**Activity Participants**

The financial report preparation training activity was attended by 18 participants with quite diverse types of businesses, the majority of which 55.56% had a snack food business, 27.78% a culinary business, 11.1% in the craft sector. ), and the remaining 5.56% have a type of business in the beverage sector. The length of business owned by the training participants are; as many as 11.1% less than 2 years, as many as 66.7% have been in business for 2 to 5 years, and 22.2% more than 5 years.



Source: Data Processed, 2021

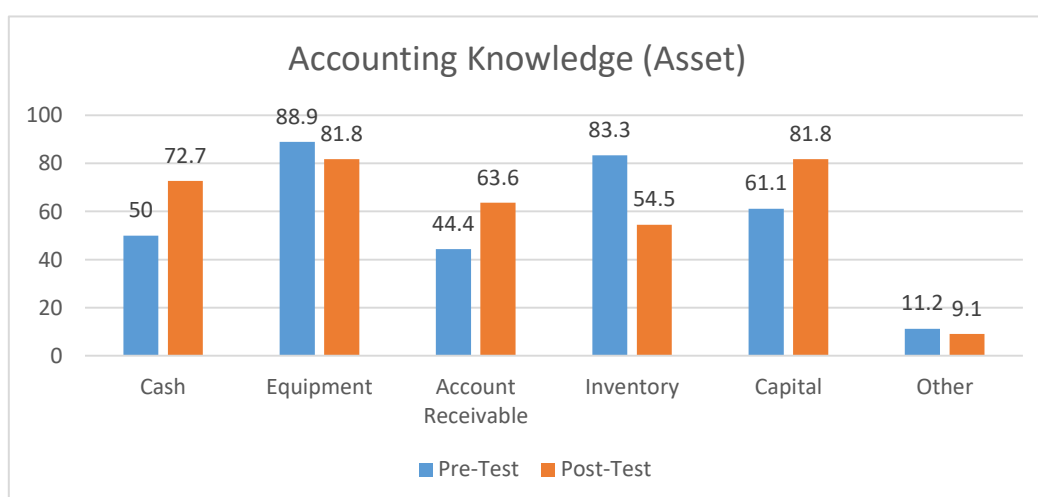
**Figure1. Recording And Preparation Of Financial Statements**

Analysis of the participants' initial data, from table 1 above, it can be seen that 66.7% of participants have not been consistent in recording business finances and 50% have not been consistent in preparing financial statements. There were various obstacles faced by participants, most of them (55.6%) did not understand how to properly record and compile financial reports. Therefore, training on recording and preparing Financial Statements is very appropriate to carry out, considering that financial statements are a form of delivering accounting information to find out how the financial position and performance of a business are.

### ***Pre-Test and Post-Test***

*Pre-test* carried out to determine the level of understanding of participants on the benefits of recording and preparing financial reports before the training material is given. While the post-test was conducted as an evaluation material to assess the condition of the participants' understanding after the training was given. In terms of quantity, there was a reduction in the number of participants who filled out the post-test, which was only 11 people, out of 18 participants who filled out the pre-test.

Overall, the results of the training were very satisfying, because participants who initially did not understand the recording and preparation of financial reports became more aware of the recording and preparation of financial reports. For more details, the results of the PKM "Assistance on Optimizing Financial Reports as a Business Decision Making Tool for MSMEs in Bojongsoang Village" can be seen in the analysis of the following pre-test and post-test results:

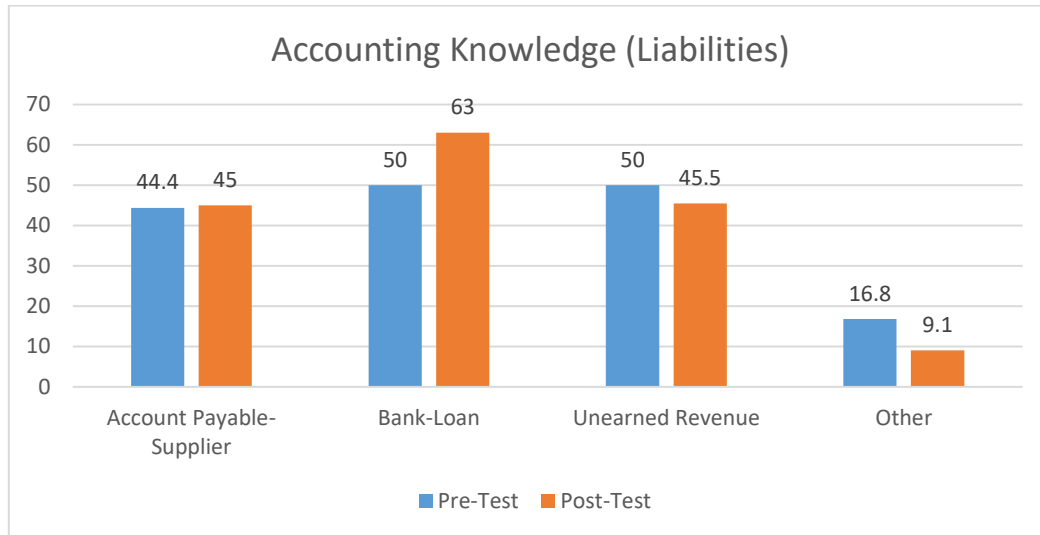


Source: Data Processed, 2021

**Figure 2. Accounting Knowledge (Asset).**

Based on the comparison of the results of the pre-test post-test on questions about knowledge of the accounting classification of "Company Assets" it was found that the understanding of participants was increasing, this was seen in the increase in the number of correct answers, participants who chose "Cash" increased by 22.7% and participants who chose "Accounts Receivable" increased by 19.2%. On the other hand, there was a decrease in the number of correct answers for "Equipment" by 7.1%, "Inventory of Raw Materials" by 28.8% and "Capital" by 20.7%. This means that there

are still a number of participants who are confused about defining the concept of "Assets" in business terms. But on the other hand, participants were able to add other examples included in the definition of "Property" belonging to the company,

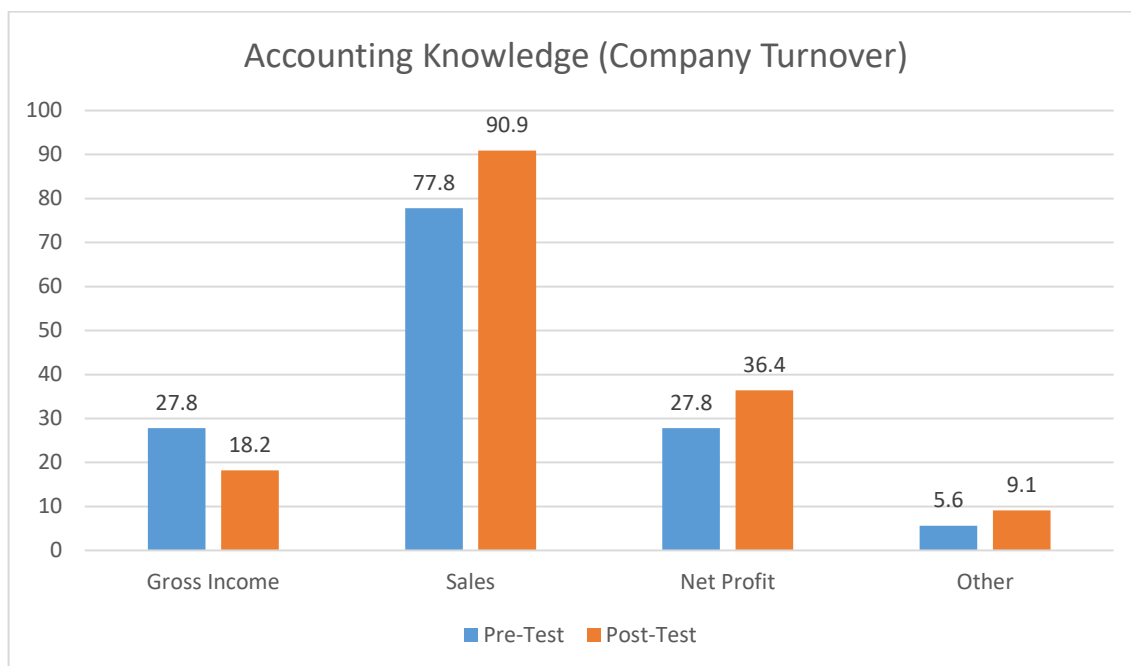


Source: Data Processed, 2021

**Figure 3. Accounting Knowledge (Liabilities).**

Furthermore, the results of the pre-test and post-test on the question of knowledge of the accounting classification of "Company Liabilities", participants' understanding increased in some of the types of obligations that were exemplified. In table 3, participants who chose "Account Payable to Supplier" as the company's liability increased to 45%, and participants who chose "Debt to Lenders (bank-loan)" as the company's liability increased to 63%. Meanwhile, the participants who chose "Uearned Revenue" remained mostly consistent in their answers, which amounted to 45.5%. Based on the accounting knowledge about "Company Liabilities", it can be concluded that the participants have previously understood the accounting classifications included in the category of corporate liabilities.

Table 4 below shows the results of the pre-test and post-test regarding the classification of "Company Turnover". The majority of PKM participants answered that what is meant by company turnover is total sales, both during pre-test and post-test, and there was an increase of 13.1% of participants who answered correctly.



Source: Data Processed, 2021

**Figure 4. Accounting Knowledge (Company Turnover).**

While accounting knowledge regarding gross profit calculation, there were 36.4% of participants who gave correct answers during the post-test, much more than the pre-test which was only around 33.3%. Furthermore, accounting knowledge about calculating net income also increased, more than 60% answered correctly. Understanding of retained earnings has also increased, as evidenced by the participants' open answers stating that after the training, they understand more about accounting knowledge. Participants also stated that the recording and preparation of financial statements is very important to do.

The following documentation is proof of the enthusiasm of MSME participants as PKM partners for the Accounting Study Program at the Islamic University of Bandung during the activity. Participants already have a better understanding of the accounting cycle, read financial information, calculate the cost of production according to the material that has been presented. The results of this PKM are in accordance with the results of community service activities that have been published by Widiastoeti et. al, (2020), Dipayanti et. al, (2020), Manoppo & Pelleng (2018), Hadziq & Nafis (2017), Istanti et. al, (2020). ), and Wibawa et. al, (2019).



**Activity Documentation:**



Source: PKM Accounting Study Program, 2021

**Figure 5. All Participants And The PKM Team.**



Source: PKM Accounting Study Program, 2021

**Figure 6. Enthusiasm Of Participants In Mentoring Activities.**



Source: PKM Accounting Study Program, 2021

**Figure 7. Active Participants Ask Questions During Mentoring Activities.**

#### 4. CONCLUSIONS

In general, some MSME actors in Bojongsoang Village do not yet have good and correct bookkeeping of financial statements, but with their interest and enthusiasm, difficulties in understanding financial material can be overcome. The collaboration between the Accounting Study Program, the Unisba Faculty of Economics and Business, Bojongsoang Village office officials and officials, and the Someah MSME Community will continue with programs that are more outreach to the wider community, especially for MSME actors who are the pillars of the economy of the Bojongsoang Village community.

Assistance in optimizing financial reports as a business decision-making tool has been carried out in a short time, and it is hoped that MSMEs will continue to be consistent in recording, reporting and analyzing financial statements. This assistance is expected to further improve the performance of MSMEs to be more resilient in moving the wheels of the economy in the midst of this COVID-19 pandemic.

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