

## Enhancing MSME Competence Through Managing Finances Training In Waena Village, Jayapura City

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### Abstract.

*This community service program on Financial Management for MSMEs aims to strengthen local micro, small, and medium enterprises (MSMEs) in Jayapura by improving their ability to manage finances and sustain their businesses. The program addresses key issues such as low financial literacy, limited access to capital, lack of competitiveness, and the need for stronger collaboration between academia and MSMEs. Training focused on practical financial management skills, including cash flow, receivables, budgeting, and working capital. It also introduced basic business financing and strategies for managing financial emergencies. The program was delivered through face-to-face sessions combining lectures, discussions, and simulation games. A total of 29 MSME participants from various business sectors took part in the training. Evaluation results showed an improvement in participants' understanding and ability to manage their business finances. This program demonstrates the potential of targeted financial literacy initiatives to enhance the resilience and competitiveness of MSMEs, enabling them to better support their families and contribute to local economic development.*

**Keywords:** Financial literacy; bookkeeping; cash book; accounts receivable; budgeting and working capital.

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## I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economy. They contribute significantly to job creation, increasing household income, and poverty reduction. Despite their enormous potential, many MSMEs face challenges in operating and growing their businesses. One of the major issues is the effective management of working capital. Working capital is a key element in ensuring the continuity of MSMEs' daily operations. Ineffective working capital management often leads to liquidity problems, difficulties in meeting short-term obligations, and ultimately threatens business sustainability. Many MSME actors do not fully understand how to manage working capital properly, particularly in controlling cash flow, inventory, receivables, and payables. This situation highlights the need to enhance MSMEs' knowledge and skills in managing their working capital. By improving financial management, MSMEs can increase operational efficiency, strengthen competitiveness, and support sustainable business growth. Therefore, this community service program focuses on providing education and assistance to MSMEs in managing their working capital effectively. One of the most critical components in working capital management is cash. As the most liquid asset, cash plays an essential role in ensuring that MSMEs can meet daily operational needs such as paying employee wages, purchasing raw materials, and settling short-term liabilities.

Proper cash management provides operational stability and reduces the risk of bankruptcy. According to Indonesia's Central Statistics Agency (BPS), there are 148,647 micro and small businesses (MSBs) in Papua, while medium and large businesses (MLBs) number 2,823. In Jayapura City alone, around 31,750 MSMEs are registered with the Department of Industry and Trade, with 7,800 having received training and support (Leloltery, 2024). The Indonesian Young Entrepreneurs Association identified at least three major challenges faced by MSMEs in Papua: limited access to business training, marketing channels, and funding opportunities (Costa, 2022). Addressing funding-related issues is one of the key goals of this community engagement program, particularly through improving MSMEs' financial literacy. Many MSMEs still perceive bookkeeping as unimportant, focusing solely on product development and sales. This reluctance is often due to a lack of accounting knowledge and the perceived complexity of preparing financial reports. Hiring an accountant is often not feasible due to budget constraints, especially for newly established MSMEs (Rajagukguk, 2024). Effective financial management is a crucial factor in MSMEs' success and growth. Without it, businesses struggle with daily operations, expansion, and market competition. Thus, enhancing

financial literacy and adopting sound financial practices is an essential investment in the future of MSMEs (Dewi, 2022); (Kurniawan, 2023); (Rahman Y. , 2023); (Hendrawan, 2023). This program aims to make a real contribution to strengthening local MSMEs, enabling them to survive and thrive in an increasingly competitive business environment. Through this initiative, MSMEs will be equipped with practical knowledge on planning, managing, and optimizing working capital to support the sustainability of their businesses.

## II. METHODS

The community service activity was conducted offline on May 28, 2025, from 09.00 AM to 03.30 PM WIT. The implementation of the activity was divided into three (3) stages. The first stage, conducted before the financial management material was delivered, involved a pre-test to assess the participants' (MSMEs') prior knowledge of financial management, considering they had previously received entrepreneurship training from other parties. The second stage involved the delivery of financial management material, which covered topics such as cash recording, accounts receivable, accounts payable, business budgeting, and working capital. The learning methods included lectures, discussions, and a simulation using financial management card games. The third stage was the post-test, aimed at measuring whether the materials provided had added value to participants' understanding of financial management. The simulation method proved to be engaging for participants, as they were able to directly practice business transactions directly, helping them apply what they learned to their ongoing businesses. The final session before closing included the distribution of cash books and souvenirs, intended to encourage MSME participants to remain consistent in recording their business transactions. Figure 1 below shows the community service activity conducted in Waena Village, Jayapura, Papua.

**Fig 1.** Documentation of Community Activities

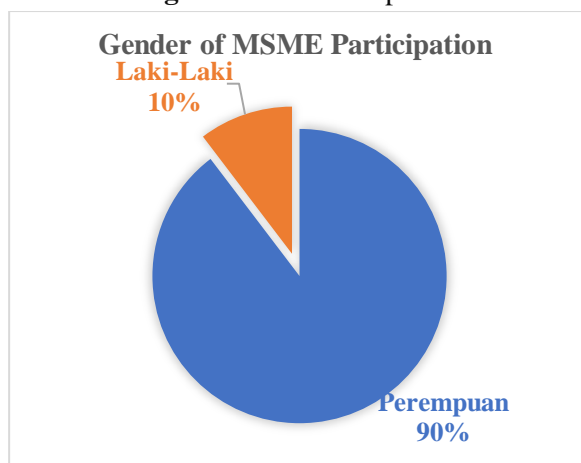
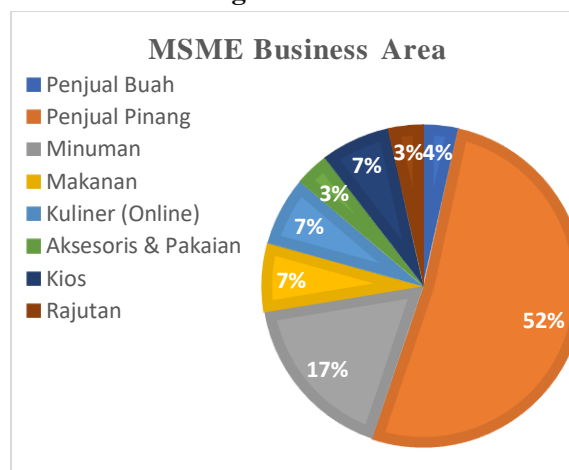


The activity video is available at the following link:

[https://drive.google.com/drive/folders/1HGMIln1WvSkzvZhqLxHBe\\_qXyNaSymvq?usp=drive\\_link](https://drive.google.com/drive/folders/1HGMIln1WvSkzvZhqLxHBe_qXyNaSymvq?usp=drive_link)

### 2.1. Characteristic Participants

A total of 29 MSME participants took part in the community service activity in Waena Village, supported by Five (5) Facilitators and two (2) accompanying staff members. The majority of the participants were women (90%), and the most common type of MSME business was areca nut (pinang) sellers (52%), as shown in the following figure:

**Fig 2. Gender Participation****Fig 3. Business area**

### III. RESULT AND DISCUSSION

The financial literacy session was conducted over a duration of four hours, divided into several learning segments. The first part of the session introduced the basics of financial management, followed by material on recording transactions in the cash book, accounts receivable book, and accounts payable book. This was continued with sessions on profit and loss calculation, understanding working capital, identifying working capital items, and concluded with preparing a business budget. Before the materials were delivered, MSME participants took part in a **pre-test** to assess their initial understanding of financial literacy. A total of 10 questions were prepared for the pre-test, and the same set of questions was used again in the **post-test** to evaluate the participants' understanding after the materials had been delivered. The evaluation results conducted after the delivery of materials and training activities indicate an increase in participants' knowledge of financial literacy. The following table presents the pre-test and post-test evaluation data from 26 participants (as 3 participants did not complete the post-test), as shown in the table below.

**Table 1. Distribution of Pre-Test and Post-Test Results**

Pretest Score	Freq.	Percent	Cumulative Percent
Valid 3	1	3.8	3.8
4	1	3.8	7.7
5	4	15.4	23.1
6	4	15.4	38.5
7	3	11.5	50.0
8	3	11.5	61.5
9	4	15.4	76.9
10	6	23.1	100.0
Total	26	100.0	

Posttest Score	Freq	Percent	Cumulative Percent
Valid 7	1	3.8	3.8
8	9	34.6	38.5
9	4	15.4	53.8
10	12	46.2	100.0
Total	26	100.0	

Table 1 above shows that, prior to receiving financial knowledge, 10 participants scored below 6 on the pre-test. However, after the training, no participants scored below 6, and the majority achieved scores above 7, with 12 participants (46%) obtaining the highest score of 10. Table 2 indicates that the average score of participants before the training (pre-test) was 7.38, while the average score after the training (post-test) increased to 9.04. This demonstrates a significant improvement in financial management competence among the participants.

**Tabel 2. Paired Samples Statistics**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Pretest	7.38	26	2.137	.419
	Posttest	9.04	26	.999	<.001

The correlation results between the pre-test and post-test evaluations show a significance level of 0.001 with a correlation coefficient of 76%. This indicates a significant relationship between the training provided and the increase in financial literacy knowledge after the training, as shown in Table 3 below.

**Table 3. Paired Samples Correlations**

		N	Correlation	Significance	
				One-Sided p	Two-Sided p
Pair 1	Pretest & Posttest	26	.761	<,001	<,001

Table 4 shows that the results of the significance difference test are at the 0.001 level. This provides empirical evidence that there is a significant difference in the financial management competence of the community service participants before and after receiving the training.

		Paired Differences					t	df	Significance	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				One-Sided p	Two-Sided p
					Lower	Upper				
Pair 1	Pretest - Posttest	-1.654	1.522	.298	-2.268	-1.039	-5.542	25	<.001	<.001

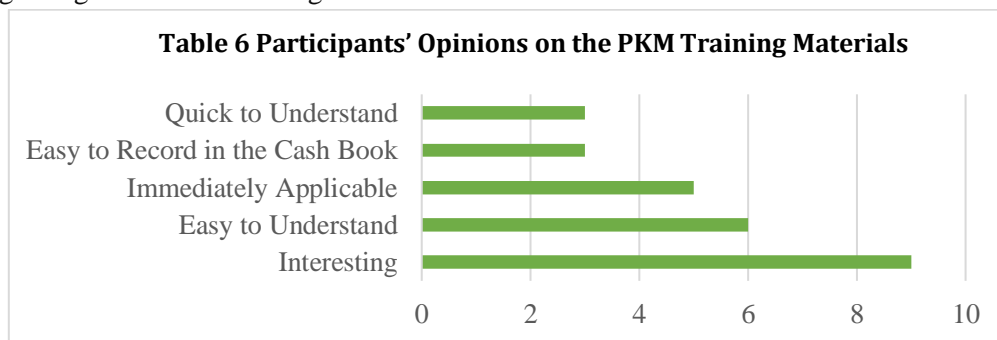
**Table 4. Paired Difference Samples Test**

The participants of the financial literacy training felt the benefits of what they had learned, enabling them to prepare budgets and create simple financial records for their businesses. Below are some of the participants' statements regarding the benefits they gained from the training.

**Table 5. Participants' Opinions on the Benefits of the Financial Literacy Community Service Program (PKM)**

Participants' Opinions	Total	Percent
Improved knowledge of financial transaction recording	11	42%
Faster decision-making	5	19%
Ability to create a business plan	5	19%
Ability to monitor business progress	3	12%
More disciplined in managing the business	2	8%
<b>Total</b>	<b>26</b>	<b>100%</b>

Participants were interested in the methods used because they were easier to understand, especially the financial literacy simulation game. The simulation, which used sample transactions based on their actual businesses, allowed PKM participants to directly practice recording financial reports in the provided cash book and to prepare a business spending plan for the following month. Below are the MSME participants' opinions regarding their understanding of the material.

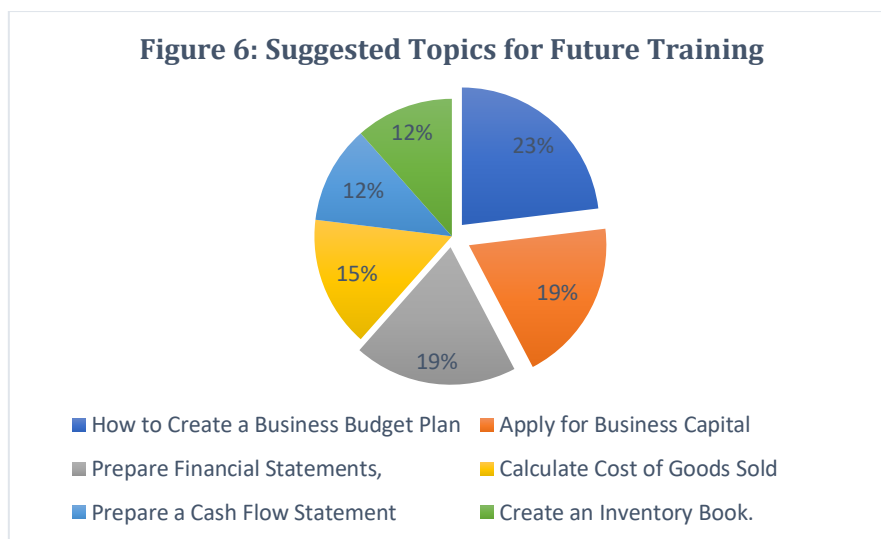


The majority of participants were able to understand the materials well and found them beneficial. All participants (100%) stated that after this activity, they would implement the use of a cash book, accounts receivable book, and accounts payable book in their business activities. They also committed to separating business and personal finances to accurately calculate business profits. The distribution of the cash book souvenir served as a motivating factor for PKM participants to immediately begin recording financial transactions in their businesses.

The information presented in Figure 6 below serves as input for future community service programs. Participants provided suggestions for the next training topics, which include:

- How to prepare a budget for a new business (23%)
- Financial statement preparation and applying for business capital (19%)
- Cost of goods sold (COGS) calculation (15%)
- Creating an inventory book and preparing a cash flow statement (12%)





This Community Service Program (PKM) is expected to provide a meaningful contribution in enhancing financial management knowledge and skills among MSME actors in Waena Village. Through practical and applicable training, participants are encouraged to independently implement financial recordkeeping and develop better business planning. May this activity serve as the beginning of a sustainable collaboration between the university and the community in supporting the long-term development of MSMEs.

#### IV. CONCLUSION

The Community Service Program (PKM) in Kampung Waena was successfully implemented and received a positive response from MSME participants. Despite challenging weather, participants remained highly enthusiastic. Practical and interactive sessions—such as financial simulation games—effectively improved their understanding of financial recordkeeping. Supportive elements like the provision of cash books, meals, and transport allowances helped maintain engagement. Evaluation results showed a significant increase in financial knowledge after the training. The program had a meaningful impact in strengthening MSMEs' financial capacity and generated strong interest in future community-based initiatives. The involvement of local leaders in the closing session reflected broad community support for similar activities. To ensure greater impact in the future, several recommendations are proposed.

First, training should be extended and followed by mentoring to reinforce learning outcomes. Second, simple financial manuals or digital tools tailored for MSMEs are encouraged to support independent practice. Third, stronger collaboration with stakeholders—such as cooperatives, microfinance institutions, and government agencies—can help improve MSMEs' access to capital and markets. Fourth, forming peer learning groups among MSME participants may encourage knowledge sharing and the sustainable application of financial skills. Lastly, aligning community service programs with local development strategies will help scale up financial literacy and promote long-term economic empowerment.

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