

Increasing Financial Literacy Through Basic Accounting Training for Small Medium Enterprises in the Riau Islands Province

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ABSTRAK

Usaha Mikro, Kecil, dan Menengah (UMKM) memiliki peran penting dalam perekonomian Indonesia, namun kenyataannya para pelaku usaha masih menghadapi tantangan dalam pengelolaan keuangan dan literasi finansial, salah satunya UMKM di Provinsi Kepulauan Riau. Berdasarkan analisis situasi tersebut, tim pengabdian melakukan kegiatan pengabdian masyarakat ini dengan tujuan untuk meningkatkan kemampuan literasi finansial pelaku UMKM di Provinsi Kepulauan Riau melalui pelatihan akuntansi dasar. Para pelaku UMKM sangat membutuhkan kegiatan ini dikarenakan masih minimnya pengetahuan penyusunan laporan keuangan sederhana. Metode pelaksanaan kegiatan dilakukan dengan ceramah, ilustrasi, diskusi, dan penyebaran kuesioner kepada peserta. Hasil kegiatan menunjukkan adanya peningkatan pemahaman peserta dalam menyusun laporan keuangan sederhana, memisahkan keuangan pribadi dan usaha, serta menerapkan pencatatan keuangan menggunakan Excel. Peserta juga menunjukkan minat untuk menggunakan alat digital dan menyampaikan kebutuhan pelatihan lanjutan dalam perencanaan keuangan dan pemasaran daring. Kegiatan ini membuktikan bahwa pelatihan berbasis komunitas yang partisipatif dan kontekstual dapat menjadi solusi efektif dalam meningkatkan kapasitas keuangan UMKM. Keberlanjutan hasil pelatihan memerlukan pendampingan lanjutan dan dukungan infrastruktur digital dari pemerintah dan institusi pendidikan.

ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) have an important role in the Indonesian economy, but in reality business actors still face challenges in financial management and financial literacy, one of which is MSMEs in the Riau Islands Province. Based on the analysis of the situation, the service team carried out this community service activity with the aim of improving the financial literacy skills of MSME actors in Riau Islands Province through basic accounting training. MSME actors really need this activity because there is still a lack of knowledge in the preparation of simple financial statements. The method of implementing activities was carried out by lectures, illustrations, discussions, and questionnaire distribution. The results of the activity showed an increase in participants' understanding in compiling simple financial statements, separating personal and business finances, and implementing financial recording using Excel. Participants also showed interest in using digital tools and conveyed the need for advanced training in financial planning and online marketing. This activity proves that participatory and contextual community-based training can be an effective solution in increasing the financial capacity of MSMEs. The sustainability of training results requires further assistance and digital infrastructure support from the government and educational institutions.

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1. INTRODUCTION

MSMEs (Micro, Small and Medium Enterprises) are a type of business that can help the Indonesian economy. UMKM stands for micro, small and medium enterprises whose business activities are productive activities owned by individuals and/or individual business entities that meet the criteria of Micro Enterprises as stipulated in the Law (Jamkrindo, 2015). MSMEs can encourage financial improvement at the middle and lower levels so as to encourage the national economy. MSME activities directly assist the government in creating new jobs in labor absorption efforts. MSMEs also contribute to the regional economy by developing regional potential. This is supported by Law Number 8 of 2008 concerning MSMEs which can realize a balanced, developed and

equitable national economic structure; foster and develop the ability of MSMEs to become responsible and independent businesses and increase the role of MSMEs in regional development, job creation, income distribution, economic growth, and alleviation of people from poverty (Sofyan, 2017).

Based on the large beneficial impact of MSMEs in Indonesia, the government encourages by providing programs to MSMEs in the form of channeling funds in 2024 until September amounting to 1.465 T (Umam, 2024) and President Joko Widodo has issued a directive to increase the portion of MSME loans by at least 30% (OJK, 2022). In line with this support, the real impact of MSMEs includes a contribution of 61.07% or IDR 8,573. 89 trillion, 97% employment and attracting investment of up to 60.42% (OJK, 2022). MSMEs also have tax obligations with predetermined provisions and requirements.

MSMEs in Indonesia have experienced significant development, namely a total of 64.2 million MSMEs in 2021 (OJK, 2022). The large potential of MSMEs, government support, especially in finance, MSME obligations in tax payments, require an understanding of MSMEs regarding good financial management in running a business. Good financial management can encourage MSME businesses to develop more amid business competition. In addition to the required ability to manage finances, MSMEs are also required to understand financial literacy in order to explore opportunities and developments in the business world so that the benefits can be applied and applied according to the needs of MSMEs. However, this development is not proportional to the ability of MSME entrepreneurs to manage business finances and the lack of knowledge of MSMEs regarding financial literacy. Modugu & Eragbhe (2013) state that MSMEs have an important role in the development of a country, but their financial management status is still not well presented. Some MSMEs experience problems in keeping good records and lack of knowledge about accounting records. Preparation of financial reports is still considered difficult, especially for MSMEs that are still operating on a small scale (Coleman, 2002; Everaert, Sarens, & J. Rommel, 2006).

MSME actors often neglect financial management, particularly in applying proper accounting principles (Risnarningsih, 2017). This is largely due to a lack of knowledge and information about accounting, as well as the limited educational background of MSME operators. This issue frequently arises because MSME entrepreneurs do not fully understand the importance of effective financial management and proper accounting practices. More concerning is the belief held by some that businesses can continue to operate smoothly and generate profits even without accounting (Harini et al., 2021). When asked about the amount of profit earned in each period, MSME actors often cannot provide an exact nominal figure; instead, they tend to point to tangible assets such as land, houses, or vehicles. This aligns with the statement by the Indonesian Institute of Accountants (IAI), which notes that many MSMEs—particularly micro and small enterprises—are still unable to prepare financial statements in accordance with Financial Accounting Standards (SAK) (Gozali et al., 2024).

This situation has drawn the attention of various stakeholders, as proper financial statements are essential for MSMEs to access available programs, including financing from banks and other financial institutions (Hamdani, 2018). MSMEs still use simple methods in financial management, especially the cash-in and cash-out methods. MSME entrepreneurs consider that sales and the presence of money in cash flow are still more important than periodic financial reporting, this results in the content of MSME financial reports that are often incomplete, not neatly recorded, and do not reflect the actual status of the business (Shields & Shelleman, 2011; Spinelli & Timmons, 2009). Based on this, training related to these needs is needed.

Training related to improving financial management and improving understanding of financial literacy based on basic accounting is needed by MSME business actors in Riau Islands Province to overcome the lack of knowledge regarding the preparation of financial statements faced by MSME business actors in Riau Islands Province. Riau Islands MSMEs are business actors who have great potential in the field of cross-border tourism that are attractive to be visited by local, inter-regional and international communities. MSMEs in the Riau Islands are also growing from year to year and will reach 75 thousand in 2024 (Hidayat, 2024). Based on the survey that has been conducted, there are problems felt by MSME entrepreneurs in the Riau Islands, including lack of knowledge about financial management, lack of financial literacy, traditional financial records, and experiencing obstacles in the preparation of financial statements and inaccurate MSME entrepreneurs in analyzing financial statements. Based on this, training as a Community Service activity that has the output of Riau Islands MSME entrepreneurial skills in managing finances, improving financial literacy and recording and recording and financial analysis needs to be carried out in order to encourage Riau Islands MSMEs to be more advanced and adaptive to future finance-related needs.

2. METHOD

The method of implementing community service is carried out using lecture and discussion methods. The implementation of this community service activity is carried out using lecture, illustration, and discussion methods. The systematic implementation of this community service activity is as follows:

- a. Step 1 (Lecture Method)
Service participants were given motivation, knowledge and insight into financial literacy. The service team provided materials related to financial literacy to the participants.
- b. Step 2 (Illustration method)
Participants were given examples of how to improve their understanding of financial literacy with simple accounting training. The service team prepared an excel application for the service participants.
- c. Step 3 (Discussion method)
Participants were given how to apply financial management and financial literacy with simple accounting training for MSMEs. The service team provides training in using excel applications to compile financial reports.
- d. Step 4 (Questionnaire Distribution)
Participants were given the opportunity to discuss problems related to financial literacy with simple accounting training for MSMEs. The service team distributed questionnaires to participants related to the implementation of service activities.

3. RESULT AND DISCUSSION

Community service activities resulting from collaboration between the accounting department of the UNSRI faculty of economics, the accounting department of universitas raja ali haji (UMRAH) and universiti teknologi malaysia (UTM) were held on Friday, December 13, 2024 which took place in the auditorium of universitas raja ali haji. This activity was opened by the Dean of the Faculty of Economics UMRAH, namely Dr. Myrna Sofia, M.Si.



Figure 1. Opening Speech by the Dean of Faculty of Economics UMRAH

After the service activity was opened by the dean of the Faculty of Economics UMRAH. The next activity was the handover of a plaque from the Faculty of Economics, Sriwijaya University which was handed over by the Head of the Department of Accounting which indicated that there was cooperation between faculties in international service activities.



Figure 2. Submission of Plaque from the Faculty of Economics UNSRI to the Faculty of Economics UMRAH

After that, it was continued directly with material exposure from UTM representatives, namely Dr. Ahmad Fadhil Yusof who discussed the use of technology in the Company. Then continued with material exposure from the Head of the UNSRI Accounting Department, namely Dr. Hasni Yusrianti, MAAC, who discussed financial management literacy for MSMEs. This PKM activity was attended by approximately 25 MSME activists in the Riau Islands.



Figure 3. Presentation of Material by Dr. Fadhil from Universiti Teknologi Malaysia

In this PKM activity, material is provided that is very important for increasing literacy regarding the use of technology in business activities, both for recording all business buying and selling transaction activities, as well as for expanding the marketing area for business products and developing business capital. The material provided is very important for business actors because financial literacy allows entrepreneurs to make more informed decisions, optimize cash flow, investment, and cost control. In addition, financial literacy can also improve the ability to access capital from financial institutions, allowing businesses to grow.



Figure 4. Presentation material by the Head of the Accounting Department, Faculty of Economics, UNSRI

In the last session, a discussion session was opened with the PKM activity participants. Most of the activity participants stated that until now they were still constrained in the use of technology for their business activities. Marketing is still done traditionally, door to door. And for recording all business transactions is done manually or not at all. Therefore, they really appreciated the material provided. For the application of recording business transactions delivered by the resource person, the Head of the UNSRI Accounting Department, Dr. Hasni Yusrianti, MAAC, will be given to the participants for further study. And the participants hope that this PKM activity does not stop at this activity but will continue to the next stage.

The participants seemed very enthusiastic in participating in this PKM activity. PKM participants mostly consist of mothers who have businesses in their respective homes. Where they are not very familiar with the use of technology in their business activities. Recording and bookkeeping of transactions are still done manually. There is no systematic budget calculation or profit and loss calculation. and there is no separation between personal assets and business assets. So that the assessment of business performance is still not optimal.

MSME business actors in Riau Islands Province are very happy with the holding of this community service activity and feel helped by the excel application that has been shared by the service team which can make it easier for them to prepare simple financial reports. In the final session, the service team distributed questionnaires to the service participants.



Figure 5. The Participants of Community Services



Figure 6. Group Photo with Participants

The training on financial literacy and basic accounting provided to MSMEs in the Riau Islands Province revealed several key impacts on the knowledge, attitudes, and practices of small business owners. Prior to the intervention, most participants did not engage in systematic bookkeeping, relied solely on cash-in/cash-out tracking, and mixed personal and business finances. These findings are consistent with previous studies that have shown a widespread lack of structured financial management among MSMEs in Indonesia (Putra & Suryani, 2021). Such financial mismanagement often results in poor decision-making, limited access to credit, and business stagnation.

The training, which introduced basic financial concepts such as budgeting, expense categorization, simple ledger creation, and profit-loss analysis using Excel, was well received by participants. Practical and contextualized learning methods were proven effective, aligning with research by Fitriani and Huda (2023), who concluded that experiential financial education fosters better financial behavior among micro-entrepreneurs. Many MSME owners in the Riau Islands operate in informal sectors with low exposure to formal training. By focusing on real-life examples, the training bridged the gap between theoretical understanding and everyday financial practice.

One notable improvement was the participants' willingness to separate personal and business funds—a crucial step toward financial discipline and business sustainability. This behavior change is critical, as supported by Sari and Pramudena (2023), who found that maintaining separate financial records significantly increases the chances of MSMEs accessing formal banking services and government credit schemes. Furthermore, Yusuf and Cahyani (2022) noted that financial discipline enhances business resilience, especially during economic shocks.

The inclusion of technology in the training—primarily the use of spreadsheet templates and mobile financial tools—was both a challenge and an opportunity. While many participants initially expressed discomfort

with digital tools, especially those from older age groups, most demonstrated curiosity and a willingness to learn. This finding supports the observations of Rahayu and Day (2022), who identified that digital literacy, when introduced with mentorship, can transform MSME operations and open new market opportunities.

Barriers such as limited access to devices and internet infrastructure were still prevalent, especially in rural and island areas. Hadiyanti and Maulana (2020) emphasized the role of local government and universities in supporting MSMEs by providing shared digital facilities and ongoing assistance to reinforce the outcomes of training sessions. Therefore, sustainability of the impact depends not only on the training itself but also on the availability of post-training mentoring and resources.

In addition, participants requested follow-up sessions related to pricing strategies, financial planning, and online marketing. This suggests that financial literacy alone is not enough—entrepreneurs require integrated knowledge to adapt to the increasingly digital and competitive economy. Ramadani and Fitriani (2023) assert that multidimensional training (combining finance, technology, and marketing) results in higher business performance among MSMEs. Moreover, the training improved participants' confidence in managing their cash flow, reducing unnecessary expenses, and planning for business expansion. As confirmed by Widyaningsih et al. (2020), improved financial self-efficacy contributes to better resource allocation and long-term business planning. This empowerment of MSME actors plays a strategic role in regional economic development, particularly in dynamic areas like the Riau Islands with tourism and trade potential.

Finally, this initiative confirmed that community-based financial education—when delivered in a participatory and contextualized manner—can address long-standing barriers in MSME development. Gunawan et al. (2021) advocate for long-term collaboration between universities, local governments, and MSME associations to ensure that initial training is followed by mentorship, peer learning, and periodic evaluation. Through such a holistic approach, MSMEs in the Riau Islands can continue to grow in a sustainable, accountable, and adaptive manner.

4. CONSLUSION

Based on the results of the implementation of service activities that have been carried out by the service team, it was found that financial management and financial literacy training is very beneficial for MSMEs in Riau Islands Province. The service team carried out this service activity with the aim of overcoming the problems faced by MSME business actors in the Riau Islands Province who are constrained in the preparation of financial statements. MSME business actors can take advantage of the financial report preparation application using excel that has been shared by the service team which can make it easier for MSME actors to improve financial management in compiling simple financial reports for MSMEs in the Riau Islands Province.

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