

Journal of Community Service (JoCS)

Volume 2 Nomor 1 Tahun 2026

FACILITATION OF FINANCIAL STATEMENT UTILIZATION AS A FOUNDATION FOR BUSINESS DECISION-MAKING IN MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES)

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ARTIKEL INFO

Artikel

Received : March 10,2026

Revised : Apryl 15,2026

Accepted : Apryl 31,2026

Kata Kunci:

MSMEs, financial literacy, financial reports, business decision making, community service

ABSTRACT

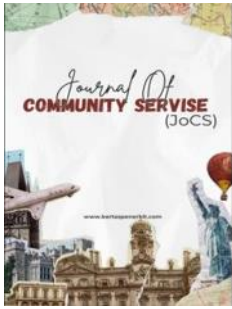
Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in supporting the rural economy, particularly in creating jobs and increasing income. However, most MSMEs still face various challenges in managing their finances, such as low financial literacy, lack of systematic transaction recording, and the suboptimal use of financial reports as a basis for business decision-making. This situation is also found among MSMEs in Sadeng Village, Bogor Regency, where most businesses are still managed simply and have not implemented a sound financial management system. These problems impact business owners' limited ability to evaluate their businesses, determine business strategies, and access formal financing sources. This Community Service (PkM) activity aims to improve the understanding and skills of MSMEs in preparing and utilizing simple financial reports as a basis for business decision-making. The activity is implemented through a participatory and applied approach, including initial observation, outreach, training, hands-on practice, and mentoring in preparing simple financial reports. The materials provided include financial literacy, separating personal and business finances, recording business transactions, preparing simple profit and loss statements, and managing business cash flow. The results of the activity demonstrated an increase in the understanding and skills of MSMEs in managing business finances. Participants began to understand the importance of regular financial record-keeping and were able to prepare simple financial reports based on their business activities. Furthermore, participants also began to understand the importance of financial reports as a business evaluation tool and a basis for business decision-making. Through this mentoring activity, it is hoped that MSMEs in Sadeng Village will be able to develop their businesses more professionally, effectively, and sustainably, thereby improving the welfare of the village community in general.



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SITUATION ANALYSIS

Sadeng Village in Bogor Regency is one of the rural areas that demonstrates notable local economic dynamics, particularly through the activities of Micro, Small, and Medium Enterprises (MSMEs). The presence of MSMEs in this village plays a vital role in supporting the community's economy, as they not only serve as the primary source of household income but also provide employment opportunities for local residents. Various types of businesses have emerged and



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developed, ranging from home-based culinary ventures, small-scale trade, handicrafts, to services tailored to local needs. These economic activities reflect significant potential that could be further enhanced if supported by more professional and sustainable business management.

Nevertheless, behind this potential, the reality on the ground shows that most MSME actors in Sadeng Village still face various limitations, particularly in financial management. Business financial practices are generally simple, unstructured, and not yet aligned with sound accounting principles. Many entrepreneurs lack clear and consistent financial recording systems. Business transactions are often not recorded regularly, and in many cases, not recorded at all. This makes it difficult for entrepreneurs to know precisely the amount of income, expenses, and profit generated from their business activities.

Another common issue is the mixing of personal and business finances, which further obscures the actual financial condition of the enterprises. Without clear separation between personal needs and business operations, entrepreneurs lack an accurate picture of their business performance. Success is often judged merely by the availability of cash, without considering other aspects such as cash flow, liabilities, or business assets. Low financial literacy is one of the main factors underlying this condition. Most MSME actors in Sadeng Village do not have sufficient understanding of the importance of financial statements in running a business. Financial reports such as income statements, balance sheets, and cash flow statements are still perceived as complicated and only relevant for large companies. This perception reduces their motivation to learn and apply proper financial recording in daily business activities.

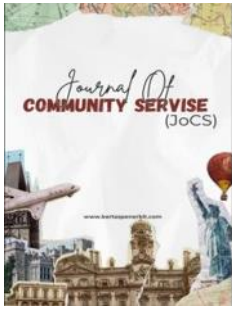
In addition, limited access to education and mentoring related to financial management also poses challenges. Training or outreach on simple accounting and financial management for MSMEs remains very limited, both in frequency and coverage. Even when available, the materials delivered are often not contextualized or tailored to the real conditions and needs of MSME actors at the village level. This results in low adoption of the knowledge provided, with little significant impact on changing financial management behavior.

These conditions directly affect the business decision-making patterns of MSME actors. Without accurate financial data, business decisions tend to be based on intuition, experience, or habit alone. For example, in determining product selling prices, many entrepreneurs do not conduct detailed cost calculations, resulting in prices that do not reflect the actual cost structure. This can lead to losses or very thin profit margins without the entrepreneurs realizing it.

Furthermore, in business planning—such as product development, capital addition, or market expansion—MSME actors also face difficulties due to the lack of strong information foundations. Without financial statements, they cannot objectively analyze business performance, such as identifying sales trends, cost efficiency, or profitability levels. Consequently, opportunities for more strategic business development are hindered.

Another crucial issue is the limited access of MSME actors to formal financing sources. Financial institutions, such as banks, generally require financial statements as one of the key documents in loan applications. Financial statements are used to assess business feasibility and the entrepreneur's ability to repay loans. However, since most MSME actors in Sadeng Village do not have adequate financial statements, they struggle to meet these requirements. As a result, they rely more on informal financing sources, which often carry higher risks.

In the midst of technological advancement and economic digitalization, the challenges faced by MSMEs in Sadeng Village are becoming increasingly complex. Business competition now comes not only from local entrepreneurs but also from products marketed digitally from outside the region. To survive and compete, MSME actors are required to have better managerial capabilities, including financial management. The use of financial statements as a tool for business decision-making has become an indispensable necessity. However, the transformation toward more



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professional financial management cannot occur automatically. Planned and sustainable interventions are needed to enhance the capacity of MSME actors, particularly in financial literacy and simple accounting practices. The approach must be participatory, practical, and tailored to the characteristics and needs of entrepreneurs at the village level. Direct mentoring is one of the most effective methods, as it allows intensive interaction between mentors and entrepreneurs, and provides space for hands-on practice in preparing financial statements.

Figure 1. Group Photograph of the Community Service (PKM) Team with Program Participants.



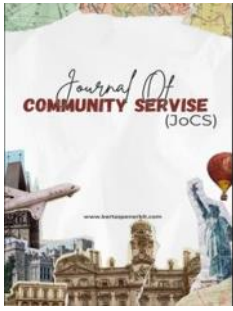
Source : Community Service Team, 2026

From these conditions, it can be concluded that Sadeng Village has significant economic potential through the presence of MSMEs, but still faces various challenges in business financial management. Low financial literacy, lack of systematic recording, and the underutilization of financial statements as a basis for business decision-making are key issues that need urgent attention. Without improvements in these aspects, MSME development will likely stagnate and struggle to reach larger scales. Business decisions are often made based on intuition without accurate data support, leading to inefficiencies and potential losses. Moreover, the inability to prepare financial statements also limits access to formal financing. Therefore, targeted mentoring efforts are needed to improve the capacity of MSME actors in preparing and utilizing financial statements as a foundation for more rational and sustainable decision-making. Strategic efforts through community service activities focusing on mentoring MSME actors in financial statement utilization are essential. Such initiatives are expected to provide comprehensive understanding and practical skills, enabling entrepreneurs to prepare simple yet systematic financial statements and use them as a basis for more rational and measurable business decisions. In this way, MSMEs in Sadeng Village can develop more optimally and contribute significantly to improving the welfare of the village community.

IMPLEMENTATION METHOD

Preparation

The community service program was carefully prepared through coordination with the village government, BUMDes, and local MSME actors in Sadeng Village, Bogor Regency. During this stage, the team identified participant needs, determined the activity schedule, and developed training materials tailored to the characteristics of the participants. Preliminary observations were also conducted to assess the level of understanding among MSME actors regarding financial management and to identify the most common problems encountered in their business activities.



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The activity was held at the Hall of Sadeng Village Office on Friday, April 23, 2026, beginning at 09:00 AM until completion. The venue was selected for its accessibility and adequate facilities, as well as to strengthen the involvement of the village government in supporting community empowerment initiatives.

Implementation

The program targeted MSME actors in Sadeng Village and employed participatory, educational, and applicative approaches.

a. Socialization and Counseling

The activity began with sessions on the importance of financial literacy and financial statements for MSMEs. Materials were delivered in simple, communicative language to ensure comprehension across diverse educational backgrounds. Interactive discussions and Q&A sessions allowed participants to share experiences and challenges in managing their businesses.

b. Training

Practical training was conducted through simulations and hands-on exercises. Participants practiced recording business transactions, preparing simple income statements, and managing cash flow. Step-by-step guidance was provided to facilitate understanding, and case examples relevant to participants' business types were used to make the material contextual and applicable.

c. Mentoring

Direct mentoring accompanied the training sessions. The team provided guidance and assistance to participants who experienced difficulties in recording or calculating financial data. This mentoring ensured that participants not only understood the concepts but also gained the ability to apply financial management practices independently.

Evaluation

To assess the effectiveness of the program, evaluations were conducted before and after the training. Observations focused on participants' ability to prepare simple financial statements, while discussions and feedback sessions captured participants' perceptions of the program's benefits. The evaluation results served as input for improving and developing future mentoring initiatives.

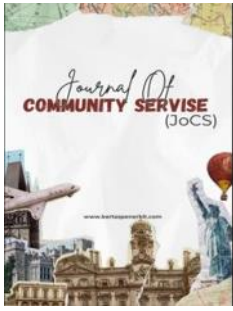
Expected Outcomes

Through this participatory, educational, and applicative method, MSME actors in Sadeng Village are expected to enhance their financial literacy and acquire the ability to prepare and utilize financial statements as a foundation for rational business decision-making. Ultimately, this approach aims to foster more professional, competitive, and sustainable MSMEs that contribute significantly to improving the welfare of the village community.

RESULTS AND DISCUSSION

The outcomes of the community service program revealed that low financial literacy remains one of the main challenges faced by MSME actors in Sadeng Village, Bogor Regency. Prior to the activity, most participants did not understand the importance of financial statements in supporting business management and decision-making. This condition was evident from the tendency of entrepreneurs to run their businesses conventionally without systematic transaction recording. Business decisions were generally made based on experience and intuition alone, without the support of accurate financial data.

These findings are consistent with Syamsul (2023), who stated that low levels of financial literacy hinder MSME actors from managing their businesses professionally. Limited understanding of financial management prevents entrepreneurs from utilizing financial statements as tools for business evaluation and decision-making. Furthermore, restricted access



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to training and mentoring has contributed to the limited ability of MSME actors to prepare even simple financial reports.

The mentoring activities conducted in this program demonstrated that participatory and applicative approaches are highly effective in improving MSME actors' understanding of financial management. Participants found it easier to grasp the material when provided with direct examples relevant to their daily business conditions. Hands-on practice in recording transactions and preparing simple income statements proved to be an effective method for helping participants understand financial management concepts previously perceived as complex.

Another significant result was the increased awareness of the importance of separating personal and business finances. Before the program, most participants did not recognize the risks of mixing personal and business funds, which made it difficult to objectively measure business performance and threatened sustainability. After the activity, participants began to understand that financial separation is a fundamental step toward more orderly and professional business management. This aligns with Dewi, Masdiantini, and Savitri (2025), who identified the blending of personal and business funds as a major issue in MSME financial management.

Beyond improving financial recording skills, the program also influenced participants' mindsets in evaluating business success. Previously, success was measured solely by the availability of cash, without considering cash flow or actual profitability. Following the mentoring, participants began to appreciate the importance of evaluating business performance based on accurate financial data. This shift represents an initial step toward strengthening managerial capacity and preparing MSME actors to face increasingly complex business competition.

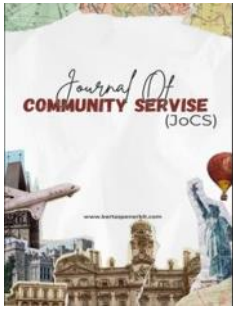
In terms of business decision-making, the program had a notable impact. Participants learned that financial statements could be used to set more accurate product prices, control operational costs, and plan business development more strategically. Before the activity, most participants determined selling prices by simply following market trends without calculating production costs in detail. After training, they understood the importance of cost calculation to ensure optimal profitability.

The results also highlighted that MSME actors possess strong motivation to learn about financial management. However, they had previously lacked access to mentoring tailored to their needs and capacities. Therefore, community service programs such as this are crucial as educational and empowerment platforms, particularly for enhancing the capacity of MSME actors at the village level.

From the perspective of community empowerment, the program underscored the importance of involving the village government and BUMDes in supporting MSME development. Their support during the activity had a positive impact on participant engagement and program sustainability. It is expected that the village government and BUMDes will continue mentoring MSME actors to ensure that financial management practices introduced during the program are sustained.

Despite the overall success, several challenges were encountered. Differences in participants' educational backgrounds and abilities required extended mentoring time. Additionally, participants unfamiliar with financial recording needed more intensive guidance to independently apply transaction recording. Nevertheless, these challenges were addressed through simple, communicative, and practice-based learning methods.

The community service program had a positive impact on improving financial literacy and management skills among MSME actors in Sadeng Village. The mentoring not only enhanced participants' knowledge but also fostered awareness of the importance of financial statements in sustaining business operations. With improved capacity to prepare and utilize financial



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statements, MSME actors are expected to develop their businesses more professionally, competitively, and sustainably, thereby contributing to the welfare of the village community.

CONCLUSION

The implementation of this community service program in Sadeng Village, Bogor Regency, has successfully achieved its primary objective: enhancing financial literacy and strengthening the ability of MSME actors to prepare and utilize financial statements as a foundation for business decision-making. The outcomes of the activity demonstrate that participants not only gained new knowledge but also developed practical skills that can be directly applied in their daily business management. This achievement underscores the importance of continuous and sustainable initiatives of this kind, so that the benefits can be felt more broadly by the community, particularly MSME actors at the village level.

Looking ahead, several recommendations emerge from the experience of this program. First, there is a clear need for ongoing mentoring activities that are conducted in a sustainable manner, ensuring that MSME actors continue to receive guidance and support in financial management. Second, the active involvement of the village government and BUMDes is crucial. Their role in supporting the development of MSME capacity, especially in financial management, will help ensure that the practices introduced during the program are maintained and expanded. Third, MSME actors themselves are encouraged to begin implementing routine and disciplined financial recording. By doing so, they will be able to monitor their business conditions more clearly and measure performance more accurately. Finally, future training and mentoring activities should integrate digital technology into the financial recording process. The use of digital tools will not only simplify financial management but also make it more efficient, accessible, and sustainable in the long term.

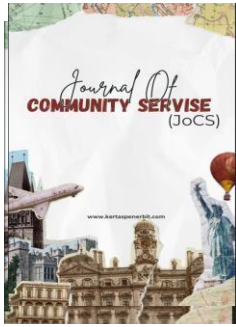
Through these steps, MSMEs in Sadeng Village can continue to grow in a more professional, competitive, and sustainable manner, ultimately contributing to the improvement of community welfare.

ACKNOWLEDGMENT

The author would like to express sincere gratitude to the PKM implementation team, the government of Sadeng Village, the BUMDes management, the MSME actors, and all parties who have supported the execution of this program, enabling it to run successfully. Special appreciation is also extended to the higher education institution that provided the opportunity and support for the implementation of this community service activity.

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