

Accounting Education to Strengthen the Governance of Micro, Small and Medium Enterprises in Kembangan Sub-district

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Abstract

Micro, Small and Medium Enterprises (MSMEs) are resilient and resistant to economic crises and are able to absorb labor so that they can reduce unemployment. MSMEs need activities that can help them realize good governance so that they can run their businesses sustainably. One of the needs for these activities is an activity in the form of education regarding accounting records that can help them understand the importance of separating business finances and personal finances. The purpose of implementing community service activities in Accounting Recording Education to Strengthen MSME Governance in Kembangan District, West Jakarta is to provide education and assistance to MSMEs regarding accounting records and their benefits for business sustainability and to help MSMEs implement bookkeeping in their daily activities. This service activity is intended so that MSMEs in Kembangan District, West Jakarta can understand good governance through accounting records so that it is easier for them to develop their performance and know the development of their business through simple accounting records in the form of recording incoming and outgoing cash flows.

Keywords: Accounting Education, Accounting Records, Governance, Kembangan Sub-district, MSMEs.

1. Introduction

Micro, Small and Medium Enterprises (MSMEs) play an important role in Indonesia's economy (Purwanto, et al., 2021). Concrete evidence that MSMEs play an important role in Indonesia's economy is demonstrated by MSMEs' ability to absorb labor. According to Deputy I for Macroeconomic and Financial Coordination, Ministry of Economic Affairs Ferry Irawan, Micro, Small and Medium Enterprises (MSMEs) are one of the pillars of the national economy. By 2024, the number of MSME actors reached 99% of the total business units in Indonesia. Of this number, MSMEs were able to contribute up to 60.51% to the national Gross Domestic Product (GDP) and absorb almost 97% of the total workforce in Indonesia (Akhir, 2024). Although MSMEs have a major role in Indonesia's economy (Edelia & Aslami, 2022), they still face several classic problems to date, one of which is the inadequate ability of MSME actors in accounting records (Simangunsong, 2022), even though financial records are needed for MSME actors to know their business development (Saifudin et al., 2021) and is one of the factors that is key to the success or failure of MSMEs (Margunani et al., 2020).

The importance of financial records in MSME management, in reality, has not been widely realized by many MSME actors (Agung et al., 2018). Many MSME actors still find it difficult to make financial records in their business activities (Farwitawati, 2018). This difficulty is caused by lack of knowledge and awareness about the importance of accounting records (Farhan et al., 2020).



The lack of knowledge and awareness about the importance of accounting records also occurs among MSME actors in Kembangan District. Most business actors do not perform accounting records and still lack understanding of the purpose of making financial reports and their benefits for business development (Yessie & Indriawati, 2024). Another reason is not recording transactions due to being busy managing their own business, financial records being less important, and business actors still tending to make decisions based on intuition. In addition, MSME actors in Kembangan District have not been able to separate personal finances from business finances, so they have not been able to evaluate financial flows clearly. The separation between personal money and business money is an important aspect in running a business (Gustia et al., 2022).

Kembangan District is one of the districts located in the West Jakarta Administrative City area. Based on observations conducted by the team, several issues were identified among MSME actors in Kembangan District, particularly in terms of financial management. Many businesses are operated solely based on motivation and desire, without sustainable accounting records, which hampers their ability to grow and strategize effectively. Through proper accounting practices, they would be able to measure their success and plan future business strategies. Moreover, there is a lack of education in preparing simple accounting records that can assist in business monitoring. MSME actors also tend to have limited knowledge regarding the benefits of financial reports. Additionally, many of them do not yet understand the principles of sound financial management, as they often fail to separate personal finances from business finances, making it difficult to track and manage business cash flow.

To overcome these problems, an education program is needed that can provide understanding to MSME actors about the importance of good financial recording and reporting. Through this activity, it is hoped that MSME actors can improve their ability to manage business finances more effectively, which ultimately can support business growth and sustainability. This educational activity is designed as a form of community service, especially to empower MSME actors in improving their financial literacy. With proper guidance, MSME actors are expected to be able to understand and apply simple accounting records that can help them in business planning and decision making.

The purpose of this activity is to improve MSME governance in Kembangan District through the implementation of accounting records, enabling MSMEs to operate sustainably. Specifically, this effort aims to enhance governance by providing MSME actors with a better understanding of the importance of accounting records, leading to improved and sustainable business management. It also seeks to optimize financial management by offering training to micro, small, and medium enterprises (MSMEs) on proper financial practices, including accurate accounting records that support business growth planning and effective cash flow monitoring. Furthermore, the activity aims to increase competitiveness by equipping MSMEs with strategies rooted in sound bookkeeping practices, ensuring that their financial management is well-organized and reliable.

This activity offers students the opportunity to learn beyond the campus environment, engage in social activities, and apply their knowledge in real community settings. Several components of the Merdeka Belajar Kampus Merdeka (MBKM) program are directly aligned with this initiative. First, student involvement in community service allows participants to contribute meaningfully to society while enhancing their understanding of entrepreneurship and gaining valuable hands-on experience particularly through educating MSMEs in Kembangan District on accounting records. Second, the activity aligns with MBKM's emphasis on real-world business practice by enabling students to interact directly with MSME actors, identify problems, and offer practical solutions, thus simulating a business environment

similar to internships or industry collaboration. Lastly, this initiative supports community empowerment and entrepreneurial development, key elements of MBKM. By helping to improve the financial literacy and capacity of MSME actors, students play an active role in advancing local economic development. Ultimately, this experience helps broaden students' learning beyond the classroom and strengthens their contributions to the community.

Community Service (*Pengabdian kepada Masyarakat* or PKM) has a strong and relevant connection with Key Performance Indicators (KPIs), particularly in the context of supporting MSME development in Kembangan District. The service program, which focuses on enhancing understanding of accounting records to strengthen MSME governance, directly contributes to the achievement of several KPI targets that universities use to assess institutional performance. In this case, the relationship between PKM and KPI specifically KPI 2 (Students Gaining Experience Outside Campus) and KPI 3 (Lecturers Engaged in Activities Outside Campus) can be described as follows. First, in terms of PKM and Community Service, the initiative to improve MSME understanding of accounting practices represents the university's tangible contribution to community development, especially in promoting economic and social welfare. Through this activity, both lecturers and students actively engage in mentoring and training MSME actors, thereby fulfilling the university's role in community empowerment as outlined in the community service KPI.

Second, with regard to PKM and Learning Quality, this program offers students meaningful practical experience that complements their academic learning. By participating in community-based projects, students are exposed to real-world challenges, allowing them to apply theoretical knowledge in authentic contexts. This directly supports the KPI for learning quality, as it demonstrates the institution's commitment to providing experiential learning opportunities that prepare students for professional and societal engagement particularly through their involvement with MSME actors in Kembangan District.

Based on the situation analysis above, the lack of knowledge and awareness about the importance of accounting records also occurs among MSME actors in Kembangan District. Most business actors do not perform accounting records and still lack understanding of the purpose of making financial reports and their benefits for business development. This activity is expected to provide education on the importance of accounting records in doing business towards good business governance for the sustainability of their business. Based on the situation analysis, the priority problems that need to be addressed center around business management and financial reporting.

These issues require integrated and targeted solutions to strengthen MSME governance in responding to increasingly competitive market dynamics. Many MSME actors in Kembangan District still operate their businesses based on intuition, without a solid understanding of basic business management principles. Additionally, there is a lack of accounting knowledge, particularly in recording business transactions, which hampers effective management. Financial management remains one of the core weaknesses, as many MSMEs do not maintain proper financial records, making it difficult to track cash flow, profits, or losses accurately. Furthermore, the failure to separate personal and business finances complicates performance evaluation and strategic decision-making.

This activity is designed to provide practical solutions to the priority problems faced by MSMEs in Kembangan District. It aims to enhance the understanding of MSME actors in recording business transactions, enabling them to manage inventory, resources, and strategic planning more effectively. Additionally, the activity seeks to improve their ability to prepare financial reports, which supports better business decision-making and facilitates access to funding. Furthermore, this initiative contributes to the achievement of the university's Key

Performance Indicators (KPI). It aligns with KPI 2 (Students Gain Experience Outside Campus) by involving students directly in assisting lecturers during the implementation of community service. It also supports KPI 3 (Lecturers' Activities Outside Campus) through active lecturer participation in mentoring MSMEs via training sessions and discussion forums.

Based on the problems that have been described in the situation analysis and partner problems, this community service activity offers a solution to provide education to MSME actors in the Kembangan District area. This education can be in the form of providing information about the objectives of business actors in making accounting records. Providing knowledge about the benefits of accounting records in running a business so that business governance becomes better. When governance is running well, business sustainability can be achieved as desired.

Furthermore, providing simple accounting record training to MSME actors according to the conditions of MSME actors in Kembangan District. This training is given during the implementation of activities that will be continued with assistance during the community service period. With the implementation of this service, it is hoped that it can increase awareness and ability of MSME actors about the importance of making simple accounting records. By knowing the preparation, management and recording of MSME business actors, it is a reference for maintaining sustainable business.

Table 1. Expected Changes in Conditions Before and After the Service Program

No.	Element	Pre-Training	Post-Training
1	Accounting Knowledge in doing business	Not understanding	Participants can know the importance of accounting records in running a business
2	Basic Accounting Recording according to standards	Not understanding	Basic recording that needs to be done in running a business
3	Benefits of accounting records as a basis for governance towards business sustainability	Not understanding	Participants understand the benefits of accounting as business progress monitoring and business strategy determination

Based on the details above, the following are the planned target outputs of this service program: Scientific publication in ISSN journals/proceedings, Publication in print/online media/PT repository, Increased application of science and technology in society (mechanization, IT, and management), Improvement of community values (arts and culture, social, political).

2. Methods

2.1. Activity Plan

- Instilling understanding and increasing knowledge of simple accounting records to realize business governance towards business sustainability.
- This Science and Technology-based Community Service Program for the Community (IbM) targets MSME actors in Kembangan District, West Jakarta.

2.2. Activity Method

This community service is carried out through providing education to MSME actors in Kembangan District, West Jakarta through two main stages (pre-education and evaluation).

- Pre-education is a survey of knowledge level about the benefits of accounting records by distributing questionnaires filled with a Likert scale of 1-4.

- b. First literacy, delivering material about simple accounting records that need to be known by MSME actors.
- c. Further education, training and questions and answers related to simple accounting records adjusted to the business conditions of MSME actors.

2.3. Types of Outputs According to Activity Plan

Through delivering simple accounting education materials can provide knowledge and motivation to MSME actors to make accounting records in running their business.

2.4. Activity Evaluation Mechanism

- a. Activity evaluation is conducted through pre and post-tests: related to material.
- b. Instructor evaluation questionnaire: related to material presentation.
- c. Activity implementation evaluation questionnaire: related to activity implementation.
- d. Evaluation Method: Activity evaluation is the process of collecting data and information needed in a training program.
- e. Partner Participation in PKM activities.

The target audience in community service organized by the PKM Team of Mercu Buana University is housewives and MSME actors in Kembangan District, West Jakarta. This Service Activity is planned to be carried out in 2 meetings, namely on April 15, 2025 and April 25, 2025. The venue will be discussed between the PKM Team and Kembangan District, while participants are selected together with district officials such as RT, RW, and Village as Partners of Mercu Buana University PKM. Partner participation in implementing this program is providing the implementation venue along with sound system and LCD projector equipment.

3. Results and Discussion

3.1. Results

The implementation of Community Service Activities carries the major theme of Increasing Community and MSME Capacity through Entrepreneurship Training and Mentoring, Halal Lifestyle, Business Strategy, and Accounting-Based Auditing for Healthy and Sustainable Prosperous Life. The theme of the Author's own Service is "Accounting Record Education to Strengthen Governance of Micro, Small and Medium Enterprises in Kembangan District" in collaboration with Kembangan District, West Jakarta. This activity was held with the following details:

- a. Day : Tuesday and Wednesday
- b. Date : April 29 and 30, 2025
- c. Time : 09.00 to 15.30
- d. Location: Mercu Buana University, West Jakarta
- e. Number of Participants: 97 Participants

This activity was implemented over 2 days, on the first day, April 29, 2025, community Service Activities implemented training activities for noodle making and Cost of Production Calculation to Determine Selling Price in the morning session. Then continued with the next session on MSME Product Marketing Strategy Training and the Importance of Entrepreneurship and Canvas Proposals for Young Entrepreneurs.

On the second day, April 30, 2025, implemented Natural Soap Making Training with Business-Economic Value and providing material on Accounting Record Education to Strengthen Governance of Micro, Small and Medium Enterprises. In different classes at the

same time, there were two speakers explaining understanding of financial report presentation and financial report auditing, and halal product literacy and quality improvement.

The material on Accounting Record Education to Strengthen Governance of Micro, Small and Medium Enterprises was implemented on the second day, April 30, 2025, attended by 37 participants. The provision of product making training and materials related to entrepreneurship, halal lifestyle, business strategy and accounting-based auditing became lively when there were many questions related to the material provided. Participants were MSMEs fostered by the MSME Sub-Department of West Jakarta Mayor. The implementation of this community service activity partnered with Kembangan District so that Kembangan District synergized with the West Jakarta Mayor's Sub-Department to recommend participants who could participate in this activity adjusted to their needs.

This collaboration will be very beneficial for both Mercu Buana University and Kembangan District to synergize in helping improve MSME quality not only in increasing sales but also in providing literacy and training that are very much needed to strengthen MSME actor governance.



Figure 1. Documentation of the activity

3.2. Discussion

Almost all participants who are MSME actors were very enthusiastic in participating in the training and following the material provided by the speakers. With the provision of Accounting Records to Strengthen Governance of Micro, Small and Medium Enterprises, it is hoped that MSME actors can understand well how to make simple financial reports so that the business run can be recorded according to actual transactions and the business can develop in the future and continue to be sustainable and able to manage their finances well.

Bookkeeping is one of the important processes that is often forgotten by business owners. Usually, they only focus on how to make their products or services sell and be known by many people. In fact, bookkeeping is very important for businesses whether large or small scale because it has many functions, such as examples for assessing financial conditions or measuring growth and profitability. Simply put, bookkeeping is the process of recording daily financial transactions. Recording money going out and money coming in must be done in the accounting recording process, because this recording becomes documentation in running a business. Business financial bookkeeping is very important for business continuity and avoiding confusion between business finances and personal finances.

Benefits obtained from making accounting financial bookkeeping for small to large businesses include:

- a. Knowing the financial position of the business being run
- b. Knowing business profits or losses
- c. Being able to determine what strategies to take for business development
- d. Knowing business development and business sustainability

Many reasons why many small business owners do not keep books on their business:

- They feel this process is quite troublesome and do not understand how to do it so it is difficult to do it
- Do not understand so this is what makes business owners feel they have to spend more money to do accounting recording
- Business owners often complain about limited time they have to do it

In the implementation of this community service program, questionnaires were distributed to participants to gather feedback and evaluate the effectiveness of the activities conducted. The distributed questionnaires were related to:

- Activity evaluation conducted through pre and post-tests: related to material.
- Instructor evaluation questionnaire: related to material presentation
- Activity implementation evaluation questionnaire: related to socialization activity implementation

Table 2. Community Service Implementation Questionnaire

No.	Statement	STS	TS	S	SS
1	Speaker's understanding of Material	-	-	12	25
2	Speaker's time allocation is sufficient	-	-	18	19
3	Speaker presents material content well, easy to understand and implement	-	-	18	19
4	Solving problems by utilizing expertise	-	-	17	20
5	Utilizing appropriate technology	-	-	17	20
6	Useful for science and technology development	-	-	17	20
7	Organizing readiness	-	-	16	21
8	Webinar material availability	-	-	16	21

Referring to Table 1, it can be seen that participants have enthusiasm for the implementation of community service carried out by the Mercu Buana University lecturer team. This gives a positive value that the implementation of activities related to accounting record education to strengthen micro, small and medium enterprise governance is very much needed. Participants hope for continuity of activities so that what can be understood increases and is beneficial for the sustainability of participants' businesses.



Figure 2. Documentation of the activity

4. Conclusion

Socialization and Education on Accounting Records to strengthen MSME governance received positive responses from all participants. This is due to the transfer of knowledge related to accounting records that can provide long-term benefits for MSME actors. In addition, the impact of this socialization and education can increase community literacy, especially MSMEs, in their ability to present financial reports. Suggestions for future community service activities are to increase the number of participants involved so that the impact is more massive and the government's hope in improving community financial literacy can be achieved.

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