



Financial Literacy Training: Understanding How to Manage Cash Flow and Plan Business Finances Better in MSMEs in Kembangan Subdistrict

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) are a strategic sector in driving Indonesia's economic growth. However, low financial literacy remains a major challenge in effective business financial management. Based on previous findings, many MSMEs lack sufficient understanding in preparing cash flow statements and systematically planning business finances. This Community Service Activity (PKM) aims to enhance the financial literacy of MSMEs in Kembangan Sub-district through training on cash flow management and business financial planning. The methods employed include interactive lectures, group discussions, and hands-on practice in preparing simple financial reports. The results of the implementation showed an increase in participants' understanding of the importance of financial record-keeping, as well as their ability to create business financial projections. With this improvement, SMEs are expected to be able to manage cash flow more effectively and plan their business finances sustainably.

Keywords: Financial Literacy, Cash Flow, Financial Planning, MSMEs

1. Introduction

Micro, small and medium enterprises (MSMEs) are the backbone of Indonesia's national economy (Widodo et al., 2022). Their contribution is not only in absorbing a large workforce, but also in maintaining economic stability at the local and national levels. MSMEs have proven to be resilient in the face of crises, including during the COVID-19 pandemic, where this sector has been able to become the main supporter of community economic activities (Setyoko & Kurniasih, 2022; Utomo et al., 2021).

Kembangan Subdistrict, located in West Jakarta, is one of the areas with fairly dynamic economic growth. This area consists of six villages, namely Joglo, North Kembangan, South Kembangan, North Meruya, South Meruya, and Srengseng, and has a dense population. According to the latest statistical data, the population of Kembangan Subdistrict reached over 315,000 people by mid-2023, making it one of the areas with high economic potential, particularly in the development of SMEs (Setyoko & Kurniasih, 2022).

The Jakarta Provincial Government actively promotes the growth of MSMEs through various guidance and empowerment programmes. One such programme is Jakpreneur, which was launched to assist MSMEs in areas such as training, licensing, marketing, and access to capital. In Kembangan District alone, there are dozens of food-related SMEs that have joined the Jakpreneur programme and received mentoring. However, the number of active SMEs across various sectors such as food, fashion, handicrafts, and services is estimated to be even greater in the field (Setyoko & Kurniasih, 2022; Aulia et al., 2025).

With the increasing adoption of technology and digitalisation, MSME players in West Jakarta, including those in Kembangan Subdistrict, have also begun to integrate digital payment systems such as QRIS. Data from the city government shows that as of September 2024, around 1,695 MSMEs in West Jakarta have implemented digital transaction systems. This is a step forward in the modernisation of MSMEs, but it has not been fully accompanied by adequate understanding and practice of financial accounting (Anastasya, 2023).

One important aspect of business management that remains a challenge for many MSME players is recording and compiling financial reports. Cash flow statements, which show cash inflows and outflows over a period, are a very important type of financial report. With cash flow statements, business players can ascertain their real financial position and make more informed business decisions (Mariana et al., 2023).

The issue of low financial literacy needs to be addressed concretely through an educational approach that is tailored to the characteristics of local MSMEs. One appropriate approach is through community service activities that focus on educating MSMEs on how to prepare simple financial reports, particularly cash flow statements. This activity is expected to be an initial solution in raising awareness and basic skills among MSME players in managing their business finances systematically.

This community service activity is designed to provide practical training and guidance to SME operators in Kembangan Subdistrict so that they can prepare simple yet effective cash flow statements. The methods used include lectures, simulations, and the provision of easy-to-use cash flow statement templates. The training material is tailored to the needs and level of understanding of the participants so that the knowledge transfer process can run optimally (Harjoni et al., 2023).

It is hoped that through this activity, MSME players will not only gain theoretical knowledge (Azhari, 2020), but also practical skills in preparing cash flow reports that can be directly applied in their business operations (Suciani & Setyawan, 2022). With more organised financial reports, MSMEs will be better prepared to grow, gain access to capital, and increase competitiveness amid increasingly fierce market competition.

Thus, this community service activity is not only a form of contribution from universities in supporting MSME empowerment programmes, but also part of the implementation of the three pillars of higher education in building synergy between the academic world and the community (Rafie et al., 2023). It is hoped that this activity will have a sustainable impact on increasing the capacity of micro businesses in the Kembangan District.

The target for this community service activity is micro, small, and medium enterprises (MSMEs) located in the Kembangan sub-district, West Jakarta. The main target includes MSME owners or managers who do not yet have sufficient understanding or skills in preparing financial reports, particularly cash flow statements. The MSME group being focused on comprises various business sectors, including food and beverage, fashion, handicrafts, and services, spread across six villages in the Kembangan sub-district: Joglo Village, North Kembangan Village, South Kembangan Village, North Meruya Village, South Meruya Village, and Srengseng Village. Based on data from the Jakpreneur West Jakarta programme and initial observations, the majority of SME operators in this area still maintain financial records manually, or do not keep records at all.

The target audience for the activity also includes SME operators who are already part of the Jakarta Barat PPKUKM Sub-District Office's mentoring programme but still require capacity building in financial management. Additionally, this activity opens opportunities for participation by non-mentored SMEs that aim to develop their businesses more professionally. The general characteristics of the target community include business operators with diverse educational backgrounds, ranging from secondary school graduates to university graduates, with relatively low financial literacy levels. Therefore, the approach used in this activity is designed to align with the needs and understanding levels of the participants, using simple language and interactive, practical training methods. By targeting this MSME group, the activity is expected to have a direct impact on improving their managerial and financial capacities. Ultimately, this aims to support business sustainability, increase access to financing, and strengthen the role of MSMEs as drivers of the local economy in Kembangan Subdistrict.

2. Methodology

The methods used in this community service activity were systematically designed to ensure the achievement of the goal of improving financial literacy among MSME actors, particularly in the preparation of cash flow statements. The activity was carried out in several stages, namely preparation, implementation, and evaluation.

a. Preparation Stage

In the initial stage, the team conducted a preliminary survey and coordinated with the village administration and MSME facilitators in Kembangan Subdistrict. The survey aimed to identify the needs and problems faced by MSMEs in financial recording. In addition, training materials were prepared in accordance with the characteristics and level of understanding of the participants. The materials prepared included:

- a. Introduction to basic accounting for MSMEs
- b. Understanding cash flow concepts
- c. Simple techniques for preparing cash flow statements
- d. Use of templates or financial recording tools

b. Implementation Stage

The activities were carried out in the form of participatory training and direct assistance, which were divided into several sessions:

- a. Theory session: Interactive delivery of material using presentation media, case studies, and small group discussions. The material is delivered in easy-to-understand language and directly related to the participants' daily business practices.
- b. Practical session: Participants are asked to compile cash flow reports based on their respective business transaction data. The facilitator team provides technical assistance to help participants understand the steps involved in preparing and using cash flow statements in decision-making.
- c. Digital application simulation: Simple digital tools (e.g. Microsoft Excel or free financial recording applications) are also introduced, which can be used by MSMEs to simplify cash recording.

c. Evaluation and Follow-up Stage

After the training, an evaluation was conducted to assess participants' understanding, both through quizzes and simple cash flow report assignments. The evaluation also included a feedback survey to determine the effectiveness of the material and delivery methods. In addition, participants who needed further assistance were given access to online consultations or regular follow-up visits.

As a follow-up, the service team designed a guidance module and cash flow report template tailored to the needs of local MSMEs. This module was distributed to participants so that it could be used on an ongoing basis. Some participants were also directed to join village-level MSME financial learning groups that would be assisted by local facilitators.

This method was designed so that MSME actors would not only gain temporary knowledge, but also practical skills that could be applied in the long term. With an applicative and collaborative approach, this community service activity is expected to make a real contribution to strengthening the financial capacity of MSMEs in Kembangan Subdistrict.

3. Results and Discussion

The community service activity with the theme of cash flow report literacy for MSMEs in Kembangan Subdistrict was carried out successfully and received positive responses from the participants. This activity was attended by 35 MSME players from various villages in Kembangan Subdistrict, consisting of culinary, handicraft, laundry, and home clothing sales businesses.

3.1. Implementation of Activities

The training was conducted over two days, with sessions divided between theory and practice. The first day focused on introducing the basic concepts of cash flow statements, the importance of financial recording,

and the types of cash flows (operating, investing, and financing). On the second day, participants were asked to prepare simple cash flow statements based on their respective business transaction data.

During the training, participants showed high enthusiasm and actively participated in the discussion sessions. Some participants revealed that they had never formally prepared financial statements before and only recorded expenses and income in an unstructured manner. The cash flow statement template provided by the team was very helpful for participants in visualising their business cash flow in a more systematic way.

3.2. Improving Participants' Financial Literacy

From the results of the pre-test and post-test given to participants, there was an average increase of 42% in understanding of the concepts and methods of preparing cash flow statements. Initially, most participants only understood financial recording as a record of daily income and expenses. However, after the training, participants began to understand the importance of separating operational, investment, and financing cash flows.

In addition, some participants began to realise the importance of separating business and personal finances, and began to consider periodic recording for business evaluation and planning.

3.3. Challenges Faced

Some of the challenges that arose in implementing this activity included:

- a. Participants had varying levels of education and prior knowledge, so the material had to be presented gradually and in simple language.
- b. Some participants had minimal experience with technology, so training in the use of digital recording applications still required further assistance.
- c. There was limited time during the training to discuss financial management in depth.

However, these challenges can be overcome with hands-on methods and simple modules that participants can use independently after training.

3.4. Direct Impact and Follow-up Plans

The direct impact of this activity was an increase in participants' awareness and basic skills in preparing cash flow statements. As many as 80% of participants stated that they would begin to implement regular cash flow recording in their businesses, and 25% of participants were interested in continuing their advanced financial learning, such as profit and loss statements and business balance sheets.

As a follow-up, the service team recommended the formation of microfinance learning communities in each village in Kembangan Subdistrict, which could be facilitated by the village or MSME facilitators from the Jakpreneur programme. The team also provided an online communication channel (via WhatsApp Group) for further consultation after the activity.

4. Conclusion

This community service initiative on cash flow report literacy for MSMEs in Kembangan Subdistrict effectively enhanced participants' financial literacy, particularly in the preparation and utilisation of cash flow statements. The structured methodology, encompassing needs assessment, participatory training, and targeted evaluation, resulted in a 42% increase in understanding, as measured by pre- and post-training assessments. Notably, participants demonstrated improved capacity to distinguish between operational, investment, and financing cash flows, and to apply systematic recording practices in their businesses.

While challenges such as heterogeneous educational backgrounds, limited technological proficiency, and time constraints were encountered, these were mitigated through adaptive instructional strategies and the provision of simple, practical learning materials. The programme also yielded promising behavioural changes, with the majority of participants committing to regular financial recording and some expressing readiness to pursue advanced financial management topics.

To sustain and amplify these outcomes, it is recommended that village-level microfinance learning communities be established, facilitated by local MSME mentors or Jakpreneur programme coordinators. Further, the incorporation of ongoing digital mentoring, modular training on advanced financial reporting, and peer-learning initiatives is advised to strengthen long-term financial management capabilities among MSMEs.

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