



**IMPLEMENTATION OF UMKM FINANCIAL MANAGEMENT TO  
IMPROVE THE ECONOMY OF SIAK REGENCY**

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**ABSTRACT**

*Micro, small and medium enterprises (MSMEs) have economic capacity and are a source of income to fulfill the main desires of economic actors. Moreover, MSMEs are independent efforts managed by residents by producing activity areas and thus contributing to regional economic development (Nugroho et al., 2020). The survival of MSMEs is not only ensured by profitable players, but also requires support from other parties such as the government, private sector, banks and non-banks and academic groups so that MSMEs can develop into better businesses and grow over time. The aim of this research is to find out how to support MSMEs in managing company finances to improve the community economy in Siak Regency. However, not all MSMEs currently find support based on the problems they face, so MSME assistance must be a program that needs to be implemented. This research uses a quantitative approach by looking at phenomena and measuring community business capabilities.*

**Keywords: MSMEs, Financial Management, Community Economy.**

**Introduction**

Micro, small, and medium enterprises (MSMEs) have economic potential and serve as a source of income to meet the primary needs of economic actors. Moreover, MSMEs are independent businesses managed by communities, creating a source of activity, thus contributing to regional economic development (Nugroho et al., 2020). The sustainability of MSMEs is not only ensured by profitable actors but also requires support from other parties such as the government, the private sector, banks and non-banking institutions, and academics so that MSMEs can develop into better businesses and grow in line with the economy. However, not all MSMEs currently receive support for the challenges they face, so MSME mentoring is a necessary program.

The growth of MSMEs in Riau Province continues to grow year after year, as evidenced by the increasing number of MSMEs currently operating, which are also a source of income for businesses to meet their families' basic needs. The MSMEs that are growing quite rapidly in Riau Province include culinary businesses in the form of food stalls, coffee shops, restaurants, bakery businesses, fried food businesses, and various beverage businesses. Similarly, there are betel nut, vegetable, and fruit vendors in conventional markets, and stalls or businesses selling basic necessities and crafts in the form of tokens and other handicrafts.

MSMEs emerge because they provide opportunities that MSME actors can use to fulfill community needs, facilitate efforts to promote business opportunities, and provide affordable prices for the community. These are all profitable growth opportunities driven by MSME actors. However, MSME actors also face challenges in running their businesses, such as investment, a lack of clients, a lack of entrepreneurial knowledge and skills, a lack of sound industrial financial management, and the need to relocate their businesses. On the other hand, this is due to a lack of sufficient financial resources, facilities, and so on. All of these certainly pose a threat to business growth. According to Murdani (2019), factors supporting community development in the economic aspect include an abundance of natural resources and human resources. Conversely, the inhibiting factors are limited capital, facilities and infrastructure, and low community participation. If this issue is not addressed seriously, it will become a serious problem, impacting the sustainability of activities carried out by MSME stakeholders. Therefore, it is necessary to find solutions to the problems we face.

Similarly, MSMEs in Riau Province face challenges in running their businesses, including lack of capital, marketing, poor financial management, and a lack of business knowledge. Most MSMEs are unable to separate the funds used to run their businesses from the funds used to meet family needs. As a result, the business's financial situation is often combined or combined with the family's financial situation. In reality, many financial records and information are not kept because they are considered burdensome or because the owners lack the skills to write and prepare financial information for their business activities. Know exactly how much money you make each day or month. Similarly, overhead for all transactions is estimated entirely by relying on memory. This means that business knowledge and skills are still lacking because most of them run their businesses on a shoestring, essentially just to make ends meet. Some people run long-established businesses but fail to develop or experience growth during their time in business. All of these problems affect their income.

To address the challenges facing MSMEs, particularly micro-enterprises in Riau Province, support is needed to prevent these challenges from further impacting their business revenue. This support focuses on supporting entrepreneurship and micro-enterprise financial management, based on an understanding of key challenges faced by micro-enterprise managers in the district. Siak province Riau . This type of support is a significant preventative measure, as Layyinaturobanayah & Muizu (2017) noted, many micro-enterprises fail or collapse due to their inability to manage their finances effectively. Objective from study This is For know How support MSMEs in management finance company For increase economy community in the Regency Siak

### **Method Study**

Subject study This is local communities Regency Siak and give report based on studies research . The type of research is descriptive research qualitative which describes some data from from a number of sources and

realize to society . This research technique uses a quantitative approach by looking at phenomena and measuring the ability business public .

## **Results and Discussion**

Despite being open for years, the business has not made any progress in meeting the family's basic needs in this way. There is no product innovation, and the potential of available raw materials is not utilized properly. Income and expenses can only be estimated from memory, and if there is any evidence, it is only in the form of receipts. This is due to poor financial management, poor financial management knowledge, lack of bookkeeping and financial reporting, and the inability of stakeholders in the business to distinguish between money used for business and money used for family consumption.

Based on the identified findings, the problems faced by economic actors can be identified. Understanding entrepreneurship and support in financial management should be a priority for support. Once the problems are identified, support strategies are developed and implemented. The results of this problem identification are aligned with the findings of the micro-enterprise problem identification so that the support provided is appropriate and aligns with the problems faced. Based on the above-mentioned problem findings, the following support strategies were developed: 1. Workshops on entrepreneurship and micro-enterprise financial management with discussions and questions and answers; 2. Support for startups and micro-enterprise financial management; and 3. Supervision and assessment of learning activities. As part of the mentoring preparation, course materials, modules, discussions, mentor consultations, supervision, and evaluations have all been prepared. The purpose of this conference and discussion on entrepreneurship and financial support for micro-enterprises is to increase the knowledge of micro-bakery entrepreneurs about entrepreneurship and financial management.

In fact, the conference was held in three commercial locations: Siak City, Bungaraya District, and Dayun District. The implementation was carried out directly at each operational location, allowing micro-business owners to speak more freely and ask questions without having to leave their businesses at the right time. Micro-business owners in the bakery were very enthusiastic about listening to the lecture material and following the presentation. They did not hesitate to ask questions about startups and company financial management during the exchange. Overall, this activity provided entrepreneurial materials to increase their knowledge of entrepreneurship and is expected to foster an entrepreneurial mindset in running a business, not only to earn money for their families but also to encourage their businesses to grow gradually.

In addition, micro-business financial management documents are also presented to provide further understanding of how to properly manage micro-business finances, including managing business capital, managing business cash, and preparing simple financial reports. The simplest way to do this is to differentiate micro-business finances from household finances by creating simple financial reports, particularly profit and loss statements and cash flow statements. The previously provided material will be put into practice before the mentoring activities begin.

Support for startups and financial management for small and medium enterprises (MSMEs). The goal of this phase is for economic actors to directly apply the knowledge gained in the class to solve problems they face in managing their businesses. After the class, micro-entrepreneurs can practice financial management and entrepreneurial support directly. Product innovation and business opportunities are two types of business activities undertaken.

In this business activity, economic actors create new products by modifying their products to meet customer needs and tastes; for example, food stalls can offer a more diverse menu with increased levels of spiciness by processing available ingredients, especially chilies. In addition, various types of fried foods can be changed into cheese bananas, mud bananas, mashed taro, etc. This also applies to hot and cold drinks. For kiosks, products that consumers need can be added, while for token businesses, various models can be made according to customer tastes, such as key chains with typical Papuan accessories such as tifa, honai, and typical Papuan batik. This activity teaches children that they must adapt to their limited business capital.

Businesses can prepare simple financial reports about their businesses, including profit and loss statements and cash flow statements, as is done with financial processing. Monitor and assess the impact of support on micro-enterprises to see firsthand how support measures are impacting them. Continue to provide instruction and training to micro-bakery owners on how to conduct start-up operations and manage finances appropriately and sustainably. To determine the effectiveness of this assistance, monitoring and evaluation will be conducted. Based on the results of this monitoring and evaluation, micro-enterprises must begin to learn to use simple financial management in their business management processes.

Likewise, their businesses are growing, developing a variety of products, while considering the business opportunities available to micro-enterprises. Food stalls are not only adding variety to their menus, such as fried chicken, but also offering spicy fried chicken to suit customer preferences. They also offer a variety of fried foods and hot and cold drinks. Furthermore, some businesses have the ability to sell their goods online, allowing customers to purchase their goods online, not just those who dine in. They can develop and add different Noken models to suit market tastes, as well as create attractive jewelry such as key chains decorated with honai accessories, tifa (traditional Javanese drums), and various Papuan batik motifs.

By managing their capital effectively, these kiosk business groups can also sell goods needed by consumers and supplement their inventory. This activity improves the knowledge and skills of micro-entrepreneurs in financial management and business operations. Likewise, when they identify opportunities to increase their business revenue, they can address common problems. The most important aspect is assessing the impact of aid on micro-enterprise issues, examining whether it can increase company revenue and improve spending efficiency.

The results of community service in Siak Regency indicate that micro-bakery entrepreneurs participating in the program have a better understanding of entrepreneurship and management issues. Micro-enterprises manage their finances by differentiating between business and family finances. They can also

create profit and loss reports and cash flow statements. This mentoring activity can run well if the economic actors participate enthusiastically, so they can gain a solid understanding of entrepreneurship and micro-business financial management. It is very similar to the desire and desire of businesses to create financial reports, both profit and loss and cash flow. The students' enthusiasm was also evident in the discussions and Q&A sessions, which involved many questions. Furthermore, there are obstacles in community service, mainly because micro-enterprises do not understand and do not know how to manage finances and start-ups. Therefore, department members are trying to instill discipline by learning how to use company financial reports.

### **Conclusions and Suggestions**

The results of monitoring and evaluation of start-up support and micro-enterprise financial management in Siak Regency, Riau Province, indicate that the consultation was conducted well, and that micro-bakery entrepreneurs provided useful input. From all stages of implementation, this activity can be considered successful because economic actors participated enthusiastically and showed positive responses during the consultation. Utilizing materials relevant to the problems faced aims to improve understanding of entrepreneurship and micro-enterprise financial management, so that businesses can develop new products and maximize their benefits. Using resources, some businesses can create simple financial reports, especially profit and loss statements and cash inflows and outflows, and understand and enjoy the benefits of mentoring. Ultimately, micro-bakery entrepreneurs in Siak Regency are likely to earn more money as a result of the impact of this mentoring. It is hoped that this mentoring can be continued by collaborating with the government, the private sector, and even micro-credit institutions to address capital and other issues that may arise in the future. The author then recommends that people better understand the financial system and financial reports before starting a business so that businesses run more smoothly and the economy grows.

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