



Digitalization of Simple Financial Statements on Women's Fashion MSMEs in East Java

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Abstract. Women have an important role in supporting the nation's economy, especially during the current pandemic. MSMEs run by women account for 60% of the total number of MSMEs in Indonesia. The use of financial technology is proven to be able to improve the performance of MSMEs. Modernization in financial records can increase savings, income, and adaptability for MSMEs who are members of the INTAKO business. Owned by women entrepreneurs who are members of the INTAKO business group so that they are expected to support gender responsive and inclusive economic recovery after the COVID-19 pandemic. In addition, this program is also a form of concern from the Unesa academic community for the surrounding community, especially the SME mothers in East Java who have been affected by the Covid-19 pandemic.

Keywords: Digitalization · Financial technology applications · Women entrepreneurs/MSMEs fashion · QRIS digital payments

1 Introduction

The current pandemic period makes the role of women influential both inside and outside the home. COVID-19 is a pandemic that has become a global reality that affects the fabric of human life from the international level to the household level [1, 2]. The COVID-19 pandemic has had a global impact regardless of country, religion, ethnicity, or social strata [1, 3]. The health, social and economic resilience of the world community and Indonesia are tested to face this pandemic [4, 5].

When facing this pandemic, women entrepreneurs, the majority of whom come from MSMEs, have enormous potential and role in supporting the nation's economy. Data on the Development of Micro, Small, Medium and Large Enterprises in Indonesia for the 2014–2018 period, as many as 99.99 percent of the 64 million business units in Indonesia are Micro, Small and Medium Enterprises (MSMEs). Around 60% of the number of MSMEs are managed by women [6]. There are 3 (three) sectors controlled, namely fashion, culinary and craft. Based on interviews and field surveys conducted in Kedensari Village, Mr. Zainal Arifin, Chairman of the INTAKO Cooperative, COVID-19 attacks everyone, especially women. Women have to fulfill obligations in work and household duties and are more likely to be laid off.

The limited capacity owned by MSMEs to deal with the impact of the COVID-19 pandemic because they have less inventory, smaller client base, less cash reserves, and more limited credit options compared to large companies [7, 8]. In the case of MSMEs run by women, this weak resilience is further exacerbated by their low access to financial services and technology, information and communication technology (ICT), and business networks that are more accessible to men [8]. Self-employed women will feel this challenge more, especially those who work in the creative economy sector, in informal jobs, or run micro MSMEs (such as food stalls or tailor services) [8].

The use of Fintech among entrepreneurs has a positive influence on the improvement and development of MSMEs [9]. Embedding payment systems into e-commerce platforms and digitizing business management can combine online and offline business elements, increasing savings, revenue and flexibility [9]. The emerging technology, e-commerce and fintech sectors have significant potential for economic recovery after the COVID-19 pandemic for MSMEs [10, 11].

The women and MSMEs they manage are relatively far from technological tools that can modernize and improve their business models [6]. This means that they do not have the same opportunity to look for alternatives, for example when supply chains are disrupted as is seen now due to the COVID-19 pandemic, or to reach new markets with reliable payment mechanisms. Financial inclusion and financial literacy have a positive and significant effect on business continuity [12]. The results of research conducted by [13] find that women with higher financial literacy scores are more likely to be self-employed than men. This is the importance of community service activities aimed at these female MSME actors.

The high level of financial literacy and financial inclusion will improve the performance of MSME [14]. MSME can maintain their financial performance business by managing existing finances and resources through increasing understanding of financial literacy and also optimally empowering their intellectual capital [15]. This also happened to MSME actors at INTAKO. The results of observations and interviews show that there are still many financial records that are not detailed.

1. Women MSME entrepreneurs have limited access to financial technology such as digital payments.
2. Female MSME actors lack access to information and communication technology (ICT).
3. Women SME entrepreneurs need to carry out their responsibilities as housewives and business owners so they don't have much time to manage and record business finances.

2 Method

The training implementation method used is training and mentoring techniques in Kedenari Village, Sruni Village, and Krembangan District. The participation provided by partners in this activity is in the form of support for providing the location and equipment needed to support the activities. Non-financial support provided by partners in the form of commitment from partners to play an active role in service activities. The stages of partner participation in the creation of an information system can be seen in Table 1.

Table 1. Stages of Implementation of Activities

No.	Stage	Activities	Method	Partner Participation
1.	Preparation	Coordinate with partners	Focus Group Discussion	As an informant in finding problems and solutions
2.	Application Training Stage 1	Simple Financial Report Training	In-depth Discussion and Practice	As a trainee
	Application Training Stage 2	Simple financial record digitization training	Focus Group Discussions and Exercises	As a trainee
3.	Monitoring and evaluation	Partner evaluation through response questionnaires and group discussion forums	Focus Group Discussions and Exercises	Report implementation results

3 Results and Discussion

3.1 Preparation Phase

At this stage, discussions were held between the internal team and INTAKO UKM to coordinate the preparation of discussion materials. From the discussion, it was agreed that the training will be held on July 19, 2022, with 31 participants. Furthermore, the internal team conducts discussions for the preparation of modules according to the needs of partners and measures the burden of the material provided. Prior to the training, the team prepared resource persons, namely Tias Andarini Indarwati, SE., MM (Management), RA Sista Paramita, SE, M.Sc. (Financial experts) who coordinate with each other to prepare training materials for digitizing simple financial records for MSME actors at INTAKO to be used in training.

3.2 Training Stage

Before the training activity begins, the implementing team provides a preliminary test instrument to determine the participants' initial knowledge and skills about digitizing simple financial management. The preliminary test instrument has good validity and reliability so that it can be used to measure the participants' initial knowledge and skills.

The activities were carried out according to a previously planned schedule, namely in stage 1 on July 19, 2022. During the implementation of the activity, all participants were actively involved in participating in training activities held at INTAKO Sidoarjo.

The method used at the implementation stage of this training is offline training where participants get material about digitizing simple financial records. Next, participants discussed simple financial records for their respective businesses. At this stage, each

participant is expected to have knowledge of simple financial records to separate personal finances from business/business finances.

Awareness of the importance of separating Prive (personal expenses) from operational costs needs to be owned by entrepreneurs, this is because many MSMEs feel that the businesses they manage are not profitable and sometimes even feel that their products (merchandise) are not increasing but decreasing.

Every business must at least know how much the operational costs of its business are, how much profit is obtained, and how much capital is used for the business. In terms of financial management professionalism, there are still many MSME actors who do not separate personal money and company money. This causes operational costs to overlap. Cash flows that are mixed between personal finances and business finances can make it difficult for MSME actors to determine business operational costs,

Financial records can be used to monitor business finances, this happens because by doing good records, entrepreneurs can measure profits accurately. Entrepreneurs can set aside a portion of their retained earnings to protect their business, this can be in the form of emergency funds and insurance. An emergency fund is a reserve fund that can only be used if we experience a disaster, disaster, and other unplanned things that can disrupt business performance and operations.

In stage 2, training was conducted to create and enter financial data into simple financial report working papers guided by R. A Sista Paramita SE, M.Sc. Followed by opening the financial application and entering data in the financial application so that financial records can be reported digitally.

During the activity, participants actively participate in this activity by entering data that has been separated between personal and business finances.

3.3 Evaluation Stage

The next stage is the evaluation stage. This stage is carried out to measure the level of understanding of the training participants about knowledge of digitizing simple financial records. Evaluation is done by giving a test. There are two tests given during the training activities, namely pretest and posttest. The pretest was given to measure the participants' prior knowledge, while the posttest was given to measure the participants' understanding after being given training.

Based on Table 2, during the training the Implementation Team measured the impact of this program through pre-test and post-test questionnaires. The results showed that before this training was carried out, 41.9% of respondents answered correctly the questions given, the remaining 56.19% were still wrong in answering. After the training, in answering the posttest questions, respondents answered 67.46% correctly and the remaining 26.68% were still wrong.

From these results, it can be seen that there is an increase in participants' understanding and insight into the material provided. It is hoped that this knowledge can be implemented for business management run by the participants.

This increase in knowledge about simple financial records shows that MSME actors are actually able to carry out correct financial records. However, various obstacles faced by MSME actors, including the thought that detailed financial records seem complicated, make MSME actors unable to keep good financial records.

Table 2. Pretest and Posttest Results

Pertanyaan	Pre-test		Posttest	
	True (%)	Not True (%)	True (%)	Not True (%)
Criteria for Micro, Small and Medium Enterprises according to the applicable laws and regulations	42.86	57.14	52.38	38.10
Definition of cash flow financial statements	47.62	42.86	71,43	28.57
Definition of income statement	57.14	42.86	71,43	19.05
Understanding Financial Statement Balance	47.62	52.38	61.09	28.57
Examples of MSME mistakes in financial management	14.29	85,71	80,95	19.05
Average	41,9%	56,19%	67,46%	26,68%

Meanwhile, the digitalization of financial records is increasingly needed in the current era. Research by [9] states that there are benefits and conveniences of fintech that will have an impact on the intention of SMEs to use it. One of the results of the study shows that there is a significant effect between the benefits and ease of using fintech on the intention of MSME actors to use it. The existence of fintech has a significant effect on MSMEs in increasing payment gateway-based financial literacy [14]. [13] states that there is a significant relationship in analyzing and making studies of innovative solutions for fintech platforms by establishing a strategic role between regulators and fintech providers.

MSME actors are not unaware of this but still do not have the knowledge and skills about digitizing financial records. Interviews after the activity showed that MSME actors felt able to carry out more regular and better financial records after receiving this training.

4 Conclusion

In conclusion, this activity went smoothly, according to the target, and the enthusiasm of INTAKO MSMEs was also seen. The effectiveness of the activity is measured according to the data in the discussion. It is hoped that in the future this activity can be carried out in other places. Partners hope that there are other materials that can be taught to MSMEs so that they have skills beyond the material that has been given at this time.

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