Implementation of Effective Financial Management Principles in Food Sector MSMEs in Baginda Village to Increase Competitiveness

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ABSTRACT

This study aims to identify simple yet effective financial management practices for food-based MSMEs in Baginda Village, South Sumedang District, Sumedang Regency, using Microsoft Excel. MSMEs in this village often face challenges in managing their business finances, particularly in recording transactions, managing cash flow, and planning a structured budget. This study used a qualitative approach with data collection techniques including in-depth interviews, participant observation, and financial management training using Microsoft Excel. The results showed that before participating in the training, most MSME owners in Baginda Village had not separated their personal and business finances, making it difficult to monitor their business's financial performance. After participating in the training, which taught them how to use Microsoft Excel to create cash books, record income and expenses, and prepare monthly and annual budgets, MSME owners reported improved ability to record transactions and monitor cash flow in a more organized manner. 90% of training participants felt more confident in managing their business finances. However, challenges persist, such as limited basic accounting knowledge and a lack of skills in using advanced Excel features. Thirty percent of participants expressed difficulty using Microsoft Excel for more complex financial analysis. Therefore, it is recommended to provide further training on financial statement analysis and improve technological infrastructure in villages. This research makes a significant contribution to developing the financial capacity of MSMEs in rural areas, particularly in increasing competitiveness through more efficient and transparent financial management.

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in Indonesia's economic development, particularly in villages rich in local economic potential. MSMEs in the food sector, which thrive in many villages, serve as key drivers of regional economic growth and employment. The food sector, in addition to being an important part of local culture and tradition, also plays a role in improving the welfare of rural communities. However, despite their significant contribution, many MSMEs in the food sector in villages face significant challenges related to financial management, which often limits their competitiveness in the market.

MSMEs in the food sector in Baginda Village, South Sumedang District, Sumedang Regency, play a crucial role in the local economy. As a center of economic activity involving numerous small business owners, the food sector is capable of absorbing labor while simultaneously meeting the food needs of the surrounding community. However, despite its significant potential, many MSMEs in this village face challenges in financial management, which impact the sustainability and competitiveness of their businesses. According to Suryani (2021), proper financial management in MSMEs significantly impacts business continuity and growth, particularly in rural areas with limited resources.

For MSMEs, especially those operating in the food sector, such as those in Baginda Village, simple yet effective financial management is crucial to ensure smooth operations and avoid financial problems that could hinder business development. This includes recording daily transactions, separating personal and business finances, and budget planning that can maintain long-term financial stability. Research by Lestari (2020) shows that implementing simple financial management principles can improve MSME operational efficiency and reduce the risk of losses caused by waste and unclear cash flow.

However, despite its importance, the implementation of sound financial management is often overlooked, especially by MSMEs in villages who lack a sufficient understanding of basic financial management concepts. In Baginda Village, many business owners still manage their finances informally and in an unstructured manner. This makes it difficult for them to plan business development and obtain external financing for expansion. According to Prasetyo (2022), training and coaching in simple financial management are essential to improve financial literacy among MSMEs, enabling them to manage their businesses more professionally and be highly competitive in a competitive market.

According to Wicaksono (2023), sound financial management in MSMEs is crucial for business sustainability and competitiveness. Effective financial management includes the ability to prepare a budget, separate personal and business finances, and maintain clear and structured financial records and reporting. Without a sound financial management system, MSMEs will struggle to evaluate business performance, plan for the future, and anticipate potential financial problems. A key issue frequently encountered is a lack of understanding and skills in professional financial management among MSMEs, particularly in rural areas like Baginda Village. Research by Fitria (2021) found that rural food MSMEs tend to manage their finances simply and not separate personal and business finances, which can hinder their ability to grow.

Implementing sound financial management principles is not only crucial for maintaining business continuity but also for increasing MSME competitiveness in an increasingly competitive market. MSMEs that manage their finances well will be able to identify market opportunities, increase operational efficiency, and improve product quality. This is particularly important in the food sector, where competition for price and product quality is fierce. According to Hidayat (2020), well-organized financial management helps MSMEs make informed decisions, such as pricing, working capital

management, and business expansion planning. With proper management, MSMEs can be better prepared to compete, both in local and broader markets.

Furthermore, financial literacy is a key factor in effective MSME financial management. The successful implementation of financial management principles in MSMEs is inseparable from the business owner's level of understanding of basic financial concepts. Research conducted by Fitriani (2022) shows that low financial literacy among MSMEs in rural areas impacts financial management.

2. Methods

This study used a qualitative approach to gain a deeper understanding of the phenomena occurring among MSMEs in the food sector in Baginda Village, South Sumedang District, Sumedang Regency, regarding simple financial management. A qualitative approach was chosen because it allowed researchers to explore the perceptions, experiences, and challenges faced by MSMEs in managing their finances. This approach also provided a more holistic understanding of financial management practices at the micro level, as well as their impact on business sustainability and competitiveness. According to Sugiyono (2019), a qualitative approach provides a deeper understanding of the behavior and experiences of research subjects, which cannot be captured through quantitative methods alone.

This research was conducted in Baginda Village, South Sumedang District, Sumedang Regency. This village was chosen because it has several MSMEs operating in the food sector that still require guidance on effective and simple financial management. As a developing village, it is crucial for MSMEs in Baginda Village to receive understanding and training in financial management that can increase their competitiveness in the local market. As stated by Wibowo (2020), villagers with MSME potential must prioritize financial management as a crucial factor in driving local economic growth.

This research sample consisted of 15-20 MSMEs in the food sector in Baginda Village, selected purposively, considering the diversity of food businesses, such as food stalls, cake businesses, and catering businesses. Participants were business owners or managers who were willing to participate in interviews and financial management outreach using Microsoft Excel. The sample selection, based on diverse business characteristics, aimed at obtaining a comprehensive picture of financial management among MSMEs in the village. The purposive sampling approach allowed researchers to select the sample most relevant to the research objectives (Creswell, 2018).

Data was collected through in-depth interviews, participant observation, and a simple financial management outreach using MS Excel. The data collection process consisted of several stages, as follows:

1. In-depth Interviews: Semi-structured interviews were conducted with MSME owners to gather information about their experiences in financial management, the challenges they faced, and their understanding of sound financial management. Interview questions will cover topics such as transaction recording, budget planning, and the use of technology in financial management. These interviews allow researchers to obtain information directly from MSMEs regarding the practices implemented in their businesses (Kumar, 2019).

2. Participatory Observation: Researchers will conduct direct observations of MSME activities in Baginda Village to observe the financial management practices implemented by business owners. This observation aims to understand how MSMEs record financial transactions, manage cash flow, and the practical challenges faced in financial management. Participatory observation provides additional insight into the daily activities of business owners in managing their finances (Moleong, 2017).

3. Financial Management Outreach with MS Excel: Researchers will conduct outreach to MSMEs on simple financial management using Microsoft Excel. This outreach aims to provide a basic understanding of how to record transactions, manage budgets, and create simple financial reports

that can be used to monitor the financial condition of a business. This training will also include practical steps in using MS Excel to create a simple cash book, budget, and profit and loss statement. According to Hidayati (2020), training in the use of simple technologies such as MS Excel can improve the ability of MSMEs to manage their finances more professionally.

The instruments used in this study consisted of a semi-structured interview guide, observation sheets, and a training module using MS Excel. The interview guide was designed to elicit information related to financial management and the obstacles faced by MSMEs, while the observation sheets were used to record the financial management process taking place in the field. A training module using MS Excel was prepared to provide MSMEs with step-by-step guidance in creating simple financial reports using this easily accessible software. This approach aligns with Widodo's (2021) opinion, which emphasizes the importance of clear instruments for obtaining accurate data in qualitative research.

This research will be conducted in three main stages:

1. Preparation: In this stage, the researcher will prepare the research instruments, select participants, and contact relevant parties to obtain permission to conduct the research. A simple financial management training module using MS Excel will also be prepared.
2. Implementation: The research will involve in-depth interviews with MSMEs, observations of their financial management practices, and outreach and training on simple financial management using MS Excel. Outreach will take the form of training sessions involving the use of MS Excel for recording and preparing simple financial reports.
3. Data Analysis: Interview and observation data will be analyzed using a thematic analysis approach to identify patterns related to financial management practices implemented by MSMEs. The training outcomes will be evaluated based on changes in the understanding and practices of financial management by MSMEs post-outreach. The training evaluation results will be analyzed to determine their impact on improving financial management understanding among MSMEs.

3. Results and dicussion
A. Implementation of Financial Management in the Food Sector of MSMEs

Simple yet effective financial management is crucial for the sustainability and development of MSMEs in the food sector in Baginda Village. One of the main challenges faced by MSMEs in this village is a lack of understanding of the basic principles of financial management, particularly regarding transaction recording, cash flow management, and clear budget planning. Research by Widodo (2021) shows that MSMEs that do not separate personal and business finances run the risk of experiencing difficulties in managing cash flow and maximizing potential business profits. This study also found that many MSMEs in Baginda Village still combine personal and business finances, leading to confusion in monitoring their financial performance.

In an effort to improve this situation, a socialization program on simple financial management using Microsoft Excel was conducted to provide practical training to MSMEs. Hidayati (2020) stated that the use of simple technology, such as Microsoft Excel, can facilitate MSMEs in recording and producing transparent and systematic financial reports. The training aimed to provide an understanding of how to use MS Excel to record transactions, prepare budgets, and create simple profit and loss reports and balance sheets. In this training, MSMEs were taught how to create a cash book, record

income and expenses, and create monthly and annual budgets. As a result, most training participants felt more confident in managing their business finances.

According to Prasetyo (2022), transparent and systematic financial management will help MSMEs identify financial problems early and plan strategies to address them. This study found that after participating in the training, MSMEs in Baginda Village were better able to create simple financial reports, making it easier to monitor business performance and make better decisions in managing their businesses.

Before the training on simple financial management using Microsoft Excel, most MSMEs in the food sector in Baginda Village demonstrated a limited understanding of basic financial management principles. Based on interviews and observations, it was found that 80% of MSMEs did not separate their personal and business finances. For example, food stall owners often use the same money for personal expenses and to purchase raw materials, making it difficult to manage cash flow and identify their business's profitability. This leads to confusion and difficulty in determining the extent of their business's profits or losses. In his research, Widodo (2021) explained that disparate financial management obscures financial information and potentially leads to resource management failures.

Furthermore, many MSMEs rely on manual and irregular record-keeping. 70% of MSMEs interviewed admitted to simply recording income and expenses in a notebook without considering long-term budget planning. With this very simple method, they struggle to control costs and predict revenue over a given period. This prevents many MSMEs from planning expansion or increasing their business capacity due to a lack of adequate financial data to support these decisions.

B. Challenges Faced by MSMEs in Financial Management

Although financial management training using Microsoft Excel has had a positive impact, this study also identified several challenges still faced by MSMEs. 30% of MSMEs stated that they still find it difficult to use advanced Excel features, such as creating financial graphs or performing more in-depth financial analysis. This indicates that although they have become more familiar with using Excel, they still lack the technical skills needed to process more complex financial data.

Furthermore, several MSMEs also expressed difficulty in consistently implementing structured financial management, especially those with small businesses with modest transaction volumes. They tend to feel that more systematic financial record-keeping requires more time and effort, even though they recognize that it will benefit them in the long run. Moleong (2017) stated that one of the main challenges in financial management for MSMEs in rural areas is the limited human resources available to support a more efficient financial management system.

Although the socialization of financial management using MS Excel has had a positive impact, MSMEs in Baginda Village still face several challenges. One of these challenges is limited knowledge of basic accounting and difficulty operating computer software. Some business owners admitted to having difficulty understanding how to create more complex financial reports, even though they had been taught how to create cash books and simple budgets using MS Excel. According to Moleong (2017), limited technical skills are a major obstacle to implementing effective financial management

systems among MSMEs. This highlights the need for further training in basic accounting and advanced software for MSMEs to enable them to manage their finances more efficiently.

Furthermore, another challenge faced by MSMEs in Baginda Village is limited human resources and funding to implement a better financial management system. Most MSMEs in this village operate with limited capital, which limits their ability to invest in software or advanced training. Therefore, training in Microsoft Excel is expected to provide an accessible and affordable tool to initiate the implementation of more systematic financial management.

C. Understanding of Financial Management by MSMEs

The research results indicate that before the outreach program, most MSMEs in Baginda Village had a limited understanding of effective financial management. Many did not separate personal and business finances and lacked an adequate record-keeping system. 80% of the MSMEs interviewed admitted that they lacked detailed transaction records and relied solely on memory or manual, often disorganized, recording. This made it difficult for them to monitor cash flow and make informed decisions regarding their business management.

However, after participating in financial management training using MS Excel, most MSMEs demonstrated a significant increase in their understanding of the importance of structured record-keeping. 90% of the MSMEs who participated in the training stated that they felt more confident in managing their business finances after learning how to use MS Excel to record income and expenses. They also found it easier to create simple financial reports that clearly and organizedly reflect their business's financial condition.

D. Impact of Socialization on MSME Performance

As a result of the training, there has been a significant improvement in the ability of MSMEs to manage their business finances more systematically and transparently. 70% of MSMEs who previously lacked regular financial records have now started creating monthly financial reports using Excel, such as cash books, expense reports, and balance sheets. This allows them to more easily identify financial problems early and plan more appropriate solutions. For example, a catering business owner who previously couldn't clearly monitor raw material expenditures can now plan raw material purchases more efficiently thanks to improved budget management.

Prasetyo (2022) revealed that transparent and systematic financial management helps MSMEs identify financial problems early, which then allows them to plan strategies to address them. In this regard, 70% of MSMEs who participated in the training showed significant improvements in their ability to make more informed financial decisions. They are now better able to assess the feasibility of a purchase or investment in their business based on the financial reports they have prepared. Furthermore, 60% of MSMEs who previously had never considered long-term budgeting have now begun planning annual budgets for their businesses.

The research also showed that implementing more systematic financial management had a positive impact on the performance of food-based MSMEs in Baginda Village. After participating in the training, 65% of MSMEs reported increased revenue and cost efficiency in their businesses. This increased revenue occurred because business owners were able to better manage their budgets and

reduce wasteful spending, such as unplanned expenditures on raw materials. Furthermore, 30% of MSMEs reported that they could now more easily monitor their financial condition and plan business expansion based on their self-prepared financial reports.

However, despite this significant improvement, 15% of MSMEs still found it difficult to understand more complex financial reports, such as balance sheets and profit and loss statements. This indicates that further mentoring is needed to ensure that MSMEs truly master all aspects of more in-depth financial management. Based on these findings, further training on financial statement analysis and the implementation of advanced accounting systems is needed to improve their skills.

E. Challenges

Some of the barriers to implementing effective financial management in Baginda Village include limited technological infrastructure, such as inadequate internet access for all MSMEs. According to Lestari (2020), access to technology is often a barrier to implementing technology-based financial management systems in rural areas. Forty-five percent of MSMEs reported difficulty using MS Excel effectively due to limited computer and internet access in the village. This highlights the need for simpler, more accessible technological solutions for a wider range of businesses in the areaSeveral obstacles to implementing effective financial management in Baginda Village include limited technological infrastructure, such as limited adequate internet access for all MSMEs. According to Lestari (2020), issues with access to technology are often a barrier to implementing technology-based financial management systems in rural areas. Forty-five percent of MSMEs reported difficulty using MS Excel effectively due to limited computer and internet facilities in the village. This highlights the need for simpler, more accessible technological solutions for a wider range of businesses in the area.

4. Conclusions

Based on the results of research conducted in Baginda Village, South Sumedang District, Sumedang Regency, it can be concluded that implementing simple financial management using Microsoft Excel has a positive impact on the understanding and performance of MSMEs in the food sector. Prior to the training, most MSMEs in this village had not implemented a structured financial management system, and many still mixed personal and business finances, leading to confusion in monitoring their financial condition. However, after participating in the socialization and training, the majority of MSMEs reported improvements in recording transactions, creating budgets, and monitoring their cash flow and business performance. MSMEs are now more capable of creating simple financial reports, such as cash books, expense reports, and balance sheets, enabling them to make better decisions in running their businesses.

This training using Microsoft Excel has shown that even though MSMEs in Baginda Village do not have a strong accounting background, they can easily utilize simple software to simplify financial recording and management. Hidayati (2020) stated that the use of simple technology such as MS Excel makes it easier for MSMEs to record financial transactions systematically and transparently, which ultimately improves financial management and strengthens business competitiveness. This is evident in the study, where 90% of training participants felt more confident in managing their finances after learning how to use Excel.

However, despite significant improvements, the main challenges still faced by MSMEs are limited basic accounting knowledge and limited technological infrastructure. Some MSMEs struggle to use advanced Excel features, such as in-depth financial statement analysis, and struggle to prepare annual budgets or use historical data for financial planning. Furthermore, limited technological

infrastructure, such as uneven internet access and limited computer hardware availability, also hinders some MSMEs from optimally implementing technology-based financial management. This is one of the obstacles to implementing more effective and professional financial management among MSMEs in Baginda Village.

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