

Financial Literacy for VOE's MSMEs: Training on Transaction Recording and Working Capital Management in Gwinjaya

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ABSTRACT

Purposes: This community service activity aims to improve the financial literacy of Micro, Small, and Medium Enterprises (MSMEs) through training on systematic financial transaction recording and effective working capital management. Enhanced financial literacy is expected to help MSME actors manage their businesses more professionally, optimize working capital use, and support sustainable business growth. The program addresses the low level of financial understanding among MSMEs and Village-owned enterprise (VOE) managers, particularly regarding cash flow, profit and loss, and working capital management.

Design/Methodology/Approach: The program was delivered through face-to-face sessions combining lectures, interactive discussions, and practical exercises. Financial management simulations and card-based games were used to enhance understanding of transaction recording and working capital planning. The activity involved 15 MSME participants, and its effectiveness was evaluated through pre-test and post-test assessments measuring changes in financial literacy.

Findings: The pre-test and post-test results show a significant improvement in participants' financial literacy after the training. Participants demonstrated better understanding of transaction recording, cash flow management, and working capital planning. The findings also indicate that limited financial records had previously constrained MSMEs and VOEs in accessing formal financing. Moreover, participants expressed a strong interest in follow-up activities focusing on business capital development and financial reporting practices.

Originality/Value: This program offers a practical and context-based financial literacy model for rural MSMEs and VOE by integrating participatory learning and simulation methods. The approach contributes to improving financial management capacity and supports sustainable village-level economic development.

Keywords: Financial Literacy; Transaction Recording; Working Capital Management

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Introduction

Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars of the national economy and play a crucial role in promoting economic growth and employment creation. According to data from the Ministry of Cooperatives and MSMEs, the MSMEs sector contributes significantly to Indonesia's Gross Domestic Product (GDP). Nevertheless, MSMEs' sustainability and competitiveness continue to face various challenges, particularly in business and financial management. One of the most common problems encountered by MSME actors is low financial literacy, particularly in recording financial transactions and managing working capital. A prior study found that low financial literacy hinders improvements in MSMEs performance and business sustainability (Abdallah et al., 2025).

Systematic and accurate financial transaction recording serves as a fundamental basis for rational business decision-making and business continuity. However, many MSME actors still lack an adequate understanding of the importance of routine and structured financial record-keeping. This condition often results in inaccurate financial information and weak business planning (Hermawan & Wibowo, 2019). Furthermore,

ineffective working capital management can lead to cash flow problems that disrupt business operations. Inefficient working capital management increases the risk of liquidity shortages and threatens the sustainability of MSMEs, particularly during periods of economic instability (Tahu et al., 2025).

Financial management challenges among MSMEs are also evident in Papua, particularly in Jayapura City. Data from Statistics Indonesia (BPS) indicate that Papua Province has 148,647 micro and small enterprises, while the number of medium and large enterprises reaches 2,823 units. In Jayapura City, approximately 31,750 MSMEs are registered with the Department of Industry, Trade, and Cooperatives (Lelotery, 2024); however, only a limited number have received business training and assistance. Limited entrepreneurial training, restricted market access, and difficulties in obtaining financing remain the main obstacles faced by MSMEs in Papua. One of the key reasons for limited access to formal financing is the absence of reliable and standardized financial statements.

Various community service programs focusing on improving financial literacy have demonstrated positive outcomes. Prior studies found that training on financial record-keeping and working capital management significantly enhances MSMEs' understanding and skills in managing business finances (Amalia et al., 2025). Similar findings were reported by other studies, which showed that financial literacy contributes to improved financial record-keeping discipline, better working capital planning, and greater business stability among MSMEs (Setiawan & Putri, 2020; Fitriyah et al., 2023).

Given these conditions, community service activities focused on financial literacy, including training in financial transaction recording and working capital management for MSMEs, are highly relevant, particularly in Papua and Jayapura City. This program aims to enhance MSME actors' knowledge and skills in managing business finances systematically and sustainably. Improved financial literacy is expected to strengthen business independence, increase access to financing, and support the growth and sustainability of MSMEs as part of local economic development (Costa, 2022).

Recent empirical studies show that financial literacy and financial inclusion, along with the ability to prepare reliable financial statements, significantly contribute to the performance and sustainability of MSMEs (Rizky & Fitriyah, 2024; Dewi & Purwantini, 2023). Additionally, research emphasizes the role of fintech and digital marketing in enhancing MSME income and operational sustainability (Munasib & Fitriyah, 2025). Such findings underscore the need for literacy-focused interventions at the grassroots level to enhance MSMEs' financial capabilities.

Method

This community service program was implemented using an educative–participatory approach, positioning MSME actors and VOE's managers in Gwinjaya Village as the main participants. This approach aimed to ensure active involvement in the learning process and promote the practical application of financial recording and working capital management in a sustainable manner.

The program began with an initial needs assessment conducted through field observations and preliminary discussions with MSME actors and VOE's administrators. The assessment revealed that most participants did not maintain orderly, standardized financial records, relied on informal recording or memory, had a limited understanding of basic financial statements, and lacked structured working capital planning. These findings formed the basis for designing the training materials and implementation methods.

The core activities consisted of training on simple financial transaction recording, where participants were introduced to the importance of systematic daily income and expenditure recording using easy-to-use cash book formats, as well as basic digital tools. In addition, participants received training on basic financial

statements, including simple income statements, cash flow statements, and balance sheets, delivered through contextual examples from local MSMEs and VOs practices.

To strengthen financial management capacity, the program also included training on working capital planning, covering working capital concepts, cash cycles, and operational funding needs. Learning methods were reinforced through simulations and case-based exercises, allowing participants to directly practice transaction recording and financial planning based on relevant local business scenarios. Participants were also educated on the importance of separating personal and business finances.

In the final stage, participants were guided to develop an action plan outlining post-training implementation steps. The program was complemented by post-training monitoring and consultation to support sustainability. The activity involved 15 MSME participants from the 20 MSMEs initially targeted and is expected to improve financial management practices among MSMEs and VOs in Gwinjaya Village in a structured and sustainable manner.

Results and Discussions

Results

The community service program in Gwinjaya Village involved 15 MSME participants out of the 20 MSMEs initially planned. The activity was supported by three resource persons and three community service assisting staff. Most of the participants were women, and the dominant type of MSME business was home-based food production, particularly the manufacture of dry cakes and cookies, as illustrated in Figure 1.

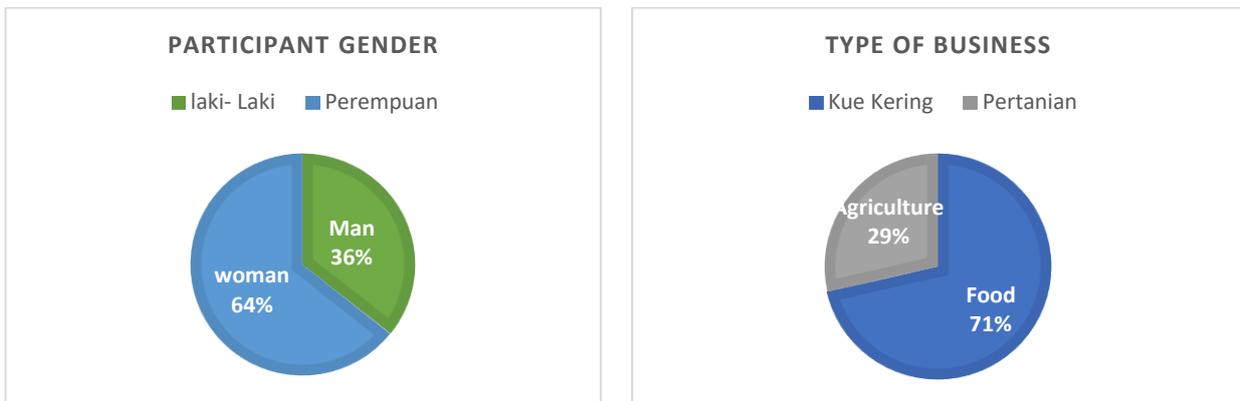


Figure 1 Participant Gender Demography and Type of Business

The implementation phase consisted of training on simple financial transaction recording, basic financial statements (income statements, cash flow statements, and simple balance sheets), and working capital planning. Learning was reinforced through simulations, case studies, and practical exercises based on local MSME and VOE contexts (Figure 2). Participants were also introduced to the principle of separating personal and business finances to improve financial clarity and control.

To evaluate program effectiveness, a pre-test and post-test assessment was conducted to measure changes in participants' financial literacy and understanding of financial management concepts. In addition, direct observation during simulations and review of participants' practice records were used as qualitative evaluation tools. The evaluation results conducted after the delivery of materials and practical exercises indicate an improvement in participants' financial literacy knowledge. The pre-test and post-test evaluation data are presented in the following table.

Table 1 shows a difference in the average scores before and after the training. The mean pre-test score was 7.67, which increased to 9.67 after the training, indicating an average improvement of 2 points. The correlation analysis between the pre-test and post-test results shows a significance level of 0.001 and a correlation of 75%. This finding indicates a significant relationship between the training intervention and the improvement in participants' financial literacy knowledge, as presented in Table 2.



Figure 2 Activity Documentation

Program success was indicated by improvements in participants' ability to record transactions systematically, prepare simple financial reports, plan working capital more effectively, and demonstrate commitment through individually prepared action plans. Post-training monitoring and consultation were conducted to support implementation sustainability and ensure that the acquired competencies were applied in actual business operations. As a complement to the program's implementation and outcomes, the following section presents documentation of the community service activities. This documentation illustrates the training process, participant involvement, and the learning atmosphere throughout the program. It serves as supporting evidence for the activity's implementation and as reinforcement of the methods and achievements described in the previous sections.

Table 1 Pre and Post Test Results

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Pretest	7.67	15	1.234	0.319
	Posttest	9.67	15	0.488	0.126

The following section in Table 3 presents the results of the community service program along with the indicators used to measure its success. This section highlights the outcomes achieved by participants after the training and evaluates the activities' effectiveness against predefined evaluation criteria and performance indicators.

Table 2 Correlation Test Results

		N	Correlation	Significance	
				One-Sided p	Two-Sided p
Pair 1	Pretest & Posttest	15	.751	<,001	.001

Table 3 Community Service Results

Evaluated Aspect	Success Indicator	Evaluation Method	Achievement Criteria
Understanding of basic financial concepts	Participants can explain transaction recording, cash flow, profit and loss, and working capital concepts	Pre-test and post-test	An increase in post-test scores compared to pre-test scores
Transaction recording skills	Participants can record income and expense transactions systematically	Observation and hands-on practice	≥ 70% of participants can prepare a simple cash book
Preparation of simple financial statements	Participants can prepare simple income statements and cash flow reports	Assessment of practice results	≥ 60% of participants produce financial statements in accordance with the provided format
Working capital management	Participants can identify working capital needs and business cash cycles	Discussion and simulation	Participants can prepare a simple working capital plan
Changes in business financial behavior	Participants begin separating personal and business finances	Interviews and post-activity monitoring	≥ 60% of participants implement the separation of business finances
Participant participation and engagement	Attendance rate and active involvement in discussions and simulations	Attendance records and observation	Attendance rate ≥ 75% of registered participants
Program sustainability	Participants develop follow-up action plans for business financial management	Evaluation of action plan documents	Action plans are prepared after the training
Participant satisfaction	Participants express satisfaction with the training materials and methods	Feedback questionnaires	≥ 80% of participants report satisfaction

Discussion

The findings of this community service program demonstrate that structured and context-specific financial literacy interventions can produce measurable improvements in MSME capabilities. The significant increase in participants' post-test scores indicates that financial knowledge gaps—commonly identified as a significant constraint to MSME sustainability—can be effectively reduced through targeted training. This result reinforces prior evidence that low financial literacy remains a structural barrier for Indonesian MSMEs (Rohaeni et al., 2025), particularly in rural and peripheral regions. The experience in Kampung Gwinjaya confirms that when financial education is delivered in a practical and accessible manner, it can meaningfully improve participants' understanding and confidence in managing their businesses.

Beyond cognitive improvement, the program also generated tangible skill development. The enhancement of transaction recording practices illustrates a transition from informal, memory-based management toward systematic bookkeeping. This shift is critical, as the absence of structured financial records has been shown to limit MSMEs' ability to make informed business decisions (Hermawan & Wibowo, 2019). By introducing simple and applicable bookkeeping formats, the program enabled participants to monitor income, expenses, and overall financial performance more accurately, thereby strengthening their decision-making capacity.

Participants' ability to prepare basic financial statements further reflects a progression toward accountable financial management. Although reporting practices remain at a foundational level, this development marks an important behavioral and managerial transformation. Prior studies (Setiawan & Putri, 2020) emphasize

that financial literacy training enhances bookkeeping discipline and financial planning; the present program provides practical evidence of how such discipline begins to form at the grassroots level.

In addition, improvements in working capital planning demonstrate that the intervention addressed not only recording practices but also financial strategy. Inefficient working capital management has been linked to heightened liquidity risk among MSMEs (Tahu et al., 2025). By understanding cash cycles and operational funding needs, participants became better equipped to manage short-term obligations and anticipate cash flow disruptions, thereby improving financial resilience.

Significantly, the program also stimulated behavioral change, particularly in separating personal and business finances. This outcome supports findings that participatory financial literacy programs are more likely to encourage practical behavioral adoption rather than merely increase theoretical knowledge (Amalia et al., 2025). Consistent with Sitriani et al. (2025), who found that financial literacy positively influences MSME profitability, the observed post-training improvements in financial understanding and planning suggest potential long-term performance benefits.

The predominance of female participants in this program further strengthens the relevance of these findings. Previous research (Puspitasari et al., 2024) highlights the importance of financial literacy and inclusion in supporting the sustainability of women-led MSMEs. Thus, this intervention not only addressed general managerial gaps but also empowered women entrepreneurs within the local context.

Overall, rather than merely replicating prior findings, this program provides contextualized evidence that community-based financial literacy interventions can translate theoretical knowledge into concrete managerial improvements. The consistency between these outcomes and earlier studies reinforces the argument that practical, locally adapted financial education initiatives are effective instruments for strengthening MSME resilience and fostering sustainable local economic development, particularly in underserved regions such as Papua.

Conclusion

This program aims to strengthen the knowledge and skills of MSME actors in Gwijana Village in managing business finances systematically and sustainably through training on financial transaction recording and working capital management. Pre- and post-test results show a significant improvement in participants' financial literacy after the training. Participants demonstrate a better understanding of transaction recording, cash flow management, and working capital planning. The findings also suggest that limited financial records constrain MSMEs and VOE in accessing formal financing. Participants further express strong interest in follow-up activities focusing on business capital development and improved financial reporting practices. Notably, the program also supports women-owned MSMEs, which is particularly relevant given the predominance of female participants. Overall, the consistency between this program's outcomes and prior research strengthens the argument that community-based, context-specific financial literacy interventions are effective in enhancing MSME resilience and supporting sustainable local economic development, especially in underserved regions such as Papua.

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Conflict of interest

The authors declare no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript, or in the decision to publish the results.