

# **Assistance for MSMEs in Administrative and Financial Management to Increase Business Efficiency in the Percut Sei Tuan Region**

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<b>Keyword:</b>	<b>Abstract</b>
MSMES, Financial Administration, Business Efficiency, Mentoring, Business Management,	This community service activity aims to improve the capacity of Micro, Small, and Medium Enterprises (MSMEs) in the Percut Sei Tuan area to manage their administration and finances efficiently and professionally. The main challenges faced by MSMEs in this area are weak financial management and a lack of an orderly administration system. Many MSMEs still mix personal and business finances, lack adequate financial records, and lack an understanding of the importance of financial reports as a basis for decision-making. This activity was conducted through a participatory approach that included training, mentoring, and hands-on practice in preparing simple financial reports. The results of this activity demonstrated an increase in the ability of MSMEs to prepare financial records and understand basic financial management. The tangible impact of this activity is evident in increased business efficiency, ease of cash flow control, and MSME readiness to access financing from formal financial institutions.

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## **INTRODUCTION**

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the national economy, contributing significantly to employment and gross domestic product (GDP). According to data from the Ministry of Cooperatives and SMEs (2023), MSMEs in Indonesia contribute more than 60% to national GDP and employ approximately 97% of the workforce. However, the main challenge faced by MSMEs is weak administrative and financial management, which makes it difficult for many businesses to grow and survive in the long term.

In the Percut Sei Tuan area of Deli Serdang Regency, North Sumatra, there are various types of MSMEs, including culinary, trade, garment manufacturing, and household products businesses. Most MSMEs are still managed traditionally, with unstructured administration and financial record-keeping systems. This makes it difficult for entrepreneurs to conduct business analysis, plan budgets, and access financing from banks and other financial institutions.

Furthermore, low financial literacy among MSMEs also hinders cash flow management and business efficiency. Many entrepreneurs fail to separate personal and business finances, often leading to errors in business decision-making. This situation is exacerbated by the lack of training and mentoring that directly address administrative and financial aspects.

Therefore, this community service activity focuses on assisting MSMEs in administrative and financial management to help them strengthen their business governance. Through an educational and practical approach, this activity is expected to improve operational efficiency, business resilience, and the ability of MSMEs to face dynamic economic challenges.

## 1. MSME Administration Management

Business administration is a crucial component in managing business activities so that they run smoothly, efficiently, and are well-documented. According to Hasibuan (2018), administration encompasses the planning, organizing, directing, and controlling of all business resources to achieve predetermined goals. In the context of MSMEs, administration plays a role in creating order, efficiency, and business accountability.

Many MSMEs in Indonesia lack proper administration systems, such as stock records, customer lists, or sales documents. As a result, business owners struggle to analyze their business performance. According to research by Wibowo (2021), implementing simple administration systems, such as recording sales, purchases, and inventory, can increase business efficiency by up to 25%.

## 2. Small Business Financial Management

Finance is the most crucial aspect of running a business. Good financial management encompasses recording, planning, controlling, and reporting. According to Munawir (2019), financial reports serve to assess a company's financial condition, operational efficiency, and profit-generating ability.

For MSMEs, simple financial management practices, such as maintaining daily cash records, profit and loss reports, and simple balance sheets, are sufficient to maintain business stability. However, research by Purnamasari (2022) shows that 70% of MSMEs in Indonesia do not have an organized bookkeeping system, making it difficult for them to measure business performance and efficiency.

## 3. Business Efficiency and MSME Competitiveness

Business efficiency can be defined as a business's ability to produce maximum output with minimal input. According to Kotler and Keller (2020), business efficiency can be achieved through the implementation of sound management and financial systems. In the context of MSMEs, business efficiency is closely related to the ability of business actors to control operational costs, manage inventory, and maximize profits from limited resources.

Mentoring and training are effective strategies for improving the efficiency and competitiveness of MSMEs. These activities not only provide new knowledge but also assist in the implementation of managerial practices appropriate to local business characteristics (Yuliana, 2023).

## METHOD

This community service activity was carried out by a team of lecturers and students from the Faculty of Economics for three months (July–September 2025) in the Percut Sei Tuan area of Deli Serdang Regency. The implementation method consisted of several stages:

### 1. Preparation Phase

During this phase, initial observations and surveys were conducted with 25 MSMEs in the Percut Sei Tuan area to identify the main challenges they face in business administration and finance. In addition, the team coordinated with village officials and the local MSME community.

### 2. Training Stage (Workshop)

Training is provided in the form of seminars and hands-on practice, covering the following topics:

- a. The importance of business administration and record-keeping.
- b. Daily transaction recording techniques.
- c. Preparing simple financial reports (cash flow, profit and loss, and balance sheet).
- d. Cash management and cost control.

- e. Using simple digital financial applications such as BukuKas, Catatan Keuangan Hari, and Excel.

### 3. Individual Mentoring Stage

Each MSME receives direct guidance on implementing a financial recording and management system tailored to their specific business type. Mentoring is provided both face-to-face and through online communication.

### 4. Evaluation and Monitoring Stage

Evaluation is conducted through questionnaires, interviews, and observations of participants' financial records and reports. Assessment criteria include financial reporting skills, record-keeping discipline, and understanding of business efficiency.

## RESULTS AND DISCUSSION

### 1. Improving Participant Knowledge and Skills

Before the training, only about 20% of participants maintained simple financial records. After completing the training, 85% of participants were able to prepare basic financial reports and manage their business cash flow better. Participants also gained a better understanding of the importance of separating personal and business finances.

### 2. Implementing a Financial Recording System

Participants who received mentoring began implementing a daily record-keeping system using cash books and Excel spreadsheets. Some participants even began using digital financial applications to automatically record transactions.

### 3. Impact on Business Efficiency

After three months of mentoring, MSMEs reported increased operational efficiency. They could more easily monitor cash flow, reduce unnecessary operational costs, and had accurate data for determining selling prices and planning raw material purchases.

Furthermore, several MSMEs also expressed greater confidence when applying for capital loans from financial institutions because they had organized and accountable financial reports.

### 4. Challenges Faced

Some of the obstacles still encountered include limited time for business owners to maintain daily records, as well as low digital literacy among some older MSME owners. Therefore, follow-up activities in the form of ongoing training and mentoring need to be conducted regularly.

## CONCLUSION

This community service activity successfully improved the administrative and financial management skills of MSMEs in the Percut Sei Tuan area. The practical and participatory mentoring and training proved effective in improving business efficiency and professionalism.

With improved administrative and financial systems, MSMEs can control cash flow, reduce wasteful costs, and make business decisions based on accurate data. It is hoped that similar activities can be implemented sustainably in other areas to strengthen local competitiveness and economic resilience.

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