



**FINANCIAL MANAGEMENT AND FINANCIAL REPORTING TRAINING FOR
SMALL BUSINESSES IN NEGERI KEDAH**

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Abstract: *The problems faced by small business actors in Kedah Malaysia are: 1. The lack of knowledge of business actors regarding business financial management, such as business and household finances are still mixed up. 2. Bookkeeping is still kept simple in their efforts. The problem that often occurs in small businesses is that household finances often get mixed up with business finances. The same thing happened with businesses in Kedah, Malaysia. This problem raises the problem of not being able to determine the results of operations precisely. This may occur due to a lack of knowledge or understanding of business actors regarding the recording of their business finances or they may consider this financial separation to be less important. The solution that can be done is training to make bookkeeping so that they can accurately calculate and know the profit or loss of their business results. With this financial report, it will be possible to carry out Financial Management and Financial Reporting to manage small business finances in Kedah Malaysia. The target of this Community Service program is: business actors in Kedah Malaysia are able to do bookkeeping properly and have the skills to record financial items correctly. The output produced in this activity is the ability of business actors to properly record, book and report finances in order to obtain maximum profit from operations. Seeing the resulting output, it is hoped that business actors in Kedah Malaysia will be able to develop their business more.*

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INTRODUCTION

Community service can be interpreted as the academic response of the campus community to the needs, challenges or problems faced by the community, both directly and indirectly. Armed with their scientific competence, this activity is an actualization of the social responsibility and concern of campus residents to the wider community, which includes real efforts to improve the quality of human resources through broadening insight and knowledge, as well as improving life skills. It contains active, creative participation, and innovative campus residents in various forms of transformative community development, so that people are able to achieve a better (independent and dignified) life. One of the services can be carried out in collaboration with foreign universities, one of which is with the State of Malaysia. Small and Medium Enterprises (SMEs) in Malaysia through the Research and Technical Assistance program for small native enterprises can be considered as an effort to encourage business growth and business development. This research contributes to understanding the importance of training and technical assistance

for the development of SMEs in the State of Kedah, Malaysia and the results are quite significant (Yuniarti, 2019). SMEs in Malaysia have an important role in a large part of the total business in several sectors, and make a significant contribution to PDM. SMEs in Malaysia mostly degree in manufacturing industries such as processing and production of raw materials eg food, beverages, textiles, petroleum, timber, rubber and electronics equipment assembly. The number of SMEs in Malaysia is more than 90% of the total manufacturing companies. According to SMIDEC data, the contribution of SMEs is 27.3% of total manufacturing output, 25.8% of value added production and contributes 38.9% to employment. While the output of MSMEs has grown by 9.7% annually with value added production has grown by 11.8% and employment by 3.7%. This positive development is due to the increase in the labor productivity of MSMEs to Malaysia (Bank Negara Malaysia, 2007). If one pays attention to the statistical data on the performance of SMEs in Malaysia there seems to be no problem, but if examined more deeply it turns out that SMEs in Malaysia face challenges and obstacles including: lack of financing, low productivity, lack of managerial skills, management and technology, and many regulations. In addition to the challenges above, MHM in Malaysia also face challenges in the form of: (1) lack of a comprehensive framework in the form of policies on SME development (2) too many institutions for SMEs without effective coordination (3) SMEs in Malaysia are still occupying land or sites that are not approved to be used for industrial purposes (4) underutilization of technical assistance (5) lack of skilled manpower (6) lack of incentives and promotions (7) less able to compete on a global level. SME banks in Malaysia provide assistance for the development and advancement of SMEs in Malaysia through various training programs and services to facilitate access to funds (Yuniarti, 2019). Based on these problems, it is necessary to hold training activities for SMEs in Financial Management and Financial Reporting to manage finances. The training program offered is in the form of training in financial management in the form of understanding simple financial management for MSMEs. Community service activities have been carried out before in assisting the preparation of UKM financial reports by academics (Firmansyah et al., 2019; Istanti et al., 2020; Krismayanti & Marlina, 2021; Mashuri & Ermaya, 2021; Muqorobin et al., 2019). On the basis of this problem, the Community Service team at the Islamic University of Riau's Master of Management Program intends to hold a service in Kedah Malaysia with the aim of providing training in Financial Management and Financial Reporting to Kedah Malaysia SMEs.

Based on the situation analysis described above, the problems faced by business actors in Kedah Malaysia are: 1. The lack of knowledge of business actors regarding business financial management, such as business and household finances are still mixed up. 2. Bookkeeping is still kept simple in their efforts. The problem that often occurs in small businesses is that household finances often get mixed up with business finances. The same thing happened with businesses in Kedah, Malaysia. This problem raises the problem of not being able to determine the results of operations precisely. This may occur due to a lack of knowledge or understanding of business actors regarding the recording of their business finances or they may consider this financial separation to be less important.

IMPLEMENTATION METHOD

Implementation Participants who took part in this activity were all business actors in Kedah Malaysia. The implementation of Community Service activities (PKM) is carried out using lecture, tutorial and discussion methods. The stages of implementing this service activity are as follows:

1. Lecture method Participants were given insight into the importance of financial management in starting or running a business. The first step was held through the lecture method for 1.5 hours.
2. Tutorial Method Training participants are given material on the preparation of financial reports, including profit and loss reports, reports on changes in capital, balance sheets and cash flow reports. This material is delivered in the form of tutorials accompanied by exercises/case studies. The second step was held for 5 hours.
3. Discussion Method Training participants are given the opportunity to discuss issues related to the businesses they have been running or things they want to ask about starting a business. The third step was held for 1.5 hours.

The duties of the community service team members are;

 - a. The chairman gives lectures and discussions with business people in Kedah Malaysia and at the same time provides training on business financial reporting.
 - b. Team members assist the team leader's activities as a companion and assist in providing training together.
 - c. Team members from students provide assistance in preparing facilities and infrastructure for all events and activities that will be carried out.
4. The entrepreneurship education materials that have been prepared include:
 - a. Fundamentals of financial management (Agustin, H, 2021).
 - b. Make financial reports.

RESULTS AND DISCUSSION



Figure 1. Photo with The Participants

The solution that can be done is training to make bookkeeping so that they can accurately calculate and know the profit or loss from their business results. With this financial report, Financial Management and Financial Reporting will be able to be carried out to manage the finances of small businesses in Kedah, Malaysia. The target of this Community Service program is: business actors in Kedah Malaysia are able to carry out bookkeeping correctly and have the skills to record financial items correctly. The output produced in this activity is the ability of business actors to carry out proper recording,

bookkeeping and financial reporting in order to obtain maximum business profits. Seeing the output produced, it is hoped that business actors in Kedah Malaysia will be able to further develop their businesses.



Figure 2. Meeting and Discussion with Participants

Community service activities in financial management and financial reporting training for small businesses in Kedah. must be supported by the following activities:

1. Expand your marketing network.
2. Improve the quality of Human Resources.
3. Applying appropriate technology.
4. Implement a conducive business climate.
5. Providing adequate facilities and infrastructure.

CONCLUSION

This community service activity was welcomed enthusiastically by the participants. After participating in this activity, the participants better understood the concept of keeping books based on correct accounting standards so that they could accurately calculate and know the profit or loss from their business results. The output produced in this activity is the ability of business actors to carry out proper recording, bookkeeping and financial reporting in order to obtain maximum business profits.

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