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Financial Management in Online Fashion MSMEs in Bandung City to Improve Business Efficiency and Sustainability (Case Study at Dlusia Dress)

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Abstrak

Usaha Mikro, Kecil, dan Menengah (UMKM) memegang peranan penting dalam perekonomian Indonesia, namun banyak yang menghadapi tantangan dalam pengelolaan keuangan, termasuk Dlusia Dress, sebuah UMKM sektor fesyen. Program pengabdian masyarakat ini bertujuan untuk meningkatkan kemampuan pengelolaan keuangan Dlusia Dress, dengan fokus pada penghitungan harga pokok penjualan (HPP) dan penganggaran usaha. Dilaksanakan selama enam bulan, dari April hingga Oktober 2024, program ini terdiri dari tiga tahap: survei pendahuluan, sesi pelatihan dan pendampingan, serta fase evaluasi. Hasilnya menunjukkan adanya peningkatan signifikan dalam praktik pengelolaan keuangan. Dlusia Dress berhasil memisahkan keuangan pribadi dan usaha, menerapkan penghitungan HPP yang akurat, dan mengembangkan anggaran usaha yang terstruktur. Selain itu, pemilik usaha menerapkan pencatatan transaksi yang sistematis, yang memungkinkan pemantauan arus kas secara real-time. Evaluasi akhir menunjukkan adanya peningkatan kesadaran dan keterampilan finansial, yang memberikan landasan yang kuat bagi keberlanjutan usaha jangka panjang. Sebagai kesimpulan, intervensi yang terarah dan berbasis kebutuhan dapat membantu UMKM mengatasi tantangan pengelolaan keuangan, meningkatkan efisiensi operasional, dan meningkatkan daya saing. Temuan ini menyoroti pentingnya pendekatan terpadu dalam mendukung UMKM untuk mencapai pertumbuhan dan ketahanan yang berkelanjutan.
Kata kunci: *Manajemen Keuangan, Umkm, Efisiensi Bisnis, Keberlanjutan*

Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in Indonesia's economy, yet many face challenges in financial management, including Dlusia Dress, a fashion sector MSME. This community engagement program aims to enhance the financial management capabilities of Dlusia Dress, focusing on cost of goods sold (COGS) calculation and business budgeting. Conducted over six months, from April to October 2024, the program consisted of three stages: a preliminary survey, training and mentoring sessions, and an evaluation phase. The results demonstrate significant improvements in financial management practices. Dlusia Dress successfully separated personal and business finances, implemented accurate COGS calculations, and developed a structured business budget. Additionally, the business owner adopted systematic transaction recording, enabling real-time cash flow monitoring. The final evaluation revealed increased financial awareness and skills, providing a strong foundation for long-term

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business sustainability. In conclusion, targeted and needs-based interventions can help MSMEs address financial management challenges, improve operational efficiency, and enhance competitiveness. These findings highlight the importance of integrated approaches in supporting MSMEs toward achieving sustainable growth and resilience.
Keywords **:** *Financial Management, MSMEs, Business Efficiency, Sustainability*

Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the Indonesian economy. According to data from the Ministry of Cooperatives and Small and Medium Enterprises (2020), MSMEs contribute more than 60% to Indonesia's gross domestic product (GDP) and employ over 97% of the workforce. However, despite their significant contributions, many MSMEs face challenges in management, especially in financial management. Poor financial management practices not only impact operational efficiency but also jeopardize long-term business sustainability.

One of the primary issues faced by MSMEs, particularly in the fashion sector, is weak financial management. Fatoki (2014) found that the inability of MSMEs to manage their finances properly is a key reason for their high failure rate, especially in developing countries (Fatoki, 2014). In Bandung, a city known for its thriving fashion industry, many MSMEs, including Dlusia Dress, face similar financial management challenges. Like many other MSMEs, Dlusia Dress struggles to separate personal and business finances, resulting in unclear cash flow and difficulties in determining the actual net profit.

The Agency Theory proposed by Jensen and Meckling (1976) highlights the need for a clear separation between ownership and financial control to avoid conflicts of interest. In the context of MSMEs like Dlusia Dress, where the owner often doubles as the financial manager, this theory becomes highly relevant. Without separating personal and business finances, financial decisions tend to be biased, which can lead to resource misallocation and inefficient financial control.dissertation/thesis/thesis reports, and other scientific sources; and the purpose and benefits of the activity.

Another key financial management issue faced by MSMEs is the inaccurate calculation of the cost of goods sold (COGS). Proper COGS calculation is critical for understanding profit margins and setting competitive pricing (Kotler et all, 2016). However, many MSMEs, including Dlusia Dress, lack a clear system for calculating COGS, which makes it difficult to accurately measure profitability. Emphasized that inaccurate COGS management directly impacts pricing strategies, ultimately reducing a business's competitive advantage (Candrika et all, 2024). Accurate COGS calculations not only help MSMEs understand their true profit margins but also provide a solid foundation for effective pricing strategies.

Myers and Majluf's Pecking Order Theory (1984) also offers insights into how businesses prefer internal funding over external financing. However, without proper cash flow management, MSMEs struggle to generate sufficient internal capital, often forcing them to rely on external loans, which may come with high interest rates or be difficult to access. Poor financial management, as experienced by Dlusia Dress, worsens this problem, as without clear financial records, MSMEs cannot effectively monitor their cash flow or budget for future expenditures.

The Resource-Based View (RBV) theory by Barney (1991) suggests that internal resources, including financial management capabilities, are crucial for

developing sustained competitive advantages (Barney, 1991). For MSMEs like Dlusia Dress, efficient financial management can be seen as a strategic resource that enhances operational efficiency and ensures the business's survival in a competitive market. The use of technology in financial management, such as digital accounting systems, aligns with RBV by providing MSMEs with the tools needed to manage their financial resources more effectively.

In practice, many MSMEs lack clear budget planning, leading to wasteful expenditures and inefficient resource allocation. stress the importance of budgeting as a key component of financial management, helping businesses allocate resources effectively and achieve their objectives (McLaney, 2014). Without sound budget planning, MSMEs risk not only financial waste but also an inability to objectively assess their financial performance. This is also a challenge for Dlusia Dress, where the absence of a proper budget leads to difficulties in managing expenses and allocating funds for operations, production, and marketing.

Schaper and Volery (2014) assert that effective financial management can help MSMEs navigate market uncertainties. With well-organized financial records and clear budgeting practices, MSMEs can more easily adapt to market changes, such as fluctuations in demand or rising raw material costs. Given the current global economic uncertainties, this becomes even more crucial for ensuring MSME sustainability.

International research further supports the importance of sound financial management in increasing MSME resilience. MSMEs with strong financial management practices are more likely to sustain long-term growth (Dwyanti, 2024). This is because they can identify financial issues early and make strategic decisions to preserve their business continuity. The study also highlights how financial technology, such as accounting software, can significantly improve MSMEs' financial management practices.

In the case of Dlusia Dress, which faces classic financial management challenges such as mixing personal and business finances, inaccurate COGS calculations, and inconsistent budget planning, training and support in financial management are essential. By adopting better financial management practices, it is hoped that Dlusia Dress will not only enhance its operational efficiency but also be better prepared to face market challenges and ensure the long-term sustainability of the business.

Implementation Method

This community service was carried out to 1 MSME Partner, namely Dlusia Dress. Dlusia Dress is engaged in the fashion sector. The implementation of the activity was carried out online via Zoom and offline at the home of the Dlusia Dress business owner located at Margahayu Raya Housing Area, Merkuri Tengah X Street No. 15 Bandung City. This activity aims to help MSME Partners to be able to manage their finances properly and correctly, financial management here focuses on calculating the Cost of Production and designing a business budget.

This activity will be carried out from April to October 2024. The implementation of this activity has 3 stages which can be seen in Figure 1:



Figure 1. Community Service Implementation Method

1. Survey. To analyze the condition of MSME Partners in the field. Analyze what obstacles are faced in implementing their financial management.
2. Training and mentoring process. The resource person accompanies the MSME Partners from start to finish to ensure that the financial management of the MSME Partners can be implemented properly and correctly. This training and mentoring process is flexible, namely carried out offline and online.
3. Evaluation. to evaluate whether the training and mentoring process can be carried out smoothly, to ensure whether the Partner can absorb all the knowledge that has been provided, and as learning material for the next community service activities.

Result and Discussion

Result

The implementation of the financial management training program for Dlusia Dress, an MSME in the fashion sector, has yielded positive outcomes across several key areas. This community service program, conducted from April to October 2024, was structured into three phases: Survey, Training and Mentoring, and Evaluation. Each phase contributed significantly to the progress and improvements observed in Dlusia Dress's financial management practices. Below is an outline of the results for each stage:

1. Survey Phase Results

The survey phase provided critical insights into the initial financial management practices at Dlusia Dress. It was observed that the business faced challenges such as mixing personal and business finances, unclear cost of production calculations, and the absence of a formal budget plan. These insights helped tailor the training and mentoring phase to directly address the unique obstacles faced by Dlusia Dress, making the intervention more impactful.

2. Training and Mentoring Phase Results

The training and mentoring sessions focused on calculating the Cost of Production accurately and designing a structured business budget. The results from this phase showed a significant improvement in the financial awareness and skills of the business owner. Through practical sessions, Dlusia Dress successfully developed a clear and structured Cost of Production calculation model. This has allowed the business to better understand its actual costs and set pricing that reflects the true production cost and ensures profitability. Additionally, a budget plan was designed that categorizes expenses, sets monthly goals, and outlines specific allocation for business and personal expenses, minimizing the risk of fund mismanagement.

3. Evaluation Phase Results

The evaluation phase demonstrated that the knowledge and practices introduced in the training and mentoring were effectively absorbed and applied by Dlusia Dress. The business owner expressed increased confidence in handling financial records and planning, noting a clearer understanding of profit margins and financial goals. Furthermore, the evaluation indicated that Dlusia Dress is now better equipped to make informed financial decisions, and there is a consistent monthly budget update routine in place. This shift has laid a foundation for long-term financial sustainability.

Overall, the community service activities have successfully empowered Dlusia Dress to implement proper financial management strategies, providing the business with tools and skills to enhance efficiency and sustainability in the future. The

structured methodology and customized approach were instrumental in addressing the specific needs of the MSME, and these results demonstrate the effectiveness of focused financial management training for small businesses.

Discussion

The implementation of the financial management program has demonstrated that targeted interventions can significantly improve MSME financial practices. In the case of Dlusia Dress, applying financial management theories such as Agency Theory and Resource-Based View (RBV) in practical settings has resulted in measurable improvements. These improvements are critical in helping Dlusia Dress build a stronger foundation for long-term sustainability and competitiveness in the fashion industry.

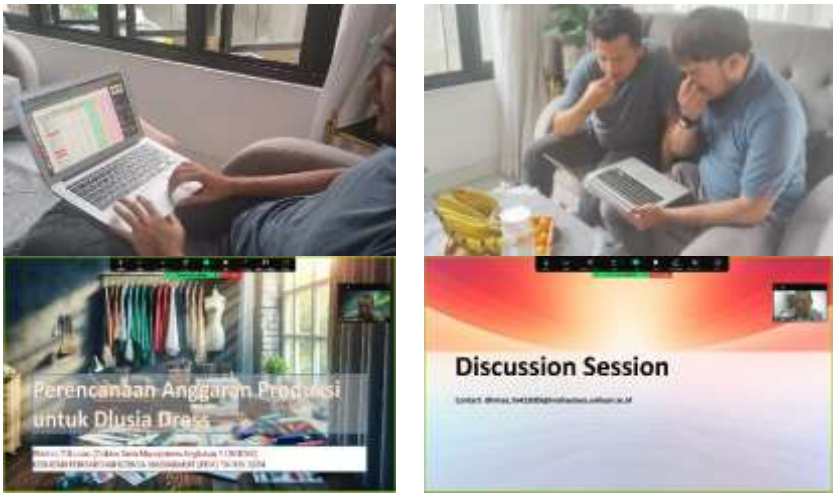


Figure 2. Offline and Online Implementation Activity

Dlusia Dress, as an MSME partner engaged in the fashion sector, faced several financial management challenges before this program. The initial conditions revealed gaps in basic financial practices that are essential for sustaining business growth. Key issues identified included:

1. Budget planning for COGS (Cost of Goods Sold) was not conducted regularly, resulting in inefficient cost control.
2. Cost classification, particularly for overhead expenses, was incomplete and lacked detail, making financial analysis and decision-making difficult.
3. Financial recording was not performed consistently, causing confusion about whether the business was generating profit or operating at a loss.

These challenges highlighted the urgent need for systematic and structured financial management practices. As part of this program, a series of targeted interventions were introduced, which included both training and mentoring phases. After the program's implementation, significant progress was observed in several areas:

1. The business owner began recording every transaction systematically and on a regular basis, creating a clear financial record that allows for real-time monitoring of cash flow.
2. Monthly budget planning for COGS was established, providing a structured approach to forecast and control production expenses.
3. Overhead costs were categorized and organized in a detailed manner, improving transparency and enabling better allocation of resources.

The activities were carried out over six months, from April to October 2024, with a series of milestones:

April 2024: An initial survey was conducted to assess the financial condition of the business and identify specific challenges in financial management. The findings were used to design a customized intervention plan.

June 2024: Training sessions were held to introduce the fundamentals of COGS calculation. Systematic methods were shared to help the business owner differentiate between direct and indirect costs, enhancing the accuracy of production cost evaluations.

August 2024: One-on-one mentoring sessions focused on creating a structured business budget. Emphasis was placed on separating personal and business finances, a critical step in improving financial discipline and clarity.

October 2024: A final evaluation was conducted to review the implementation of the program. Regular financial recording practices and improved cost classification for overhead expenses were confirmed. This phase also included recommendations for future improvements, such as adopting digital tools for financial management.

The outcomes of this program illustrate the importance of addressing specific challenges faced by MSMEs through tailored training and mentoring. For Dlusia Dress, these interventions have not only resolved existing issues but also established a framework for sustained financial management. The integration of financial theories such as Agency Theory and RBV into practical applications has proven to be effective in transforming theoretical concepts into actionable strategies.

Additionally, this program underscores the value of ongoing support for MSMEs. Continuous mentoring and the adoption of technology, such as digital bookkeeping applications, can further enhance financial management practices. By strengthening the financial foundation of MSMEs like Dlusia Dress, programs like this contribute to the broader goal of improving the resilience and competitiveness of small businesses in the local economy.

Conclusion

The community service program aimed at improving the financial management practices of Dlusia Dress has successfully addressed critical challenges faced by the MSME. Through the systematic application of financial management theories such as Agency Theory and the Resource-Based View (RBV), the program effectively bridged the gap between abstract concepts and practical business needs. Before the program, Dlusia Dress experienced significant issues, including irregular budget planning for Cost of Goods Sold (COGS), a lack of detailed classification of overhead costs, and inconsistent financial record-keeping. These challenges hindered the business owner’s ability to assess profitability and make informed decisions.

The interventions implemented during the program have resulted in meaningful progress. The business owner now records financial transactions regularly, ensuring a clear understanding of cash flow and profitability. Monthly budget planning for COGS has become a routine practice, enabling better cost forecasting and control. Overhead costs are also categorized and documented in detail, improving transparency and resource allocation. These changes mark a significant improvement in the financial management practices of Dlusia Dress.

The phased approach, carried out between April and October 2024, played a crucial role in these achievements. Beginning with an initial diagnostic survey to identify specific challenges, the program moved on to targeted training sessions and one-on-one mentoring. These phases provided both foundational knowledge and

practical guidance, ensuring the effective implementation of new financial practices. The final evaluation confirmed that the interventions had been successfully adopted and highlighted opportunities for further improvement, such as integrating digital tools for bookkeeping.

This program demonstrates the value of tailored interventions for addressing the unique challenges faced by MSMEs. It highlights the importance of bridging theoretical knowledge with practical applications and emphasizes the role of sustained support in ensuring long-term improvements. To build on these results, ongoing mentoring and the adoption of technology are recommended to further enhance financial management efficiency.

In conclusion, the program has not only empowered Dlusia Dress to overcome its financial management challenges but has also laid a strong foundation for long-term growth and sustainability. By supporting MSMEs through targeted training and mentoring, such initiatives contribute significantly to strengthening local economies and fostering the resilience of small businesses.

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