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Strengthening Financial Awareness of Souvenir MSMEs through Digital Accounting for SDG 8 Growth in Desa Adat Serangan, Bali

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Abstract.
Souvenir micro, small, and medium enterprises (MSMEs) in Desa Adat Serangan, Bali, operate within a tourism-based local economy but face persistent financial management constraints, including inaccurate cost of goods sold (COGS) calculations, the mixing of business and personal finances, reliance on manual records, and limited readiness to access formal financing. This community service program aims to strengthen financial awareness by integrating COGS restructuring with mobile-based digital accounting. A participatory problem-solving approach is organized into four operational stages: initial diagnosis, COGS restructuring using a simplified full-costing approach, implementation of digital accounting, and mentoring with evaluation. The diagnostic stage maps production flows, cost components, assets, and current recording practices. The intervention then introduces comprehensive cost identification, owner-labor recognition, depreciation, digital transaction recording, automated financial reports, digital invoicing, and simple inventory controls. The source proposal provides diagnostic findings and the designed intervention framework rather than completed post-intervention outcome data. Accordingly, this article reports the financial-management problems identified and the practical outputs designed to address them, including structured COGS worksheets, a digital accounting workflow, and an evaluation framework. The integrated model is expected to improve the reliability of financial information, support pricing decisions, strengthen business discipline and bankability, and contribute to SDG 8 through more resilient and professional local enterprises.
Keywords: *Financial awareness; Digital accounting; Cost of goods sold; Souvenir MSMEs; SDG 8.*

I. INTRODUCTION

Micro, small, and medium enterprises are central to local economic resilience because they connect household livelihoods, entrepreneurship, and employment creation. In tourism-dependent regions, their role extends beyond direct income generation: MSMEs also translate local culture, craft skills, and place identity into marketable products. Souvenir enterprises in Bali therefore occupy a strategic position at the intersection of the creative economy and tourism. In Desa Adat Serangan, this potential creates opportunities for community-based economic growth, but the

sustainability of micro enterprises also depends on their ability to manage costs, record transactions, and use financial information for business decisions.

The community service proposal identifies financial management as the most immediate constraint facing souvenir MSMEs. Financial records are generally simple, irregular, and often mixed with household transactions. This pattern limits the ability of business owners to monitor cash flows, determine actual profits, and evaluate business performance over time. For small enterprises, financial awareness is not merely the ability to record income and expenditure; it also involves recognizing the economic consequences of pricing, financing, asset use, and the separation of business resources from personal consumption. Lusardi and Mitchell (2014) emphasize the economic importance of financial literacy, while studies of small-firm information systems show that the usefulness of accounting information depends on whether systems are aligned with managerial needs and operating practices (Ismail & King, 2014; Mitchell et al., 2000).

A particularly critical issue is the calculation of cost of goods sold. The proposal indicates that souvenir producers commonly establish selling prices from rough estimates or prevailing market prices without fully identifying direct labor, production overhead, equipment depreciation, transportation-related production costs, and the economic value of the owner's own labor. When significant cost components are omitted, the resulting price may appear profitable in cash terms even though it does not recover the full economic resources used in production. Management accounting literature consistently treats reliable cost information as a foundation for pricing, cost control, and profit planning (Drury, 2018; Kaplan & Atkinson, 2015). Empirical evidence also suggests that more structured management accounting practices can support the performance and adaptability of SMEs (Ahmad, 2017).

Weak cost information is compounded by conventional bookkeeping. Manual records are vulnerable to omission, inconsistency, and loss, particularly when transactions are recorded only after the business day or are reconstructed from memory. Digital accounting provides an opportunity to reduce these weaknesses by enabling real-time recording, standardized transaction classification, automated report generation, and secure data storage. Research on accounting information systems has found positive relationships between the use of accounting systems, information quality, and organizational performance (Al-Dmour et al., 2020; Grande et al., 2011). For MSMEs, the relevance of digital tools lies not in technological sophistication itself but in their ability to convert everyday transactions into timely and understandable information.

Improved financial documentation is also relevant to access to formal finance. Financial institutions generally require evidence of business turnover, profitability, cash flow, and repayment capacity. Beck and Demirgüç-Kunt (2006) identify access to finance as a persistent growth constraint for small and medium-sized enterprises, particularly where information asymmetry is high. For souvenir MSMEs, the absence of credible and consistent reports reduces the ability to demonstrate business performance even when the enterprise has viable products and stable customers. Strengthening accounting practices can therefore enhance both internal decision quality and external credibility.

The intervention proposed for Desa Adat Serangan integrates two components that are often addressed separately: restructuring COGS using a simplified full-costing logic and adopting mobile-based digital accounting. The cost restructuring component helps owners recognize all economic resources consumed during production, while the digital accounting component ensures

that resulting transactions and financial information are recorded consistently. The combination is reinforced by mentoring, inventory monitoring, digital invoicing, and periodic financial review. This creates a practical pathway from cost awareness to record quality and, ultimately, to more disciplined business decision making.

The originality of this community service model lies in treating financial awareness as a behavioral and information system issue rather than as a one-time bookkeeping training topic. The program begins with the actual production process and the owner's current decision routines, reconstructs the cost structure, migrates the relevant information into a simple digital system, and then uses mentoring to build consistent habits. This approach is particularly suitable for micro enterprises because it links accounting concepts directly to the products, transactions, and cash flows that business owners encounter every day.

Based on these considerations, the program aims to strengthen the financial awareness and financial management capacity of souvenir MSMEs in Desa Adat Serangan, Bali, through systematic COGS restructuring and digital accounting. Specifically, it seeks to: (1) identify and correct omitted production cost components; (2) improve the separation of business and personal finances; (3) establish routine digital transaction recording; (4) generate simple and credible financial reports; and (5) improve the financial readiness of MSMEs to pursue sustainable growth and formal financing. These objectives are aligned with SDG 8, particularly the promotion of productive economic activity, entrepreneurship, and the sustainable growth of micro and small enterprises.

II. METHODS

This community service program uses a participatory problem-solving approach in which partner MSMEs are treated as active participants in diagnosing problems, designing practical solutions, implementing changes, and evaluating their usability. The activity location in this manuscript is Desa Adat Serangan, Bali. The approach is appropriate because the identified problems are embedded in daily production and financial routines; therefore, a technically correct accounting model will not be sustainable unless it can be understood and repeatedly used by the business owners themselves.

The source proposal presents an eight-month overall community service schedule that includes preparation, coordination, observation, data processing, validation, reporting, and output preparation. Within that broader schedule, the core financial-management intervention is organized into four operational stages covering diagnosis, COGS restructuring, digital-accounting implementation, and mentoring/evaluation. These stages are sequential but iterative: findings from mentoring can be used to revise cost assumptions, account classifications, or digital-recording procedures.

The first stage is preparation and diagnosis. The team conducts direct observation of the business process from raw material procurement to production, packaging, and sales. An operational cost audit is used to map cost points that have not previously been recognized, while an asset inventory identifies production equipment and its estimated economic life as the basis for depreciation. The financial-awareness baseline is assessed through a structured pre-test that covers COGS, asset depreciation, the separation of business and personal funds, transaction recording, and the use of financial statements for decision-making. The diagnostic process is complemented by

discussions with partners to understand existing pricing practices and the constraints that influence their financial behavior.

The second stage is COGS restructuring through a practice-oriented workshop using a simplified full-costing approach. Partner MSMEs identify and classify raw-material costs, direct labor, waste-related costs, electricity, water, transportation associated with production, equipment maintenance, and asset depreciation. The program also introduces the recognition of owner labor through a standard 'salary for oneself' concept so that business profit is distinguished from compensation for the owner's work. The output is a structured COGS worksheet for each relevant souvenir product or product group, which becomes the reference for rational pricing and later digital data entry.

The third stage is the implementation of mobile-based digital accounting. A simple MSME accounting application, such as SI APIK or another functionally equivalent application, is configured on the partner's mobile device. The setup includes the business profile, opening balances, product catalogue, customer records, receivables, payables, and relevant expense categories. Training is delivered through simulations of actual transactions, including raw-material purchases, product sales, digital receipts or invoices, business expenses, and owner withdrawals (prive). The focus is not on teaching debit credit theory in isolation but on enabling the partner to understand how routine transactions are converted into financial reports.

The fourth stage consists of mentoring, monitoring, and evaluation. Periodic assistance is planned to review the completeness and consistency of transaction input, identify technical difficulties, and reinforce the separation between household and business cash. Monthly financial reports, particularly profit-and-loss and cash-flow information, are reviewed together with partners to build interpretation skills. A post-test is planned after the intervention to compare financial awareness with the baseline. The resulting reports can also be organized as a simple business portfolio for financing applications, including schemes such as Kredit Usaha Rakyat when relevant and feasible.

Process evaluation focuses on participation, completion of diagnostic data, the availability of COGS worksheets, successful application configuration, and consistency of transaction recording. Outcome evaluation focuses on changes in financial understanding, the completeness of recognized cost components, the separation of personal and business transactions, the ability to generate and interpret basic reports, and the usability of the financial documents for business decision-making. Quantitative pre-test and post-test results should be reported when implementation data become available; the source proposal used for this manuscript does not yet contain those final measurements.

The implementation team combines expertise in accounting, information systems, business education, and community facilitation. Students support field observation, documentation, data entry assistance, and the initial organization of business information. Partner participation includes providing access to production processes and existing records, validating cost classifications, practicing digital transaction recording, reviewing the generated reports, and providing feedback on the practicality of the intervention.



Figure 1. Integrated Financial-Awareness and Digital-Accounting Intervention Framework

III. RESULT AND DISCUSSION

The source document is a community service proposal and therefore does not yet report completed post-intervention outcomes. The results presented in this section are limited to the diagnostic findings explicitly described in the proposal and the intervention outputs designed in response to those findings. This distinction is important because it prevents expected benefits from being presented as measured impacts. Final claims regarding changes in knowledge, profitability, or financing access should be supported later by post-test results and longitudinal business records.

A. Diagnostic Findings on Financial Management

The diagnostic description indicates that the financial problems of souvenir MSMEs are interconnected rather than isolated. The first problem is incomplete COGS calculation. Business owners tend to rely on simplified estimates and external market prices, while several cost components remain invisible in the calculation. The omission of overhead, depreciation, and owner labor means that selling prices can be set below the level required to replace assets and compensate labor adequately. This weakens the usefulness of nominal profit as a measure of economic performance. The problem is therefore not simply a technical accounting error; it directly affects pricing quality and the long-term preservation of business capital.

The second problem is the absence of disciplined separation between business and personal finances. When household spending, owner withdrawals, and business expenses are recorded in the same cash stream, the owner cannot easily distinguish operating performance from household consumption. This condition also makes it difficult to verify whether cash shortages are caused by low margins, delayed customer payments, excessive inventory purchases, or personal withdrawals. Financial awareness improves when the owner can see these categories separately and connect them with the underlying business activities.

The third problem concerns the reliability and continuity of records. Manual and irregular recording limits the ability to compare financial performance across periods and can result in missing transaction details. From an information-systems perspective, this creates a gap between the information required for management and the information actually produced by the business. Ismail and King (2014) argue that alignment between accounting information and organizational needs is essential, while Mitchell et al. (2000) show that information-system development in SMEs is shaped by the practical realities of the firm. A mobile application is therefore appropriate only if it is configured around the enterprise's actual transaction patterns and kept simple enough for routine use.

The fourth problem is reduced financial credibility in interactions with formal lenders. Without structured records and financial reports, a viable micro-enterprise may be unable to demonstrate its turnover, margin, cash-generating capacity, or financial discipline. This supports the wider finding by Beck and Demirgüç-Kunt (2006) that financing constraints are partly linked to information

problems. The intervention's emphasis on report generation is consequently relevant not only for internal control but also for reducing information asymmetry between the enterprise and potential financing institutions.

Table 1. Diagnostic Problems and Designed Community Service Responses

Priority problem	Diagnostic finding	Designed intervention/output
Inaccurate COGS	Important production costs are not systematically included in pricing calculations.	Full-costing worksheet covering materials, labor, overhead, depreciation, waste, and owner labor.
Mixed business and personal finances	Owner withdrawals and household expenses are not clearly separated from business cash flows.	Dedicated transaction categories and recording of owner withdrawals (prive) in the digital system.
Manual and irregular bookkeeping	Transactions are recorded inconsistently, making periodic performance evaluation difficult.	Mobile-based real-time transaction recording and automated profit-and-loss/cash-flow reporting.
Low financial credibility	The business lacks standardized financial documentation for external financing discussions.	Structured monthly reports and a simple financial portfolio to support financing readiness.

B. COGS Restructuring as the Foundation of Financial Awareness

The proposed COGS restructuring is a strategic starting point because pricing is one of the most frequent decisions made by souvenir producers. A simplified full-costing approach makes hidden costs visible by requiring the enterprise to identify direct and indirect resources used in production. Drury (2018) and Kaplan and Atkinson (2015) emphasize that cost information supports pricing, cost control, and profit planning. In the context of the partner MSMEs, the practical value of full costing lies in converting abstract accounting categories into product-specific questions: how much raw material is used, how much labor time is required, what share of electricity and equipment use belongs to production, and how often tools must be replaced.

Recognizing depreciation is particularly important for craft businesses that depend on production equipment but may not make regular cash payments for those assets. If depreciation is ignored, current cash surplus can be mistaken for sustainable profit even though the enterprise is consuming the service potential of its equipment. The same logic applies to owner labor. Treating all residual cash as profit fails to distinguish compensation for work from return on business capital. By assigning a reasonable labor value to the owner, the COGS worksheet helps create a clearer picture of the actual margin generated by the product.

The expected behavioral effect is greater pricing discipline. Once the owner can see a structured cost base, price adjustments can be explained in relation to cost movements rather than intuition alone. Ahmad (2017) found that management accounting practices are associated with SME performance, suggesting that even simplified tools can improve decision quality when they are integrated into actual management routines. In this program, the COGS worksheet is therefore not treated as a one-time training exercise but as the first data layer for the digital accounting system.

C. Digital Accounting, Inventory Control, and Professional Documentation

Digital accounting is designed to transform the improved cost structure into a continuous information process. Once the opening data and transaction categories are configured, the application enables sales, purchases, expenses, receivables, payables, and owner withdrawals to be recorded at the time they occur. Automated processing reduces the need for manual journal preparation and makes financial reports more accessible to owners who do not have formal accounting training. The performance value of accounting information systems has been documented in prior studies, including Grande et al. (2011) and Al-Dmour et al. (2020), although the effectiveness of any system remains dependent on user discipline and data quality.

The program also extends digitalization beyond bookkeeping. A simple inventory function helps partners monitor raw material availability and supports reorder decisions, reducing the risk of production disruption caused by stockouts. Digital invoicing improves the traceability of sales and gives customers more professional transaction documentation. These components strengthen the consistency of the business information environment: product, inventory, sales, and financial records can be linked rather than maintained as separate informal notes.

For micro-enterprises, the main risk in digital transformation is discontinuation after training. The proposed mentoring stage addresses this risk by reviewing transaction entry, correcting classification mistakes, and discussing monthly reports with the owner. This repeated interpretation process is central to financial awareness because it connects data entry with managerial meaning. Digital accounting becomes valuable when the owner can answer practical questions such as whether cash is sufficient to buy materials, which products generate acceptable margins, whether receivables are increasing, and whether owner withdrawals are reducing working capital.

D. Evaluation Framework and Contribution to SDG 8

The program's contribution to SDG 8 is expected to occur through enterprise-level mechanisms rather than through a direct macroeconomic effect. More accurate cost information supports sustainable pricing; consistent records improve managerial control; digital reports strengthen transparency; and improved financial credibility can support access to formal finance. Together, these mechanisms can increase the resilience and professionalism of local souvenir enterprises, which in turn supports productive economic activity within the tourism economy of Desa Adat Serangan. The evaluation framework should therefore measure both learning and business-practice change. A higher post-test score alone would indicate improved understanding but would not prove that the enterprise has changed its daily behavior. Conversely, consistent digital records without the ability to interpret them would produce data without meaningful financial awareness. The most informative assessment combines knowledge indicators, evidence of changed recording practices, improved completeness of cost calculations, and the regular use of generated reports in business discussions.

Table 2. Proposed Indicators for Final Program Evaluation

Evaluation dimension	Indicator	Evidence/measurement	Expected direction
Financial knowledge	Understanding of COGS, depreciation, separation of funds, and financial reports	Pre-test and post-test questionnaire	Increase after intervention
Costing quality	Completeness of cost components included in product COGS	Review of product COGS worksheets	More complete and consistent
Recording discipline	Routine entry of sales, purchases, expenses, and owner withdrawals	Digital accounting transaction log	More regular and timely
Financial reporting	Ability to generate and explain basic profit and-loss and cash-flow reports	Monthly report review with mentor	Improved independent use
Financing readiness	Availability of organized financial documents for financing discussions	Financial portfolio/report set	Improved document readiness

Overall, the diagnostic evidence and intervention design indicate that financial awareness among souvenir MSMEs should be strengthened through an integrated system rather than through isolated lectures. COGS restructuring clarifies the economics of the product; digital accounting makes the information continuous; inventory and invoicing tools improve operational discipline; and mentoring helps transform information into decisions. This integration is consistent with the view that financial capability depends on both knowledge and the institutional or technological conditions that make informed behavior possible. The program is therefore positioned as a practical capacity-building model for tourism-based micro-enterprises in Desa Adat Serangan.

IV. CONCLUSION

The community service proposal identifies four interrelated financial-management constraints among souvenir MSMEs: incomplete COGS calculation, mixing of personal and business finances, irregular manual bookkeeping, and limited financial documentation for formal financing. These problems weaken pricing accuracy, obscure actual business profitability, and reduce the usefulness and credibility of financial information. Relocating the program context to Desa Adat Serangan does not change the intervention logic: the needs remain appropriately addressed through a combination of cost restructuring, digital accounting, and sustained mentoring.

The proposed model begins with diagnosis of production and financial routines, continues with simplified full-costing and structured COGS worksheets, migrates transactions into a mobile-based accounting system, and reinforces the new practices through periodic review. The program also incorporates inventory monitoring and digital invoicing to create a more coherent business information system. Conceptually, this combination can strengthen financial awareness, improve pricing and cash-flow decisions, and increase the readiness of MSMEs to present credible financial information to external stakeholders.

The main limitation of the current manuscript is that the source PDF is a proposal and does not contain completed implementation results, post-test scores, or longitudinal financial outcomes. Consequently, this article does not claim measured improvements in income, profitability, financial literacy, or financing access. After implementation, the manuscript should be updated with actual pre-test/post-test data, evidence of digital-recording continuity, examples of revised COGS, and financial-report trends. Such evidence will allow the final article to assess whether the intervention has translated from program design into sustained business behavior and measurable support for SDG 8.

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