

Digital Financial Recording System for Culinary MSMEs

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ABSTRACT

This study aims to analyze the effectiveness of implementing a simple digital financial recording system in enhancing financial transparency and decision-making in culinary Micro, Small, and Medium Enterprises (MSMEs). The study was conducted at Lynn's Kitchen, a growing culinary MSME facing challenges in unstructured and manual financial management. A community-based intervention approach was applied through pre-survey, training sessions, on-site mentoring, and continuous monitoring. The results show significant improvements in financial literacy and technical skills. Participants' understanding of basic accounting increased from 25% to 82%, while their ability to operate the digital recording system reached 85% with an accuracy level of 90%. In addition, 80% of participants were able to independently prepare simple financial reports. The implementation also had a direct impact on business practices, where the owner began making data-driven decisions related to pricing strategies and cash flow planning. This study demonstrates that a simple and accessible digital financial recording system, combined with intensive mentoring, can effectively improve financial transparency and support better decision-making in small-scale culinary MSMEs.

Keywords: Financial Literacy, Digital Financial Recording, MSMEs, Financial Transparency, Business Decision-Making.

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1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in economic development, particularly in developing countries, by contributing significantly to employment generation and income distribution at both local and national levels (Syuhada et al., 2023). In Indonesia, MSMEs are considered a backbone of the economy, especially in sectors such as culinary businesses, which are characterized by dynamic operations, short cash cycles, and high dependence on daily transactions (Suindari & Juniariani, 2020). Despite their strategic role, many MSMEs still face structural challenges, particularly in managing financial records in a systematic and transparent manner.

Financial management is a key determinant of MSME sustainability and performance. However, empirical evidence indicates that most MSMEs still rely on manual and unstructured financial recording systems (Nasyi'ah & Safitri, 2021). This practice often results in incomplete financial data, difficulties in tracking income and expenses, and the inability to prepare standardized financial reports based on applicable accounting standards such as SAK-EMKM (Afriansyah et al., 2021). Consequently, MSME owners encounter significant challenges in evaluating business performance, managing cash flow effectively, and making informed strategic decisions.

Several studies have emphasized the importance of financial literacy and proper financial management in improving MSME performance and sustainability. Financial literacy has been

proven to positively influence business performance, operational efficiency, and long-term business continuity (Sari et al., 2022). In addition, effective cash management practices are essential for ensuring liquidity and operational stability, particularly in small businesses with limited financial buffers (Amaliyah & Yasmin, 2024). Furthermore, human resource quality and managerial competence also play an important role in supporting innovative and sustainable business practices within MSMEs (Badawi & Nugroho, 2022).

In line with these findings, the adoption of digital technology has emerged as a promising approach to improve financial management practices among MSMEs. Digitalization in financial recording enables more accurate, efficient, and real-time tracking of transactions, thereby enhancing transparency and accountability. Previous studies highlight that digital financial management systems, even in simple forms such as spreadsheet-based tools, can significantly improve the quality of financial reporting and ease of data access (Mudrikah et al., 2024). However, the adoption of such systems is often constrained by limited technical skills, low digital literacy, and resistance to change among MSME actors (Cahyono & Utami, 2019).

Although numerous studies have explored financial literacy, accounting practices, and digital adoption in MSMEs, most of them focus on general training or theoretical discussions without integrating practical implementation in real business contexts. In many cases, training programs are not accompanied by intensive mentoring, which results in low sustainability of system adoption. This indicates that there is still a gap between knowledge transfer and actual implementation in MSME financial management practices.

Despite the increasing attention to financial literacy and digital accounting adoption in MSMEs, existing studies tend to focus primarily on general training programs without emphasizing intensive mentoring and real-time implementation, particularly in micro-scale culinary businesses operating across multiple sales channels. This indicates a significant research gap in understanding how integrated intervention approaches can effectively improve financial management practices in such contexts.

This study provides a novel contribution by integrating structured training, on-site mentoring, and the implementation of a simple digital financial recording system using spreadsheet-based tools tailored to the needs of a culinary MSME. In addition, this study not only evaluates improvements in financial literacy and technical skills but also examines their direct impact on business decision-making and financial transparency.

The study focuses on Lynn's Kitchen, a growing culinary MSME that operates through both offline and online platforms, including food delivery services. The business faces challenges related to unstructured financial recording, lack of standardized financial reporting, and limited use of financial information for strategic decision-making. These challenges are representative of common issues experienced by many MSMEs in similar sectors.

Therefore, this study aims to analyze the effectiveness of implementing a simple digital financial recording system in improving financial transparency, enhancing financial literacy, and supporting data-driven decision-making in culinary MSMEs. The findings of this study are expected to contribute both theoretically and practically by providing a replicable model for MSMEs in adopting simple, accessible, and effective digital financial management systems.

2. METHODS

This study applied a community-based intervention approach using a mixed-method design to evaluate the effectiveness of a digital financial recording system in a culinary Micro, Small, and Medium Enterprise (MSME). The integration of quantitative and qualitative approaches enables a comprehensive assessment of both measurable improvements and behavioral changes among participants (Creswell & Creswell, 2018).

The research was conducted at Lynn's Kitchen, located at Jl. Sangnawaluh No. 27, Pematangsiantar, North Sumatra, Indonesia. This business operates in the culinary sector and relies on both direct and online sales transactions. The population included all individuals involved in financial and operational activities. Given the limited number of personnel, a total

sampling technique was employed, involving five participants consisting of the business owner and four supporting staff members (Sugiyono, 2019).

Data were collected through multiple techniques to ensure validity and data triangulation (Moleong, 2018), including:

- a. Observation: to identify existing financial recording practices and operational workflows
- b. Semi-structured interviews: to explore participants' financial literacy, digital skills, and challenges
- c. Documentation: to gather financial records, transaction notes, and supporting documents
- d. Pre-test and post-test: to measure changes in financial knowledge and technical skills before and after the intervention

In other hand, the implementation of the study was carried out in four main stages:

- a. Problem Identification
Initial data were collected through pre-survey activities, including observation and focus group discussions (FGD), to determine baseline conditions and identify key issues in financial management.
- b. Training Implementation
Participants were provided with training on basic accounting concepts, transaction recording, preparation of simple financial statements, and the use of spreadsheet-based digital tools for financial recording.
- c. On-site Mentoring
Participants applied the digital financial recording system directly in daily business operations under the supervision of the research team to ensure proper implementation and consistency.
- d. Monitoring and Evaluation
The effectiveness of the intervention was assessed by evaluating participants' performance, accuracy of financial records, and consistency in system usage.
Data analysis was conducted using both quantitative and qualitative approaches:
 - a. Descriptive comparative analysis was used to compare pre-test and post-test results to measure improvement levels (Sugiyono, 2019)
 - b. Qualitative analysis followed an interactive model involving data reduction, data display, and conclusion drawing (Miles et al., 2014)

This combination of methods allows for a more comprehensive interpretation of changes in financial literacy, technical competence, and decision-making behavior. The methodological design ensures the validity and reliability of the findings while providing a structured and replicable framework for similar MSME interventions, particularly in the culinary sector.

3. RESULTS AND DISCUSSION

3.1 Results

Demographic Characteristics of Participants

The participants involved in this study consisted of five individuals who were directly engaged in financial and operational activities at Lynn's Kitchen. The demographic characteristics of the participants are presented in Table 1.

Table 1. Demographic Statistic of the Sample

Variable	Item	Frequency	Percentage (%)
Gender	Female	4	80%
	Male	1	20%
Age	20–30 years	3	60%
	31–40 years	2	40%
Education	Senior High School	3	60%
	Bachelor Degree	2	40%
Work Experience	< 2 years	2	40%
	≥ 2 years	3	60%

Source: Data Processed (2026)

Comparison of Financial Literacy Before and After Training

A significant improvement was observed in participants’ financial literacy after the implementation of the training and mentoring program. Prior to the intervention, the results of the pre-test indicated that participants had limited understanding of basic financial and accounting concepts, with an average score of approximately 25%. After the training and mentoring process, the post-test results showed a substantial increase, with the average score rising to 82%. This represents an improvement of 57 percentage points, indicating a strong positive impact of the intervention. Before the training, most participants were unable to properly identify financial transactions, classify expenses, or prepare simple financial statements. However, after the intervention, participants demonstrated a clearer understanding of financial concepts, including revenue recognition, expense classification, and basic financial reporting.

Comparison of Technical Skills Before and After Implementation

In terms of technical skills, participants also showed considerable improvement. Before the implementation of the digital system, financial recording was conducted manually and inconsistently, with frequent errors in data entry and classification. After the mentoring phase, participants were able to operate the spreadsheet-based digital financial recording system with an average proficiency level of 85%. The accuracy of financial records increased significantly, reaching approximately 90%. This comparison highlights a clear transition from low digital capability and unstructured recording practices to a more systematic and technology-based approach.

Comparison of Financial Recording Practices

The study also identified notable changes in financial recording practices before and after the intervention. Prior to the training, financial records were incomplete, irregular, and not systematically organized. There was no standardized format for recording transactions, and financial data were not used for evaluation purposes. After the implementation of the digital financial recording system, financial data became more structured, organized, and consistently updated. Approximately 80% of participants were able to independently prepare simple financial reports, including income statements and cash flow records.

Comparison of Business Utilization of Financial Data

Before the intervention, financial data were rarely used as a basis for decision-making. Business decisions were primarily based on intuition and daily operational experience. After the intervention, the business owner began utilizing financial data to support decision-making processes. The availability of structured financial information enabled better control over expenses, more accurate pricing strategies, and improved cash flow management.

Table 2. Comparison of Before and After Intervention Results

Indicator	Before Intervention	After Intervention	Improvement
Financial Literacy	25%	82%	+57%
Technical Skills	Low (manual system)	85% proficiency	Significant
Recording Accuracy	Low (frequent errors)	90% accuracy	High
Report Preparation	Not able	80% capable	Substantial
Decision-Making	Intuition-based	Data-driven	Transformational

Source: Data Processed (2026)

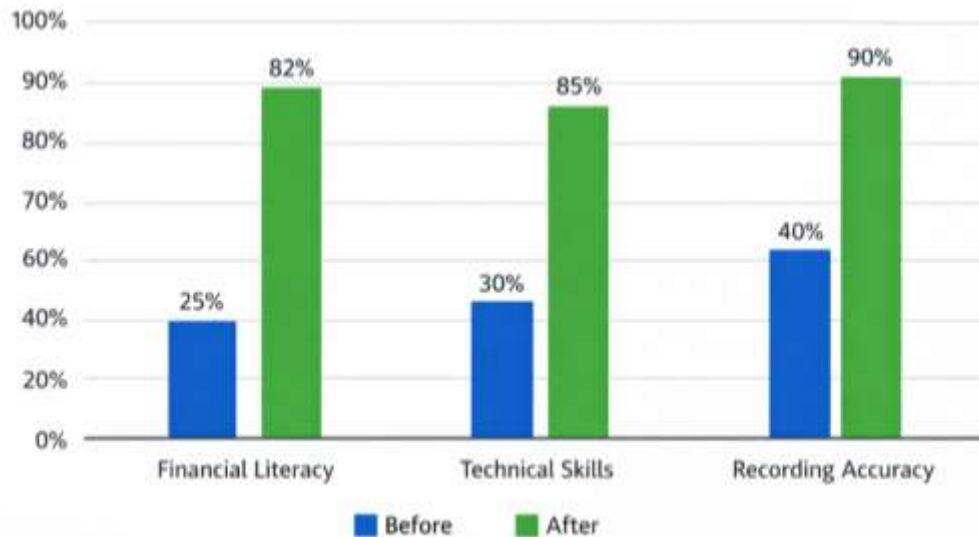


Figure 1. Comparison of Before and After Intervention
Source: Data Processed (2026)

Data above clearly illustrates the substantial improvements across all measured indicators following the implementation of the digital financial recording system. The most significant increase is observed in financial literacy, which rose from 25% before the intervention to 82% after the training and mentoring process, indicating a 57 percentage point improvement.

In terms of technical skills, participants initially relied on manual and unstructured financial recording methods. After the intervention, they demonstrated a high level of proficiency (85%) in operating the digital system. Similarly, the accuracy of financial records improved significantly, reaching 90%, compared to the previously error-prone manual recording practices.

The ability to prepare financial reports also showed notable progress. Before the intervention, participants were generally unable to compile structured financial reports. However, after the implementation, 80% of participants were able to independently prepare simple financial statements.

Furthermore, a fundamental shift was observed in decision-making practices. Initially, business decisions were largely based on intuition and experience. After the intervention, decision-making became more data-driven, supported by structured and reliable financial information. These findings confirm that the intervention successfully improved both the cognitive and technical aspects of financial management, as well as the practical utilization of financial data in business operations.

3.2. Discussion

The findings of this study confirm that the implementation of a simple digital financial recording system, supported by structured training and continuous mentoring, has a significant impact on improving financial management practices in culinary MSMEs. This is particularly relevant considering the strategic role of MSMEs in supporting local economic development and strengthening the capacity of small business actors.

Improvement in Financial Literacy and Technical Competence

One of the most prominent findings is the substantial increase in financial literacy, from 25% before the intervention to 82% after the training and mentoring process. This indicates that participants were able to develop a clearer understanding of basic accounting concepts, including transaction classification, revenue recognition, and preparation of simple financial reports. Such improvement supports previous studies that highlight financial literacy as a key factor influencing MSME performance and sustainability (Sari et al., 2022; Syamra et al., 2022).

In addition to conceptual understanding, technical competence also improved significantly. Participants demonstrated an average proficiency level of 85% in operating the digital financial

recording system, while the accuracy of financial records reached 90%. This transition from manual and unstructured practices to a more systematic and digital-based approach reflects the adaptability of MSME actors when supported with appropriate tools and guidance. It also emphasizes the importance of human resource quality in fostering innovation and improving business practices (Badawi & Nugroho, 2022).

Prior to the intervention, financial recording practices at the MSME were inconsistent and did not follow standardized accounting principles. This condition is consistent with findings from previous studies indicating that many MSMEs have not yet implemented proper financial reporting based on applicable standards such as SAK-EMKM (Afriansyah et al., 2021), and often lack awareness of the importance of bookkeeping (Nasyi'ah & Safitri, 2021). Therefore, the observed improvements confirm that targeted training and mentoring can effectively address these fundamental limitations.

Transformation of Financial Management and Decision-Making

Beyond improvements in knowledge and skills, this study also reveals a significant transformation in financial management practices. Before the intervention, financial recording was conducted irregularly, without standardized formats, and financial data were rarely used for evaluation purposes. After the implementation of the digital system, financial recording became more structured, organized, and consistently updated.

This transformation aligns with practical financial management principles which emphasize the importance of systematic recording and financial control in supporting business operations (Cahyono & Utami, 2019). The improved organization of financial data enhances transparency and enables better monitoring of income and expenses.

More importantly, a shift in decision-making behavior was identified. Initially, business decisions were largely based on intuition and experience. However, after the intervention, financial data became an essential reference in decision-making processes, particularly in pricing strategies, cost control, and cash flow management. This finding is consistent with previous research highlighting the importance of effective cash management in improving financial performance and business sustainability (Amaliyah & Yasmin, 2024).

Furthermore, the integration of financial management practices and human resource competence plays a crucial role in strengthening overall business performance (Suindari & Juniariani, 2020). The ability of participants to utilize financial information reflects not only improved technical skills but also enhanced managerial awareness.

Contribution to Research Gap and Novelty

This study provides a significant contribution by addressing a gap in the existing literature on MSME financial management. Previous studies have generally focused on financial literacy education or digitalization efforts separately, often without ensuring the sustainability of implementation in real business contexts (Mudrikah et al., 2024). As a result, many MSMEs face challenges in consistently applying the knowledge gained from training programs.

In contrast, this study adopts an integrated intervention approach that combines structured training, on-site mentoring, and direct application of digital tools in daily business operations. This approach ensures that participants not only understand financial concepts but also develop the ability to implement them consistently in practice.

The novelty of this study lies in its integrated and context-based approach, which emphasizes sustainable behavioral change rather than short-term knowledge improvement. By utilizing simple and accessible digital tools, this model can be easily adapted and replicated in other MSMEs, particularly in the culinary sector with similar characteristics.

The findings demonstrate that a simple, practical, and accessible digital financial recording system can effectively improve financial transparency, enhance managerial capability, and support data-driven decision-making in MSMEs. The study contributes both theoretically, by enriching the literature on MSME financial management, and practically, by offering a replicable intervention model for similar business contexts.

4. CONCLUSION

This study concludes that the implementation of a simple digital financial recording system, supported by structured training and continuous mentoring, is effective in improving financial management practices in culinary Micro, Small, and Medium Enterprises (MSMEs). The intervention not only enhances financial literacy and technical skills but also encourages the adoption of more systematic and consistent financial recording practices.

In addition, the use of digital tools contributes to increased financial transparency and enables business actors to utilize financial information more effectively in decision-making processes. The shift from intuition-based to data-driven decision-making reflects an important transformation in managerial behavior, which is essential for improving business performance and sustainability.

The findings of this study have practical implications for MSME development, particularly in promoting the use of simple and accessible digital financial systems that can be easily adopted by small-scale businesses. The integrated approach combining training and mentoring can serve as a replicable model for similar interventions in other MSME sectors.

However, this study is limited to a single case with a relatively small number of participants. Therefore, future research is recommended to involve a larger sample size, different business sectors, and longer observation periods to further validate the effectiveness and sustainability of digital financial recording systems in MSMEs.

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