

# The Implementation of Financial Management and Digital Marketing for Urban Village MSMEs in Enhancing Business Competitiveness

Dede Dahlan<sup>1</sup>, Wahyu Anugrah Manippi<sup>2</sup>, Iwan Subandi,<sup>3</sup> Andi<sup>4</sup>,  
Rahmat Jaya,<sup>5</sup>

<sup>1</sup> Institut Teknik dan Bisnis Ahmad Dahlan Jakarta, [dels72@yahoo.com](mailto:dels72@yahoo.com)

<sup>2</sup> Institut Turatea Indonesia, [wahyumanippi73@gmail.com](mailto:wahyumanippi73@gmail.com)

<sup>3</sup> Institut Teknik dan Bisnis Ahmad Dahlan Jakarta, [iwansubandi180@gmail.com](mailto:iwansubandi180@gmail.com)

<sup>4</sup> Universitas Sultan Ageng Tirtayasa, [andipltg69@untirta.ac.id](mailto:andipltg69@untirta.ac.id)

<sup>5</sup> Institut Bisnis & Informatika ( IBI ) Kosgoro 1957 Jakarta, [rahmatjaya.ugi@gmail.com](mailto:rahmatjaya.ugi@gmail.com)

## ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economy, contributing significantly to the Gross Domestic Product and employment. However, urban village MSMEs face persistent challenges in financial management and digital marketing adoption that hinder their competitiveness. This qualitative study examines the implementation of financial management practices and digital marketing strategies among MSMEs in Indonesian urban villages and their impact on business competitiveness. Using a case study approach, data were collected through in-depth interviews, participant observation, and focus group discussions with 25 MSME actors, village officials, and community facilitators across three urban villages. The findings reveal that MSMEs implementing structured financial management—including business-personal fund separation, systematic bookkeeping, and basic financial reporting—demonstrate improved business sustainability and access to financing. Concurrently, digital marketing adoption through social media, Google Maps, and e-commerce platforms expands market reach and strengthens brand identity. However, successful implementation requires contextualized approaches addressing digital literacy gaps, infrastructure limitations, and cultural barriers. The study identifies an integrated model where financial management and digital marketing synergistically enhance MSME competitiveness through improved operational efficiency, market expansion, and business legitimacy. These findings contribute to understanding MSME empowerment in urban contexts and offer practical implications for community engagement programs and policy development.

**Keywords:** Digital, financial, management

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<sup>1</sup>Corresponding Author Name: Affiliation; address; Email: xxx@xxx.com

## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) constitute the backbone of the Indonesian economy, representing approximately 99% of all business units and absorbing over 97% of the national workforce while contributing more than 60% of the Gross Domestic Product. Despite their dominance and economic significance, Indonesian MSMEs face persistent challenges in achieving sustainable growth and enhanced competitiveness. The paradox of their substantial quantitative presence juxtaposed with qualitative limitations in business management capabilities presents a critical area of academic inquiry and practical intervention. This study addresses the intersection of two fundamental business functions financial management and digital marketing in the context of urban village MSMEs and examines how their implementation influences business competitiveness.

The urgency of this study stems from several converging factors. First, rapid digital transformation across Indonesian society has fundamentally altered consumer behavior and market dynamics. Traditional marketing approaches that once sustained local businesses have become increasingly insufficient to reach contemporary consumers who increasingly rely on digital platforms for product discovery, evaluation, and purchase decisions. Second, the financial management practices remain predominantly informal, with many operators failing to maintain systematic records, separate business and personal finances, or generate financial statements that could support business analysis and external financing applications. These dual challenges—marketing obsolescence and financial informality—create compounded barriers to business development and competitiveness (Nugraha et al., 2025).

Urban villages (*kelurahans*) are particularly significant loci for MSME development interventions. These administrative units, situated within larger urban systems, contain dense concentrations of micro-enterprises serving local communities while simultaneously facing competitive pressures from modern retail formats and digitally native businesses. The urban village context presents unique characteristics: limited physical space for business operations, heterogeneous consumer bases, varying levels of infrastructure quality, and diverse socio economic compositions among residents. MSMEs operating in these environments must navigate complex local dynamics while simultaneously responding to broader market transformations.

The concept of business competitiveness for MSMEs extends beyond simple financial profitability to encompass multiple dimensions including operational efficiency, market reach, product quality, customer relationships, innovation capacity, and long-term sustainability. For urban village MSMEs, competitiveness also involves maintaining relevance within changing local communities while potentially expanding beyond geographic boundaries. The integration of sound financial management and effective digital marketing potentially addresses multiple competitiveness dimensions simultaneously. Financial management enhances operational efficiency and sustainability, while digital marketing expands market reach and strengthens customer engagement.

Previous research has examined financial management practices among Indonesian MSMEs and digital marketing adoption separately however, few studies have investigated their integrated implementation and synergistic effects on

competitiveness. The literature reveals that MSMEs often struggle with financial record-keeping because of limited formal education in accounting, perceptions of complexity, and time constraints associated with daily operational demands. Similarly, digital marketing adoption faces barriers including limited technological literacy, concerns about cost and complexity, and uncertainty about appropriate platforms and strategies. Understanding how these two capability domains interact and potentially reinforce each other remains an under explored area with significant theoretical and practical implications (Hadi et al., 2025).

Community engagement programs conducted by universities and other institutions have increasingly targeted both financial management and digital marketing through integrated interventions. For example, initiatives at Universitas Diponegoro provided financial management training emphasizing simple bookkeeping and business-personal fund separation for MSMEs in Jabungan Village. Similarly, Universitas Negeri Yogyakarta's community service program combined financial literacy training with digital marketing instruction for MSME operators in the Magelang Regency. These programs recognize the interconnectedness of financial and marketing capabilities but vary in their approaches and outcomes, suggesting the need for a deeper understanding of the implementation processes and contextual factors influencing success.

The digital transformation landscape of Indonesian MSMEs encompasses multiple platforms and applications with varying adoption patterns. Social media platforms, particularly Instagram and Facebook, have become accessible marketing channels for many MSMEs, enabling visual product presentations and direct customer interactions. Google Maps has emerged as a critical tool for local business visibility, allowing consumers to discover nearby enterprises and to access essential information. E-commerce platforms offer broader market access but require more sophisticated operational capabilities. Financial technology applications, including digital payment systems and bookkeeping applications such as Randu, provide tools for transaction recording and financial management. However, the adoption and effective utilization of these digital tools remain uneven across MSME populations (Murari, 2025).

The role of external facilitation in building MSME capabilities warrants a careful examination. University-led community service programs, government initiatives, corporate social responsibility programs, and non-governmental organizational interventions have all contributed to MSME capacity building. These programs vary in duration, intensity, methodology, and follow-up support with corresponding variations in outcomes. Understanding the mechanisms through which such interventions successfully transfer knowledge and build sustainable capabilities is essential for designing effective programs and policies.

This study addresses several interconnected research questions: How do urban village MSMEs currently implement financial management practices and digital marketing strategies? Which factors facilitate or constrain the adoption and effective implementation of these business functions? How does the implementation of financial management and digital marketing influence MSMEs competitiveness? Which integrated approaches can effectively enhance both capability domains simultaneously? By examining these questions through qualitative methodology, this study aims to generate a comprehensive understanding of the processes, challenges,

and outcomes associated with strengthening MSME financial and marketing capabilities.

The theoretical significance of this study lies in its contribution to understanding capability building in micro-enterprise contexts, particularly the intersection of financial and marketing competencies in resource-constrained environments. Its practical significance extends to multiple stakeholders: MSME operators seeking guidance for business improvement, community development practitioners designing intervention programs, policymakers formulating support initiatives, and academic institutions engaging in community service activities.

## METODE

This study employed a qualitative research approach with a multiple case study design to investigate the implementation of financial management and digital marketing among urban village MSMEs. The qualitative approach was selected for its capacity to explore complex phenomena in depth, capture participants' perspectives and meanings, and understand processes within their natural contexts. Unlike quantitative methods that test predefined hypotheses through variable measurement, qualitative inquiry enables the emergence of themes and patterns from the data, making it particularly suitable for examining how MSME operators experience and make sense of capability development processes (Sugiyono, 2019).

The case study design facilitated an intensive examination of MSME financial and marketing practices within bounded systems—the urban village contexts in which businesses operate. Multiple case selections across three urban villages allowed for cross-case comparisons while maintaining attention to contextual specificity. This design supports analytical generalization, where findings are generalized to theoretical propositions rather than to populations, and enables the identification of patterns that transcend specific locations while remaining attentive to local variations.

The epistemological stance underlying this research is interpretive, recognizing that social reality is constructed through participants' meanings and interpretations. The research sought to understand how MSME operators understand their own practices, challenges, and aspirations; how facilitators and program designers conceptualize effective interventions; and how these understandings shape implementation processes and outcomes. This interpretive orientation aligns with the study's focus on processes and meanings rather than on purely behavioral outcomes.

### Research Setting and Case Selection

The research was conducted in three urban villages (Kelurahan) in Indonesia, selected through purposive sampling to represent variations in key characteristics relevant to the study phenomena. The selection criteria were as follows: (1) presence of active MSME communities with diverse business types; (2) recent or ongoing community engagement programs addressing financial management or digital marketing; (3) variations in urban characteristics including population density, infrastructure quality, and proximity to city centers; and (4) accessibility for research activities and willingness of local stakeholders to participate (Creswell, 2021).

The three selected urban villages were referred to using pseudonyms to protect participant confidentiality while maintaining analytical clarity

Kelurahan X is a relatively established urban area with good infrastructure and proximity to a metropolitan center. MSMEs in this location have moderate exposure to digital technologies and prior experience with business training programs. The business mix included food vendors, small retailers, craft producers, and personal services.

Kelurahan Y is characterized by more recent urbanization with developing infrastructure and a mix of established and newly arrived residents. MSMEs face greater challenges in infrastructure access but benefit from growing local markets. The community has experienced limited intervention programs focused primarily on basic business skills.

Kelurahan Z represents a densely populated urban village with mixed infrastructure quality and a diverse socio economic composition. MSMEs operate in highly competitive local markets under significant pressure from modern retail formats. Recent community engagement programs have addressed both financial and digital marketing in an integrated format.

This multiple case design enables the examination of how varying contextual conditions influence the implementation and outcomes of financial management and digital marketing practices. Cross-case comparisons illuminate both common patterns and context-specific variations, contributing to a nuanced understanding of the phenomena under investigation.

### **Participants and Sampling**

The participants in this study comprised three categories of informants selected through purposive sampling to ensure diverse perspectives on the research phenomena. The sampling strategy aimed at the maximum variation within each category to capture the range of experiences and viewpoints relevant to financial management and digital marketing implementation.

The first and primary participant category consisted of MSME operators actively managing businesses in three urban villages. The selection criteria for MSME informants included: (1) business operation for at least one year in the current location; (2) direct involvement in financial management and marketing decisions; (3) variation in business types, scales, and operator characteristics; and (4) willingness to participate in extended interviews and observations. A total of 25 MSME operators participated, distributed across the three locations focusing on gender balance and representation of different business sectors.

The second participant category included village officials and local government representatives responsible for the economic development programs. These informants provided perspectives on policy contexts, program implementation, and institutional support for the development of MSME. Five village officials, including village heads and staff members responsible for economic affairs participated.

The third participant category comprised facilitators and program implementers from universities, non-governmental organizations, and other institutions that conducted community engagement activities in the study locations. These informants provided insights into the intervention design, implementation processes, and

observations of MSME responses and outcomes. Seven facilitators, representing different institutional backgrounds and program approaches participated.

Participant recruitment proceeded through initial contacts with village offices that provided introductions to MSME communities and potential informants. Snowball sampling supplemented initial contacts, as participants recommended other operators with relevant experiences or diverse perspectives. All participants received clear explanations of the research purposes, procedures, and their rights, and provided informed consent before data collection commenced.

### **Data Collection Techniques**

Data collection employed multiple techniques to capture the richness and complexity of the MSME financial management and digital marketing practices. Triangulation across methods enhances credibility by enabling cross-verification of findings and providing complementary perspectives on the phenomena under investigation.

In-depth interviews constituted the primary data collection technique, allowing the exploration of participants experiences, understanding, and practices in detail. Interview protocols were developed for each participant category with open-ended questions designed to elicit narratives, explanations, and reflections. MSME operator interviews explored (1) current financial management practices including record-keeping, fund separation, and financial planning; (2) digital marketing activities including platform use, content creation, and customer engagement; (3) experiences with training or community engagement programs; (4) perceptions of business competitiveness and challenges; and (5) aspirations and plans for business development. Interviews with village officials addressed the policy contexts, program history, and observations of MSME development in their areas. Facilitator interviews explored the program design, implementation experiences, and assessments of outcomes and challenges.

Interviews ranged from 45 to 90 minutes, with most lasting approximately 60 minutes. All interviews were conducted in Bahasa Indonesia to facilitate natural expression, audio-recorded with participant permission, and subsequently transcribed verbatim. Field notes complemented the recordings by capturing contextual observations and non-verbal aspects of the interviews.

Participant observation enabled direct observation of MSME operations and practices in natural settings. Observations occurred during business hours at participant locations, allowing the researcher to see how financial transactions were recorded (or not), how customer interactions occurred, and how digital tools were utilized in practice. Observation periods typically lasted 2-3 hours per participant and included informal conversations that supplemented the formal interview data. The observation notes documented practices, contexts, and emerging questions for further exploration.

Focus group discussions brought together MSME operators from each urban village to generate a collective reflection and discussion of common challenges and experiences. Three focus groups were conducted, one at each location, with to 6-8 participants per group. Discussions focused on (1) shared challenges in financial management and marketing; (2) experiences with digital tools and training programs;

(3) perceptions of changes in business environments and competitive pressures; and (4) ideas for effective support and capacity building. The focus groups generated interactive data as participants responded to and built upon each other's contributions, revealing shared understandings and areas of disagreement.

Document analysis supplemented primary data collection by examining relevant materials including training modules, program reports, local economic development plans, and MSME records (where available). Documents provided contextual information about intervention approaches and allowed comparisons between program intentions and participants experiences.

### **Data Analysis**

Data analysis proceeded through systematic stages consistent with the qualitative methodology, moving from description to interpretation and theoretical integration. The analysis process was iterative, with preliminary insights informing ongoing data collection and subsequent analysis refined as the understanding deepened.

Thematic analysis was the primary analytical approach, involving identification, analysis, and reporting patterns (themes) within the data. The analysis followed the phases outlined by Braun and Clarke: familiarization with the data, generation of initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the analysis.

Familiarization began during transcription, as listening to recordings and reading transcripts built intimate knowledge of data content. The initial coding involved systematic line-by-line coding of transcript segments using descriptive labels that captured substantive content. Coding was conducted using manual techniques with support from a qualitative data analysis software for organization and retrieval.

Theme development proceeded by grouping related codes into candidate themes, reviewing these themes against coded extracts and entire datasets, and refining the theme boundaries and relationships. Themes were inductively developed from the data and informed by sensitizing concepts from the literature review. The analysis focused on both common patterns across cases and variations reflecting contextual differences and participant characteristics.

Cross-case analysis compared the findings across the three urban villages to identify patterns that transcended specific locations and variations that reflected contextual differences. This comparative dimension enhances the understanding of how local conditions—infrastructure quality, prior program exposure, competitive dynamics, and community characteristics—influence financial management and digital marketing implementation.

Analytical triangulation involved comparing findings across data sources (interviews, observations, focus groups, and documents) and participant categories (MSME operators, officials, and facilitators) to identify convergence and divergence. Convergence strengthened confidence in the findings, while divergence prompted a deeper examination of the sources of variation and alternative interpretations.

## RESULTS AND DISCUSSION

The study included 25 MSME operators across three urban villages with diverse characteristics in terms of business type, operational duration, and prior exposure to training programs. Table 1 presents the distribution and characteristics of the MSME participants.

Table 1: Profile of MSME Research Participants.

Characteristic	Category	Kelurahan X (n=9)	Kelurahan Y (n=8)	Kelurahan Z (n=8)	Total (N=25)
<b>Gender</b>	Female	6 (67%)	5 (63%)	6 (75%)	17 (68%)
	Male	3 (33%)	3 (37%)	2 (25%)	8 (32%)
<b>Business Type</b>	Food & Beverage	4 (44%)	4 (50%)	3 (38%)	11 (44%)
	Retail/Trade	3 (33%)	2 (25%)	2 (25%)	7 (28%)
	Craft/Production	1 (11%)	1 (12.5%)	2 (25%)	4 (16%)
	Services	1 (11%)	1 (12.5%)	1 (12%)	3 (12%)
<b>Business Duration</b>	< 2 years	2 (22%)	3 (37%)	2 (25%)	7 (28%)
	2-5 years	4 (44%)	3 (37%)	4 (50%)	11 (44%)
	> 5 years	3 (33%)	2 (25%)	2 (25%)	7 (28%)
<b>Prior Training</b>	Yes	5 (56%)	2 (25%)	4 (50%)	11 (44%)
	No	4 (44%)	6 (75%)	4 (50%)	14 (56%)

The participants profiles revealed several notable patterns. Female operators predominated across all locations, reflecting the broader gender distribution of the Indonesian micro-enterprise sector. Food and beverage businesses constituted the largest category, which is consistent with the prevalence of culinary micro-enterprises in urban village economies. Business duration varied with a substantial proportion (28%) in the early stages of operation, suggesting opportunities for capability building during formative business development. Prior training exposure varied across locations, with Kelurahan Y having the lowest proportion of trained operators, reflecting a relatively limited history of intervention programs.

Beyond MSME operators, the study included five village officials (two from X, two from Y, and one from Z) and seven program facilitators from universities (three),

non-governmental organizations (two), and government programs (two). These additional informants provided complementary perspectives on the contexts, interventions, and outcomes of financial management and digital marketing implementation.

### Financial Management Practices Among Urban Village MSMEs

An analysis of financial management practices revealed substantial variation in the extent to which MSME operators maintained systematic financial records, separated business and personal finances, and utilized financial information for decision-making. Table 2 summarizes the financial management practices observed across the participating businesses.

Table 2: Financial Management Practices of Urban Village MSMEs

Practice Dimension	Level of Implementation	Kelurahan X (n=9)	Kelurahan Y (n=8)	Kelurahan Z (n=8)	Total (N=25)
Transaction Recording	No systematic recording	2 (22%)	4 (50%)	2 (25%)	8 (32%)
	Simple notes/list	4 (44%)	3 (37.5%)	3 (37.5%)	10 (40%)
	Systematic bookkeeping	3 (33%)	1 (12.5%)	3 (37.5%)	7 (28%)
Business-Personal Fund Separation	Fully mixed	3 (33%)	5 (62.5%)	2 (25%)	10 (40%)
	Partially separated	4 (44%)	2 (25%)	4 (50%)	10 (40%)
	Fully separated	2 (22%)	1 (12.5%)	2 (25%)	5 (20%)
Financial Reporting	No reports	5 (56%)	7 (87.5%)	4 (50%)	16 (64%)
	Informal calculations	3 (33%)	1 (12.5%)	3 (37.5%)	7 (28%)
	Formal statements	1 (11%)	0 (0%)	1 (12.5%)	2 (8%)
Digital Tool Use	None	6 (67%)	7 (87.5%)	4 (50%)	17 (68%)
	Basic calculator/phone	2 (22%)	1 (12.5%)	2 (25%)	5 (20%)

Practice Dimension	Level of Implementation	Kelurahan X (n=9)	Kelurahan Y (n=8)	Kelurahan Z (n=8)	Total (N=25)
	Financial application	1 (11%)	0 (0%)	2 (25%)	3 (12%)

The findings reveal that systematic financial management remains limited among the MSMEs in urban village MSMEs. Only 28% of the participants maintained systematic bookkeeping, while 32% kept no records at all, relying entirely on memory or informal mental tracking. A food vendor in Kelurahan explained the following:

"I don't really write things down. Every day I buy ingredients, I sell I know roughly if I have money left. At the end of the day, I count the cash, and if there is more than yesterday, that is profit, right? Writing everything down takes time, and I am busy cooking and serving customers." (MSME 07, Y, food vendor)

This reliance on mental accounting and informal cash counting reflectse a widespread pattern, particularly among businesses with high transaction volumes and limited administrative capacity. Participants expressed confidence in their ability to "feel" whether businesses were profitable, despite acknowledging that this approach prevented accurate assessment of which products were most profitable or whether specific expenses were justified.

The separation of business and personal finances has become a challenge. Forty percent of the participants reported fully mixing business and personal funds using the same cash source for both business expenses and personal needs. This practice obscures business profitability and creates difficulties when business capital is inadvertently consumed for personal purposes. A craft producer in Kelurahan described the following challenges:

"The problem is when my child needs school money, I just take from the business cash. When relatives come and I need to buy food for them, the same thing. In the end, I do not know if the business actually made money or if I just used up capital. Sometimes I think I am making profit, but then I realize I cannot buy materials for the next order." (MSME 12, X, craft producer)

Participants who achieved partial or full separation described various strategies: maintaining separate cash boxes or bank accounts, setting regular drawings for personal expenses, or using digital payment systems that created transaction records. These practices required discipline but were associated with greater confidence in understanding business performance.

Financial reporting beyond basic profit calculations was rare, with 64% of participants generating no reports. Even among those who maintain transaction records, few synthesize this information into formats that reveal business performance over time or support planning. A retailer in Kelurahan Z who participated in financial training explained the gap between recording and reporting

"I write down everything I buy and everything I sell, in a notebook. However, to be honest, I do not really do anything with that information. I have numbers, but I do not know how to make them tell me something about my business. The training showed us how to make a profit and loss statement, but when I try, I get confused about where to put things." (MSME 21, Z, retailer)

Digital tool adoption for financial management remained limited, with 68% of the participants using no digital tools beyond basic calculators. Among the 12% who used financial applications, all had received training through community programs, suggesting that adoption requires both exposure and support. A food business operator in Kelurahan Z described her experience with the Randu application following training from the Institut Teknologi Indonesia:

"At first I was scared of the application, but the trainers helped us step by step. Now I record all my transactions in Randu, and it automatically shows me my profit and even makes charts. My husband was surprised when I showed him that our biggest expense was packaging, not ingredients. Now we are looking for cheaper packaging suppliers." (MSME 19, Z, Food business)

This case illustrates how digital tools, when accompanied by adequate training and support, can transform financial management practices and generate business insights.

### Digital Marketing Practices Among Urban Village MSMEs

Digital marketing adoption varies across platforms and intensity of use, with patterns reflecting differences in business types, operator characteristics, and access to training and support. Table 3 summarizes the digital marketing practices of the participating businesses.

Table 3: Digital Marketing Practices of Urban Village MSMEs

Platform/Activity	Level of Use	Kelurahan X (n=9)	Kelurahan Y (n=8)	Kelurahan Z (n=8)	Total (N=25)
Social Media	No use	4 (44%)	6 (75%)	3 (37.5%)	13 (52%)
	Basic presence	3 (33%)	2 (25%)	3 (37.5%)	8 (32%)
	Active marketing	2 (22%)	0 (0%)	2 (25%)	4 (16%)
Google Maps	Not registered	5 (56%)	7 (87.5%)	4 (50%)	16 (64%)
	Registered,	3 (33%)	1 (12.5%)	2 (25%)	6 (24%)

Platform/Activity	Level of Use	Kelurahan X (n=9)	Kelurahan Y (n=8)	Kelurahan Z (n=8)	Total (N=25)
	incomplete				
	Complete profile	1 (11%)	0 (0%)	2 (25%)	3 (12%)
E-commerce	No use	7 (78%)	8 (100%)	5 (62.5%)	20 (80%)
	Passive presence	1 (11%)	0 (0%)	2 (25%)	3 (12%)
	Active selling	1 (11%)	0 (0%)	1 (12.5%)	2 (8%)
Content Creation	None	5 (56%)	7 (87.5%)	4 (50%)	16 (64%)
	Basic photos only	3 (33%)	1 (12.5%)	2 (25%)	6 (24%)
	Regular quality content	1 (11%)	0 (0%)	2 (25%)	3 (12%)

Social media emerged as the most accessible digital marketing channel, although only 16% of the participants engaged in active marketing through these platforms. Basic presence, typically consisting of a business account with occasional posts, comprised another 32%. The majority (52%) maintained no social media presence for their businesses, even though they personally used platforms for non-business purposes.

A food vendor in Kelurahan Y expressed sentiments regarding social media marketing:

"I have Instagram for myself, to see my friends' posts. For business? I do not know what to post. My food is just regular food, nothing special to photograph. People who want to buy come here anyway because they know my place. Why do I need Instagram?" (MSME 09, Y, food vendor)

This perspective reflects a limited understanding of social media's potential for customer acquisition and brand building as well as uncertainty about content creation. Participants who actively used social media described learning through observation of other businesses, experimentation, or training programs. A snack producer in Kelurahan explained the following approach

"I started just posting photos of my snacks on my personal Facebook. Their Friends commented and ordered them. I then created a separate business Instagram. I watch what big food accounts do how they take photos, and what they write. Now

customers find me on Instagram and order using WhatsApp. About 30% of my sales come from social media." (MSME 22, Z, Food producer)

Google Maps registration showed similarly limited adoption, with only 12% of the participants maintaining complete profiles including accurate location, business hours, contact information, and photos. Those who had registered through community programs reported a noticeable increase in customer inquiries. A participant in Kelurahan X who received Google Maps training described the impact as follows:

"Before, customers would call and ask 'where exactly are you?' and I would try to explain these directions. After training, we verified the results using Google Maps. Now people simply search for and follow the map. New customers told me I found you on Google, it was easy to find.' Even at night, the map works." (MSME 14, X, Food business)

E-commerce platform adoption was minimal, with only 8% actively selling through the marketplaces. The participants cited concerns about shipping logistics, competition with larger sellers, and the complexity of platform management. Those who use e-commerce typically combine it with other channels and appreciate access to customers beyond their immediate geographic areas.

Content creation capabilities var substantially, with 64% producing no business content. Even among those posting on social media, content quality is often limited by photography skills and an understanding of what engages audiences. Participants who received training in product photography and content creation demonstrated more sophisticated approaches, including attention to lighting, composition, and storytelling.

### Program Interventions and Implementation Experiences

Community engagement programs addressing financial management and digital marketing reached varying proportions of the participants across the three locations. Table 4 summarizes the participants experiences with the programs interventions.

Table 4: Participants experiences with the rogram interventions

Program Aspect	Kelurahan X (n=9)	Kelurahan Y (n=8)	Kelurahan Z (n=8)	Total (N=25)
Program Participation	5 (56%)	2 (25%)	5 (62.5%)	12 (48%)
Topics Covered				
- Basic bookkeeping	5 (100%)	2 (100%)	5 (100%)	12 (100%)
- Fund separation	4 (80%)	2 (100%)	5 (100%)	11 (92%)
- Financial reporting	3 (60%)	1 (50%)	4 (80%)	8 (67%)

Program Aspect	Kelurahan X (n=9)	Kelurahan Y (n=8)	Kelurahan Z (n=8)	Total (N=25)
- Digital tools/apps	2 (40%)	0 (0%)	4 (80%)	6 (50%)
- Social media marketing	4 (80%)	2 (100%)	5 (100%)	11 (92%)
- Google Maps	3 (60%)	1 (50%)	4 (80%)	8 (67%)
- E-commerce	1 (20%)	0 (0%)	2 (40%)	3 (25%)
- Content creation	2 (40%)	1 (50%)	4 (80%)	7 (58%)
Post-Program Support				
- None/limited	3 (60%)	2 (100%)	1 (20%)	6 (50%)
- Some follow-up	2 (40%)	0 (0%)	2 (40%)	4 (33%)
- Ongoing mentoring	0 (0%)	0 (0%)	2 (40%)	2 (17%)

Program participation varied across locations, with Kelurahan Y having the lowest exposure (25%), which is consistent with its limited history of intervention programs. Among participants who had received training, the coverage of topics varied, with basic bookkeeping and social media marketing most commonly addressed, while e-commerce and digital financial tools received less attention.

The quality and intensity of the programmes differed substantially. Some participants described one-time workshops with limited practical application

"The training was only one day. They gave us a lot of information, but when I went home and tried to do what they had taught, I forgot many steps. There was no phone number to call for help." (MSME 05, X, retailer)

Others have experienced more comprehensive programs with follow-up support

"We met every week for a month. The trainers came to our places, helped us set up Instagram, and showed us how to take photographs. Even after the program ended, they had a WhatsApp group in which we could ask questions. That makes a big difference—learning bit by bit with someone helping." (MSME 20, Z, craft producer)

The program facilitators acknowledged the importance of sustained engagement

"One-time training rarely changes behavior. People need time to absorb new ideas, try them, make mistakes, and obtain help. Our most successful programs were those with ongoing mentoring, where we build relationships with participants and support them through the learning process." (Facilitator 03, university program)

The format and pedagogy of training also influenced the outcomes. Participants valued hands-on practice over lecture-style presentations

"The best session was when we all practiced making Instagram posts together. The trainer showed us, and then we did it ourselves on our phones. That's how I learned—by doing not just listening." (MSME 18, Z, Food business)

### Perceived Impacts on Business Competitiveness

Participants reported various effects of improved financial management and digital marketing on their business competitiveness. Table 5 summarizes the perceived impacts across different dimensions.

Table 5: Perceived Impacts of Financial Management and Digital Marketing on Business Competitiveness

Impact Dimension	Reported by (n=25)	Illustrative Evidence
Improved Financial Control	15 (60%)	"Now I know exactly how much profit I make each month. Before, I just guessed."
Better Decision-Making	12 (48%)	"The records showed me which products sell best. I focus more on those now."
Expanded Market Reach	14 (56%)	"Customers find me through Instagram from outside this area. New people come."
Increased Sales	16 (64%)	"Since being on Google Maps, more customers find me. Sales increased about 20%."
Enhanced Business Image	13 (52%)	"People see my Instagram and think my business is more professional. They trust me more."
Access to Financing	5 (20%)	"With my bookkeeping records, the bank approved my loan application."
Customer Relationship Improvement	11 (44%)	"Through WhatsApp and Instagram, I stay in touch with customers. They order again."
Time Efficiency	8 (32%)	"The application saves time. I don't have to calculate everything manually."

Increased sales represented the most commonly reported impact (64%), particularly among participants who implemented digital marketing through Google Maps or social media. A food vendor in Kelurahan described the following changes:

"After we got on Google Maps, people started coming who said they searched for 'snacks near me' and found us. Some come from quite far because the map showse them the way. Before that, only the locals knew us. Now we have customers from other Kelurahan." (MSME 17, Z, food vendor)

Improved financial control was reported by 60% of the participants who had implemented systematic recording. This impact extendse beyond simply knowing the financial position to enable better decision-making

"I never knew that my biggest expense was actually the premium ingredients I was using. The records showed me that I spent too much on one supplier. I found another supplier with the same quality. My profit margin increased without changing my prices." (MSME 23, Z, Food producer)

An enhanced business image and customer relationships awere frequently mentioned in combination

"My Instagram looks professional now. When people see it, they think that my business is serious, not just a small home operation. They trust me more. Through Instagram, they message me, respond, and build relationships. Some customers have become regulars because of that connection." (MSME 15, X, craft producer)

Access to financing, while reported by only 20% of the participants, represented a transformative outcome for those who achieved it. one participant who obtained a bank loan after implementing systematic bookkeeping explained the following:

"The bank asked for financial statements. Before, I had nothing to do. However after the training, I had six months of records. I showed them my notebook they believed me and my loan was approved. Now I can buy materials in bulk and save money." (MSME 11, X, retailer)

The Participants noted that impacts often emerged gradually rather than immediately

"At first, keeping records felt like extra work with no benefit. However after a few months, I could see patterns—which days were busiest and which products sold best. This information helped me prepare better. The benefit comes over time, not right away." (MSME 24, Z, Food business)

This temporal dimension of impact suggests that the evaluation of program effectiveness requires longer-term perspectives than typical post training assessments.

### Barriers and Challenges in Implementation

Despite the positive outcomes reported by some participants, substantial barriers have limited the adoption and effective implementation of financial management and digital marketing practices. Table 6 summarizes the barriers identified across participant groups.

Table 6 Barriers to Financial Management and Digital Marketing Implementation

Barrier Category	Specific Challenge	Mentioned by (n=25)	Illustrative Quote
Individual/Cognitive	Limited understanding of benefits	18 (72%)	"Why record everything? I know if I have money or not."
	Perceived complexity	16 (64%)	"Bookkeeping seems complicated. I'm not good with numbers."
	Low confidence with technology	15 (60%)	"I'm afraid I'll make mistakes on the computer."
Time/Operational	Daily operational demands	20 (80%)	"I'm busy from morning to night serving customers. When to do bookkeeping?"
	Competing priorities	17 (68%)	"Surviving day to day is priority. Learning new things comes later."
Technical/Infrastructure	Limited internet access	8 (32%)	"Internet here is slow, especially in the afternoon."
	Device limitations	10 (40%)	"My phone is old, can't install new applications."
Social/Cultural	Family responsibilities	12 (48%)	"After business, I have household work. No time for learning."
	Peer influence	9 (36%)	"Other businesses don't do it, so why should I?"
Program-Related	Insufficient training duration	14 (56%)	"One day is not enough. We need longer learning."
	Lack of follow-up support	16 (64%)	"After training, no one checks if we're doing it right."

## Discussion

The findings reveal that systematic financial management remains limited among urban village MSMEs, with most operators relying on informal mental accounting rather than structured record keeping. This pattern aligns with previous research documenting financial management challenges in Indonesian micro enterprises. The persistence of informal practices despite their recognized limitations warrants an examination of the underlying factors that sustain these approaches.

The prevalence of mental accounting and cash-based tracking reflect both cognitive and practical considerations. Operationally, the high transaction volumes and immediate demands of customer service leave limited time for administrative tasks, supporting participants' expressed concerns about time constraints. The perceived complexity of bookkeeping and uncertainty about its benefits create barriers to adoption even when time is available. These findings extend the understanding of financial management adoption by highlighting the interplay between practical constraints and cognitive frames that sustain informal practices (Fujianti et al., 2025).

The widespread commingling of business and personal funds represents a particularly significant finding, with 80% of the participants either fully or partially mixing these financial streams. This practice fundamentally obscures business performance because operators cannot accurately assess profitability when personal expenses are drawn from business funds without documentation. The finding that only 20% maintained full separation suggests a substantial opportunity for interventions focused specifically on this foundational practice.

The limited adoption of digital financial tools (12%) despite the growing availability of user-friendly applications indicates that technological solutions alone do not address adoption barriers. Participants who successfully adopted applications such as *Randu* did so in the contexts of comprehensive training and ongoing support, suggesting that technology adoption requires complementary capability building. This finding aligns with technology acceptance models that emphasize perceived ease of use and perceived usefulness as determinants of adoption, both of which can be enhanced through appropriate training and demonstration of relevance (Suvittawat, 2026).

The variation in financial management practices across locations with Kelurahan Y showing consistently lower levels of systematic practice corresponds to the differences in program exposure and infrastructure quality. This pattern suggests that financial management capability develops not merely through individual initiative but also through environmental conditions that include access to training, supportive infrastructure, and community norms about business practices. The implication of intervention design is that addressing individual knowledge gaps must be accompanied by attention to the broader ecosystem within which MSMEs operate.

Digital marketing adoption among urban village MSMEs revealed a gradient from basic presence to active engagement, with most participants at the lower end of this continuum. The finding that only 16% engaged in active social media marketing despite near-universal personal social media use indicates that the gap between personal and business technology use represents a critical intervention point. Bridging this gap requires not only technical skills but also shifts in mindset about what

constitutes marketing and how businesses connect with customers (Aprilianti et al., 2025).

The relatively higher adoption of Google Maps compared with other digital platforms, particularly among participants who received training, reflects the platform's alignment with local business needs. For enterprises primarily serving local customers, visibility in location-based searches directly addresses customer acquisition challenges. The reported sales increase following Google Maps registration (approximately 20% in some cases) provides concrete evidence of a return on investment that can motivate adoption. This finding suggests that interventions demonstrating clear, immediate benefits may achieve higher uptake than promising longterm or less tangible outcomes.

E-commerce adoption remains minimal (8%) and constrained by perceived complexity, logistics concerns, and uncertainty about competing with larger sellers. This pattern differs from that of social media adoption, suggesting that platforms requiring more sophisticated operational capabilities face higher adoption barriers. The implication for capacity building is that sequencing matters MSMEs may benefit from starting with simpler digital tools and progressively advancing to more complex platforms as capabilities develop.

Content creation emerges as a critical capability gap, with 64% producing no business content and most existing content being limited in quality. This finding resonates with research emphasizing that digital marketing effectiveness depends not only on platform presence but also on the quality of content that communicates brand identity and engages audiences. Training programs that address photography, storytelling, and content planning address this gap, although sustained improvement requires ongoing practice and feedback (Itua et al., 2025).

Barriers to digital marketing adoption extend beyond technical skills to encompass fundamental questions about business identity and value proposition. Participants who expressed uncertainty about "what to post" revealed deeper uncertainty about what makes their businesses distinctive and worthy of customer attention. This suggests that digital marketing capacity building may need to engage with questions on business positioning and brand identity, not just technical platform skills.

The findings suggest that financial management and digital marketing, while distinct capability domains exhibit important synergies when implemented together. Participants who adopted both systematic financial practices and active digital marketing reported an enhanced ability to evaluate marketing effectiveness, as financial records enabled the tracking of sales increases following marketing activities. Conversely, those implementing digital marketing without financial tracking can not assess whether marketing investments generate positive returns, potentially leading to inefficient resource allocation.

This synergy aligns with resource-based perspectives on competitive advantage, in whichre complementary capabilities create values greater than the sum of individual capabilities. Financial management provides at measurement infrastructure that enables the evaluation of marketing effectiveness, whereas digital marketing generates customer data that enriche financial analysis. The integration of these

domains supports the dynamic capabilities of sensing market opportunities and seizing them through resource allocation informed by financial understanding.

The finding that digital marketing adoption can drive improvements in financial management, as seen in cases where online sales generated transaction records that facilitated bookkeeping, suggests bidirectional reinforcement. Digital platforms automatically generate data that, when integrated with financial systems, reduces the burden of manual recording while improving accuracy. This finding supports the potential for integrated interventions that address both domains simultaneously by leveraging their mutual reinforcement (Muhammad Mubushar et al., 2025).

However, the research also reveals that synergies do not automatically emerge from parallel adoption but require intentional integration. Participants who maintained separate systems for financial records and digital marketing data missed opportunities for combined analysis. This suggests that capacity building should address not just individual practices but their integration helping MSMEs understand how financial and marketing information combine to inform business decisions.

Community engagement programs have as significant influences on MSME capability development, with participants who received training demonstrating a higher adoption of systematic practices. However, the effectiveness of programs varies substantially based on design features, with duration, follow-up support, and pedagogical approaches emerging as critical factors.

The finding that one-time workshops rarely produce sustained behavioral change aligns with adult learning principles emphasizing the importance of practice, feedback, and ongoing support in skill development. Participants who had experienced programs with multiple sessions, hands-on practice, and post-training mentoring reported greater confidence and sustained implementation. This pattern suggests that program design should prioritize depth over breadth, investing in longer-term engagement with fewer participants rather than brief exposure.

The importance of practical hands-on learning has consistently emerged across participant accounts. Lecture-style presentations, even when informative, failed to build the skills and confidence required for independent implementation. In contrast, sessions where participants practiced skills on their own devices, with immediate feedback and troubleshooting, generated lasting capabilities. This finding supports pedagogical approaches that emphasize experiential learning and just-in-time support.

Post-program follow-up has emerged as a critical but often missing element. Even well-designed training programs have left participants struggling when encountering challenges during independent implementation. The absence of accessible support channels has led many to abandon new practices and return to familiar routines. Programs incorporating ongoing mentoring, whether through in-person visits or digital support groups, have achieved higher sustained adoption.

The institutional sources of programs—universities, government agencies, corporations, and NGOs—influenced participant perceptions and program characteristics. University programs were valued for their perceived expertise but sometimes criticized for theoretical emphasis. Government programs reached wider audiences but faced challenges in providing sustained support. Corporate programs, such as those from PT BPR BKK JATENG, brought practical business perspectives but

sometimes carried implicit marketing agendas. These institutional differences suggest opportunities for collaborative models to leverage complementary strengths.

## CONCLUSION

This qualitative study examines the implementation of financial management practices and digital marketing strategies among urban village MSMEs in Indonesia and their implications for business competitiveness. The findings reveal that systematic financial management—including transaction recording, separation of business and personal funds, and basic financial reporting—remains limited among MSME operators, with most relying on informal mental accounting that obscures business performance. Digital marketing adoption varies across platforms, with social media and Google Maps showing greater uptake than e-commerce, although active engagement remains limited by content creation capabilities and uncertainty regarding benefits. The research demonstrates that financial management and digital marketing, when implemented effectively, contribute to enhanced business competitiveness through improved financial control, expanded market reach, increased sales, and a strengthened business image. However, these outcomes depend on sustained implementation supported by adequate training and ongoing mentoring. Community engagement programs can effectively build MSME capabilities when designed with sufficient duration, hands-on learning approaches, and post-program support however, one-time workshops rarely produce sustained behavior changes. Contextual factors, including infrastructure quality, competitive pressure, community characteristics, and prior program exposure significantly influence implementation patterns and program effectiveness. This variation suggests that intervention approaches must be adapted to local conditions rather than being applied uniformly across settings.

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© 2026 Dede Dahlan<sup>2</sup>, Wahyu Anugrah Manippi<sup>2</sup>, Iwan Subandi,<sup>3</sup> Andi<sup>4</sup>, Rahmat Jaya,<sup>5</sup>

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<sup>2</sup>Corresponding Author Name: Affiliation; address; Email: xxx@xxx.com