

FINANCIAL AND DIGITAL LITERACY EMPOWERMENT FOR MSME DEVELOPMENT IN KAMPUNG KUE RUNGKUT SURABAYA

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Article info	ABSTRACT
<p>Corresponding Author: Aloisius Hama alouisius@stieyapan.ac.id Sekolah Tinggi Ilmu Ekonomi, Yapan, Surabaya</p>	<p>The development of digital technology and increasing business competition require Micro, Small, and Medium Enterprises (MSMEs) to improve their financial management and digital capabilities in order to maintain business sustainability and competitiveness. However, many MSME actors, particularly community-based enterprises, still face limitations in financial literacy and digital literacy. This community service program aimed to enhance financial literacy and digital literacy among MSME actors in Kampung Kue Rungkut Surabaya. The program was implemented through several stages, including observation, needs assessment, educational sessions, practical training, mentoring, and evaluation activities. The financial literacy component focused on transaction recording, cash flow management, production cost calculation, budgeting, and pricing strategies. Meanwhile, the digital literacy component emphasized social media marketing, digital branding, product photography, online communication, marketplace utilization, and digital payment systems. The results showed significant improvements in participants' understanding and skills regarding financial management and digital technology utilization. Participants became more capable of recording financial transactions, separating personal and business finances, calculating production costs accurately, and managing business cash flow. In addition, participants demonstrated increased confidence in using social media for product promotion, creating digital content, and communicating with customers through online platforms. Overall, the program successfully strengthened managerial and digital competencies among MSME actors and encouraged more adaptive, innovative, and sustainable business practices in Kampung Kue Rungkut Surabaya.</p>
	<p>Keywords: <i>financial literacy, digital literacy, MSMEs, digital marketing</i></p>
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INTRODUCTION

The rapid advancement of information technology and digital transformation over the past few years has significantly reshaped various aspects of human life, particularly within economic activities and business practices. These developments have altered the way businesses operate, communicate, market products, and manage transactions (Sari, 2025).

Business activities that were once conducted conventionally are now increasingly shifting toward digital-based systems that emphasize speed, efficiency, and accessibility. Consumers today tend to rely heavily on digital platforms such as social media, e-commerce marketplaces, and online applications to search for products, compare prices, and conduct purchasing transactions. As a result, the business environment has become increasingly competitive and dynamic, requiring entrepreneurs to continuously adapt to technological developments in order to maintain their business sustainability. (Nasriani et al., 2025)

The emergence of the digital economy has created substantial opportunities for businesses, especially Micro, Small, and Medium Enterprises (MSMEs), to expand their market reach and improve operational efficiency. However, alongside these opportunities, digital transformation has also presented considerable challenges. Many MSMEs still operate using traditional business methods and have limited knowledge regarding digital technology utilization and modern business management. This condition often causes small business owners to struggle in responding to changes in market behavior and increasingly competitive business conditions. Therefore, strengthening the capacity of MSME actors has become an essential effort to ensure that local businesses are able to survive, grow, and remain competitive within the digital era. (Cahyono & Suarantalla, 2024)

MSMEs have long been recognized as one of the most important sectors supporting national and regional economic growth. Their presence contributes not only to economic productivity but also to employment creation and community empowerment. In many areas, MSMEs serve as the primary source of household income and function as economic drivers at the grassroots level. Their flexibility and adaptability allow them to endure economic fluctuations better than larger corporations in certain circumstances. Consequently, MSMEs play a strategic role in maintaining economic stability and improving the welfare of local communities. (Nurjannah & Subur, 2024)

Beyond their economic contribution, MSMEs also hold strong social value within society. Many small-scale businesses originate from household-based initiatives that later evolve into sustainable income-generating activities for families and surrounding communities. MSMEs provide opportunities for individuals, particularly women and housewives, to participate actively in productive economic activities while supporting household income. Through business activities, communities are encouraged to become more economically independent and capable of utilizing their skills and creativity to generate additional value. Therefore, the development of MSMEs is not merely associated with profit-oriented activities but also with broader community empowerment and social welfare improvement. (Pakan & Bastaman, 2025)

As one of the largest metropolitan cities in East Java, Surabaya has experienced significant growth in the MSME sector across various industries, including culinary businesses, creative industries, trade, and services. One of the most well-known community-based MSME centers in Surabaya is Kampung Kue Rungkut. This area has developed into a culinary business cluster specializing in the production of traditional and modern cakes managed independently by local residents. The existence of Kampung Kue Rungkut has become a representation of community economic empowerment where household-based businesses collectively contribute to local economic growth and social development. (Rizki & Hendarman, 2024)

Kampung Kue Rungkut illustrates how community collaboration can create productive economic activities that benefit local residents. Most of the entrepreneurs involved are housewives who utilize their cooking and baking skills to support family income through home-based businesses. Initially established on a small scale, these businesses gradually expanded and developed into a larger economic network involving many local residents. The products produced by the MSMEs in Kampung Kue Rungkut vary widely, including traditional cakes, pastries, snacks, and other culinary products that are distributed both directly and through customer orders. This demonstrates the substantial economic potential possessed by the community if supported with adequate managerial capabilities and technological adaptation.

Despite its considerable business potential, MSMEs in Kampung Kue Rungkut still encounter numerous obstacles related to business development and sustainability. The rapid evolution of business competition and digital-based economic systems requires entrepreneurs to possess stronger managerial skills and technological competencies. However, many MSME actors still rely on conventional business practices and have limited understanding regarding financial management and digital business strategies. Such limitations hinder their ability to compete effectively within an increasingly modern business environment.

One of the most significant challenges faced by MSME actors in Kampung Kue Rungkut is the low level of financial literacy. Many business owners still lack understanding regarding proper financial management practices, including transaction recording, cash flow management, cost calculation, and financial planning. In many cases, business finances are mixed with personal household finances, making it difficult for entrepreneurs to identify their actual business performance and profitability. The absence of systematic financial records also prevents MSME actors from evaluating their business conditions accurately and making appropriate financial decisions.

Limited financial literacy also affects entrepreneurs' ability to manage business capital effectively. Many MSME actors are unable to calculate production costs accurately, resulting in inappropriate pricing strategies that may reduce profitability. Furthermore, weak financial planning often creates difficulties when businesses face increasing raw material prices or declining customer demand. In addition, inadequate financial records make it challenging for MSMEs to access external financing or financial assistance from formal institutions since proper financial documentation is commonly required as part of the application process.(Suleman & Thalib, 2024)

In addition to financial literacy issues, digital literacy has also become a major concern among MSME actors in Kampung Kue Rungkut. Technological advancements have transformed consumer behavior significantly, particularly in terms of shopping patterns and product information access. Consumers increasingly depend on social media platforms and online marketplaces when searching for products and making purchasing decisions. Consequently, business owners are expected to utilize digital technology effectively to strengthen their competitiveness and expand market access.(Siampa et al., 2024)

Nevertheless, many MSME actors in Kampung Kue Rungkut still have limited digital capabilities. Marketing activities are generally conducted through traditional methods such as word-of-mouth promotion and direct sales. Although some entrepreneurs have started using social media platforms like Instagram, Facebook, and WhatsApp Business, their utilization remains limited and lacks consistency. Many business owners are unfamiliar with

digital marketing strategies, content creation techniques, and online branding practices that could enhance product visibility and attract wider consumer audiences.

The lack of digital literacy is also reflected in the limited use of digital applications for business administration and financial recording. Most entrepreneurs still rely on manual bookkeeping methods, which increases the risk of recording errors and data loss. Furthermore, the adoption of digital payment systems, online ordering services, and digital accounting applications remains relatively low. In fact, digital technology has the potential to improve business efficiency, accelerate transaction processes, and expand market reach significantly.

The problems related to financial literacy and digital literacy among MSME actors in Kampung Kue Rungkut indicate that business development today requires more than production capabilities alone. Entrepreneurs need to strengthen their managerial competencies, financial management skills, and digital technology utilization in order to survive and compete within the modern economic environment. Improving human resource capacity has therefore become a crucial aspect in supporting sustainable MSME development. (Hasanah & Rino, 2025)

Based on these conditions, community service activities focusing on financial literacy and digital literacy enhancement are highly necessary for MSME actors in Kampung Kue Rungkut Surabaya. Such activities are expected to provide practical education, training, and mentoring programs aimed at improving entrepreneurs' understanding and capabilities regarding business financial management and digital technology utilization. Through these programs, MSME actors can gain practical knowledge on transaction recording, cash flow management, simple financial reporting, digital bookkeeping applications, and online marketing strategies. (Solihati & Atristyanti, 2025)

In addition, training related to digital marketing, social media optimization, marketplace utilization, and digital payment systems is expected to help MSME actors improve their competitiveness and business performance. By strengthening financial literacy and digital literacy, MSME entrepreneurs are expected to become more adaptive, innovative, and capable of managing their businesses professionally within the digital economy era. (Hidayat & Linda, 2024)

Ultimately, this community service initiative is expected to contribute positively to the sustainability and development of MSMEs in Kampung Kue Rungkut Surabaya. Improved financial and digital competencies are anticipated to support better financial management, wider marketing access, increased productivity, and stronger business competitiveness. In the long term, these improvements may also strengthen Kampung Kue Rungkut's position as one of Surabaya's leading community-based MSME centers capable of adapting to modern economic transformation and technological advancement.

METHOD

This community engagement program was carried out in Kampung Kue Rungkut, Surabaya, involving Micro, Small, and Medium Enterprises (MSMEs) operating in the home-based culinary sector, particularly businesses specializing in the production of traditional and modern cakes. The program was designed as an effort to empower local entrepreneurs by enhancing their financial literacy and digital literacy capabilities, enabling them to manage

their businesses more effectively and adapt to the ongoing transformation of the digital economy.

The implementation strategy adopted a participatory and experiential learning approach, emphasizing active involvement from participants throughout the entire program. Rather than focusing solely on theoretical explanations, the activities were structured to provide practical experiences that could be directly applied to participants' day-to-day business operations. This approach was intended to ensure that the knowledge and skills delivered during the program would be relevant, understandable, and sustainable for the participants. The overall program was conducted through several integrated stages, including preliminary assessment, educational activities, practical training sessions, mentoring processes, and evaluation activities.

1. Initial Assessment and Needs Analysis

The first stage of the program involved conducting an initial assessment to identify the business conditions, challenges, and needs of MSME actors in Kampung Kue Rungkut. This phase was carried out through direct field observations, informal interviews, and interactive discussions with business owners to gain a deeper understanding of their existing business management practices and operational challenges.

The assessment findings indicated that many participants were still managing their businesses using conventional methods and lacked structured business management systems. Financial transaction recording was often irregular or not conducted at all, while personal and business finances were frequently combined, making it difficult for entrepreneurs to monitor their actual business performance. Furthermore, the utilization of digital technology for marketing, communication, and administrative purposes remained limited due to insufficient technological knowledge and practical skills.

Based on the information gathered during this stage, the community service team developed training materials and learning strategies specifically tailored to the participants' conditions and levels of understanding. The materials were simplified and contextualized to ensure that participants could easily comprehend and implement them within their respective businesses.

2. Educational and Awareness Sessions

The second phase of the program focused on educational and awareness-building activities related to the significance of financial literacy and digital literacy in supporting business sustainability and competitiveness in the digital era. The primary objective of this stage was to encourage participants to recognize the importance of adopting more organized, professional, and technology-oriented business practices.

The educational sessions were delivered using interactive methods, including presentations, discussions, and practical case studies relevant to the participants' business environments. The financial literacy component covered essential topics such as financial transaction management, cash flow recording, production cost calculation, pricing determination, and the preparation of simple financial statements. Participants were also introduced to the potential risks associated with poor financial management and the importance of maintaining accurate financial records for business evaluation and strategic decision-making.

In addition, the digital literacy sessions emphasized the practical use of digital technology to support business growth and marketing activities. Participants were introduced to social media marketing, basic digital branding techniques, online marketplace utilization, and customer engagement strategies through digital platforms. The sessions also included introductions to digital bookkeeping applications and cashless payment systems that could assist participants in improving operational efficiency and business management processes.

3. Practical Training and Application

Following the educational sessions, the program proceeded with hands-on training activities designed to strengthen participants' practical understanding and application of the concepts introduced earlier. The practical sessions were conducted through simulations and direct exercises that reflected the participants' actual business conditions.

During the financial literacy training, participants practiced recording daily business transactions, categorizing revenues and expenditures, calculating production costs, and preparing simple income statements. They were also guided on how to determine appropriate selling prices based on production costs to ensure more accurate profit calculations and better financial planning.

Meanwhile, the digital literacy training focused on practical digital marketing skills. Participants received direct guidance on creating business-oriented social media accounts, taking appealing product photographs using smartphones, writing promotional content, and utilizing WhatsApp Business features for customer communication. In addition, participants were introduced to online marketplaces and user-friendly digital bookkeeping applications that could help simplify business administration and financial recording activities.

4. Mentoring and Business Assistance

To ensure that the knowledge and skills obtained during the training sessions could be effectively implemented, the program continued with mentoring and assistance activities. This stage aimed to provide continuous support for participants as they applied financial management practices and digital marketing strategies within their businesses.

The mentoring process was conducted through regular consultations and discussions regarding the challenges and obstacles faced by participants during implementation. The community service team provided assistance in evaluating participants' financial records, improving cash flow management, and developing suitable digital marketing strategies based on the characteristics of their products and target consumers.

Additionally, participants received guidance on maintaining consistency in digital promotion activities and optimizing the use of social media platforms to expand customer reach and strengthen brand visibility. This mentoring stage was essential to ensure that participants were capable of applying the acquired knowledge effectively and sustainably in their business operations.

5. Monitoring and Evaluation

The final stage of the program involved monitoring and evaluation activities to assess the effectiveness and impact of the community engagement initiative. The evaluation process aimed to measure improvements in participants' knowledge, skills,

and business management practices after participating in the training and mentoring sessions.

Monitoring activities focused on observing participants' progress in financial recording practices, digital marketing utilization, and the application of digital tools for business management. In addition, feedback was collected through discussions and questionnaires to evaluate participants' perceptions of the program and identify the benefits they experienced after completing the activities.

Several indicators were used to measure the success of the program, including increased understanding of financial management principles, improved capability in preparing simple financial reports, greater utilization of digital platforms for business promotion, and enhanced awareness of the importance of financial literacy and digital literacy in business development.

Through this community service program, it is expected that MSME actors in Kampung Kue Rungkut Surabaya will be able to strengthen their managerial competencies, improve business professionalism, and become more adaptive to digital transformation. Furthermore, the program is expected to contribute to expanding market access, improving product competitiveness, and supporting the long-term sustainability of community-based culinary businesses in the increasingly competitive digital economy environment.

RESULT AND DISCUSSION

1. Financial Literacy Enhancement among MSME Actors in Kampung Kue Rungkut Surabaya

The implementation of the financial literacy program generated substantial improvements in the knowledge, awareness, attitudes, and financial management behavior of MSME actors in Kampung Kue Rungkut Surabaya. Before the program was conducted, most participants still operated their businesses using highly conventional financial practices that relied heavily on habit, personal estimation, and informal management approaches. Financial administration was generally viewed as a secondary activity that was less important compared to production and sales activities. This perception emerged because many participants considered their businesses to be small-scale household enterprises that did not require structured bookkeeping systems or formal financial planning. Consequently, most MSME actors focused primarily on fulfilling customer orders, producing products, and increasing sales volume while paying minimal attention to financial recording, business budgeting, cash flow monitoring, and profit evaluation. Over time, this condition created managerial weaknesses that affected business sustainability, operational efficiency, and long-term business development opportunities.

Initial observations conducted during the assessment stage indicated that many MSME actors did not maintain daily financial transaction records consistently and systematically. Most participants relied on memory when estimating daily income and expenditures, while only a few maintained simple handwritten notes regarding sales transactions. Several participants admitted that they only calculated total sales revenue at the end of the day without documenting operational expenses in detail. Costs related to raw material purchases, transportation, electricity consumption, packaging, gas, labor contributions, and equipment maintenance were often overlooked during financial

calculations. This situation caused participants to experience difficulties in determining actual profits because business income calculations were incomplete and lacked financial accuracy. Furthermore, the absence of structured financial documentation made it difficult for participants to evaluate business performance, identify expenditure patterns, and monitor business growth over specific periods of time. As a result, many participants were unable to determine whether their businesses were truly generating sustainable profits or merely maintaining operational continuity without meaningful financial growth.

The preliminary assessment also revealed that the majority of participants mixed business finances with personal and household finances in their daily activities. Income obtained from product sales was frequently used immediately for household needs such as groceries, school expenses, electricity bills, transportation costs, and other family expenditures without any clear financial separation or allocation planning. This financial practice created uncertainty regarding the amount of business capital available for future operational activities and reduced participants' ability to evaluate financial conditions objectively. Because business and personal expenditures were combined, participants found it difficult to identify how much profit was actually generated by their businesses. Several participants also reported experiencing shortages of operational funds during periods of increasing raw material prices because they lacked financial reserves and emergency budgeting systems. In some cases, participants were forced to reduce production quantities or delay purchasing raw materials due to insufficient working capital. This condition highlighted the importance of introducing basic financial management principles that could help participants build more organized and sustainable financial systems within their businesses.

Another important issue identified during the assessment process was the participants' limited understanding regarding production cost calculation and pricing strategies. Most participants determined selling prices based only on competitors' prices or estimated raw material costs without conducting comprehensive production cost analysis. Additional operational expenditures such as packaging costs, transportation expenses, gas usage, electricity consumption, equipment depreciation, labor contributions, and marketing expenses were rarely included in pricing calculations. This condition caused several participants to unintentionally set product prices below actual production costs, resulting in very limited profit margins and unstable business income. Some participants admitted that they frequently felt confused when business revenues appeared high but available cash remained limited at the end of the month. The lack of understanding regarding accurate cost calculation reduced participants' ability to make strategic pricing decisions and weakened their financial planning capacity. Consequently, businesses became more vulnerable to fluctuations in raw material prices and market competition.

During the financial literacy education sessions, participants were introduced to the concept of financial management as a crucial component of business sustainability, operational stability, and long-term business growth. The educational sessions emphasized that financial literacy is not exclusively necessary for large corporations or formal business institutions but is equally important for small-scale and home-based enterprises. Participants learned that effective financial management enables business owners to monitor business performance accurately, identify operational inefficiencies, evaluate profitability, control unnecessary expenditures, and make better business decisions. The training activities also

emphasized that financial literacy can help MSME actors improve business resilience during periods of economic uncertainty and strengthen their ability to compete within increasingly competitive business environments. This educational process gradually shifted participants' perspectives regarding the importance of financial administration within small businesses.

The financial literacy sessions covered several essential topics, including daily transaction recording, cash flow management, production cost calculation, pricing determination, profit analysis, operational budgeting, savings management, and simple financial statement preparation. Educational materials were delivered using simple explanations, visual illustrations, interactive discussions, and practical case studies closely related to participants' daily business activities. This learning approach was intentionally designed to ensure that participants could easily understand financial concepts regardless of their educational backgrounds or previous financial knowledge. Practical examples derived from participants' own businesses allowed them to relate theoretical concepts directly to their real operational experiences. The use of participatory discussions also encouraged participants to actively share financial challenges encountered in their businesses and learn collaboratively from one another's experiences.

One of the most significant improvements observed during the program was participants' increased awareness regarding the importance of transaction recording and bookkeeping practices. Before participating in the training, several participants believed that bookkeeping was complicated, time-consuming, and unnecessary for small businesses with limited transaction volumes. Many participants assumed that financial recording would only create additional workloads without providing direct business benefits. However, after receiving practical demonstrations and participating in simulation exercises, participants gradually realized that even simple transaction records could help them identify business income more accurately, monitor expenditures systematically, evaluate operational efficiency, and estimate profits more effectively. Participants became aware that financial recording serves not only as administrative documentation but also as an important tool for business control and financial decision-making.

Participants were guided step-by-step in creating basic bookkeeping systems using manual notebooks and simple digital bookkeeping applications that could be operated easily through smartphones. They practiced recording daily sales transactions, categorizing operational expenses, calculating production costs, and summarizing business income periodically. Participants also learned how to organize expenditures into categories such as raw materials, packaging, transportation, utilities, labor, and equipment maintenance. The training activities were conducted interactively so participants could immediately apply the concepts learned during educational sessions. Several participants initially experienced confusion regarding expenditure categorization and bookkeeping procedures; however, repeated practical exercises gradually improved their understanding and confidence. Through continuous guidance, participants became more familiar with the importance of maintaining accurate and consistent financial documentation.

The practical bookkeeping exercises produced positive behavioral changes among participants throughout the mentoring process. Several MSME actors who initially had no experience in maintaining financial records became more disciplined in documenting daily transactions after understanding the practical benefits of financial monitoring. Participants acknowledged that financial records helped them recognize spending patterns, identify

unnecessary expenditures, monitor operational costs, and estimate profits more accurately. Some participants also reported feeling more confident when purchasing raw materials because they were now able to estimate available budgets and calculate production needs more systematically. In addition, participants began to understand how financial records could support future business planning and provide clearer information regarding business performance trends over time.

The training activities also significantly improved participants' understanding regarding the separation of business finances from personal finances. Initially, most participants treated business income as part of overall household finances and used sales revenue directly for personal and family needs without considering business operational continuity. This practice reduced the availability of working capital and complicated financial evaluation processes because participants could not distinguish between business profits and household expenditures. As a result, many businesses experienced unstable cash flow conditions and limited opportunities for expansion or reinvestment.

Through educational discussions, practical exercises, and mentoring activities, participants learned about the importance of financial separation in maintaining business stability and ensuring sustainable business growth. Participants were encouraged to allocate specific funds separately for raw material purchases, operational expenses, emergency reserves, savings, and household expenditures. The mentoring sessions also emphasized the importance of maintaining financial discipline and avoiding the excessive use of business funds for personal needs. Although some participants initially considered this practice difficult because business and household activities were closely interconnected, gradual behavioral improvements were observed during the implementation process.

Several participants reported beginning to prepare separate cash records and operational budgets after participating in the training sessions. Others started setting aside a portion of business profits as savings for future business development, equipment purchases, and emergency operational needs. These behavioral changes indicated increasing financial awareness and stronger commitment toward more organized and professional business management practices. Participants also became more aware of the importance of maintaining financial stability in supporting long-term business sustainability and reducing financial vulnerability during unexpected situations.

Another important outcome of the financial literacy program was the improvement in participants' understanding of production cost calculation and pricing strategies. Before the training, many participants underestimated operational costs and focused primarily on raw material expenses when determining product prices. This limited understanding frequently resulted in inaccurate pricing decisions that reduced profitability and weakened financial sustainability. Some participants admitted that they often felt uncertain regarding appropriate selling prices because they lacked knowledge about comprehensive cost calculations.

During practical exercises, participants learned how to calculate total production costs comprehensively by including all operational components such as raw materials, labor contributions, gas, electricity, transportation, packaging, and equipment maintenance. Participants practiced calculating unit costs for each product and determining selling prices based on targeted profit margins and operational sustainability considerations. The exercises helped participants understand the relationship between operational costs, pricing strategies,

profitability, and business continuity. Several participants expressed surprise after realizing that some products previously sold generated only minimal profits because important operational costs had been excluded from calculations.

The training activities generated strong reactions among participants because many realized that their previous pricing methods had significantly underestimated actual production costs. Several participants discovered that they had unintentionally sold products below appropriate profitability levels for extended periods of time. After understanding proper pricing methods and comprehensive cost calculations, participants became more confident in determining product prices that reflected actual operational costs, market conditions, and desired profit margins. Participants also acknowledged that accurate pricing strategies are essential for maintaining business sustainability and preventing financial losses.

Cash flow management was another area that demonstrated substantial improvement during the program. Before the training, participants rarely monitored cash inflows and outflows systematically. Business income was generally spent immediately without operational planning, savings allocation, or reserve fund preparation, making it difficult to maintain operational stability during periods of fluctuating sales or increasing production costs. This condition often caused participants to experience financial difficulties when facing unexpected operational expenses or temporary decreases in customer demand.

The financial literacy sessions introduced participants to simple cash flow management techniques such as recording daily cash movements, preparing operational budgets, monitoring monthly expenditures, allocating emergency funds, and planning future business expenses. Participants learned that effective cash flow management is essential for maintaining business continuity, supporting operational stability, and preventing financial shortages during unexpected situations. Through practical examples and simulations, participants became more aware of the importance of monitoring cash movements regularly and controlling operational expenditures carefully.

Several participants stated that they became more cautious regarding unnecessary expenditures after understanding how poor cash flow management could negatively affect business sustainability. Some participants also reported improved confidence in purchasing raw materials because they were now able to estimate operational budgets more accurately and monitor available cash balances systematically. In addition, participants began to understand the importance of maintaining reserve funds to anticipate fluctuations in raw material prices and unexpected operational challenges.

The mentoring and consultation sessions played a critical role in reinforcing participants' financial management skills and supporting practical implementation within their businesses. During the mentoring stage, participants received direct guidance regarding transaction recording, pricing evaluation, financial planning, operational budgeting, and cash flow management. The community service team provided personalized recommendations based on participants' business conditions, operational capacities, and financial challenges. These mentoring activities created opportunities for participants to discuss real business problems openly and receive practical solutions adapted to their specific situations.

Participants actively discussed difficulties encountered during implementation, including inconsistencies in transaction recording, confusion regarding expenditure

categorization, challenges in maintaining financial discipline, and uncertainty regarding pricing adjustments. Through continuous assistance, repeated explanations, and practical demonstrations, participants gradually became more confident in applying financial management practices independently. The mentoring process also strengthened participants' motivation to continue improving business management systems and maintaining financial discipline consistently.

The evaluation results indicated that the financial literacy component of the program significantly improved participants' financial awareness, managerial competencies, and business management behavior. Participants demonstrated greater understanding regarding financial recording, pricing calculation, cash flow monitoring, budgeting, and operational planning. Many participants also expressed stronger commitment toward maintaining financial discipline, improving business sustainability, and implementing more organized financial systems within their businesses.

Several participants acknowledged that the program helped them understand their businesses more clearly and increased their confidence in making business decisions. Others reported feeling more motivated to expand their businesses because they now possessed better financial management capabilities, stronger awareness regarding business sustainability, and improved confidence in controlling operational activities. Participants also expressed appreciation for the practical learning methods and mentoring support provided throughout the program.

Overall, the financial literacy program successfully strengthened participants' managerial skills, improved financial awareness, and encouraged more professional financial management practices among MSME actors in Kampung Kue Rungkut Surabaya. The activities demonstrated that practical financial education combined with continuous mentoring and participatory learning approaches can contribute significantly to strengthening the sustainability, resilience, and competitiveness of community-based businesses in increasingly dynamic economic environments.

2. Digital Literacy Enhancement among MSME Actors in Kampung Kue Rungkut Surabaya

The implementation of the digital literacy program generated substantial improvements in participants' technological understanding, digital marketing capabilities, communication skills, and confidence in utilizing digital platforms for business development and operational activities. Prior to the implementation of the program, most MSME actors in Kampung Kue Rungkut Surabaya still relied heavily on traditional business and marketing methods such as direct selling, neighborhood recommendations, customer referrals, and repeat consumers from surrounding communities. Business promotion activities were generally conducted through face-to-face interactions and relied strongly on long-established personal relationships with customers. Although these conventional marketing approaches helped maintain local customer loyalty, they significantly limited business expansion opportunities because product promotion only reached consumers within relatively narrow geographical areas. As competition within the culinary business sector became increasingly dynamic and digitally oriented, participants gradually realized that traditional marketing approaches alone were no longer sufficient to support sustainable business growth and market competitiveness.

Although most participants already owned smartphones and had access to internet services, digital technology was generally used only for personal communication and entertainment rather than business promotion, product marketing, customer service, or administrative purposes. Social media platforms such as WhatsApp, Facebook, and Instagram were rarely optimized strategically to support business activities. Participants often uploaded product photographs irregularly without considering visual quality, branding consistency, promotional strategies, or customer engagement techniques. In many cases, social media accounts were used only occasionally when participants wanted to inform existing customers about product availability or special orders. The absence of planned digital marketing strategies caused participants' online business presence to remain weak and inconsistent. Consequently, participants were unable to maximize the enormous potential of digital platforms in attracting new consumers, strengthening customer relationships, and increasing product visibility within broader markets.

Initial observations revealed that many participants lacked confidence in using digital platforms because they perceived technology as difficult, complicated, and more suitable for large businesses with advanced resources and professional staff. Some participants expressed fears of making mistakes while operating digital applications, while others believed that online business activities required expensive equipment, professional cameras, advanced editing software, and extensive technological expertise. Several older participants also admitted that they felt left behind by rapid technological developments and lacked confidence in learning digital skills independently. These perceptions created psychological barriers that reduced participants' willingness to explore digital business opportunities. As a result, digital transformation within participants' businesses remained very limited despite the increasing importance of online marketing and digital communication within the modern business environment. Many participants were aware that online promotion had become increasingly important, yet they lacked the confidence, knowledge, and practical guidance necessary to begin implementing digital marketing strategies effectively.

The digital literacy education sessions aimed to strengthen participants' understanding regarding the role of digital technology in supporting business growth, expanding market access, increasing competitiveness, and improving operational efficiency. Participants were introduced to the concept of digital marketing and how social media platforms can function as highly effective and low-cost promotional tools capable of reaching broader consumer audiences beyond local communities. The educational sessions emphasized that digital technology offers significant opportunities for small-scale businesses to compete more effectively regardless of business size or capital limitations. Participants learned that consistent online promotion, attractive product presentation, and active customer communication can help businesses strengthen brand visibility, increase consumer trust, and improve sales potential. This educational process gradually shifted participants' perspectives regarding technology utilization from being merely a communication tool into becoming a strategic instrument for business development and sustainability.

The training materials covered various topics, including social media marketing, digital branding, online communication strategies, product photography, promotional content creation, customer engagement, marketplace utilization, digital payment systems, and simple digital business administration techniques. Educational sessions were delivered

using practical demonstrations, interactive discussions, case studies, and hands-on activities to ensure participants could understand the materials more easily regardless of their technological backgrounds and educational levels. The use of simple explanations and real business examples helped participants connect digital concepts directly with their daily operational activities. Participants were encouraged to ask questions actively, share personal experiences, and discuss challenges encountered during online communication and marketing activities. This participatory learning atmosphere created a supportive environment that increased participants' confidence and willingness to experiment with new digital skills.

One of the most significant improvements observed during the digital literacy activities was participants' increasing confidence in using social media platforms for promotional purposes. Before the training, several participants rarely uploaded product content because they lacked confidence regarding photo quality, product presentation, and visual aesthetics. Product images were often uploaded without attractive arrangements, appropriate lighting, promotional descriptions, or branding consistency. Participants generally believed that visually appealing promotional content could only be created by professional photographers or large businesses with sophisticated marketing resources. Consequently, social media accounts were underutilized and failed to function effectively as promotional channels capable of attracting consumer interest.

During the practical workshops, participants learned how to create business-oriented social media accounts and optimize digital platforms strategically for marketing activities. They practiced arranging product displays attractively, utilizing natural lighting techniques, editing product photographs with simple smartphone applications, and writing persuasive promotional captions capable of increasing customer interest and engagement. Participants were also taught the importance of selecting appropriate backgrounds, maintaining visual consistency, and using clear product descriptions to improve online product presentation. The practical sessions emphasized that professional promotional content can be created using accessible technology and simple creative techniques. Through repeated practice and direct guidance, participants gradually became more comfortable and confident in operating social media applications independently.

The photography and content creation sessions produced highly positive responses from participants because many of them realized for the first time that attractive visual content could be produced without expensive equipment or advanced technological expertise. Several participants stated that they previously believed professional promotional content required DSLR cameras, advanced editing software, and professional studio facilities. However, after participating in the practical exercises, participants discovered that smartphones combined with simple editing applications and proper lighting techniques were sufficient to create appealing promotional materials. This realization significantly increased participants' confidence and motivation to become more active in utilizing digital platforms for business promotion. Participants also became more enthusiastic about experimenting with creative content ideas and exploring new promotional approaches suitable for their products.

Several participants became highly enthusiastic during the practical photography sessions and actively experimented with different product arrangements, lighting positions, background selections, and promotional styles. Some participants began comparing photo

results before and after applying the techniques introduced during the training and expressed satisfaction with the noticeable improvements in product presentation quality. Participants also learned the importance of visual consistency in strengthening business identity, building customer trust, and creating professional online impressions. Through these activities, participants gradually developed stronger awareness regarding the role of visual communication in influencing customer purchasing decisions within digital marketplaces and social media environments.

The digital literacy program also improved participants' understanding regarding branding and customer engagement strategies. Before the training, most participants focused primarily on selling products without considering the importance of creating consistent business identities, maintaining customer communication, and building long-term customer relationships through online platforms. Social media accounts were generally used only to display products without strategic efforts to engage customers or strengthen brand recognition. Participants also lacked understanding regarding how branding influences consumer perceptions and purchasing behavior.

Through educational sessions and practical discussions, participants learned that branding involves not only logos and product packaging but also customer perceptions, communication styles, visual consistency, product presentation quality, and overall online business presence. Participants were encouraged to use business names professionally, maintain consistent visual themes across social media platforms, improve product packaging aesthetics, and communicate with customers politely and responsively. The training activities emphasized that strong branding can increase customer trust, improve business credibility, and strengthen competitive positioning within increasingly crowded digital markets. Participants also learned that active interaction with consumers through comments, messages, and online responses can improve customer loyalty and encourage repeat purchases.

Several participants demonstrated increased motivation to improve product packaging, create more attractive promotional displays, and maintain regular communication with customers through online platforms after participating in the training sessions. Some participants began redesigning packaging labels, adding business logos, and organizing social media feeds more consistently. Others became more active in responding to customer inquiries, uploading promotional content regularly, and sharing product updates through digital platforms. This improvement reflected growing awareness regarding the importance of professionalism, customer engagement, and online visibility in digital business environments. Participants gradually realized that successful digital marketing depends not only on product quality but also on how businesses communicate and present themselves online.

Another important outcome of the digital literacy program was participants' improved understanding regarding online marketplaces and digital payment systems. Before the training, many participants had never considered selling products through e-commerce platforms because they believed online marketplaces were difficult to operate, highly competitive, and suitable only for larger businesses with professional operational systems. Some participants were also concerned about online transaction procedures, delivery logistics, and digital payment security. Consequently, participants limited their sales activities primarily to local consumers and offline transactions.

During the educational sessions, participants learned about the benefits of online marketplaces in expanding market access, increasing product visibility, and improving business opportunities beyond local communities. Participants were introduced to registration procedures, product catalog management, pricing displays, customer reviews, shipping options, and online transaction systems. The training activities also emphasized that online marketplaces provide opportunities for small businesses to compete within broader consumer markets without requiring physical stores or large promotional budgets. Although not all participants immediately implemented marketplace utilization due to operational readiness considerations, many expressed strong interest in exploring online business opportunities further and recognized the potential benefits of digital commerce for future business growth.

The introduction to digital payment systems such as QRIS, mobile banking, and digital wallet services also generated highly positive responses among participants. Several participants admitted that they previously hesitated to use digital payment methods because they lacked understanding regarding transaction procedures, registration requirements, and transaction security systems. Some participants also worried that older customers might not be familiar with cashless payment methods. After receiving demonstrations, practical explanations, and discussions regarding the advantages of digital transactions, participants became more open to implementing cashless payment systems within their businesses. Participants learned that digital payment methods can improve customer convenience, accelerate transaction processes, reduce cash-handling risks, and strengthen business professionalism. This educational process gradually reduced participants' concerns regarding digital financial technology adoption.

The mentoring activities further strengthened participants' confidence, digital capabilities, and consistency in implementing digital marketing practices. During mentoring sessions, participants received direct assistance regarding social media management, content creation, customer communication, digital application usage, and promotional planning. The mentoring process allowed participants to discuss specific challenges encountered during implementation, including difficulties in creating content regularly, confusion regarding application features, uncertainty regarding customer communication strategies, and concerns about technological errors. Personalized assistance helped participants overcome technological barriers gradually and increased their confidence in applying digital skills independently.

Several participants began uploading promotional content more regularly and reported increased customer interaction after applying the digital marketing strategies introduced during the program. Others became more confident in responding to customer inquiries online, managing digital communication professionally, and maintaining consistent promotional activities through social media platforms. Some participants also reported receiving inquiries from new customers outside their immediate communities after increasing online promotional activities. These developments demonstrated that participants had begun to recognize the practical benefits of digital marketing and were gradually adapting to more technology-oriented business practices.

Evaluation results showed that the digital literacy program significantly improved participants' technological competencies, digital marketing awareness, communication abilities, and business adaptability. Participants demonstrated stronger motivation to

continue utilizing digital platforms for business development and expressed greater confidence in operating digital tools independently. Many participants also acknowledged that the program helped them understand the importance of continuous technological adaptation within increasingly competitive business environments. Participants became more aware that digital literacy is no longer optional but has become an essential competency for maintaining business sustainability and competitiveness within the modern economy.

Overall, the digital literacy component successfully strengthened participants' digital capabilities, improved online marketing awareness, and encouraged more innovative, adaptive, and professional business practices among MSME actors in Kampung Kue Rungkut Surabaya. The activities demonstrated that practical digital education combined with continuous mentoring, participatory learning methods, and direct hands-on experiences can play an important role in supporting the digital transformation and long-term sustainability of community-based MSMEs within increasingly dynamic economic and technological environments.

CONCLUSION

The community service program entitled “Enhancing Financial Literacy and Digital Literacy in Supporting the Development of MSMEs in Kampung Kue Rungkut Surabaya” was successfully implemented and produced significant positive impacts on the knowledge, attitudes, managerial capabilities, and business practices of participating MSME actors. The program demonstrated that strengthening financial literacy and digital literacy simultaneously can contribute substantially to improving the sustainability, competitiveness, and adaptability of community-based businesses in the modern economic environment.

The financial literacy component successfully improved participants' understanding regarding the importance of structured financial management in supporting business sustainability and operational stability. Before the implementation of the program, most MSME actors still managed their businesses using highly conventional financial practices without systematic bookkeeping, cash flow monitoring, or operational budgeting. Business finances were frequently mixed with personal finances, and participants had limited understanding regarding production cost calculations, pricing strategies, and profit evaluation. Through educational sessions, practical training, and mentoring activities, participants gradually developed stronger awareness regarding the importance of financial recording, business budgeting, operational cost calculation, and financial discipline. Participants became more capable of maintaining transaction records, calculating production costs more accurately, monitoring cash flow, separating business and personal finances, and making more informed business decisions. These improvements reflected significant growth in participants' managerial competencies and financial awareness.

The digital literacy component also generated meaningful improvements in participants' technological capabilities and confidence in utilizing digital platforms for business development. Prior to the program, participants primarily relied on traditional marketing methods and had limited experience in using digital technology for promotional activities and customer communication. Social media platforms and digital applications were generally underutilized because participants lacked confidence, technological understanding, and practical digital marketing skills. Through digital literacy education and hands-on

workshops, participants learned how to utilize social media platforms strategically, create attractive promotional content, improve product presentation, strengthen branding, communicate professionally with customers, and explore online marketplace opportunities. The training activities successfully increased participants' confidence in using digital technology and encouraged them to become more active in implementing digital marketing practices within their businesses.

The mentoring and consultation stages played an important role in strengthening participants' understanding and supporting the practical implementation of financial and digital literacy skills within their real business environments. Continuous guidance helped participants overcome implementation difficulties, improve consistency in applying new knowledge, and develop stronger motivation to continue improving their business management practices. The participatory learning approach also created collaborative interactions among participants, allowing them to exchange experiences, discuss business challenges, and learn collectively throughout the program.

Overall, the program demonstrated that financial literacy and digital literacy are closely interconnected competencies that can strengthen the managerial capacity and business resilience of MSMEs. Improved financial management enables business actors to manage operational resources more effectively, while stronger digital literacy expands promotional opportunities, customer engagement, and market access. The integration of these competencies can help MSME actors become more adaptive, innovative, and competitive within increasingly digitalized business environments.

Despite several implementation challenges, including differences in participants' technological backgrounds, limited digital experience, and varying levels of business readiness, the program was able to achieve its primary objectives successfully. Participants showed strong enthusiasm, active participation, and willingness to learn throughout the educational and mentoring activities. This positive response indicated that community-based MSME actors possess significant potential for growth when provided with practical education, continuous assistance, and supportive learning environments.

Therefore, it can be concluded that the community service program contributed positively to improving the financial and digital capabilities of MSME actors in Kampung Kue Rungkut Surabaya. The activities not only enhanced participants' knowledge and technical skills but also encouraged more professional, organized, and adaptive business behavior. In the long term, the competencies developed through this program are expected to support business sustainability, strengthen local economic resilience, improve MSME competitiveness, and encourage broader digital transformation among community-based enterprises in Surabaya.

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