



Strengthening Financial Governance and Business Management of MSMEs to Increase Competitiveness in Medan City

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ABSTRACT

This community service program aims to strengthen financial governance and business management of Micro, Small, and Medium Enterprises (MSMEs) in Medan City to enhance competitiveness in an increasingly competitive market. The main problems identified include weak financial recording systems, lack of structured business plans, minimal utilization of digital technology, and limited market information access. The program involved 35 MSME actors from various sectors in Medan City, selected through rigorous screening based on their business development commitment. Implementation methods include practice-based financial governance training, business management and marketing strategy workshops, intensive mentoring for 12 weeks, and the establishment of a business networking ecosystem. Evaluation results showed significant improvements: the ability to prepare financial statements increased from 14% to 86%, separation of personal and business finances increased from 29% to 93%, and the use of digital platforms for marketing increased from 22% to 77%. The program also successfully established the Medan Empowered MSME Community as a sustainable learning and business collaboration ecosystem, providing a real impact on improving MSME competitiveness.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of Indonesia's economy, accounting for more than 60% of the national Gross Domestic Product (GDP) and absorbing about 97% of the workforce. In the city of Medan as the economic center of North Sumatra, MSMEs play a crucial role in driving the regional economy and reducing the unemployment rate. Based on data from the Medan City Cooperatives and MSMEs Office, in 2024 there will be around 50,000 MSMEs operating in various sectors, including culinary, fashion, handicrafts, services, trade, and processing of agricultural products (Medan City Cooperatives and MSMEs Office, 2024).

Despite making a significant economic contribution, most MSMEs in Medan City still face serious challenges in terms of financial governance and business management that have a direct impact on business competitiveness. Research conducted by Siregar and Nasution (2024) found that around 78% of MSMEs in Medan City do not have an organized bookkeeping system, and more than 80% do not have a structured business plan. This condition makes it difficult for MSMEs to compete, find it difficult to access capital from financial institutions, and are vulnerable to economic shocks.

The competitiveness of MSMEs is not only determined by the quality of the products or services offered, but also by the ability of managers to manage finances professionally, plan the right business strategy, and respond effectively to market dynamics. Goh et al. (2025) emphasized that MSMEs that have good financial governance are 4.2 times more likely to survive and grow than those that do not. Meanwhile, the implementation of structured business management has been proven to increase the average business profitability by 35%.

The main problems faced by MSMEs in Medan City include: (1) weak financial recording and reporting systems; (2) the absence of structured and measurable business planning; (3) the lack of use of digital technology for marketing and operations; (4) limited understanding of competitive pricing strategies; (5) low ability in market analysis and identification of business opportunities; and (6) lack of business networks that can support business development.

Various studies have shown that interventions through comprehensive training and mentoring programs have proven to be effective in increasing the capacity of MSMEs. Hutapea and Sirait (2023) demonstrated that an intensive mentoring program for 10-12 weeks resulted in a more significant and sustained capacity building than a one-time training. This approach allows participants to not only understand concepts, but also apply and internalize new skills in the context of their real endeavors.

This community service program is designed to address these needs by focusing on strengthening two main pillars: financial governance and business management. By strengthening these two pillars simultaneously, it is hoped that MSMEs participating in the program can increase their competitiveness comprehensively and sustainably. This program also aims to create a collaborative learning ecosystem through the formation of a community of MSMEs that support each other and share knowledge.

IMPLEMENTATION

This community service program utilizes various materials and supporting tools specifically designed for the needs of MSMEs, including:

Financial Governance Materials:

1. The basic bookkeeping module for MSMEs includes accounting equations, simple accounting cycles, and account classifications relevant to small businesses.
2. A practical guide to the separation of personal and business finances along with a template for recording daily transactions.
3. A workbook for the preparation of business budgets (budgeting) that can be adjusted to the type of business of each participant.
4. Panduan analisis rasio keuangan sederhana untuk mengukur kinerja dan kesehatan keuangan usaha.
5. Simplified cash flow statement, income statement, and balance sheet template for MSMEs.

Business Management Materials:

1. A guide to preparing a Business Model Canvas (BMC) tailored to the context of local MSMEs.
2. SWOT analysis module and business development strategies based on local potential in Medan City.
3. Simple stock and inventory management materials include a guide to the calculation of HPP (Cost of Goods Sold).
4. The digital marketing strategy guide covers the use of social media, e-commerce, and instant messaging apps.
5. A case study of successful MSMEs in the city of Medan that has succeeded in increasing competitiveness through good governance.

Supporting Equipment:

1. Laptops and projectors for presentations and hands-on practice.
2. Physical and digital worksheets for practice in preparing financial statements and business plans.
3. Digital communication platforms (WhatsApp Group, Google Drive) for consultation and document sharing.
4. Visual media (posters, banners, flipcharts) for interactive training sessions.

METHODS

This community service program uses a Participatory Action Research (PAR) approach combined with the Learning by Doing method, emphasizing the active involvement of participants in each stage of implementation (Siregar et al., 2025). This approach was chosen because it allows for effective collaboration between the implementation team and MSME partners, ensuring that the solutions developed are relevant to the specific needs of each business actor.

Determination of MSME Partners

The selection of MSME partners is based on the following criteria: (1) they have been running a business for at least two years with stable business continuity; (2) show a strong commitment to improve business management capacity; (3) have the time and resources to implement the training results; (4) willing to participate fully in the program; and (5) representing various business sectors. Based on these criteria, 35 MSME actors from the culinary, fashion, handicrafts, services, and trade sectors in Medan City were selected.

Stages of Program Implementation

The program is implemented through several structured stages:

1. Needs Analysis and Problem Mapping

This stage begins with an in-depth survey and structured interviews with MSME participants to understand the key challenges in financial governance and business management. The survey uses structured questionnaires to measure financial literacy levels, running management systems, and understanding of business strategies. In-depth interviews were conducted with 25 selected MSMEs to gain a comprehensive understanding of their specific context and needs.

2. Program Planning and Design

Based on the needs analysis, the team designed a comprehensive training program that included strengthening financial governance and business management in an integrated manner. Planning includes material development, flexible scheduling, selection of delivery methods, and preparation of evaluation instruments. The program is designed by considering the balance between theory and practice as well as the specific needs of different types of MSMEs.

3. Program Implementation

The program is implemented through a series of structured activities consisting of:

1. Financial Governance Workshop (4 Sessions): Session 1 – Basic principles of bookkeeping and the importance of financial segregation; Session 2 – Preparation of simple financial statements (balance sheet, profit and loss, cash flow); Session 3 – Budget management, cash planning, and basic financial analysis; Session 4 – Financial report readiness for access to capital.
2. Business Management Workshop (4 Sessions): Session 1 – Business Model Canvas and SWOT analysis; Session 2 – Competitive pricing strategies and stock management; Session 3 – Digital marketing and e-commerce utilization; Session 4 – Product/service development and business growth planning.
3. Intensive Mentoring (12 Weeks): Weekly field visits, online consultations via WhatsApp Group, periodic evaluations of financial statements and business plans, and experience sharing sessions between participants.
4. Business Clinic: Individual consultation sessions to address the specific problems of each business, including a simulation of applying for credit to financial institutions.

4. *Evaluation and Sustainability*

The evaluation was carried out to measure the effectiveness of the program through pre-test and post-test, observation of the implementation of the financial and management systems, follow-up interviews, and Focus Group Discussions (FGD). The sustainability of the program is guaranteed through the establishment of the Medan Empowered MSME Community as a forum for continuous learning and collaboration.

RESULTS

The community service program "Strengthening Financial Governance and MSME Business Management to Increase Competitiveness in Medan City" was successfully implemented by involving 35 MSMEs from various sectors. The following are the results and discussion of the implementation of the program:

Needs Analysis Results

The needs analysis carried out in the early stages of the program identified various important findings regarding the condition of MSMEs in the city of Medan (Table 1).

Table 1. Results of Needs Analysis and Identification of MSME Problems in Medan City

Aspects Analyzed	Findings	Partner Needs
Financial Governance	78% of MSMEs do not have a regular bookkeeping system. 84% mix personal and business finance. 71% do not have an operating budget. 88% do not conduct periodic financial evaluations.	Basic training in business bookkeeping. Budget making workshop. Financial separation guide. Daily transaction recording system.
Business Management	75% don't have a written business plan. 82% do not do market analysis. 79% don't have a marketing strategy. 86% do not understand stock management.	Business plan preparation training. Simple market analysis workshop. Stock and inventory management training. Digital marketing strategy.
Business Competitiveness	70% do not know the competitive advantage of their business. 83% do not take advantage of digital platforms. 77% do not have product/service quality standards. 91%	Competitive advantage mapping. E-commerce utilization training. Product quality standard workshop. Facilitate new market access.

Aspects Analyzed	Findings	Partner Needs
	have not yet accessed the wider market.	
Access to Capital	69% have been denied credit applications. 80% do not have adequate financial reports. 85% do not understand the requirements for submitting KUR. 73% do not have enough collateral.	Training in the preparation of financial statements. Simulation of applying for credit to financial institutions. KUR requirements guide. Capital consultation clinic.
Network and Community	82% are not members of the business community. 76% do not have access to business mentoring. 88% are not connected to other MSMEs. 74% have difficulty accessing information on government programs.	Formation of MSME communities. Knowledge sharing platforms. Continuous consultation forums. Facilitation of access to government programs.

The findings of this needs analysis show that MSME problems are multidimensional and interrelated. Weaknesses in financial governance have a direct impact on the overall business management capability, which ultimately affects the competitiveness of businesses in the market.

From the perspective of Barney's (1991) Resource-Based View (RBV) theory, managerial capabilities—including financial governance and business competencies—are strategic resources that are difficult for competitors to imitate and are key determinants of sustainable competitive advantage. The absence of these capabilities in the majority of participating MSMEs indicates a significant capability gap, directly weakening their competitive position in the market. Consistent with Bruhn and Zia's (2013) argument, financial management training interventions for MSMEs in developing countries have been shown to produce measurable positive impacts on profitability and business resilience, particularly when the training is accompanied by ongoing mentoring. The findings of this needs analysis also reflect a broader phenomenon within the Indonesian MSME ecosystem: according to data from the Ministry of Cooperatives and SMEs (2023), only around 12.5% of MSMEs have implemented an adequate accounting-based bookkeeping system, indicating that the problems identified in Medan City are systemic and nationally representative.

Program Implementation

The community service program entitled "Strengthening Financial Governance and MSME Business Management to Increase Competitiveness in Medan City" was successfully implemented by involving 35 MSME actors from various business sectors, including culinary, fashion, handicrafts, services, and trade. This program is designed comprehensively through a Participatory Action Research (PAR) approach that integrates practice-based training, business management workshops, intensive mentoring for 12 weeks, and the formation of a business network ecosystem. The following is a summary of the results and discussion of the systematic implementation of the program.

The choice of the PAR approach in this program is based on strong epistemological considerations. Kemmis and McTaggart (2005) emphasize that PAR is a form of collective inquiry that is reflective and critical, in which participants are actively involved in the process of social change they experience themselves. In the context of empowering MSMEs, this approach has proven more effective than conventional top-down training models, because it allows entrepreneurs to independently identify their problems and formulate solutions relevant to the local context (Reason & Bradbury, 2008). By involving 35 MSMEs as both subjects and agents of change, this program applies the principles of adult learning theory (Knowles, 1984), which emphasizes that adults learn most effectively when learning materials are relevant, practical, and directly applicable to their lives.

Financial Governance Workshop

The financial governance workshop was held in four sessions that included the basic principles of business bookkeeping, the preparation of simple financial statements, budget management, and the readiness of access to capital. The material was delivered with a very practical approach, where participants directly practiced making financial statements using real transaction data from their respective businesses.

The session that received the most enthusiasm was the workshop on preparing income statements, where participants for the first time comprehensively calculated all components of their business costs. Many participants experienced a "moment of enlightenment" when they realized that their business was not actually as profitable as they imagined because they never fully calculated all the cost components, including their own labor costs and equipment depreciation.

The session on the separation of personal and business finances received special attention given the high prevalence of these issues (84% of participants). The implementation team used a visual approach and concrete illustrations to demonstrate how financial mixing can damage the financial health of businesses and hinder business growth in the long run. Theoretically, the mixing of personal and business finances is a manifestation of a phenomenon that Danes and Olson (2003) call "family business resource overlap," a condition in which the boundaries between family and business resources become blurred, thus hindering objective measurement of business performance.

This condition is not merely an administrative issue, but rather reflects a lack of understanding of basic accounting principles, particularly the business entity assumption concept that forms the foundation of professional financial record-keeping. The visual approach used in this session aligns with the principles of Cognitive Load Theory (Sweller, 1988), which emphasizes that visual representations can reduce the cognitive burden in processing abstract information, thus facilitating the transfer of accounting knowledge to participants who do not have a formal financial background.

Business Management Workshop

The business management workshop focuses on strengthening participants' ability to plan, manage, and develop their business strategically. The Business Model Canvas (BMC) session proved to be very popular because its visual and intuitive format made it easier for participants to understand their business model holistically. In the digital marketing strategy session, participants were introduced to various e-commerce and social media platforms that are relevant to their type of business.

The implementation team guided participants directly to create a business account on digital platforms and compile interesting marketing content. The enthusiasm of the participants was very high, especially among culinary and fashion business actors who immediately saw the wider market potential through digital platforms. Stock management and pricing sessions also have a significant impact. Many participants realized that they had set the selling price without considering all cost components, so the profit margin they received was lower than they should have been. With a better understanding of the HPP calculation, participants were able to set more accurate and competitive prices.

The application of the Business Model Canvas (BMC) in this program is theoretically relevant because this tool, developed by Osterwalder and Pigneur (2010), is specifically designed to help entrepreneurs systematically visualize, design, and test their business models. The strength of the BMC lies in its ability to integrate nine key business elements—from customer segments, value propositions, to cost structures—into a single visual canvas that is easily understood by entrepreneurs without a formal management background. Meanwhile, the pricing inaccuracies found in this program reflect a lack of understanding of cost-volume-profit analysis, where entrepreneurs fail to comprehensively identify fixed and variable costs. Research by Halabi et al. (2010) shows that MSMEs that correctly implement COGS analysis experience an average increase in profit margins of 15-23%, a finding consistent with reports of increased turnover from program participants.

Intensive Mentoring and Consultation

After the workshop, the community service team provided intensive assistance for 12 weeks to help participants implement the financial system and business management that they had learned in their daily business activities. Mentoring was carried out through field visits and online consultations through WhatsApp Group.

During mentoring, the team helps participants overcome a variety of practical challenges, ranging from difficulties in classifying specific transactions, compiling the right list of accounts, to interpreting the resulting financial statements. Periodic evaluations of participants' bookkeeping and business plans allow for early identification of errors and timely suggestions for improvement. WhatsApp Group is a very active consultation forum, where participants can ask questions, share experiences, and help each other solve problems. Sharing activities in the group are not only limited to technical accounting and management questions, but also include sharing information on market opportunities, digital marketing tips, and information on government programs relevant to MSMEs.

Business Clinic

The program ended with a "Business Clinic" session where each participant received an individual evaluation of the financial statements and business plan they had prepared. The team helped participants analyze the financial condition of the business, identify potential improvements, and formulate strategies to increase efficiency and profitability.

The session also included a simulation of applying for credit to financial institutions, where participants were guided to understand the financial statement requirements required by banks in the credit assessment process. Some participants even managed to get approval for People's Business Credit (KUR) after correcting their financial statements according to the guidelines provided during the program.

DISCUSSION

Improving Financial Governance Capabilities

The results of the evaluation showed a significant transformation in the financial governance skills of the participants (Table 2). The increase in financial reporting ability from 14% to 86% reflects the effectiveness of the practice-based training approach applied. This improvement includes not only theoretical knowledge but also practical implementation, as evidenced by the 86% of participants who are now able to prepare simple financial statements independently.

Table 2. Results of Evaluation of Participant Ability Improvement

Capability Indicators	Pra-Program	Pasca-Program	Improvement
Ability to compile simple financial reports	14%	86%	+72%
Separation of personal and business finances	29%	93%	+64%
Ability to create a business budget	11%	82%	+71%

Capability Indicators	Pra-Program	Pasca-Program	Improvement
Mastery of stock/inventory management	18%	79%	+61%
Utilization of digital platforms for marketing	22%	77%	+55%
Understanding pricing strategies	25%	84%	+59%
Readiness to access banking credit	16%	81%	+65%
Confidence in business management	30%	88%	+58%

The dramatic increase in the separation of personal and business finances (from 29% to 93%) is one of the most important achievements of the program. Clear financial separation is a key foundation of professional financial governance and has a profound effect on the ability to objectively analyze business performance. With proper segregation, participants for the first time can accurately know how much net profit they are making each month. These findings are in line with research by Rudiantoro and Siregar (2023) which shows that MSMEs with good financial governance have a 3.5 times higher probability of getting credit approval than those without.

This is confirmed in our program, where participants' readiness to access banking credit through adequate financial statements increased from 16% to 81%. From the perspective of measuring program effectiveness, the magnitude of the improvement achieved across all indicators—ranging from +55% to +72%—indicates a relatively large effect size according to Cohen's (1988) standards, where $d > 0.8$ is categorized as a large effect.

This indicates that the practice-based training program with intensive mentoring has a transformative power that far exceeds minimal intervention. The increase in business budgeting ability from 11% to 82% (+71%) is particularly noteworthy, given that business budgets serve as a management control tool that enables business actors to conduct proactive financial planning and detect deviations from business targets early (Anthony & Govindarajan, 2007). Without adequate budgeting capabilities, MSMEs tend to operate in a reactive mode, simply responding to financial problems that have already occurred rather than systematically preventing them.

Business Management Capacity Building

The business management capacity of the participants also experienced a substantial increase. The ability to make a business budget increased from 11% to 82%, while the mastery of stock and inventory management increased from 18% to 79%. The most notable improvement in the business management aspect

was the utilization of digital platforms for marketing, which increased from 22% to 77%. This improvement in business management skills has a direct impact on the business performance of the participants.

Some participants reported an increase in turnover of up to 30-40% after implementing the digital marketing strategies learned during the program. Operational efficiency also improved with a more organized stock management system, which helped reduce losses due to dead stock or stock shortages. This transformation is in line with the findings of Goh et al. (2025) who emphasize the importance of a practical and contextual training approach in improving MSME business management competencies.

Their research shows that training programs with intensive mentoring components result in more significant and sustainable skills improvement than non-follow-up training. The 55% increase in digital platform utilization for marketing from 22% to 77% –needs to be analyzed within the framework of Rogers' (2003) diffusion of innovation theory. According to this theory, the adoption of technological innovation is influenced by perceptions of relative advantage, compatibility, complexity, trialability, and observability.

In the context of this program, direct assistance in creating digital business accounts effectively reduced perceived complexity while increasing observability, as participants could directly witness the market response to their published content. This phenomenon can also be understood through the Technology Acceptance Model (TAM) developed by Davis (1989), where perceived usefulness and perceived ease of use are two key determinants of technology acceptance. The program strategically enhanced both perceptions through demonstrations of tangible benefits and hands-on technical training.

Impact on Business Competitiveness

This program has a real impact on the competitiveness of participants' businesses. Confidence in business management increased from 30% to 88%, reflecting empowerment that goes beyond mere technical aspects. Increased confidence opens up opportunities for MSMEs to make bolder decisions based on financial data and accurate business analysis.

From an economic perspective, improving the quality of financial governance and business management has a positive impact on the business performance of participants. Some participants reported an increase in profitability after being able to identify and cut inefficient costs, which were previously undetected due to the absence of systematic recording. In addition, the ability to accurately calculate HPP allows for more precise and profitable selling prices.

The increase in competitiveness is also reflected in the ability of participants to enter a wider market. With the use of digital platforms, some participants have managed to reach customers outside the city of Medan, some have even started exporting products outside the province. This shows that strengthening financial governance and comprehensive business management has a wide multiplier effect on business development.

The increase in self-confidence in business management from 30% to 88% is a psychological indicator with profound theoretical implications. Within the

framework of Social Cognitive Theory (Bandura, 1997), self-confidence or self-efficacy is the strongest predictor of adaptive business behavior, including calculated risk-taking and persistence in the face of failure.

MSMEs with high managerial self-efficacy tend to be more proactive in seeking market information, more daring in innovating, and more resilient in the face of business turbulence (Hmieleski & Baron, 2008). The transformation of self-confidence in participants in this program is thus not merely a psychological outcome, but rather a human capital that strategically increases the adaptive and innovative capacity of MSMEs in the long term. Expanding market reach beyond the province also represents the transition of MSMEs from a local market orientation to a regional market orientation, which is theoretically conceptualized as part of the internationalization process of small businesses according to the Uppsala model (Johanson & Vahlne, 1977).

Establishment of an Empowered MSME Community in Medan

An important aspect of the program is the establishment of the Medan Empowered MSME Community. The community serves as a platform for continuous learning and a forum for collaboration between participants, allowing knowledge and best practices to continue to evolve even after the formal program ends. The community addresses one of the key challenges identified in the needs analysis, which is limited access to business consulting and learning networks. Through this community, participants can share information, experiences, and support each other in facing business and business management challenges.

The WhatsApp Group community has become very active, with members regularly sharing financial report results, asking questions about new record-keeping techniques, providing feedback to each other, and even initiating business collaborations such as joint raw material purchases and collaborative product development. This community approach is in line with the concept of social learning put forward by Bandura (1977), where learning occurs through observation, imitation, and reinforcement in a social context.

To ensure the sustainability of the community, the program has trained several participants with more advanced abilities as "champions" who can help other members of the community. The formation of this community ecosystem can also be analyzed through the perspective of Social Capital Theory (Putnam, 2000), which distinguishes between bonding social capital (bonds within homogeneous groups) and bridging social capital (bridges between diverse groups). The Medan Empowered MSME Community has successfully built both types of social capital: bonding capital through bonds of trust and solidarity among members who share a similar business context, and bridging capital through facilitating access to external networks such as financial institutions, e-commerce platforms, and government programs.

Collaborative activities that develop within the community—such as collective purchasing of raw materials—specifically reflect the formation of what Putnam calls “networks of civic engagement” that strengthen norms of cooperation and reciprocity. The “champions” strategy implemented also aligns with the diffusion of practice model (Wenger, 1998) in Communities of Practice,

where more experienced members act as legitimate peripheral participants who facilitate the transfer of tacit knowledge to new members.

Challenges and Adaptation Strategies

Although the program showed positive results, some significant challenges arose during implementation. The first challenge was the variation in financial and management literacy levels among the participants. Some participants had no business management background at all, while others already had experience from previous formal training or education. To address these challenges, the team implemented a multi-level approach, starting with very basic material and gradually progressing to more complex concepts.

Participants with higher abilities were also encouraged to help other participants through a peer-mentoring system. This strategy proved effective, with 89% of participants eventually able to understand the basic concepts of financial governance and business management. The second challenge is the limited time of participants as business owners who often concurrently perform various operational functions. To address this, the program offers flexible schedules, including evening and weekend sessions, and provides materials in a format that is easily accessible independently.

The third challenge is resistance to long-standing changes in business management habits. To overcome this resistance, the team uses a persuasive approach that emphasizes the concrete benefits of good governance, especially related to increased profitability, ease of access to capital, and long-term sustainability of the business. The resistance to change encountered in this program can be explained through Lewin's (1947) theory of organizational change, which conceptualizes behavior change as a three-stage process: unfreezing (thawing old habits), moving (adopting new behaviors), and refreezing (consolidating new behaviors).

The greatest challenge lies in the unfreezing stage, where resistance arises from a combination of cognitive factors (ignorance of better alternatives) and affective factors (comfort with existing routines). The implementation team's persuasive approach focused on concrete benefits effectively overcame cognitive resistance by providing compelling empirical evidence, while the peer-learning community played a role in reducing affective resistance by normalizing behavior change within a supportive social environment. This strategy aligns with Prochaska and DiClemente's (1983) proposition in the Transtheoretical Model of Behavior Change, which emphasizes the importance of tailoring interventions to each individual's stage of readiness for change—from precontemplation to maintenance so that behavior change can occur gradually and sustainably.

CONCLUSIONS

The community service program "Strengthening Financial Governance and MSME Business Management to Increase Competitiveness in the City of Medan" has succeeded in increasing the financial governance and business management capacity of 35 participating MSMEs from various sectors in Medan City. Based

on the results and discussions that have been described, the following conclusions can be drawn:

1. The program significantly improved participants' financial governance skills, with the ability to prepare simple financial statements increasing from 14% to 86%, and the separation of personal and business finances increasing from 29% to 93%.
2. Participants' business management capacity experienced substantial improvements in all dimensions measured, including the ability to create business budgets, stock management, pricing strategies, and the utilization of digital platforms for marketing.
3. Participants' readiness to access banking credit through adequate financial statements increased from 16% to 81%, with some participants successfully obtaining KUR approval after improving the quality of their financial statements.
4. The "learning by doing" approach with intensive mentoring of 12 weeks proved effective in facilitating learning of financial governance and business management, allowing participants to directly apply the knowledge gained in the context of their real business.
5. The establishment of the Medan Empowered MSME Community succeeded in creating a sustainable learning ecosystem and support network for participants, overcoming one of the main challenges, namely limited access to business consulting and learning networks.
6. The competitiveness of participants' businesses increased comprehensively, reflected in increased confidence in business management (from 30% to 88%), expansion of market reach through digital platforms, and increased business profitability.

RECOMMENDATIONS

Based on the results of this program, some suggestions can be given for the development of similar programs in the future:

1. Local governments need to integrate financial governance and business management training in MSME development programs in a systematic and sustainable manner, with consistent policy support and adequate budgets.
2. MSME training programs need to be combined with more intensive use of digital technology, including the development of simple applications that can help MSMEs do bookkeeping and business management in an automated manner.
3. Financial institutions need to play an active role in socializing financial statement requirements to prospective MSME debtors and providing technical support for the preparation of financial statements as part of the financial literacy program.
4. Universities can play a more active role in assisting MSMEs through sustainable community service programs, by developing a long-term partnership model that ensures the sustainability of program impact.
5. Further research needs to be conducted to measure the long-term impact of the financial governance and business management strengthening

program on the financial performance, competitiveness, and sustainability of MSMEs in Medan City.

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