

PKM ON THE DEVELOPMENT OF INDONESIAN COMMUNITY (PERMAI) PULAU PINANG IN THE IMPLEMENTATION OF THE ACCOUNTING CYCLE AND FINANCIAL REPORTING

Hari SETIYAWATI¹, Riri PRATIWI², Khozaeni Bin RAHMAD³, Abdul Hadi ZULKAFI⁴, Vivi FEBRIANA⁵, Magfirah METACESARI⁶

^{1,2,5,6} Mercu Buana University, Indonesia.

³ Pertubuhan Masyarakat Indonesia (PERMAI), Malaysia.

⁴ Finance Department, School of Management, Universiti Sains Malaysia, Malaysia

Corresponding author: Hari Setiyawati E-mail: hari_setiyawati@mercubuana.ac.id

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Keywords: Abstract:

Accounting; Accounting Cycle; Financial Reporting. This Community Service activity was conducted in collaboration with the Indonesian Community Association (PERMAI), a non-political NGO based in George Town, Penang, Malaysia. PERMAI supports Indonesians living in Malaysia, including businesspeople, workers, teachers, and students, and is active in social, educational, and cultural fields. A major challenge for PERMAI members, especially business owners, is the lack of accounting knowledge, which leads to poor financial record-keeping and reporting, hindering business growth. To tackle this issue, the PKM team provided basic accounting training covering accounting concepts, the accounting cycle, and practical skills from recording transactions to preparing financial reports. The training used interactive lectures, discussions, and hands-on practice with relevant case studies. The activity successfully improved participants' understanding of accounting's role in managing businesses. Participants gained the ability to record financial transactions and prepare simple financial reports independently. These results demonstrate that basic accounting training enhances business owners' capacity to manage their operations more professionally and sustainably.

INTRODUCTION

Pertubuhan Masyarakat Indonesia (PERMAI) Pulau Pinang is an organization that accommodates the Indonesian diaspora community in Malaysia, especially in the Pulau Pinang region. This organization plays an important role in maintaining cultural identity and social solidarity and providing assistance and services to its members. Along with the increasing activities of the organization and the responsibility of managing funds, the need for an orderly and accountable financial recording system is becoming increasingly urgent (Https://permai.my.id/tentang-kami/, n.d.)

However, based on initial observations, there are still a number of obstacles to implementing the accounting cycle in accordance with basic accounting principles. This can hinder the process of transparent and accountable financial reporting. The lack of human resources with an accounting background and the absence of a structured financial reporting system are the main challenges in managing PERMAI's financial administration (Pasape & Godson, 2022). The following is a table of partner problems. Priority problems for PERMAI partners are presented in the following table:





No.	Problems	Descriptions
1.	Business actors do not yet have knowledge about accounting.	Business actors who are members of PERMAI explain their business processes and will be given a transfer of knowledge about accounting whi, ch is a comprehensive accounting cycle starting from recording financial transactions.
2.	Business actors have not implemented accounting in the business units they manage.	PERMAI member business actors are given accounting training starting from accounting records to trial balances. Moreover, they are encouraged to apply it in their business practices immediately.

In general, the purpose of this community service activity is to strengthen education and insight for every Indonesian society, as well as to develop strong social ties among migrants on Penang Island, Malaysia and also aims to stimulate educational empowerment and economic empowerment for Indonesian people in Penang Island, Malaysia (Setiyawati et al., 2024). In addition, it also strengthens education and insight for every Indonesian society by transferring knowledge and educational training to strengthen and broaden insights, especially education for business actors. The transfer of knowledge and training is related to the accounting cycle, where this topic is very much needed by business actors.

Specifically, this Community Service (PKM) activity aims to provide assistance and training to PERMAI administrators in understanding and implementing the accounting cycle properly, starting from recording transactions, journaling, and compiling general ledgers to compiling final financial reports (Aini et al., 2022). This activity is expected to increase PERMAI's institutional capacity in more professional financial governance, as well as strengthen organizational accountability in the eyes of its members and external parties.

This service is also in line with the mission of higher education in developing Tri Dharma, especially in community service through the application of science to answer real needs and challenges in the field (Tran, 2023). Collaboration between the academic world and the diaspora community is expected to create a sustainable social impact.

METHODS

The tools and materials used in this activity include Basic accounting training modules, a Laptop and projector for presentations, Microsoft Excel or simple bookkeeping applications, Evaluation forms and needs questionnaires, and Printed materials (leaflets, handouts, and examples of financial reports). The methods used in this community service activity include:

a. Identification and Analysis of Needs:

The initial stage is carried out through interviews and direct observation of the financial recording and reporting system that has been running at PERMAI. This data is used to understand the specific needs and the level of initial understanding of the management regarding basic accounting.

b. Training and Workshops:

Intensive face-to-face and/or online training is conducted covering the following materials: Introduction to the accounting cycle, Financial transaction recording techniques, Preparation of journals and ledgers, Preparation of simple financial reports (Profit and Loss Report, Balance Sheet, Cash Flow), Use of tools such as Microsoft Excel or simple accounting software.





c. Mentoring and Simulation:

After the training, participants will be assisted in directly implementing the accounting cycle that has been learned using the organization's real financial data. Simulations are conducted with case studies of PERMAI's actual activities and transactions.

d. Evaluation and Monitoring:

Evaluation is conducted to measure the effectiveness of activities through pre-test and post-test, as well as feedback from participants. In addition, periodic monitoring of the implementation of the accounting system by the management is conducted after the training (Antonio C. et al., 2019).

RESULTS AND DISCUSSION

This community service activity has been carried out in Pulau Pinang at Yayasan An-Nahdhoh Pulau Pinang No. 793, Mukim 5, Bukit Bendera Muda, 14400 Bukit Mertajam, Pulau Pinang. The opening was held on April 27, 2025. This community service activity has been successfully implemented according to the established work plan. Some of the main results of this activity include Increasing Understanding of Basic Accounting, Implementation of Financial Recording Systems, Preparation of Organizational Financial Reports, and Increasing Management Involvement.

The solutions and target outputs for partner problems, namely PERMAI business actors who do not yet know accounting and have not implemented accounting in the business units they manage, can be summarized in the following table:

Table 2. Solutions and Outcome Targets

Outcome Targets Solutions Knowledge Socialization the -1 Accounting Cycle Module Transfer & on **Importance** of Accounting -Partners have basic knowledge of accounting for Business Development: and an increased understanding of PERMAI Providing assistance in the form of knowledge Member business actors in accounting transfer to PERMAI business actors about what science, especially related to what accounting accounting is and how the complete accounting is and the accounting cycle, which starts from is starting from recording financial recording financial transactions to preparing transactions to becoming financial reports and Financial Reports. conducting socialization on the benefits of accounting in business management, such as increasing financial transparency, facilitating access to financing, and helping better decision making. With this understanding, business actors will be more motivated to implement accounting in their business operations.

2. Basic Accounting Training:

Provides basic training on accounting that includes an introduction to accounting principles, the accounting cycle (recording transactions, preparing financial statements, and financial analysis), as well as the importance of good financial management for business continuity. This training is designed with a practical approach so that business actors can -Increasing the ability of PERMAI Member business actors to be able to apply accounting in the managed business units, namely recording transactions to preparing Financial Reports.

-The next target is that business actors can independently implement accounting principles in their businesses, starting from



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immediately apply what they learn in their business activities.

recording transactions and preparing financial reports to use these reports for decision-making. They are expected to be able to create simple financial reports (such as profit and loss reports and balance sheets) that are useful for evaluating their business performance.

Mentoring in Accounting Implementation:
After basic training, direct mentoring is provided to business actors in implementing the accounting cycle in their business activities. This mentoring aims to ensure that business actors understand how to record transactions properly, create financial reports, and read and analyze financial reports for better decision-making.

With the implementation of good accounting, there will likely be an increase in transparency in the management of business finances. This will make it easier for business actors to manage existing resources and increase trust from external parties (such as investors, creditors, or business partners) towards the businesses they manage.

Here is the description of Table 2 above: Solution:

- 1. Basic Accounting Education and Training: Provide basic training on accounting that includes an introduction to accounting principles, accounting cycles (recording transactions, preparing financial statements, and financial analysis), and the importance of good financial management for business continuity (Hikmahwati & Irwansyah, 2023). This training is designed with a practical approach so that business actors can immediately apply what they learn in their business activities.
- 2. Mentoring in Accounting Implementation: After basic training, direct mentoring is provided to business actors in implementing the accounting cycle in their business activities. This mentoring aims to ensure that business actors understand how to record transactions properly, create financial reports, and read and analyze financial reports for better decision-making.
- 3. Simplifying the Accounting Process: Providing a solution in the form of simple accounting software that can help business people manage financial transactions and create financial reports without having to have in-depth accounting knowledge (Rakow, 2019). This will also make it easier for business people to implement accounting in their business units efficiently and effectively.
- 4. Socialization of the Importance of Accounting for Business Development: Conducting socialization of the benefits of accounting in business management, such as increasing financial transparency, facilitating access to financing, and helping better decision-making (Al-Refiay et al., 2022). With this understanding, business actors will be more motivated to implement accounting in their business operations.

Output Target:

1. Business Actors Have Basic Knowledge of Accounting: The first output target is that every business actor who follows this program has a basic understanding of accounting, including a basic understanding of the accounting cycle, financial reports, and how to record financial transactions correctly. This will be the initial provision for them to manage business finances more professionally.





- 2. Business Actors Implement Accounting in Business: The next target is that business actors can independently implement accounting principles in their businesses, starting from recording transactions and making financial reports to using the reports for decision-making. They are expected to be able to create simple financial reports (such as profit and loss reports and balance sheets) that are useful for evaluating their business performance.
- 3. Increasing Business Financial Transparency: With the implementation of good accounting, it is expected that there will be increased transparency in the management of business finances (Mauladin & Alamsyah, 2023). This will make it easier for business actors to manage existing resources and increase trust from external parties (such as investors, creditors, or business partners) in the businesses they manage.
- 4. More Accurate and Effective Decision Making: With accurate and timely financial reports, business actors are expected to be able to make better decisions in managing their businesses, such as planning budgets, managing expenses, and preparing strategies for future business development (Parmitasari & Rusnawati, 2023). Evaluation of program implementation and program sustainability in the field after the activity is completed is very important to ensure that community service activities carried out at the Indonesian Community Organization (PERMAI) Pulau Pinang in implementing the accounting cycle and financial reporting can provide sustainable and effective impacts (Ceptureanu et al., 2018), (Åhlfeldt et al., 2023). The following are steps that can be taken to evaluate program implementation and ensure its sustainability:

Program implementation evaluation. Aims to assess the extent to which activities carried out are in accordance with the plans and objectives that have been set. Some methods that can be used to evaluate the implementation of this program include:

Survey and Interview with Participants. Conducting surveys or interviews with business actors who participated in the training and mentoring. This aims to measure their understanding of the material provided, as well as the extent to which they feel the program is beneficial to them. The results of these surveys and interviews can provide an overview of the effectiveness of the training materials and the quality of the mentoring that has been provided.

Monitoring the Accounting Cycle Implementation Process. Conducting direct monitoring of business actors in implementing the accounting cycle and preparing financial reports in the field (Dahen, 2022), (Putri et al., 2024). This can be done through field visits or follow-up consultation sessions after training. This evaluation aims to ensure that business actors can implement the knowledge that has been provided in their business activities.

Financial Report Quality Assessment. Collecting financial reports that business actors have made after training and mentoring and assessing the completeness and accuracy of the reports. This will indicate whether business actors can implement the accounting cycle correctly.

Program Success Indicators. Develop clear indicators to measure the success of the program, such as improving the accounting skills of business actors, using financial reports in decision-making, or increasing financial transparency in the organization. These indicators can be compared before and after the implementation of the activity to assess its impact (Lichtenberg et al., 2023), (Mahdi et al., 2023).

Program Sustainability Evaluation. Program sustainability evaluation aims to assess whether the activities that have been carried out can be continued and continue to provide benefits to business actors and organizations after the activities are completed. Some ways to evaluate the sustainability of this program are:





- Follow-up Mentoring and Periodic Consultation: Establish a mechanism to conduct periodic follow-up mentoring, such as consultation sessions every 3 or 6 months after the program is implemented. This mentoring aims to ensure that business actors remain consistent in implementing accounting in their operations and can resolve issues that may arise over time.
- Empowerment of PERMAI Members or Administrators: Involving PERMAI members or administrators to become internal facilitators who can provide training and support to fellow members. This will help create more independent capabilities in the application of accounting and make this program more sustainable.
- Leveraging Technology to Support Sustainability: Encourage business actors to use easy-to-use and affordable accounting software. With technology, business actors can continue to implement accounting without requiring in-depth technical expertise. In addition, this software can be a tool for periodic monitoring and evaluation of their financial reports.
- Periodic Success Assessment: Conduct periodic evaluations to assess the extent to which business actors have been able to manage their finances well after the program is completed. This evaluation can be done through field visits, interviews, or analysis of financial reports that have been prepared by business actors.
- Networking or Discussion Forum Formation: Establishing a network or discussion forum between business actors who have participated in the program to share experiences and solutions related to accounting implementation. This will support the sustainability of accounting implementation because they can provide support and share knowledge continuously.
- Evaluating Long-Term Impact: Measuring the long-term impact of the accounting implementation that has been carried out, such as improved business financial performance, ease of access to financing, and better decision-making. This impact can be measured in a few months or years after the service activity is completed.

To ensure that the program is implemented well and that the program is sustainable, comprehensive and continuous evaluation is essential (Ekayana & Ratnaya, 2022). Evaluation of implementation can be done through surveys, interviews, and monitoring of accounting implementation. Meanwhile, the sustainability of the program can be maintained by providing continued assistance, utilizing technology, and creating forums or networks for ongoing support. Thus, this program not only provides immediate benefits but also supports sustainable business development in the future. Here are photos from when the activity was carried out in Penang:



Figure 1. Presentation of Material







Figure 2. Participants from Permai are listening to the presentation of the material



Figure 3. Group Photo of PKM Team and Participants

This community service activity shows that practical educational interventions based on community needs can have a real impact on strengthening the capacity of community organizations. One of the key factors in the success of this activity is the participatory approach used—where administrators not only receive materials but also directly practice them in the context of their own organization's financial activities. The evaluation results showed that most participants had never received formal training in accounting before. Therefore, an applied learning approach, accompanied by direct simulations, proved to be more effective than conventional lecture methods. However, there are several challenges that need to be considered for further development, including Limited time for administrators, most of whom work part-time and have other responsibilities outside the organization. Lack of technological devices and access to more advanced accounting software. The a need for follow-up in the form of advanced training and the preparation of internal accounting SOPs for the sustainability of the system that has been implemented. This activity also underlines the importance of the role of higher education institutions in assisting diaspora community organizations that are often not covered by formal government programs. Through this



kind of service, collaborative relationships between campuses and communities can be built productively and sustainably.

CONCLUSION

Community service activities carried out at the Indonesian Community Organization (PERMAI) Pulau Pinang were carried out through the stages of identifying needs, basic accounting training, financial recording assistance, and qualitative and quantitative evaluation of results. The application training method based on real cases of the organization succeeded in improving the understanding and skills of administrators in implementing the accounting cycle and preparing simple financial reports. However, the limited time of administrators, lack of access to supporting technology, and the absence of standard SOPs are obstacles to optimizing results. Therefore, follow-up activities are recommended in the form of advanced training, preparation of an internal accounting procedure system, and implementation of community-based financial software. In the future, similar services can be expanded to other diaspora organizations to build more professional and sustainable financial governance in overseas communities.

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