

FINANCIAL LITERACY ASSISTANCE FOR VILLAGE BUSINESS: CASE STUDY IN SITIO TAMALE, THE PHILIPPINES

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Abstract

A business really needs adequate records to evaluate business operational activities and determine future improvement steps. 30 Youths in Sitio Tamale Village, Philippines have developed a Mushroom Business which took place since October 2021. The Research Team was entrusted with two modules consisting of series A and B and aiding answer the need for mushroom Business development in the village. Module A on financial literacy knowledge and Module B on the technical steps of making financial reports are solutions to these needs. By presenting material that is practical knowledge and active interaction through filling out modules related to financial literacy, the training team explained via Google Meets to participants. The results of the assistance showed that 33% of participants understood very well, 37% of participants understood and 30% were neutral. There are several obstacles such as internet access, data processing technology capabilities, educational background, and commitment to be the main factors in this training. There are several key issues including challenges, risks, and further opportunities for village business. This financial literacy assistance could be an incubator to effectively oversee the business health.

Keywords: Financial Literacy Assistance; Village Business; Entrepreneurship

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) have a significant role in job creation and economic growth in the world. According to the World Bank (2021), small and medium-sized enterprises represent 90% of the world's businesses and create about 50% of existing jobs. MSMEs tend to be the main source of income for the poorest segments of the population, especially in rural areas (International Council for Small Business, 2019). In the Philippines alone, MSMEs accounted for 35.7% of the value of gross domestic product in 2020 (Department of Trade and Industry, 2020). They also generate about 5.3 million jobs or 62.66% of the country's total employment. In fact, micro-enterprises are the second largest producer of employment (29.38% of the total field) after large enterprises.

Although MSMEs are the backbone of the national economy in many countries, they have difficulty in gathering sufficient working capital to survive. Their access to bank credit is quite limited, although the government provides several facilities, including soft loan programs. In the Philippines, one of the main reasons is that some large banks choose to pay fines instead of setting aside funds for loans to risky borrowers (Ali et al., 2017).

MSMEs tend to be considered as having significant risks, partly because they lack adequate financial literacy skills. Many SMEs in the Philippines are not able to make precise and accurate financial reports (Francisco & Canare, 2019). In addition, Banks in the Philippines also have difficulty obtaining access to SME credit history or information that can prove the creditworthiness of a business. This is exacerbated by MSMEs in the Philippines who are too risk averse to seek external financing, so they tend to rely solely on their own funds, or borrow from relatives (Asian Development Bank, 2020; Francisco & Canare, 2019).

In response to this condition, the Global Peace Foundation, Sampoerna University, Kalbis Institute, and Pelita Harapan University collaborated to develop a financial training module and held a mushroom business training in Sitio Tamale Village, Philippines. Sitio Tamale village in Nueva Ecija Philippines is in the mountains with an area of 5 square kilometers and has 105 families. The entire population is native to the Bongbon and Kankaney tribes and most of them work as farmers. To improve the standard of living for farmers, the Global Peace Foundation and the residents of Sitio Tamale agreed to develop a small business in mushroom production that involves all components of society. In addition, people who become mushroom business managers are given financial literacy training, including business financial management.

Various empirical evidence shows the importance of MSME actors having good financial literacy. MSME entrepreneurs who have good financial literacy are better able to recognize opportunities to develop their businesses (Anwar et al., 2020). Financial literacy also improves the quality of reduced reporting information, improves performance, and affects the sustainability of micro, small and medium enterprises (Eniola & Entebang, 2017; Widayanti et al., 2017; Nalukenge et al., 2012)

This is supported by research (Susan, 2020) and (OKello et al., 2017) which state that there is a positive influence on financial literacy on access to financing and the growth of MSMEs, especially in developing countries. Over the past few years, MSMEs have had to deal with the large flow of information from various sources, especially from the internet. The government in this regard, has also tried to encourage business actors to adapt to the latest technology, especially for the e-commerce sector (De Saulles, 2007). A positive correlation was also found between requirements for borrowing money from banks, level of financial literacy, and access to formal financing. Efforts to increase financial literacy must also be supported by affordable interest rates and local government support to overcome income inequality and increase economic growth (Nkundabannyanga et al., 2014). In addition to interest rates, the process, cost, amount, and flexibility of financing can also influence MSME decisions to seek formal financing sources, especially in P2P financing schemes (Rosavina, Rahadi, Kitri, Nuraeni, & Mayangsari, 2019).

With the higher level of financial literacy by business actors (potential), this can also increase financial confidence. Confidence has a progressive effect on business growth because business owners can support the operations or expansion of the business (Imarhiagbe et al., 2017). Other studies also show that the level of financial literacy will significantly influence the behavior of business owners-managers. Low financial literacy and the dominance of financial decisions by business owners-managers will increase the negative effects of business risk factors (Rasheed & Siddiqui, 2019).

Financial literacy is an interconnecting resource that mitigates information asymmetry and collateral deficit during the loan evaluation process, so this financial literacy must be taught in the formal education curriculum. Increasing financial literacy can reduce monitoring costs and produce an optimal capital structure that can have a positive effect on the growth of MSMEs (Hussain et al., 2018). Financial literacy also has a significant influence on the participation and performance of business actors, both in the entry stage and in business operations (Li & Qian, 2020). When these entrepreneurs achieve success, they will contribute to economic growth through job creation and tax payments. Therefore, the research team decided to conduct financial literacy training and also create a module to address the mushroom business development needs in Sito Tamale village, Philippines. That way, if the mushroom business can develop, the people of Sitio Tamale are expected to have the opportunity to improve their standard of living through additional income from the business.

METHODOLOGY

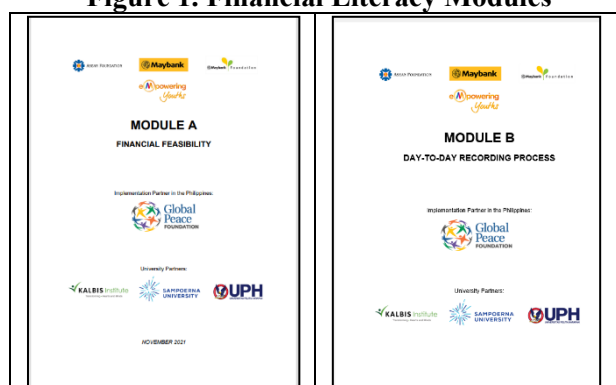
Training is a learning process by providing relevant knowledge according to the needs of participants, for this reason, in this training, the methods provided include (1) analysis of participants' goals and needs; (2) make material planning by considering the profile of the participants; (3) implementation; and (4) evaluation. To achieve the training objectives, the method used is an active approach which includes the presentation of material that is practical knowledge and active interaction through filling out modules related to literacy. which has been distributed to participants. Training designed by Specific for give solution business on business development mushrooms in Sitio Tamale Village. Designed training _ by special for business certain could raise interest participants who are also perpetrators effort in follow training online (Webster et al., 2005).

Table 1. Timeline of Financial Literacy Assistance

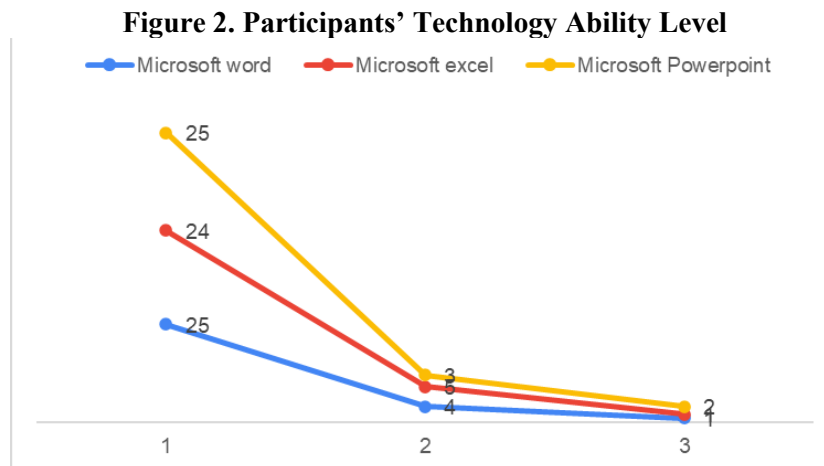
Activities	2021			2022	
	OKT	NOV	DEC	JAN	FEB
Initial Analysis and Needs	■				
Modul Creation and Translation	■	■			
Financial Literacy Assistance		■			
Evaluation			■		
Sending out final modules					■

Referring to table 1, (1) Activities conducted with analyze needs participant namely the youth in Sitio Tamale Village, Philippines consisting of 30 youths. Analysis of Goals and Needs conducted with to do meeting 3 times per month October and November 2021. (2) Activities next is the manufacturing process module. That thing conducted with combine expert team trainer assisted by 3 students in Thing composing module and translation into English. _ Modules A and B created in English so that later could translated return to in Tagalog. (3) Printing module Becomes activity third thing happened on November 2021 so that participants get module print because lack of computer onsite training. Furthermore, (4) the training activities will be held on November 20, 2021, online using the live media google meet due to distance constraints and the pandemic situation that has not made it possible to make in-person visits. The selection of google meet live media is based on partner requests in connection with the existing network connection at the location. For that, instructor training sued for give sufficient attention and commitment _ great so that online training can be walk inside _ with successful and effective (Markova et al., 2017).

Figure 1. Financial Literacy Modules



set is object for changed during processing and use for Step beginning production mold organic. Insurer answer this module set are Ms. Nutnicha Limboonngam (eMpowering Youth ASEAN Foundation 2022), Mr. Budi Kurniawan, MA., M.Ak., CMA., BKP (Head of Studies Accounting - Kalbis Institute), and Mr. Kenny Fernando, MSAk ., CAP (Head of Development Center Accounting – Sampoerna University & Leader of EYAA Volunteering Youths) assisted by 3 students namely Victoria Del Gracia Matahelumual (University of Sampoerna), Yolanda Rian Wiratama (Institute Kalbis), Claudia Jessica Tunadi (Pelita Harapan University)



Compilation module customized with survey beginning related with ability technology computer and data processing such as Microsoft Word, Microsoft Excel and Microsoft PowerPoint. In Figure 2 ability participant related with data and information processing programs still belong to low with more than 80% of the participants did not understand the program. This is what drives team trainer for make module in manual form and hard copy so that you can filled and applied for business mushrooms in the village of Sitio Tamale. Module illustration (Colman, 2019) is attached in Figure 1.

The process of making the module is carried out online starting from October 2021 to November 10, 2021 and continued with improvements from entering during the training until February 2022. Figure 2 is the documentation of the process of making the module itself in consultation with technical trainers related to the mushroom production process. This is to adjust the information needed in Module A such as instruments and types of financial statements and tables in Module B such as cash in-out tables, list of accounts, examples report business mushrooms and others. Meeting online in _ skeleton preparation making module conducted 3 times, namely in the month of October 2021 and November 2021.

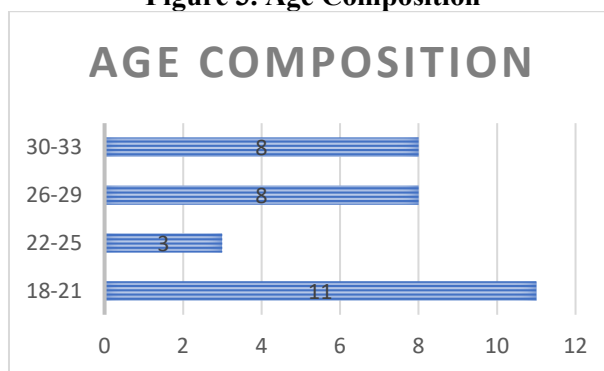
After finished the preparation and repair process, then obtained results end of Module A and Module B. Module A aims to provide knowledge, so this module contains a basic explanation related to instruments and types of financial statements. The contents of this module include the characteristics of the Statement of Financial Position and Income Statement, as well as the benefits of financial information in business which includes analysis and interpretation of financial statements. Module B aims to provide real experience to participants, so this module is in the form of a simple work paper or a simple financial report, which contains the information needed to build a business.

RESULTS

Profile Participant

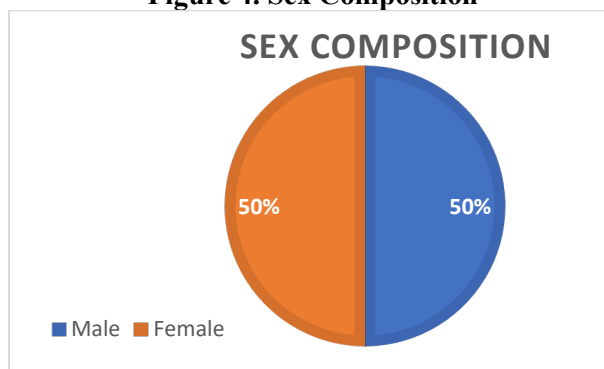
Before To do discussion on results training, following is appearance demographic participant training. Range age participant training is 18 years old up to 33 years old with scatter the most is in the range 18-21 years old numbered 11 people, followed by range 26-29 years old and 30-33 years old 8 people each.

Figure 3. Age Composition



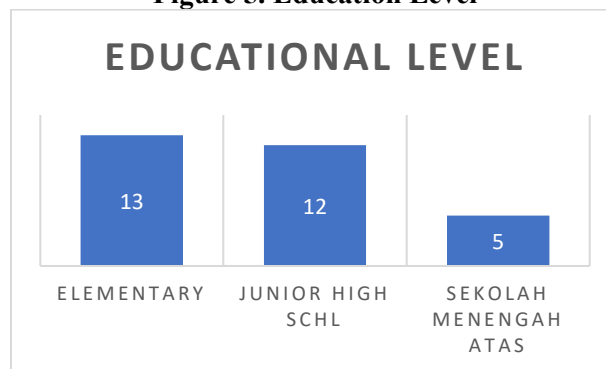
Type sex participant in activity this 15 men and 15 women with total participants as many as 30 people selected by random from Sitio Tamale village, Philippines.

Figure 4. Sex Composition



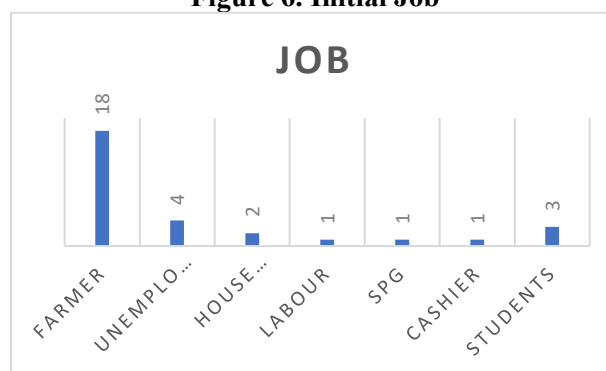
After 30 participants obtained with criteria demographics in Figures 2 and 3, the Coaching Team also map the level of education of participants among others more many only participant _ go through Elementary School (SD) as many as 13 people, followed by School Intermediate First (SMP) as many as 12 people and school High School (SMA) as many as 5 people. This data seen in figure 5.

Figure 5. Education Level



Located in the village of the mountain area, visible profession beginning participant training is farmer as many as 18 people, followed by those who have not have profession as many as 4 people and work other seen in Figure 6. Global Peace Foundation work same with the ASEAN Foundation and the Maybank Foundation are trying for give opportunity effort new in the form of business mushroom because _ that team trainer requested for give knowledge basics and knowledge technical about literacy finance to use support development business mushrooms in the village that.

Figure 6. Initial Job

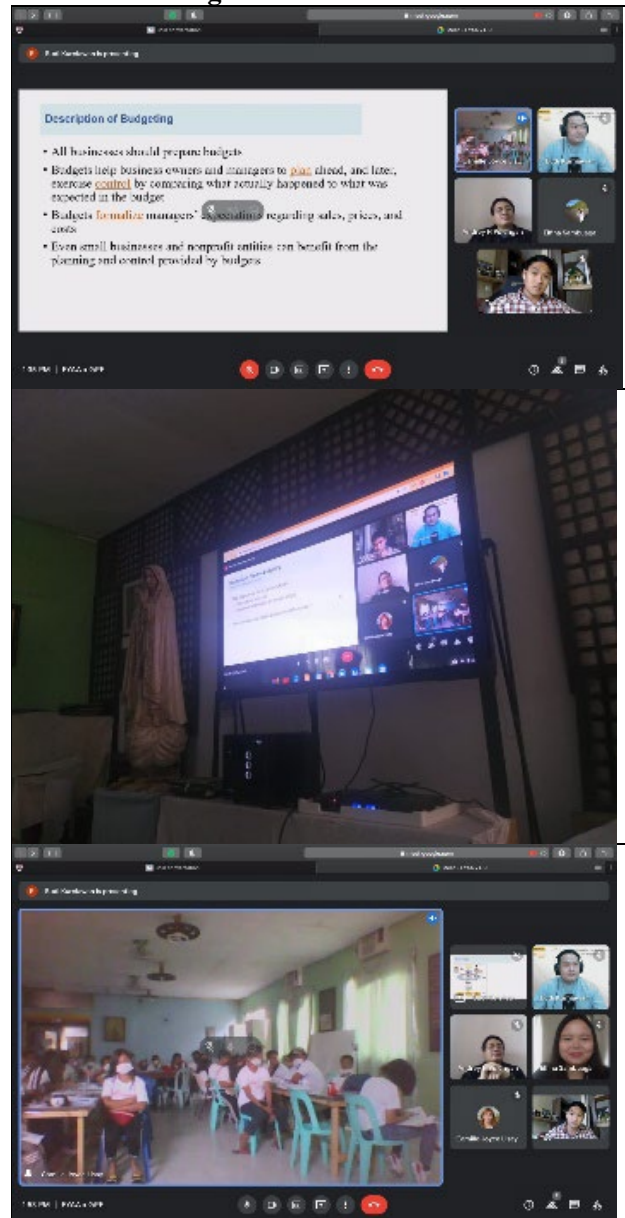


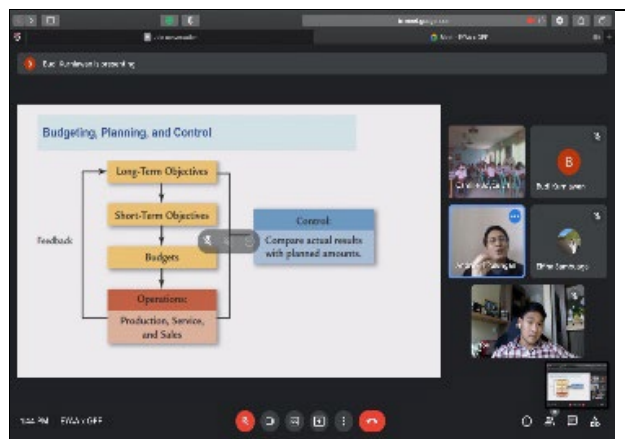
Training

In accordance with timetable training, activities delivery Theory online will be held on November 20, 2021. Activity training this given During one day with destination introduction and filling out Modules A and B before later used for necessity Settings finance business mushrooms in the village of Sitio Tamale. Delivery activity conducted in later English translated into Tagalog so that the participants understand meaning from coach. The training activity was carried out on November 20, 2021, online using the live google meet media due to distance constraints and the pandemic situation that did not allow for in-person visits. The selection of google meet live media is based on partner requests in connection with the existing network connection at the location. In practice, there are limitations to the equipment owned by participants, so that local partners prepare a main screen that is connected to a computer device so that all participants can participate together. Coach team among others: (1) Budi Kurniawan, MA., M.Ak., CMA., BKP (Head of Accounting Study Program Institute Kalbis), (2) Elfina Astrella Sambuaga ., SE., MSA (Vice Chairperson of Pelita Harapan University Accounting Study Program), (3) Andrey Hasiholon Pulungan, SE., M.Comm ., Ak., CA., CPA (Aust.) (Head of Accounting Study Program at Sampoerna University), (4) Kenny Fernando, MSAK ., CAP (Head of Development Center Sampoerna University Accounting), (5) Nutnicha

Limboonngam (eMpowering Youth ASEAN Foundation 2022). Training conducted for one day full opened with words of welcome from organizer next with Representative of the Coaching Team. Every session, done ice breaker with TikTok Dance seen very enthusiastic participants follow ice breaker that. Activity ends at 5 p.m Philippines time. As for documentation activity could see on four pictures following:

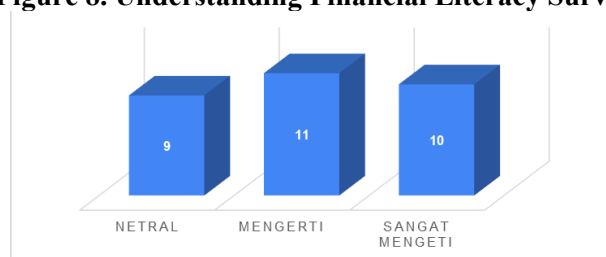
Figure 7. Documentation





Activity in progress with interactive. Digital platform used is google meets between team trainers and participants. Participants get printed Module A and Module B for used as means workmanship and workshops. At the end activities, participants allowed for to do session ask answer and feedback from Modules that have been given by team coach. In Figure 7 it can be seen level retainer literacy finance limited to business mold participant said very well because by 11 people said understand literacy financial presented _ in In the form of Module A and Module B, as many as 10 people are very understanding and 9 are neutral.

Figure 8. Understanding Financial Literacy Survey



Obstacles and fixes

Internet Accessibility in the Village. There is a number of challenges and obstacles During training take place. Related with access internet network in Sitio Tamale Village, organizer must for moved 30 youths to city closest for To do training on line because lack of internet access. This thing make training only could conducted in time short because transfer participant needs enough effort and expense _ big. Readiness location and time travel also becomes challenge next.

Health and Regional Restrictions. Moment implementation that is November 2021, has happen spike Covid-19 cases recorded in cities and villages around Sitio Tamale. That thing make implementation training delayed During two week. Restrictions activity from local government also makes training difficult conducted because administration and government also do not want to endanger the health of participants especially done training, then participant will mobilize Back to village origin in Sitio Tamale. This thing make organizer reduce proper training _ conducted for 5 days be 1 day.

Ability Technology Data Management, based on Figure 1 it is known that the minimum knowledge and skills participant in using data and information processing programs like Microsoft Word, Microsoft Excel and Microsoft PowerPoint make team trainer change draft training be manual. This thing of course will make a little trouble on things flexibility materials and methods charging. However so, team trainer has discussed more formerly for ensure that required material _ has printed in Module A and Module B.

Education Level, in Figure 8 is related with background behind the participant 's education, it is known that participant majority go through Elementary School (SD). This thing Create a Coach Team difficulty teach soft skills about management and literacy finance, technology as well as Higher Order Thinking Skills (HOTS) which are highly needed by the recipients benefit because we give, they a case and how method creative arrange business mushrooms. We believe at least Skills that collected based on level education them.

Obstacle general, related with commitment, everyone teenager no committed full During implementation because of the Coach Team no be on location. and team trainer must summarize 5 days training Becomes 1 day training because constraint cost for moved 30 youths from village they because lack of internet connection. Coach Team believe that subtraction day make training not enough effective like Team Coach also summarize How to Team Coach convey everything material. But the coaching team has succeeded send Theory Print Team Coach for they so that they can study return again.

Plan sustainable

Coach Team has given access to each coach 's email for give opportunity repair and ask answer advanced on training that has been given. On implementation training before, team trainer will monitor several Thing enhancement income family, charging module, and creation business interim report mold that. In Thing communication with participants, we will relate with Head and the Global Peace Foundation who has Becomes our communicator. We plan for to do communication monthly for 1 year to front.

CONCLUSION

Based on discussion and presentation in point 3 before, then could concluded that a business good that production or trade certain need literacy finance. This thing required for evaluate operational processes business and planning forward for run business. Research team formulate two fruit modules namely (1) Module A and (2) Module B for answer needs Business Mushrooms managed by 30 youths in Sitio Tamale Village, Philippines. There are several problems that occur cover access to the internet, ability technology data processing, background behind Education, up to commitment participants. However so, everyone could resolve, and module print feel Becomes answer for needs management business mold that.

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