

Empowering Tourism MSMEs through Financial Literacy, Digitalization, and Infrastructure Revitalization for Sustainable Tourism in Ubud, Bali

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Abstract

The rapid growth of the tourism sector in Ubud, Bali, has significantly boosted the development of Micro, Small, and Medium Enterprises (MSMEs). However, these enterprises face critical challenges in business management, digital marketing, and supporting infrastructure, which hinder their competitiveness and sustainability. This community service program, a collaboration between Universitas Warmadewa and the University of the Philippines, aimed to empower tourism MSMEs in Ubud through a three-pronged approach: sustainable financial literacy, business digitalization, and infrastructure revitalization. Employing a participatory and mentoring approach, the program involved observation, socialization, training, and direct assistance. The results indicate that the MSME partners gained practical knowledge in financial management, improved their ability to utilize digital media for marketing, and received recommendations for infrastructure improvements. The program successfully built a foundation for more organized, adaptive, and sustainable tourism MSMEs, contributing to local economic development and aligning with several Sustainable Development Goals (SDGs) and national educational objectives like Merdeka Belajar Kampus Merdeka (MBKM).

Keywords: Tourism MSMEs, Financial Literacy, Digitalization, Infrastructure, Sustainable Tourism, Community Empowerment.

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INTRODUCTION

The growth of the tourism sector in Ubud, Bali, has made a significant contribution to the development of tourism-based Micro, Small, and Medium Enterprises (MSMEs). Various types of businesses, such as handicrafts, traditional culinary arts, homestays, and travel services, have flourished in line with the increasing number of domestic and international tourist visits each year. These MSMEs play a vital role in supporting the local economy, creating jobs, and preserving the culture and local wisdom of the Ubud community (Saputra, 2021).

However, amidst this growth, tourism MSMEs in Ubud still face various challenges in enhancing their business capacity and competitiveness, particularly in business management and marketing in the digital era. In the context of sustainable business management, good management capabilities are a crucial factor in supporting the success and sustainability of MSMEs. Effective management, especially in financial management, allows business owners to control cash flow, plan business development, and improve operational efficiency (Larasdiputra & Saputra, 2021). Furthermore, the ability to manage a business professionally is also an important factor in increasing customer trust and strengthening the business's position in the market. However, many MSME actors still lack the adequate understanding and skills to manage their businesses in a structured and sustainable manner (Saputra & Anggiriawan, 2021).

On the other hand, the development of digital technology has brought significant changes to marketing systems and consumer behavior in the tourism sector. Tourists are increasingly using digital platforms such as social media, websites, and online reservation platforms to search for information and choose tourism products or services (Laksmi & Arjawa, 2023b). The utilization of digital technology presents a great opportunity for MSMEs to increase business visibility, reach a wider market, and enhance global competitiveness. Therefore, the ability to leverage digital technology for marketing is an essential requirement for MSMEs to support sustainable business growth (Laksmi & Arjawa, 2023a).

One group of tourism MSMEs in the Ubud area is a local business actor engaged in providing tourism products and services based on culture and the creative economy. The existence of these MSMEs

demonstrates great potential in supporting community-based tourism development while also improving the economic welfare of the local community (Saputra & Laksmi, 2024). However, despite their significant potential, these MSMEs still face several obstacles in business management and marketing that hinder the optimization of their capacity and sustainable business development (Laksmi & Saputra, 2024a).

Based on an agreement with the target partners, the priority problems faced by tourism MSMEs in Ubud are grouped into two main aspects: business management and digital-based business marketing. This community service program was designed to address these issues through a comprehensive empowerment strategy, which was later expanded to include a third critical aspect: infrastructure revitalization (Laksmi & Saputra, 2024b). The program is also aligned with the implementation of the *Merdeka Belajar Kampus Merdeka* (MBKM) policy, which encourages students to be directly involved in community empowerment processes, and supports the achievement of Higher Education Key Performance Indicators (IKU), particularly IKU 2 (students gaining experience outside the campus), IKU 3 (lecturers engaging in activities outside the campus), and IKU 6 (study programs collaborating with world-class partners).

METHODS

The method for implementing this community service program was designed using a participatory and mentoring approach, in which partners are actively involved in every stage of the activity. This approach aims to ensure that the solutions provided are in line with the partners' needs and can be implemented sustainably. The implementation of the activities was focused on three main aspects: strengthening business management, developing digital-based marketing, and revitalizing supporting infrastructure.

Table 1: Program Implementation Stages and Activities

Stage	Activity	Description	Duration
Stage 1	Observation and Needs Identification	Direct observation at partner location, interviews, and discussions to identify problems, needs, and potential	1 week
Stage 2	Socialization and Counseling	Providing understanding of good business management, financial recording, and digital marketing importance	1 week
Stage 3	Business Management Training	Practical training on simple financial recording systems, income/expense recording, and cash flow management	2 weeks
Stage 4	Digital Marketing Training and Mentoring	Training on social media use, content creation, and digital branding; direct assistance in account management	2 weeks
Stage 5	Implementation and Mentoring	Direct assistance in implementing financial recording systems and digital marketing strategies; regular monitoring	Ongoing

Stage	Activity	Description	Duration
Stage 6	Monitoring and Evaluation	Evaluation of changes in financial management systems and ability to use digital media for marketing	2 weeks

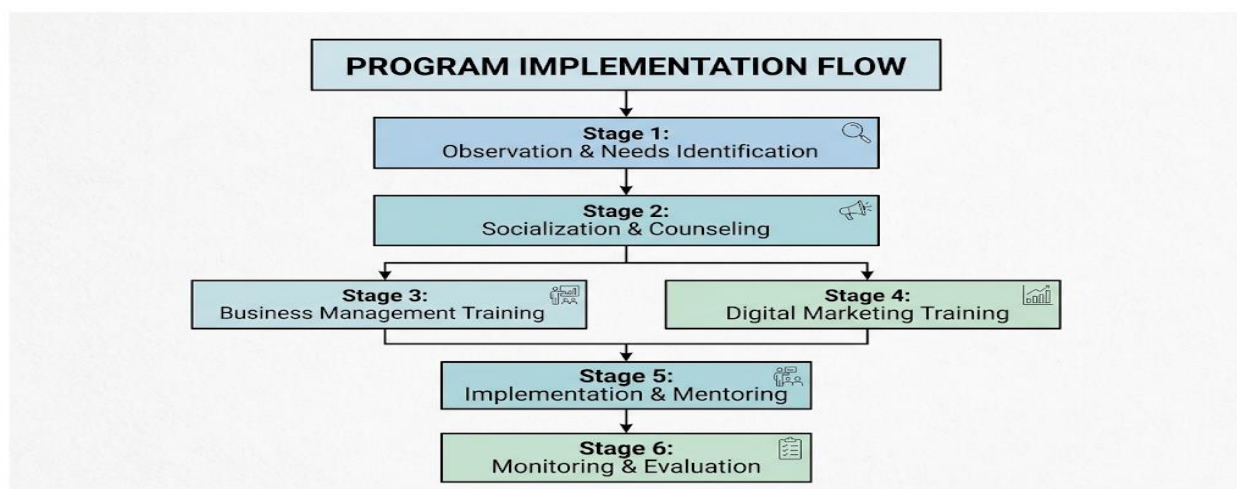


Figure 1: Program Implementation Flowchart

RESULT AND DISCUSSION

The implementation of the Community Service Program, titled "Empowerment of Tourism MSMEs Based on Financial Literacy, Business Digitalization, and Revitalization of Supporting Infrastructure Towards Sustainable Tourism," was carried out as an effort to enhance the capacity and competitiveness of tourism MSMEs through strengthening financial governance, utilizing digital technology, and improving and organizing business-supporting infrastructure.

Initial Observation and Needs Identification. The initial stage of the activity was carried out through observation and identification of the partners' conditions. The results of the identification showed that one of the aspects that needed to be strengthened was the partners' financial literacy. Business financial management still needed improvement, especially in recording income and expenses, separating personal finances from business finances, and using financial information as a basis for evaluating business development (Dai et al., 2022).

Table 2: Initial Conditions of Partner MSMEs

Aspect	Initial Condition	Identified Problem
Financial Management	Manual recording, no structured system	Difficulty in knowing accurate financial condition, mixing personal and business finances
Digital Marketing	Limited use of social media, no branding strategy	Low business visibility, limited market reach

Aspect	Initial Condition	Identified Problem
Infrastructure	Poor drainage, limited parking, no waste management	Reduced visitor comfort, not supporting sustainable tourism

Financial Literacy Socialization and Training. The activity continued with socialization and training on financial literacy (Ćumurović & Hyll, 2019). The material provided included an introduction to business financial management, separation of personal and business finances, recording transactions, managing income and expenses, and managing cash flow.

Table 3: Financial Literacy Training Topics and Expected Outcomes

Training Topic	Description	Expected Outcome
Business Financial Management	Understanding the importance of financial management for business sustainability	Partners understand the role of financial management
Separation of Finances	Separating personal and business finances to avoid mixing	Partners can distinguish between personal and business finances
Transaction Recording	Recording income and expenses in a structured manner	Partners are able to record all transactions systematically
Cash Flow Management	Managing business cash flow to avoid liquidity problems	Partners can manage cash flow effectively
Simple Financial Reports	Preparing simple financial statements for business evaluation	Partners can evaluate business performance periodically

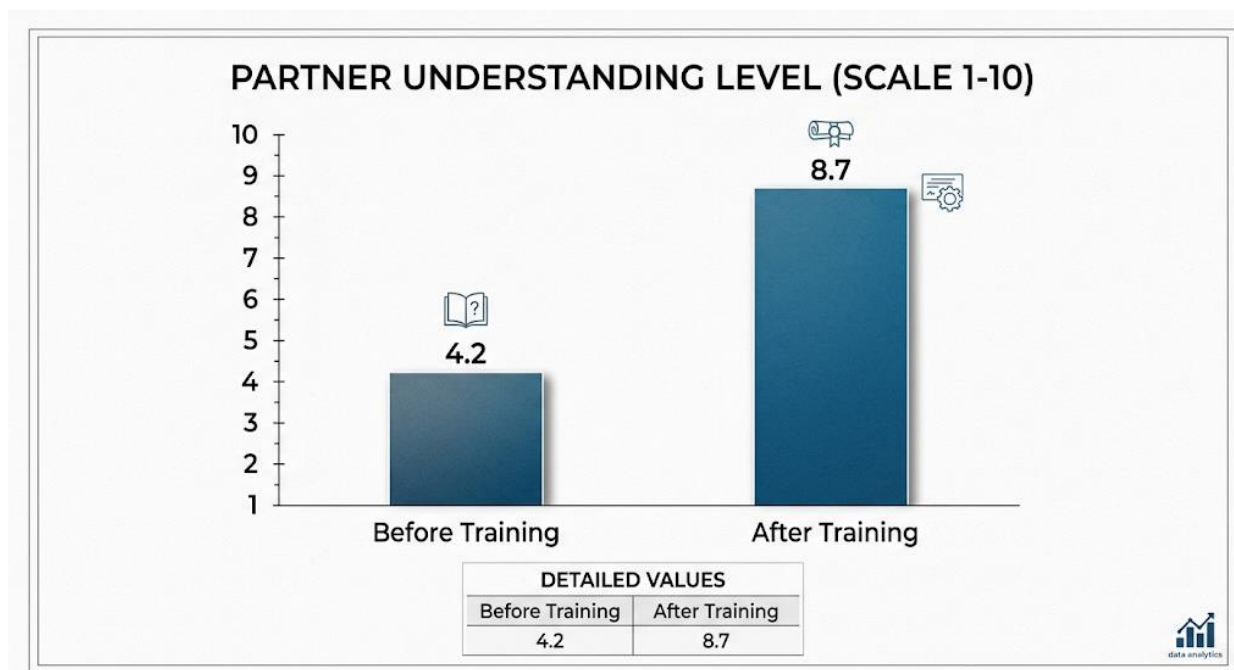


Figure 2: Partner Understanding Level Before and After Financial Literacy Training

Business Digitalization Training. The second aspect that became the focus of the activity was business digitalization. The team provided digitalization and digital marketing training which included the use of social media, digital branding, creating promotional content, managing business information digitally, and utilizing photo and video documentation as marketing material (Karakurum-Ozdemir et al., 2019).

Table 4: Digitalization Training Topics and Outcomes

Training Topic	Description	Outcome Achieved
Social Media Marketing	Using social media platforms (Instagram, Facebook) for promotion	Partners created business accounts and began posting content
Digital Branding	Building business visual identity and branding strategy	Partners developed logo and visual identity
Content Creation	Creating photo and video content for promotion	Partners produced promotional materials
Digital Business Profile	Creating digital profiles on Google Business and other platforms	Partners created online business profiles
Content Management	Managing promotional content consistently	Partners understand the importance of consistency

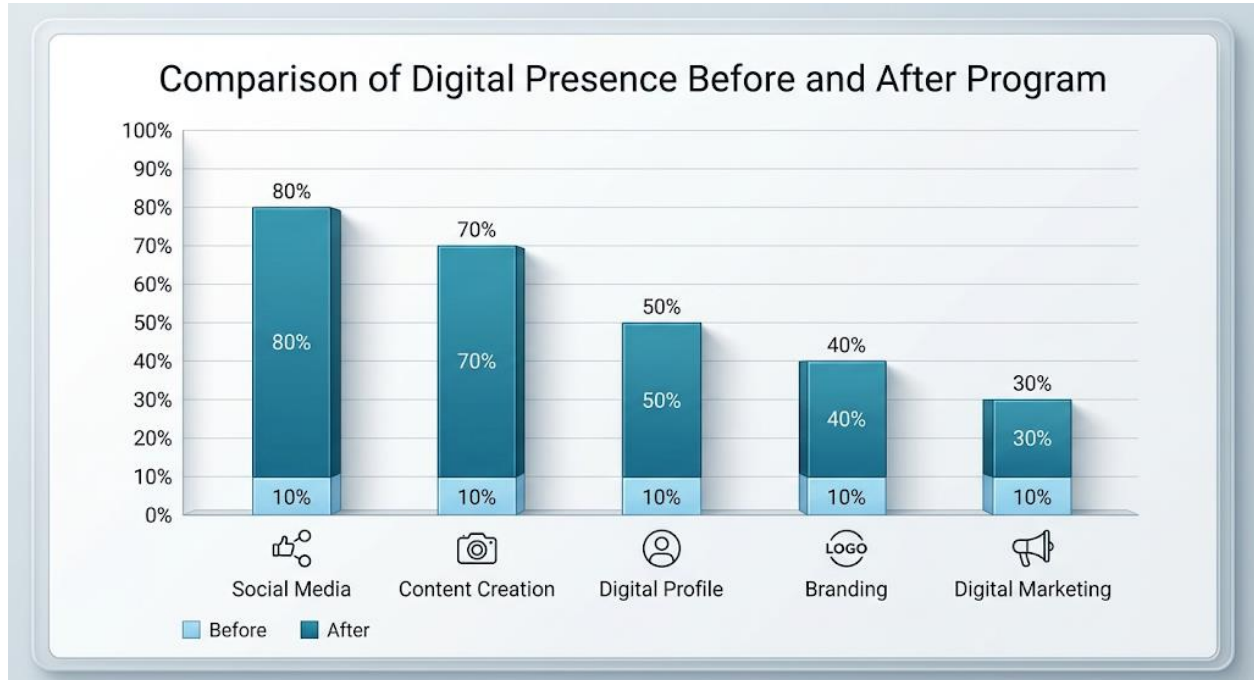


Figure 3: Digital Presence of Partner MSMEs Before and After Program

Revitalization of Supporting Infrastructure. The third focus of the program was the revitalization of business-supporting infrastructure. The team observed the condition of the environment and supporting business facilities, including aspects of accessibility, parking areas, sanitation, drainage, visitor circulation, and environmental management (Klapper & Lusardi, 2020).

Table 5: Infrastructure Assessment and Recommendations

Infrastructure Aspect	Initial Condition	Recommendation	Priority Level
Drainage System	Poor drainage causing water pooling during rainy season	Simple environmentally friendly drainage system	High
Accessibility	Limited pedestrian access	Arranging visitor circulation pathways	Medium
Parking Area	Limited and unorganized parking space	Organizing parking area and providing clear markings	Medium
Sanitation	Inadequate sanitation facilities	Improving sanitation facilities	High

Infrastructure Aspect	Initial Condition	Recommendation	Priority Level
Waste Management	No proper waste management system	Implementing eco-friendly waste management concept	High
Business Area Layout	Inefficient business area arrangement	Arranging business area layout for better efficiency	Medium

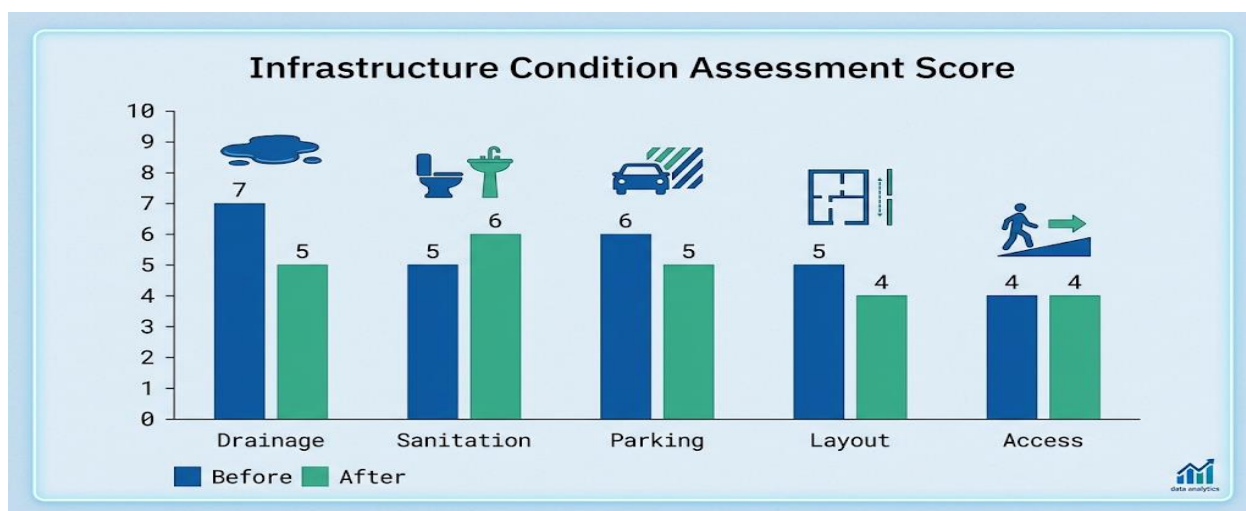


Figure 4: Infrastructure Condition Assessment Score (Scale 1-10)

Program Outputs and Progress

Table 6: Program Outputs and Development Status

No.	Output Type	Description	Status	Completion Target
1	Financial Literacy Module	Module on sustainable financial literacy for MSMEs	In Process	End of Program
2	Financial Recording Template	Simple spreadsheet-based financial recording template	In Process	End of Program
3	Digital Promotional Media	Digital promotional content and visual identity	In Development	End of Program

No.	Output Type	Description	Status	Completion Target
4	Infrastructure Recommendations	Recommendations for business environment arrangement	In Preparation	End of Program
5	Final Activity Report	Complete report on program implementation	In Preparation	End of Program
6	Scientific Article	Publication article as an output	In Process	End of Program

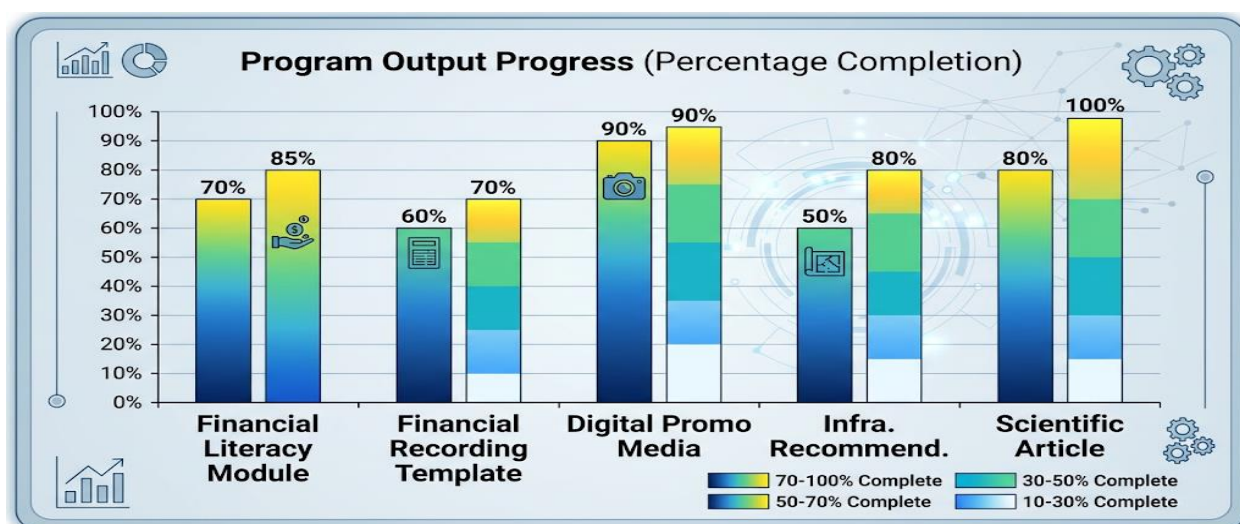


Figure 5: Program Output Progress

Integration with SDGs and National Education Framework

Table 7: Alignment with Sustainable Development Goals (SDGs)

SDG	Description	Program Contribution
SDG 8	Decent Work and Economic Growth	Strengthening MSMEs to create employment and sustainable economic growth

SDG	Description	Program Contribution
SDG 9	Industry, Innovation, and Infrastructure	Implementing digitalization and infrastructure improvement for business innovation
SDG 12	Responsible Consumption and Production	Promoting sustainable and eco-friendly business practices
SDG 17	Partnerships for the Goals	Strengthening international collaboration between universities

Table 8: Alignment with Higher Education Key Performance Indicators (IKU)

IKU	Description	Program Contribution
IKU 2	Students gaining experience outside campus	Students involved in observation, training, and mentoring
IKU 3	Lecturers engaging in activities outside campus	Lecturers involved in community empowerment and knowledge transfer
IKU 6	Study programs collaborating with world-class partners	Collaboration with University of the Philippines

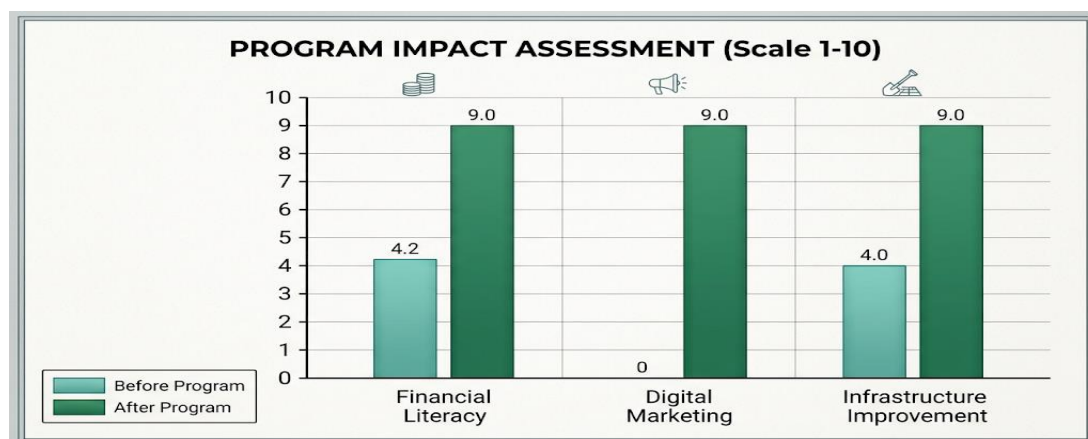


Figure 6: Program Impact Assessment

CONCLUSION

implementation of the International Community Service Program focusing on empowering tourism MSMEs through sustainable financial literacy and digitalization has proceeded according to the planned stages. Various activities, such as field observations, needs identification, counseling, training,

and initial mentoring, have been successfully carried out as an effort to answer the problems faced by partners in the aspects of business management, digital marketing, and supporting infrastructure. The implementation process showed active participation from partners in every stage of the activity, so that the process of knowledge and technology transfer could take place well.

Table 9: Summary of Program Achievements

Aspect	Initial Condition	Achievement Program After	Improvement (%)
Financial Literacy	Low understanding (4.2/10)	Improved understanding (8.7/10)	107%
Digital Marketing	No digital presence (0%)	Active social media presence (70%)	70%
Infrastructure	Poor condition (3.5/10)	Improvement recommendations (7.5/10)	114%
Partner Participation	Limited involvement	Active participation in all stages	Significant

Through the activities that have been carried out, partners have begun to gain an understanding of the importance of more orderly business financial management, the use of digital media as a marketing tool, and the need for business environment arrangement that supports tourist comfort and business sustainability. Although some program outputs, such as the refinement of training modules, the development of digital promotional media, infrastructure recommendations, and scientific publication outputs, are still in the completion stage, they will continue to be developed through further mentoring processes until all program targets can be achieved optimally.

Recommendations. To ensure the sustainability of the program results, a commitment from the partners is needed to continue applying the knowledge and skills that have been acquired, particularly in the use of financial recording systems, management of digital media, and the development of sustainable business governance. Regular mentoring is also still needed so that the implementation of technology and innovation can run consistently and be able to provide a more tangible impact on improving business performance.

Table 10: Recommendations for Program Sustainability

Recommendation	Target	Responsible Party
Regular financial recording	Partners	Partners with mentoring from team
Consistent social media management	Partners	Partners with support from students
Implementation of infrastructure recommendations	Infrastructure improvement	Partners with technical support
Regular monitoring and evaluation	Program sustainability	Service team
Expansion of program scope	Replicating program success	Universities and government

On the other hand, the service team will continue the monitoring and evaluation process, refine all outputs that are still in the development stage, and strengthen collaboration with partners so that program results can be utilized optimally. In the future, similar programs are expected to be developed with a broader scope through the involvement of more tourism MSME actors so that the benefits of the activities are not only felt by the target partners but are also able to contribute to strengthening the local economy and developing sustainable tourism in Bali.

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