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Strengthening Financial Management Capacity to Support Community Income and Sustainable Ecotourism Development in Kairatu, West Seram Regency, Maluku

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ABSTRACT

Community-based ecotourism offers meaningful opportunities for local communities to strengthen their livelihoods while preserving the natural and cultural resources of their region. In Kairatu, West Seram Regency, the development of tourism-related microenterprises presents promising economic opportunities. However, limited financial management skills remain a challenge for small business owners in managing income, monitoring expenses, and planning for business sustainability. This community service initiative focuses on strengthening the financial management capacity of microentrepreneurs supporting ecotourism through participatory training and mentoring. The activities cover basic financial recordkeeping, separation of personal and business finances, cash flow management, cost calculation, and profit evaluation. Field documentation also highlights the coastal environment, recreational facilities, and tourism-supporting services that contribute to Kairatu's local economic potential. The initiative emphasizes the importance of accessible and practical financial knowledge in helping community members make informed business decisions. Strengthening these skills is expected to support more sustainable microenterprises and encourage greater local participation in ecotourism development. Further evaluation is needed to establish the measurable effects of the program on business performance and community income.

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1. INTRODUCTION

Community-based tourism offers a way for local communities to build livelihoods around the natural, cultural, and economic resources of their own region. Unlike tourism models in which most of the benefits flow to outside operators, community-based ecotourism places local residents at the heart of destination management and seeks to ensure that they share directly in the economic opportunities it creates [1] [2] [3] [4].

Kairatu Village, West Seram Regency, has promising opportunities for ecotourism-related economic development. Its natural setting, local cultural resources, and everyday economic activities can support small

businesses, including food and beverage services, locally produced goods, transportation, visitor services, and other microenterprises. These activities can create additional sources of income while strengthening the local economy. Research on community-based tourism suggests that stronger links between tourism services and local enterprises may support broader community benefits [5] [6]. Research on coastal tourism governance in Indonesia likewise underscores the importance of partnerships with communities and local institutions [7].

Field photographs from the Kairatu area show a coastal setting with sea views, shade-giving trees, and recreational spaces used by visitors. These features illustrate the area's tourism potential and provide a setting in which visitor-related businesses may develop. The photographs document the local environment; they do not, on their own, demonstrate an increase in business income.



Figure 1. Coastal environment and visitor activities in the Kairatu area (Source: field documentation).

Despite this potential, many small businesses that support ecotourism face practical challenges in managing their operations and finances. Some microenterprise owners rely largely on day-to-day experience rather than written financial records. Common challenges include irregular transaction recording, the mixing of household and business funds, difficulty calculating operating costs, and limited financial planning. A doctoral study of community-based tourism in Bali highlights the importance of examining power relationships rather than assuming that participation automatically produces empowerment [8].

Without clear financial information, business owners may struggle to assess how their enterprises are performing, estimate profits accurately, or decide when and how to expand. Even simple financial management practices can help small businesses become more resilient and make better use of the income they earn.

In response to these challenges, this community service initiative aims to strengthen the financial management capacity of people operating ecotourism-supporting microenterprises in Kairatu Village, West Seram Regency. The activities focus on recording everyday transactions, managing cash flow, calculating costs and profits, and preparing practical financial plans. The broader goal is to help residents manage their businesses more confidently while contributing to the long-term development of community-based ecotourism.

2. LITERATURE REVIEW

2.1 Community-Based Ecotourism

Community-based ecotourism is a tourism development approach that recognizes local residents as key decision-makers, managers, and beneficiaries. It seeks to balance economic opportunities with social well-being, cultural integrity, and environmental responsibility so that tourism can remain beneficial over time [1] [2]. Recent research also emphasizes the importance of community capacity and economic, social, and environmental sustainability [9] [10]. Evidence from Labuan Bajo also identifies social capital and local participation as important foundations for community-based tourism development [11].

From this perspective, community members are more than participants in the tourism experience. They can take part in planning, managing destinations, and developing tourism products and services. Such involvement may strengthen residents' sense of ownership and encourage a fairer distribution of economic benefits [2]. A review focused on community welfare likewise connects community-based tourism with sustainable development [12] [13]. Research on ecotourism in Mayan rainforest communities similarly examines empowerment as a multidimensional process rather than an exclusively economic outcome [14]

2.2 Financial Management for Microenterprises

Financial management involves planning, organizing, monitoring, and evaluating financial resources to support business goals. For microenterprises and small businesses, straightforward financial practices are especially important because their ability to continue operating often depends on careful decisions about limited funds. Practical, simplified instruction can help microentrepreneurs adopt basic financial routines [15] [16].

Key practices include recording transactions, managing cash, controlling costs, setting prices, and reviewing profits. Financial literacy supports these practices by helping business owners understand financial information and use it to make informed economic decisions [17]. Evidence from Indonesian micro, small, and medium enterprises also connects financial literacy with access to formal credit and business performance [18] [19].

2.3 Financial Literacy and Community Income

Financial literacy can play an important role in the development of local enterprises. Business owners who understand their finances may be better placed to manage working capital, avoid unnecessary losses, and plan for future business needs. Financial literacy is also associated with economic decision-making more broadly [17]. A recent master's thesis on an Indonesian tourism village also identifies training, institutional capacity, partnerships, and environmental management as important elements of sustainable community-based tourism [20].

For enterprises linked to ecotourism, sound financial management can help turn short-term visitor spending into

more stable and sustainable business opportunities.

3. METHODS

This community service initiative adopts a participatory training and mentoring approach, encouraging participants to learn through discussion, practical exercises, and ongoing guidance. Financial education among Indonesian small-enterprise participants has been examined in conference research, supporting the use of practical training activities [21].

The initiative is situated in Kairatu Village, West Seram Regency, and focuses on microenterprise owners whose activities support ecotourism, such as food and beverage businesses, sellers of local products, and providers of visitor-related services. The activities are organized into four stages:

3.1 Identification of Needs

The initial stage involves field observation and conversations with community members to understand business conditions, existing financial practices, and the difficulties experienced by local business owners.

Field photographs complement this process by showing recreational amenities and supporting facilities across the Kairatu tourism area. The images help describe the local setting and possible business opportunities. Conclusions about financial management challenges, however, must be based on observations and discussions with the business owners themselves.



Figure 2. Recreational facilities and attractions in the Kairatu area (Source: field documentation).

3.2 Training Sessions

The training covers the following topics:

- the importance of financial management for business continuity;
- separating business and personal funds;
- recording income and expenditure;
- preparing simple financial reports;
- calculating operating costs and profits;
- planning for business development.

3.3 Practical Exercises and Mentoring

Participants are introduced to simple financial record templates and guided through exercises using examples from their own business activities. Mentoring is intended to help them apply these methods in everyday operations. Conference research on MSMEs in Bandung reports an association between financial literacy and access to funding, highlighting the importance of linking practical skills to future business needs [22].

3.4 Evaluation

Evaluation focuses on participants' understanding, their ability to prepare basic financial records, and their responses to using financial management practices in their businesses.

4. RESULTS AND DISCUSSION

4.1 Understanding the Importance of Business Financial Management

The activity report indicates that many participants had not previously used a structured system for managing business finances. Transactions were commonly handled informally, with limited written documentation. In some cases, business earnings were also used directly for household expenses, making it difficult to distinguish enterprise finances from personal spending.

Through the training, participants were introduced to the idea that keeping financial records is more than an administrative task: it helps business owners make everyday decisions. Knowing their revenue, operating expenses, and profit can give them a clearer picture of their enterprise and its needs [15].

4.2 Introducing Simple Financial Records

A key focus of the activities was helping participants develop basic transaction-recording skills. Participants practiced identifying everyday business transactions and organizing them into records of money received and money spent.

Simple records can help business owners monitor:

- the amount of capital invested;
- operating expenses;
- total revenue;
- net business profit.

Having this information in one place can provide a more reliable starting point for reviewing business performance. The extent to which these practices have been adopted over time would require follow-up evidence.

4.3 Strengthening Skills in Profit Calculation

Before the mentoring activities, some participants reportedly estimated profits without systematically accounting for all costs. The training therefore emphasized that profit is not simply the difference between the selling price and the purchase price; other expenses involved in running the business must also be considered. Research on MSME financial distress further illustrates why financial literacy, financial behaviour, and financial attitudes warrant attention in business mentoring [23].

This distinction is particularly relevant to food businesses and sellers of local products, whose input costs can vary. More careful cost calculations can support reasonable pricing decisions and help owners protect the financial sustainability of their enterprises [15]. A recent conference study on Indonesian food-sector MSMEs also discusses financial literacy and market orientation in relation to business success [24].

4.4 The Role of Financial Management in Ecotourism Development in Kairatu

Stronger financial management can help local business owners prepare for the opportunities associated with ecotourism. Well-managed visitor services may improve the visitor experience while creating closer links between tourism activities and the surrounding local economy [1] [2]. The value of strengthening local business linkages is also discussed by [5].

When residents can manage business income effectively, they are better positioned to benefit from tourism-related spending. This reflects the central principle of community-based ecotourism: local people should play an active role in, and benefit meaningfully from, tourism development. [2]. Research on Indonesian and international tourism contexts reinforces the importance of community participation and long-term sustainability [9] [12]. An Indonesian undergraduate thesis on a community-based tourism village describes opportunities for local economic empowerment alongside continuing organizational and capacity challenges [25].

The availability of visitor facilities and recreational services in the Kairatu area points to opportunities for local businesses that support tourism. Practical financial management could help owners budget for costs, monitor cash flow, and review profitability. The photographs below illustrate the local business environment,

rather than providing direct evidence of improved financial outcomes.



Figure 3. Facilities and visitor-supporting services in the Kairatu area (Source: field documentation).

Maintaining the benefits of the initiative will likely require further mentoring, particularly in digital marketing, the use of simple financial recording applications, and access to appropriate business financing. Access to financing and financial knowledge are also relevant to MSME performance, as explored by [18].

5. CONCLUSION

This community service initiative highlights the importance of practical financial management for microenterprises that support ecotourism in Kairatu Village, West Seram Regency. Strengthening these skills can contribute to more sustainable local businesses and, over time, create better opportunities for community livelihoods.

The activities described in the report focused on transaction recording, separating personal and business money, calculating costs, and reviewing profits. These skills can give business owners a clearer basis for understanding their financial position and making day-to-day decisions. Claims about measured improvements should be supported by participant records or evaluation results before publication.

Beyond individual businesses, greater financial confidence among local entrepreneurs may help build a more self-reliant community-based tourism economy. Financial management is therefore best understood as one practical part of broader local economic development.

Future initiatives could combine financial mentoring with digital marketing, product innovation, and stronger business networks to help the economic potential of ecotourism in Kairatu develop in ways that benefit local residents.

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