

## Mentoring the Importance of Financial Literacy and Digital Literacy in Welding Workshop Business

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### Abstract

**Purpose:** The purpose of this activity is to increase the independence of partners through strengthening financial management and increase knowledge for partners about digitalization. By understanding the importance of good financial management and adopting the right technology, welding workshops can increase their competitiveness, improve operational efficiency, and improve the quality of their work.

**Method:** The method developed was counseling, training and mentoring on financial literacy and digital literacy. In this activity, the importance of financial literacy and digital literacy is explained, as well as the benefits obtained in financial management and the application of digitalization.

**Practical Applications:** financial literacy and digital literacy training help improve the competitiveness of welding workshops in the market. Better performance, rapid technology adaptation, and better decisions, they can grow sustainably and expand their business reach. And maintain competitiveness in an ever evolving and changing business environment.

**Conclusion:** The combination of financial literacy and digital literacy gives welders a competitive advantage in a constantly evolving market, allowing them to adapt to change



## **Introduction**

A welding workshop business is one that requires specialized welding skills and a deep understanding of the equipment, and materials used. There are other aspects that are important to learn to manage a welding workshop, namely financial literacy and digital literacy. Welding workshops have to face various challenges, ranging from fluctuations in market demand to fierce competition. Financial literacy helps in managing risks, while digital literacy enables welding shops to face challenges with innovative solutions. Production innovation is one of the factors that can strengthen the performance of a business in addition to business orientation factors and the application of appropriate business strategies (Mustikowati and Tyasari, 2014). Business owners need to understand how to manage finances well, including an understanding of income, operating costs, expenses for raw materials, equipment, and employee salaries. With a good understanding, workshop owners can allocate resources more efficiently and reduce financial risks. Financial literacy enables workshop owners to create realistic and measurable budgets. By having a good budget plan, owners can prioritize crucial expenses, such as equipment maintenance, procurement of quality raw materials, and investment in employee skill development. A good understanding of financial concepts helps in making informed decisions (OJK, 2016) For example, when considering expanding a workshop, owners can carefully analyze finances to find out if the move is financially viable. A welding workshop may require a large initial investment in equipment and facilities. Financial literacy enables owners to manage debt wisely, evaluate financing options and understand the consequences of any investment decisions.

Digital literacy can be defined as an individual's ability to apply functional skills to digital devices so that he or she can find and select information, think critically, be creative, collaborate with others, communicate effectively, and remain mindful of electronic security and the evolving socio-cultural context (Hague & Payton, 2010). Digital literacy is very important for welding workshops because technology continues to evolve, and its use has permeated various aspects of business including manufacturing industries such as welding workshops. By improving digital literacy within welding shops, companies can gain greater competitive advantage, improve operational efficiency, and adapt to the development of an increasingly digitally connected manufacturing industry. The advantage of using digital technology is that welding workshop businesses can use social media in their marketing. Digital Marketing aims to utilize social media and digital marketing strategies to promote welding shop services, expand customer networks, and increase online visibility. Digital literacy is not just using digital devices, but digital literacy is expected to be able to find and select information, think critically, be creative, collaborate with others, communicate effectively, and keep in mind electronic security and the growing socio-cultural context.

Welding workshop partners have no business planning and business management, especially financial management and the use of digitalization in running their business. Business planning is very important to provide direction for business development towards SMEs that have competitiveness. Competitiveness is influenced by factors of product excellence, innovation, human resource capacity, marketing management, working capital, and professional managers. Partners really need to get training and assistance on business planning, financial literacy and digital literacy so that every business development is more focused and measurable. Partners are very open to suggestions and ideas for business development, but partners feel that they have never received assistance from related agencies, such as the cooperatives and SMEs office to provide direction for business development. In terms of financial management, partners have done bookkeeping, but only record cash inflows and outflows. The partners' business financial management is also still mixed with household finances and based on estimates, so they have not been able to calculate capital, assets, production costs, inventory and business profits with certainty. Financial management is very important to apply, so that it can calculate the development of the amount of capital, assets, and profits obtained in real terms, not just estimates because

they are still mixed with family finances. The problems that are being faced by partners are: Partners do not have business planning for business development, especially for managing finances and promoting through social media so far, the business is still based on orders. The purpose of this activity is to increase partner independence through strengthening financial management and adding knowledge for partners about digitalization. By understanding the importance of good financial management and adopting the right technology, welding workshops can increase their competitiveness, improve operational efficiency, and prepare for the growing industry changes.

### **Method**

The methods developed were counseling, training and mentoring on financial literacy and digital literacy. In this activity, the importance of financial literacy and digital literacy is explained, as well as the benefits obtained in financial management and the application of digitalization to increase income and profits and be able to be competitive. In addition to providing material and training on financial literacy and digital literacy, the solutions offered were also explained. The presence of community service providers at the community service location is carried out in stages, starting from introductions, conveying objectives and permits until all the necessary data is collected.

### **Result**

This activity was attended by the entire service team assisted by students and partners and employees who work in partner SMEs. In the financial literacy training activities explained financial management so as not to become one with family finances and manage the cost of goods and minimize costs in order to obtain maximum profit. Financial literacy training helps in understanding financial statements and business analysis. With a better understanding, welding workshop owners or managers can make more informed decisions in business planning and development strategies. The digital literacy training explained how to utilize social media and digital marketing strategies to promote welding shop services, expand customer networks, and increase online visibility. With good financial and digital literacy, welding workshops can be more responsive to market changes. They can identify new trends, plan appropriate marketing strategies, and adapt their business models according to market needs.

The results of the financial literacy and digital literacy training help improve the competitiveness of welding workshops in the market. With better performance, rapid technology adaptation, and better decisions, they can grow sustainably and expand their business reach. In addition, the outcome of financial literacy and digital literacy training for welding workshops is the ability to better manage their business, utilize technology to improve processes, and maintain competitiveness in an ever evolving and changing business environment.

*Figure 1. Financial Literacy Training*



## Discussion

Financial literacy and digital literacy training are two very important aspects of welding workshops. Since welding workshops are businesses that focus on technical skills in the welding process, additional skills in financial and digital literacy are also necessary. Partners in the financial literacy training understand how to efficiently manage workshop finances, including payments for raw materials, equipment, employee salaries, and more. able to plan budgets, calculate income, and make financial projections for sustainable business growth. Identify financial risks and understand how to manage them. For example, investing in new equipment or technology to improve workshop efficiency. Understand tax regulations and tax compliance required in business.

While the results obtained in participating in Digital Literacy understand the use of technology to improve production processes, inventory management, and sales. Utilize digital platforms to promote workshop services, expand customer networks, and increase sales. Able to manage customer data, inventory, and workshop operations efficiently through the use of digital technology. With financial literacy training, workshop owners and employees can better manage workshop finances, make more informed decisions in financial planning, and minimize unnecessary financial risks (Aribawa, 2016). Meanwhile, digital literacy will enable workshops to utilize modern technology, improve efficiency, access a wider market through online platforms, and keep information and workshop systems safe from cyber-attacks. The combination of these two literacies will help welding shops become more competitive, efficient and sustainable in the long run. It can also enhance better decision-making capabilities and improve services to customers.

*Figure 2. Digital Literacy Training*



## Conclusion

Mastery of literacy in all aspects of life is indeed a staple in the progress of a nation's civilization. The combination of financial literacy and digital literacy gives welding workshops a competitive advantage in an ever-evolving market, allowing them to adapt to technological changes and demands. Thus, financial literacy and digital literacy training not only adds value

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to the welding shop in terms of operational effectiveness, but also promotes sustainable business growth and enhances competitiveness in a changing business environment.

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