

Financial Performance Evaluation as a Strategy for Developing MSMEs: A Study on Arista Straike Blater Fishing

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Abstract

This article aims to analyze financial management and its impact on the development of MSMEs, with a case study on the Arista Straike Blater Fishing business. The main focus of this study is the challenges in manual financial recording that are inefficient and risk the accuracy of financial reports, as well as how these limitations affect strategic decision-making and the sustainability of business operations. This study uses a qualitative method with a descriptive approach. Data were collected through in-depth interviews with owners, managers, and financial staff, as well as direct observation of operational processes and interactions with customers. The analysis was carried out using a thematic approach to identify patterns in financial management and their impact on the business. The results of the study indicate that good financial management, especially in terms of cash flow control, budget planning, and financial report recording, contributes significantly to improving business operations and service quality. In addition, effective financial management supports strategic decision-making, such as investment in facilities and the introduction of new products, which contribute to increasing customer satisfaction and MSME business development. The implications of this study emphasize the importance of financial literacy for MSME owners to improve the efficiency of financial recording and reduce the risk of errors in financial reports. Key recommendations include investing in a digital recording system to improve accuracy and efficiency and financial literacy training for business actors. Further research is recommended to explore external factors that influence the effectiveness of MSME financial management, such as government regulations and access to financing.

Keywords: Financial Performance of MSMEs; MSME Development Strategy; MSME Business Development.

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INTRODUCTION

MSMEs (Micro, Small, and Medium Enterprises) play an important role in the Indonesian economy, making significant contributions to economic growth and employment. However, many MSMEs face challenges in managing financial aspects effectively, which in turn can affect business development strategies. Good financial management can support business stability and sustainability, while poor management can be an obstacle to achieving long-term goals (Sari, 2022). Several studies show that MSMEs often face problems in preparing accurate financial reports, efficient cash management, and mature financial planning, which affects their ability to survive and grow (Susanti, A., & Oktafia, 2020). Previous research on the financial performance of MSMEs has focused largely on its influence on profitability and operational efficiency (Mahendra, I., & Sutanto, 2021). Nugrahani, D., & Wulandari (2022), this article discusses the relationship between effective financial management and the development of MSMEs.

This study found that good financial management can accelerate business development by increasing operational efficiency and better decision-making capabilities. Hidayat, M., & Prabowo (2020), this article discusses the importance of healthy financial management in developing MSMEs. Proper management can increase the competitiveness of MSMEs and support business sustainability, both financially and operationally. Widodo, S., & Santoso (2019), this study reviews how good financial management plays an important role in supporting the sustainability of MSME businesses. Focus on cash management, accurate record keeping, and mature financial planning are the keys to maintaining and growing a business (Rahmadani, I., & Haryono, 2021). This article analyzes the role of financial performance in supporting the right decision-making in the development of MSMEs. Strong financial performance allows entrepreneurs to make better strategic decisions, reduce risks, and increase profitability (Andriani, N., & Kurniawati, 2022). This study highlights the challenges faced by MSMEs in financial management in the digital era, such as the use of accounting software, digital payments, and automated financial reporting.

Most research on the financial performance of MSMEs focuses on technical, managerial, or financial aspects, such as profitability and operational efficiency (Firdaus, S., & Wibowo, 2021). However, there are still limited studies that comprehensively examine how financial performance affects long-term business development strategies. This study highlights the importance of external and internal factors in influencing MSME financial performance (Rahayu, S., & Dewi, 2020). This study examines the direct impact of financial management on MSME business performance. The results of the study indicate that efficient financial management can increase productivity, cost control, and MSME business profits (Setiawan, A., & Herlina, 2021). This article discusses the relationship between financial management and operational efficiency in MSMEs. Proper financial management, such as cost control and asset optimization, can improve operational efficiency and strengthen the position of MSMEs in the market (Kurniawan, F., & Permatasari, 2020). This study assesses the financial performance of MSMEs using various financial indicators. Proper evaluation of financial performance provides a strong basis for better business decision-making and more effective business development strategies (Yuliana, E., & Prasetyo, 2022). This article discusses the importance of effective financial management in improving the competitiveness of MSMEs. The focus is on how good financial management can support MSMEs in facing the challenges of competition, increasing innovation, and reaching a wider market.

However, there are still few studies that examine the impact of financial performance on the overall business development strategy of MSMEs. Most studies are more focused on technical, managerial, or financial aspects without linking them to long-term business development. Therefore, this study aims to explore more deeply how good financial performance can influence business development strategy decisions in MSMEs, especially in the fishing sector, which has business characteristics with different management. The selection of Arista Straike Blater Fishing as the object of study is relevant because this business is classified as a rapidly growing MSME but still faces challenges in adequate financial management. Various factors such as income fluctuations, operational cost management, and customer satisfaction are aspects that need to be

considered in relation to financial performance and business development strategies. This study is expected to provide a clearer picture of the relationship between financial performance and MSME business development, as well as provide useful recommendations for other MSME entrepreneurs in formulating effective financial management strategies. This study focuses on the analysis of MSME financial performance and its impact on business development strategies, with a case study on Arista Straike Blater Fishing. This MSME was chosen because it has experienced rapid development but still faces challenges in optimal financial management. Factors such as revenue fluctuations, operational costs, and customer satisfaction are important aspects that will be studied in relation to business strategy.

This study aims to analyze the financial performance of Micro, Small, and Medium Enterprises (MSMEs) in the fishing sector and evaluate how financial management contributes to business development strategies. By understanding the financial aspects that affect business operations and growth, this study also seeks to provide insight into the important role of financial management in supporting the sustainability and expansion of MSMEs.

In an effort to gain a deeper and more comprehensive understanding, this study will involve various stakeholders, including MSME owners or managers, financial staff, and customers. Through this approach, the study not only explores the challenges and opportunities in MSME financial management but also identifies the best strategies that can be applied to improve the competitiveness and resilience of businesses in the fishing sector.

RESEARCH METHODS

This study aims to analyze the influence of financial management on the development of MSMEs, with a focus on the Arista Straike Blater Fishing business. This study uses a qualitative approach with in-depth interview techniques as the main data collection method (Zaini et al., 2023).

The subjects in this study consisted of three main informant groups, namely

1. Owner or Manager of MSMEs
Provides insight into business strategies and financial management applied in business.
2. Finance Staff or Accountant
Provides technical information on financial management, including financial reporting and monitoring performance indicators.
3. Customer
Providing a customer perspective on their experience and satisfaction with the services provided by MSMEs.

The tools used in this study are

1. Interview Guide
Each group of informants will be interviewed using a previously prepared interview guide to ensure relevance to the topic of financial management and MSME development.
2. Audio Recorder
To record interviews accurately and facilitate data transcription.
3. Questionnaire
To support the interview, several questions will also be asked in written form, which can provide additional data related to financial management.

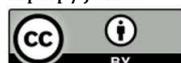
This study uses a qualitative case study design, where data is collected through in-depth interviews with selected informants (Hardiansyah, 2012). This case study aims to gain a deeper understanding of how financial management affects the development of MSME businesses.

Sampling using purposive sampling technique, where informants are selected based on criteria relevant to the research topic. The criteria for selecting informants include:

1. Owners or managers of MSMEs who are directly involved in managing business finances.
2. Financial staff or accountants who are responsible for preparing financial reports.
3. Customers who can provide perspective on the impact of financial management on service and product quality.

The variables that will be measured in this study include:

1. Financial Management



Related to how a business manages financial resources, including budget planning, cash management, and financial reporting.

2. Financial performance

Measured based on indicators such as profit, cash flow, and cost efficiency that can show how business finances are managed.

3. Development of MSMEs

Relating to the strategies implemented to develop the business, both in terms of products, services, and market reach.

4. Customer satisfaction

Measured through customer perceptions of the quality of products and services provided by the business, which can be influenced by good financial management.

Data will be collected through in-depth interviews with interview guides that have been prepared for each group of informants. This interview aims to obtain information about financial management strategies and their impact on MSME development and customer experience.

The data obtained from the interview will be analyzed using thematic analysis. This analysis process involves the following steps.

1. Transcription of interview results.

2. Coding data to identify themes or patterns relevant to financial management and business development.

3. Organize findings based on emerging themes and relate them to existing literature.

Since this study uses a qualitative approach, the statistical model used focuses more on thematic analysis than quantitative analysis. The interview results will be described in narrative form that describes the influence of financial management on the development of MSMEs.

Table 1. Informants and Interview Questions

| Respondent Group | Number of Informants | Sample Interview Questions |
|-----------------------------|----------------------|---|
| Owner or Manager of MSMEs | 1 person | 1. What is the main focus of financial management in this business? 2. How to measure business financial performance? 3. What are the main challenges in managing MSME finances? 4. How does financial performance affect business development strategy decisions? |
| Finance Staff or Accountant | 1 person | How do you manage financial reports for this business? What are the financial performance indicators monitored? What are the challenges faced in preparing financial reports in this MSME? Do you feel that financial performance has an impact on business development strategy? |
| Customer | 3 people | How was your experience during your visit to Arista Straike Blater Fishing? What makes you choose another place? Did you feel there was a change in the quality of service or product during your visit? In your opinion, is this business developing well based on the services provided? |

This research method is designed to provide a comprehensive picture of how effective financial management can affect the development of MSMEs. Through in-depth interviews and thematic analysis, this study will produce findings that can be used to improve financial management and MSME development strategies in the future.

RESULTS AND DISCUSSION



Based on the results of interviews with the owner and manager of UMKM Pemancingan Arista Straike Blater, it was determined that financial management is a major aspect of ensuring smooth operations and business sustainability. Business owners emphasize the importance of cash flow control as a primary step to maintain financial stability, while budget planning is carried out to ensure efficient and structured use of resources. They routinely monitor cash flow to avoid deficits and ensure that available funds are used optimally.

Interview results show that good financial management is a major factor in maintaining business stability. Owners and managers emphasize the importance of cash flow control and budget planning to ensure efficient use of resources. Finance staff also observed that accurate financial reporting plays a key role in transparency and strategic decision making.

Table 2. Comparison of Financial Indicators Before and After Improvement

| Financial Indicators | Before Repair | After Repair | Change |
|----------------------|---------------|--------------|--------|
| Net Profit (Rp) | 15,000,000 | 16,500,000 | +10% |
| ROI (%) | 8% | 9.5% | +1.5% |
| Income (Rp) | 100,000,000 | 110,000,000 | +10% |
| Expenditure (Rp) | 85,000,000 | 88,000,000 | +3.5% |

From the data above, it can be seen that there was an increase in net profit of 10%, as well as an increase in ROI of 1.5% after improvements in financial management.

Business visitors also felt the positive impact of this improved financial management. They noted improvements in the quality of facilities, such as a cleaner and more comfortable fishing area, improvements in infrastructure, such as seating and lighting, and the provision of better fishing equipment. In addition, the quality of food and beverages provided has also improved, both in terms of taste, cleanliness, and a wider variety of menus. These improvements directly contribute to a more enjoyable customer experience, increasing repeat visits and encouraging recommendations from customers to other potential visitors.

In addition, better financial management results in higher operational efficiency. For example, more planned budget allocation allows businesses to improve employee training in providing faster and more responsive service. With good cash flow management, businesses can avoid delays in procuring raw materials and equipment, so that service quality remains consistent.

As an illustration, the following is a table showing the influence of various aspects of financial management on business development:

Table 3. Financial Management and Its Impact on Service Quality

| Managed Aspects | Influence on Business Development |
|--|---|
| Cash Flow Control | Ensure smooth business operations by maintaining a balance between income and expenses. This also avoids liquidity constraints that can hinder the purchase of raw materials or investment in facilities. |
| Budget Planning | Allocating resources more efficiently and in a planned manner, enabling investment in facility improvements, product quality improvements, and employee training. |
| Financial Report Recording | Increase transparency and accuracy of financial reports, make it easier for business owners to make data-based decisions, and increase the trust of stakeholders such as business partners and potential investors. |
| Accounts Payable and Receivable Management | Maintain financial stability by ensuring timely payments and avoiding excessive debt accumulation so that the business can continue to grow healthily. |
| Investment in Financial Technology | Optimizing efficiency through the use of digital recording systems that reduce manual recording errors and speed up the financial reporting process. |

Source: Owner and Finance Staff Interviews

Based on the data above, it can be seen that every aspect of financial management has a significant contribution to business development, both in terms of operations, services, and long-



term planning. Therefore, business owners are advised to continue to improve the financial system, including increasing financial literacy for staff and adopting technology that can speed up and simplify the financial administration process. Top of Form

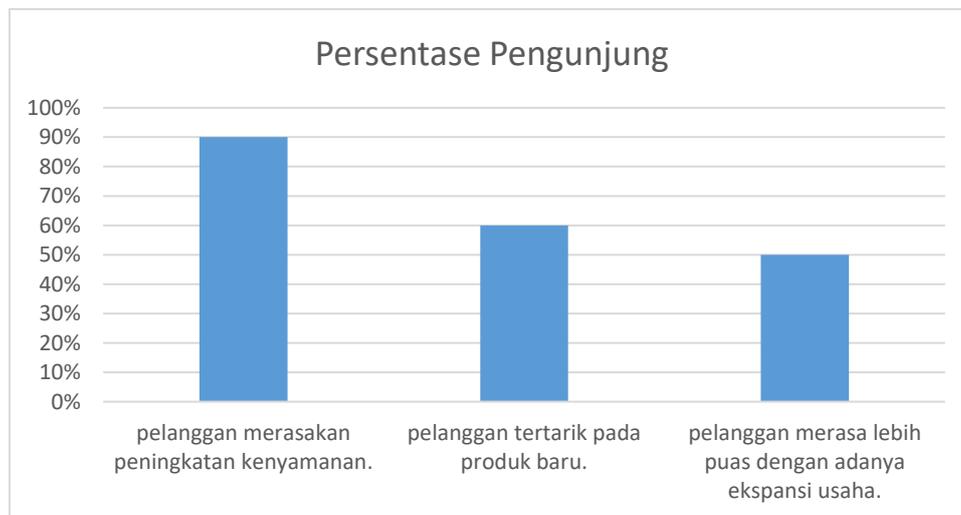
Based on interviews with owners and managers, good financial management also influences strategic decision-making in business development. Business owners revealed that good financial management allows them to allocate funds for investment in facility improvements and new product innovations. Every major strategic decision, such as business expansion or the introduction of new products, is always preceded by an evaluation of the financial condition to ensure that the move will not burden the business' finances excessively. Customers who were interviewed also felt the impact of these decisions. They revealed that better product quality and service were the reasons they continued to visit. This indicates that good financial management supports the sustainability and development of a more sustainable business, which ultimately has an impact on customer satisfaction.

Table 4. Financial Management and Strategic Decision Making

| Strategic Decisions | Impact on Business |
|---------------------------|---|
| Investment in Facilities | Increase customer comfort and satisfaction. |
| New Product Introduction | Attract new customers and increase business attractiveness. |
| Business Expansion | Expanding markets and increasing revenue |

Source: Interviews with MSME Owners and Managers

Based on the interview results, many customers felt the positive impact of better financial management. In particular, the quality of service has increased significantly. Based on the data collected, the percentage of visitors who felt improvements in various aspects of service is as follows.



Graph 1. Visitors

- 1) Improved cleanliness of facilities: 80% of visitors stated that the facilities were cleaner.
- 2) Improving food quality: 70% of visitors felt the food quality had improved.
- 3) Increased speed of service: 75% of visitors expressed faster service.

Finance staff monitor several key financial performance indicators, and better management leads to improvements in these indicators. Financial reports show that net income increased by 10% after the changes to better financial management. In addition, the return on investment (ROI) ratio and the ratio of income to expenses also improved significantly, but more detail on these ratios would clarify the positive impact of financial management.

Strategic decisions taken after better financial management have a significant impact on business development. Based on interviews with owners and managers, the impact of strategic decisions on business is as follows:



Chart 2. Strategic Decisions

1. Investment in facilities: 90% of customers feel increased comfort.
2. Introduction of new products: 60% of customers are interested in new products.
3. Business expansion: 50% of customers feel more satisfied with business expansion.

One of the challenges found in this study is the staff's manual recording system. As many as 80% of staff felt that the limitations of the manual recording system affected the accuracy of financial reports and caused delays in the reporting process. This shows the importance of investing in a digital accounting system to improve efficiency and accuracy in financial recording.

CONCLUSION

The results of this study indicate that good financial management has a significant impact on the development of UMKM Pemancingan Arista Straike Blater, both in terms of operational aspects, strategic decision-making, and customer satisfaction. Effective cash flow control allows businesses to optimize fund allocation and maintain financial stability, which has a direct impact on improving the quality of facilities, services, and products offered. After improvements in financial management, the business's net profit increased by 10%, while 80% of customers felt an increase in the cleanliness of the facilities, 70% acknowledged an increase in food quality, and 75% felt that the service was faster than before.

However, this study also found that manual financial recording systems are still a major challenge in maintaining the efficiency and accuracy of financial reports. As many as 80% of finance staff stated that manual recording systems often cause delays in reporting and increase the risk of recording errors. Therefore, investment is needed in a digital accounting system that can automate the financial recording process, improve operational efficiency, and minimize the potential for errors.

In addition, the main recommendation of this study is not only to focus on the implementation of digital recording systems but also to improve financial literacy for MSME owners and financial staff. Training and mentoring programs related to technology-based financial management can help MSMEs adopt new systems more effectively so that they not only increase financial transparency but also support more appropriate business decision-making. With these steps, MSMEs can be better prepared to face future business challenges and increase their competitiveness in an increasingly competitive industry.

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