ABNUS JOURNAL
Your Research Partner
Jurnal Teknika dan Informatika (JTI)
E-ISSN: 2797-0000 | Vol. 2, No. 2 (2022) | pp. 83-97

Financial Management of the Deppa Te'tekan MSME in Keppe, Enrekang Regency

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Received: 8 September 2022 | Revised: 23 September 2022 | Revised: 12 October 2022 | Published: 5 November 2022

Abstract

Purpose: This study aims to examine the financial management of the Deppa Te'tekan Micro, Small, And Medium Enterprise (MSME) in Keppe, Enrekang Regency, focusing on capital sources, cash flow, and the constraints faced by the business owner.

Methodology: The study uses a qualitative descriptive approach through interviews, observation, and documentation of the business owner's financial records, analyzed through data reduction, data display, and conclusion drawing.

Results: The MSME began operations with an initial capital of IDR3,500,000 sourced from family assistance, without any bank or cooperative financing. Within a single production period, estimated income reached IDR46,000,000 against total expenses of IDR36,072,000, yielding an estimated gross profit of IDR9,928,000. Cash flow recording remains simple and estimation-based, without a standardized separation of cost categories. Key constraints include uncertain daily income, minimal detailed production cost recording, and dependence on self-financed capital.

Conclusions: The business's continuity for over a decade has been sustained by market loyalty and business experience rather than by systematic financial governance.

Limitations: This study focuses on a single MSME with data drawn from only one production period, so its findings cannot be broadly generalized.

Contributions: This study enriches the literature on MSME financial management by providing empirical insight into a traditional culinary micro-enterprise, and offers a reference for business owners and local government in strengthening financial governance for similar traditional food enterprises.

Keywords: *Capital Sources, Cash Flow, Financial Constraints, Financial Management, Traditional Culinary MSME*

How to Cite: Meylani, A., & Rayyani, W. O. (2022). Financial Management of the Deppa Te'tekan MSME in Keppe, Enrekang Regency. *Jurnal Teknika dan Informatika (JTI)*, 2(2), 83-97.

1. Introduction

Amid increasingly competitive business conditions, the continuity of Micro, Small, And Medium Enterprises (MSMEs) is shaped not only by product quality but also by the owner's ability to manage finances effectively. Sound financial management is an important factor in maintaining smooth business operations, since it helps MSME operators arrange capital sources, control expenditure, and make optimal use of business revenue. Routine recording of income and expenditure further allows business owners to understand their actual financial condition so that better decisions can be made. Conversely, poorly managed cash flow can disrupt operations and even hinder business continuity even when sales levels are relatively high (Kaban & Safitry, 2020). In other words, an MSME operator's capacity to manage finances in an orderly manner is not merely an administrative matter, but a central determinant of whether a micro-enterprise can survive over the long term or instead stagnate due to unclear cash flow.

In practice, micro-scale MSME operators, including those producing traditional cakes and snacks, continue to face a range of challenges in managing their business finances. Suboptimal financial management can render cash flow unstable, limit access to financing sources, and reduce an operator's capacity to take advantage of market opportunities. This condition can ultimately hinder business growth and increase the risk of disrupted business continuity (Dahrani, Saragih, & Ritonga, 2022). These challenges become increasingly complex when business operators lack a formal educational or training background in accounting, so that financial management relies more heavily on intuition and experience than on standardized recording principles.

These problems are further compounded by the common habit among MSME operators of not separating personal and business finances, alongside continued low application of systematic financial transaction recording. Research conducted on MSMEs in East Medan Subdistrict finds that most business operators still rely on memory to record transactions rather than maintaining written bookkeeping (Ritchi, Azis, Adrianto, Setiono, & Sanjaya, 2020). As a result, operators experience difficulty monitoring their financial condition and accurately evaluating business performance. This habit ultimately makes it difficult for operators to assess their business's financial performance objectively, since no historical data exists that could serve as a basis for comparison or evaluation from one production period to the next. This pattern of limited accounting information use has also been documented in Indonesian contexts specifically linking entrepreneurs' education level and accounting literacy to the growth and sustainability of their small and medium enterprises (Surya, Hernita, Salim, Suriani, Perwira, Yulia, Ruslan, & Yunus, 2022).

One of the MSMEs examined in this study is Deppa Te'tekan, located in Keppe, Enrekang Regency, which operates in the production of traditional cakes. This is a home-based enterprise run with initial capital from family, without involving any formal financial institution. As the business has developed, it has continued to rely on sales proceeds as its source of working capital. Even so, the financial management applied remains simple and has not been systematically documented, particularly in recording cash flow and operational costs (Nurul Izzati, Nuddin, & Arman, 2021). Deppa Te'tekan was selected as the object of this study partly because the business has survived for more than a decade without formal financing support, making it worth examining more closely with respect to the financial management pattern that has enabled this continuity.

Based on the foregoing, this study aims to examine in depth the financial management of the Deppa Te'tekan MSME in Keppe, Enrekang Regency, focusing on three main aspects: sources of business capital, cash flow management, and the constraints faced by the operator in managing business finances. This study is expected to provide a realistic picture of financial management practices among micro-scale traditional culinary MSMEs, while also serving as evaluative material for business operators seeking to improve financial governance for greater sustainability.

Although prior research has examined MSME financial management, accounting literacy, and financial constraints extensively for MSMEs in general, and for the culinary sector more broadly, studies specifically examining financial management practices among traditional, regionally distinctive culinary MSMEs, such as Deppa Te'tekan in Enrekang Regency, remain very limited. This represents the research gap this study seeks to fill. The novelty of this study lies in its close, single-case examination of how a micro-enterprise producing a culturally specific traditional product has sustained itself for over a decade despite financial management practices that fall well short of standard accounting norms, offering a level of contextual detail that broader, multi-MSME survey studies typically cannot capture. Building on this rationale, the purpose of this study is to analyze in depth the financial management of the Deppa Te'tekan MSME, with a view toward enriching the literature on traditional culinary MSME financial management and providing an evaluative reference for business owners seeking more sustainable financial governance.

2. Literature Review

2.1 The Concept of Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, And Medium Enterprises (MSMEs) are one of the main pillars supporting the Indonesian economy. MSMEs play an important role in national economic welfare, whether through employment absorption, income distribution, or the creation of economic added value at the local level (Nursini, 2020). The classification of MSMEs in Indonesia is regulated under Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, which distinguishes business categories based on net worth and annual sales results. Micro-scale enterprises, such as the Deppa Te'tekan MSME examined in this study, are generally managed individually or by family, with limited operational scale but a substantial role in sustaining household economies at the village level. This strategic role of MSMEs is felt even more strongly in rural areas, where formal employment opportunities remain limited, making household-based micro-enterprises one of the primary alternative sources of livelihood for local communities.

2.2 Sources of Micro-Enterprise Capital

Capital is a fundamental element in establishing and running a business. MSME capital sources can come from personal capital, family assistance, or external financing such as bank or cooperative loans. In practice, not all MSMEs have easy access to formal financing. Sharia Microfinance Institutions (*Lembaga Keuangan Mikro Syariah* or LKMS), for instance, exist as an alternative solution for MSMEs facing difficulty meeting credit requirements from conventional banks, given their relatively simpler application process (Paramita & Zulfa, 2018). Beyond formal institutional design, cross-country evidence also shows that financial literacy itself is a driver of financial inclusion, since better-informed business owners make fuller use of the financial services available to them (Grohmann, Klühs, & Menkhoff, 2018). Even so, many micro-scale MSME operators actually rely more on personal capital or family assistance than on financing from formal financial institutions, given the limited administrative requirements involved and concerns regarding debt risk. This absence of access to formal financing indirectly shapes a closed and self-reliant pattern of capital management, in which business operators tend to limit their production scale to match available capital capacity, rather than expanding the business through external financing.

Capital constraints frequently become a significant obstacle for MSMEs in developing their businesses. Many MSMEs struggle to meet the requirements of formal financial institutions to obtain loans, and therefore often rely on informal financing that carries higher risk (Hassan, Alshater, Hasan, & Bhuiyan, 2021). Under these conditions, business operators tend to use sales proceeds as an independent source of additional working capital, rather than seeking external financing. This creates a kind of constraint cycle, in which a business lacking access to formal financing tends to grow slowly, while that slow growth itself makes it increasingly difficult for the business to meet the administrative requirements demanded by formal financial institutions.

2.3 Cash Flow Management in MSMEs

Cash flow is one of the primary indicators of a business's financial health. Effective cash flow management helps MSMEs manage expenditure and income more efficiently, enabling them to maintain liquidity and capitalize on available business opportunities (Hassan, Alshater, Hasan, & Bhuiyan, 2021). Cash management in MSMEs generally consists of cash planning, cash monitoring, and cash control, all of which rest on consistent recording of financial transactions. Beyond liquidity considerations, consistent cash flow management also allows business operators to identify seasonal patterns in sales, enabling them to anticipate working capital needs during particular periods, such as ahead of religious holidays or the holiday season.

Unfortunately, sound cash flow management is not a common practice found among micro-scale MSMEs. Research on culinary MSMEs in Palopo City shows that the financial management of daily-income-based culinary business operators remains informal and unsupported by routine recording, with the result that business capital, profit, and household consumption needs are difficult to clearly separate (Purnama, Muchlis, & Wawo, 2019). A similar study on food-stall MSMEs in Pekanbaru City found that most business operators had not separated business financial recording from personal finances (Handayani & Hidayah, 2020). This condition reinforces the finding that culinary-sector MSME operators, including home-based businesses producing traditional products, generally manage cash informally based purely on daily needs, rather than on systematic planning and recording. This phenomenon shows that the cash flow problem among micro MSMEs is not solely a matter of insufficient profit, but rather the absence of a recording system that would allow business owners to consistently separate business funds, profit, and personal needs over time.

2.4 Accounting Recording and Financial Accounting Standards for MSMEs (SAK EMKM)

The government, through the Indonesian Institute of Accountants, has issued the Financial Accounting Standard for Micro, Small, and Medium Entities (*Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah* or SAK EMKM) to make it easier for MSMEs to prepare and present financial statements in a simple and easily understood manner (Manehat & Sada, 2022). Even so, the implementation of SAK EMKM at the micro MSME level remains very low in practice. Research on Ligastore MSME in Makassar finds that the business operator had not applied SAK EMKM to its financial statements, whether in terms of recording, summarizing, or reporting, and only produced simple sales reports that did not meet the required accounting standard (Satria & Hendyka, 2020). A study on motorcycle repair shop MSMEs likewise found similar obstacles in applying SAK EMKM, generally caused by business operators' limited understanding of formal accounting standards (Muslichah, Sunarto, Kusnanto, Indrawati, & Hariyanto, 2020). The gap between the availability of simplified accounting guidelines and the low level of their application in the field indicates that the core problem lies not in the absence of standards, but in the limited capacity and awareness of micro-business operators in applying them consistently.

Research on 30 MSME operators in East Medan Subdistrict reveals a phenomenon relevant to the general problems faced by micro MSMEs: as many as 93 percent of business operators do not record transactions at all, 100 percent do not prepare financial statements, and all respondents (100 percent) acknowledge experiencing difficulty in preparing their business's financial statements (Ritchi, Azis, Adrianto, Setiono, & Sanjaya, 2020). MSME operators generally prioritize experience and memory in managing business transactions over consistent written recording. This mindset is consistent with findings that entrepreneurs with lower levels of formal education tend to have less adequate preparation and use of accounting information compared with entrepreneurs with higher formal education (Surya, Hernita, Salim, Suriani, Perwira, Yulia, Ruslan, & Yunus, 2022). This low level of accounting-record application is not simply a matter of unwillingness; it also reflects the limited time and energy micro-business operators must divide between daily production activity and financial administrative matters considered less urgent.

Yet the use of sound accounting information has been shown to contribute to business success. Research on garment production centers in Tingkir Subdistrict, Salatiga City, finds that the use of accounting information has a positive effect on the success of small and medium enterprises (Wibowo & Kurniawati, 2016). This finding is reinforced by research on MSMEs in Alok Subdistrict, Sikka Regency, which likewise shows a positive effect of accounting information use on MSME success (Mokodompit, Rahmawati, & Abdullah, 2019). Conversely, business environment uncertainty also moderates the extent to which accounting information is actually used by MSME operators in decision-making (Ginanjar & Kassim, 2020). This underscores that improving accounting literacy is not solely a matter of providing technical recording training, but also needs to be accompanied by sustained mentoring so that recording habits genuinely become embedded in the daily practice of micro-business operators.

2.5 Constraints in Financial Management Among Micro MSMEs

A range of prior studies consistently identify the financial management constraints faced by micro-scale MSMEs. First, the mixing of personal and business finances. Many micro MSME operators do not separate business interests from personal needs, on the assumption that since the business is their own, its income can be used for any purpose (Ritchi, Azis, Adrianto, Setiono, & Sanjaya, 2020). This condition is also found in MSME financial management practices in Bantul Regency, where business owners frequently struggle to separate business cash flow from household needs (Ruscitasari, Nurcahyanti, & Nasrulloh, 2022). This mixing of finances ultimately makes it difficult for operators to determine precisely how much real profit their business generates, since a portion of business income has already been used for household needs without being recorded as a business expense.

Second, minimal financial literacy. Low financial literacy results in many MSMEs being suboptimal in allocating capital and vulnerable to financial problems when facing changing market conditions (Dahrani, Saragih, & Ritonga, 2022). Sound financial literacy, conversely, has been shown to play a role in driving MSME growth through the mediation of better cash management (Maharani & Rita, 2018). This finding is consistent with research on MSMEs in Sidoarjo demonstrating that financial literacy and financial inclusion have a positive effect on MSME performance (Septiani & Wuryani, 2020). Adequate managerial capability and financial literacy, accompanied by appropriate risk mitigation, have also been shown to contribute to the sustainability of micro, small, and medium enterprises (Yusfiarto, Pambekti, Setiawan, Khoirunnisa, & Nugraha, 2022). In the context of the Deppa Te'tekan MSME, the absence of adequate financial literacy is also reflected in how the owner estimates production costs based solely on years of experience, without written records that could serve as a reference for subsequent periods.

Third, uncertainty of daily income. Home-production-based micro-enterprises, particularly in the traditional culinary sector, generally face unpredictable demand fluctuations between ordinary days and specific days (such as holiday seasons or market days), making cash flow planning more difficult to carry out consistently (Purnama, Muchlis, & Wawo, 2019). This uncertainty in turn forces business operators to remain flexible in managing daily expenditure, while on the other hand also making it difficult to develop production targets or raw material requirement projections in a more planned and efficient manner.

Fourth, the absence of detailed production cost recording. The pattern of purchasing raw materials in large quantities at once, without detailed recording per production period, makes it difficult for business operators to accurately calculate the Cost of Goods Manufactured. Without complete bookkeeping data, it becomes difficult to determine production prices accurately and to know the precise magnitude of business profit or loss (Ritchi et al., 2020). Accurate Cost of Goods Manufactured calculation is an important basis for MSMEs in setting an appropriate selling price, so that business profit can be determined objectively rather than based merely on estimation (Hidayat & Nugroho, 2020). Without a clear Cost of Goods Manufactured calculation, business operators also risk setting an uncompetitive selling price, either too low, eroding profit margin, or too high, potentially losing competitiveness relative to similar products from other MSMEs.

Based on the literature review above, it can be concluded that a gap exists between the importance of sound financial management for MSME continuity and actual field practice, which remains far from adequate accounting recording standards, particularly among micro-scale MSMEs based on traditional culinary products such as Deppa Te'tekan. Prior research has extensively discussed culinary MSMEs in general, but specific studies examining financial management among traditional, regionally distinctive culinary product MSMEs, such as Deppa Te'tekan in Enrekang Regency, remain very limited. This is the research gap this study seeks to fill.

3. Research Methodology

This study uses a qualitative approach with a descriptive research type. This approach was chosen because the study aims to describe and understand in depth the phenomenon of financial management at the Deppa Te'tekan MSME in Keppe Village, Enrekang Regency, as it actually occurs in the field, without intending to test hypotheses or conduct statistical generalization. This approach was also considered most appropriate for uncovering the meaning behind the financial practices carried out by the business owner, including the considerations and reasoning underlying each financial decision made throughout the course of running the Deppa Te'tekan business.

The research was conducted at the Deppa Te'tekan MSME located in Keppe, Enrekang Regency, South Sulawesi Province. The research subject (informant) was the MSME owner, Mr. Sul Kifli (37 years old), who has run the production and sale of Deppa Te'tekan since 2012, along with family members involved in the business's daily operations. This informant was selected based on the consideration that Mr. Sul Kifli is the party most familiar with the intricacies of the business's financial management since its founding, so the information obtained was expected to provide a comprehensive picture of actual conditions.

The data used in this study consist of primary and secondary data. Primary data were obtained directly through interviews with the owner and family members managing the Deppa Te'tekan MSME, from direct observation of the business's financial management practices, and from documentation of the MSME's simple financial records (handwritten notes on income and detailed production costs). Secondary data were obtained from library research in the form of scientific journals and prior research relevant to the topic of MSME financial management. The use of secondary data from library research was also intended to strengthen the interpretation of field findings, while ensuring that this study's results could be contextualized with conditions among similar MSMEs in other regions previously examined.

Data collection was carried out through three main techniques. First, in-depth interviews were conducted with the main informant, Mr. Sul Kifli as the Deppa Te'tekan MSME owner, along with a family member who also helps manage the business. Interviews were conducted directly at the Deppa Te'tekan production and sales location in Keppe, Enrekang Regency, across two visits of approximately 45-60 minutes each, covering business capital sources, sales mechanisms, income and expenditure patterns, and constraints faced in managing business finances. Second, observation involved direct observation of Deppa Te'tekan's production and sales activity, including raw material purchasing patterns and how the business operator records financial transactions. Third, documentation involved collecting data in the form of the MSME's written daily financial records, covering cash inflow notes from sales proceeds and cash outflow notes for raw material purchases and operational costs, which recorded estimated income and detailed production cost items within a single production period. These three data collection techniques were used in a complementary manner, so that information obtained through interviews could be strengthened or confirmed through direct observation results as well as documentation evidence held by the business owner.

Data analysis was carried out descriptively and qualitatively through three stages according to the interactive analysis model: data reduction, data display, and conclusion drawing. Data from interviews and financial record documentation were reduced to focus on the study's three main aspects: capital sources, cash flow, and financial management constraints. The data were then presented narratively and in table form to facilitate interpretation, before conclusions were finally drawn regarding the financial management pattern of the Deppa Te'tekan MSME in Keppe, Enrekang Regency. The analysis process was carried out iteratively between the reduction, display, and conclusion-drawing stages, so that the resulting interpretation genuinely reflects the financial management pattern found in the field, rather than merely the researcher's initial assumptions.

4. Results and Discussions

4.1 Result

4.1.1 Profile of the Deppa Te'tekan MSME in Keppe

The Deppa Te'tekan MSME examined in this study is managed by Mr. Sul Kifli (37 years old) together with family members, and has operated since 2012, or approximately 13 years by the time this study was conducted. This business operates in the production and sale of Deppa Te'tekan, a traditional cake distinctive to Enrekang Regency made from rice flour, palm sugar, cooking oil, and sesame seeds. As a micro-scale home-based business, this enterprise's organizational structure remains very simple, managed directly by the owner together with family members without formal division of labor or workers from outside the family. Despite its micro scale, this business has been able to maintain regular customers for years, an indication that trust and product taste quality play a role no less important than modern marketing strategy in sustaining a traditional culinary business.

Deppa Te'tekan is one of the traditional cakes distinctive to the Enrekang Regency community, produced by local communities, including in Keppe, across generations. The name "Deppa Te'tekan" refers to the cake's shape, cut into elongated pieces resembling its characteristic form, with a sweet and savory taste derived from the combination of rice flour, palm sugar, cooking oil, and sesame seeds. As a culinary product grounded in local wisdom, the existence of the Deppa Te'tekan business contributes to preserving the region's distinctive culinary heritage while also serving as a source of livelihood for micro-business operators in Enrekang Regency (Nurul Izzati, Nuddin, & Arman, 2021).

In terms of business scale, the Deppa Te'tekan MSME is classified as a micro home industry with a production and marketing base that remains local and relies on the loyalty of regular customers. The production process is carried out manually, involving all family members, from the mixing stage through molding, frying, and packaging, without employing workers from outside the family. Product marketing is carried out directly at the production location and through the network of regular customers built over the years, so that the continuity of this business is strongly sustained by market loyalty and product reputation, which is widely known throughout Enrekang Regency (Nursini, 2020). This kind of home-based business pattern also has its own advantage, namely flexibility in adjusting production volume to market demand, even though it simultaneously limits the maximum production capacity achievable within a given period.

4.1.2 Business Capital Sources

Interview results show that the Deppa Te'tekan MSME began its business with an initial capital of IDR 3,500,000, entirely sourced from family assistance. Since the business's founding in 2012 through the time of this study, the owner has never applied for a loan from a bank or cooperative. Additional capital needs to run the business have thus far been met independently through sales proceeds from the previous period, so that the business's working capital is revolving in nature, drawn from sales profit rather than external financing. This absence of formal financial institution involvement is consistent with the general condition of micro-business operators, who tend to avoid debt risk and prefer to maintain their business's financial independence, even if this means limiting the pace of production growth from year to year.

This finding is consistent with the general pattern found among other micro MSMEs, in which the limited administrative requirements of formal financial institutions push micro-business operators to rely more heavily on personal capital, family assistance, or the rotation of business profit (Hassan, Alshater, Hasan, & Bhuiyan, 2021). Non-involvement with formal financing institutions such as banks or cooperatives, while avoiding the risk of debt and loan interest, also limits the business's potential for expansion, since the operator lacks access to working capital on a larger scale to develop production capacity. This condition reinforces the finding that capital constraints are a significant obstacle limiting MSME growth (Hassan et al., 2021). This pattern also shows that business success does not always correlate directly with the size of initial capital, but is instead more strongly determined by the operator's consistency in disciplined working capital rotation from sales proceeds, from one period to the next.

4.1.3 Cash Flow Management

Based on the financial record documentation held by the Deppa Te'tekan MSME, a picture of cash flow within a single production period can be constructed as follows. This cash flow picture is important to understand comprehensively, given that the resulting estimated profit ultimately serves as the sole indicator the business owner uses to assess operational success over a single production period, without a more detailed historical data comparison.

Table 1. Cash flow details of the Deppa Te'tekan MSME in a single production period

Component	Amount (IDR)
Income (estimated)	46,000,000
Rice (rice flour)	9,300,000
Palm Sugar	7,332,000
Cooking Oil	5,740,000
Sesame Seeds	900,000
Plastic Wrap, Packaging, and Other Materials	2,500,000
Other Operational Costs	10,350,000
Total Expenses	36,072,000
Estimated Gross Profit per Period	9,928,000

In terms of sales, the Deppa Te'tekan product is sold at a price of IDR45,000 per package. Daily income received by the business operator is uncertain, with variation in sales quantity between ordinary days and holidays that fluctuates and cannot be precisely predicted. The raw material purchasing pattern is also carried out in large quantities at once, namely two boxes or more for each type of raw material in a single purchase, so that production costs as listed in Table 1 are not calculated in detail per day or per unit of product sold. This condition confirms that although the business has been running for more than a decade, the owner in fact does not yet have adequate financial measurement tools to evaluate production efficiency over time, making it difficult to systematically identify potential profit margin improvements.

The financial records successfully documented show that the estimated gross profit obtained by this MSME within a single production period reached IDR9,928,000, an achievement that is fairly good for a micro home-business scale. Even so, several important notes regarding cash flow governance are worth highlighting. First, income recording is only an estimate, marked with the "±" symbol in the original records, rather than an actual recording of each daily sales transaction, indicating that the business owner does not record daily sales in detail, but only estimates total income at the end of the production period. Second, expenditure items do not follow a standard accounting recording format; the numbering of expenditure items in the records is not even sequential, jumping from the fifth item directly to the seventh, indicating that the recording was done simply and without a review process. Third, no separation exists between direct raw material costs, rice, sugar, oil, sesame, and packaging and other operational costs, so the Cost of Goods Manufactured per unit of cake cannot be determined accurately. In addition, the absence of daily recording also means the business owner cannot precisely identify the highest- or lowest-selling days, so decisions regarding production volume are based more on estimation than on measurable historical data.

This finding is consistent with research on daily-income-based culinary MSMEs in Palopo City, which shows that the financial management of culinary MSME operators generally remains informal and unsupported by routine recording, so that business capital, profit, and consumption needs are difficult to clearly distinguish (Purnama, Muchlis, & Wawo, 2019). A similar pattern was also found among food-stall MSMEs in Pekanbaru City (Handayani & Hidayah, 2020). Thus, although this business generates relatively good profit in nominal terms, the unsystematic nature of its cash flow recording means the owner does not actually have a clear picture of the business's financial condition over time. This condition is consistent with findings that financial inclusion and better financial management have a positive effect on the performance of culinary-sector MSMEs, so that improved cash flow governance has the potential to enhance Deppa Te'tekan business performance going forward (Hertadiani & Lestari, 2021). Accordingly, improved cash flow recording would benefit not only reporting purposes but could also serve as a basis for daily operational decisions, such as determining production volume or more efficient raw material purchase timing.

4.1.4 Constraints in Financial Management

Based on interview and observation results, several main constraints faced by the Deppa Te'tekan MSME in managing its business finances can be identified. The first constraint is uncertainty of daily income. The business owner stated that daily income from Deppa Te'tekan sales is not fixed and continually changes, including inconsistent differences between ordinary days and holidays. This uncertainty makes it difficult for the business operator to develop cash flow projections or short-term financial planning, as also found among other daily-income-based culinary MSMEs (Purnama et al., 2019). This kind of uncertainty forces the operator to remain flexible in managing daily expenditure, but on the other hand also makes it difficult to develop production targets or raw material requirement projections in a more planned and efficient manner.

The second constraint is the absence of production cost recording per period or per unit. Purchasing raw materials in large quantities at once (two boxes or more) without detailed recording makes it impossible for the operator to precisely calculate the production cost for each package of Deppa Te'tekan sold. Without complete bookkeeping data, the operator would find it difficult to accurately determine production price and know the actual magnitude of business profit (Ritchi, Azis, Adrianto, Setiono, & Sanjaya, 2020). This situation also means the owner lacks comparative data to know whether production costs in a given period have increased or decreased relative to the previous period, making it difficult to detect potential cost waste early. This kind of costing gap is a familiar constraint in small-enterprise research more broadly, where limited digital and financial competence has been shown to hinder more efficient resource allocation (Maduku & Kaseeram, 2021; Effendi, Sugandini, & Istanto, 2020).

The third constraint is minimal systematic accounting recording. The financial records held by this MSME, while they exist, remain far from standard accounting recording norms: there is no separation of cost types, no daily recording, and records consist only of an estimate at the end of the period. This condition is commonly found among micro-scale MSMEs, as shown by research on 30 MSMEs in East Medan Subdistrict, where 93 percent of business operators do not record transactions and 100 percent acknowledge difficulty preparing financial statements (Ritchi et al., 2020). This minimal recording also has implications for the absence of written evidence the operator could use if ever seeking financing from a formal financial institution, since the business's financial history is not adequately documented.

The fourth constraint is dependence on self-financed capital without access to formal financing. Because the business has never accessed a bank or cooperative loan, its capacity to expand at a larger scale remains limited to the capital capability of the owner and family, so business growth proceeds organically and relatively slowly. This dependence on self-financed capital, while keeping the business free from debt burden, also means that every decision to increase production capacity must wait for profit to accumulate from the previous period, so the business expansion process proceeds relatively slowly. This capital ceiling is consistent with broader financing-access research on small enterprises, which finds that limited access to external capital, whether conventional or Islamic financing, constrains business scaling regardless of underlying product demand (Fianto, Maulida, & Laila, 2019; Cherqaoui, 2022; Wati, Sumiati, & Andarwati, 2021).

At the same time, it is worth noting that despite facing these various constraints, the Deppa Te'tekan MSME has managed to survive and continue operating for more than a decade (since 2012), while generating a relatively good estimated gross profit within a single production period. This shows that the continuity of a micro-enterprise based on a traditional culinary product does not always depend on the perfection of formal financial governance, but is also supported by other factors such as market loyalty toward a regionally distinctive product, lengthy business experience, and the owner's capacity to adapt to demand fluctuations. The business owner himself expressed hope that the Deppa Te'tekan business could continue to grow and provide blessed results for his family, an indication of optimism that could serve as important social capital for the business's future sustainability, if supported by improved, more systematic financial governance. This combination of customer loyalty, lengthy business experience, and adaptive capacity appears to be the main social capital sustaining the Deppa Te'tekan MSME, amid the minimal application of systematic financial governance.

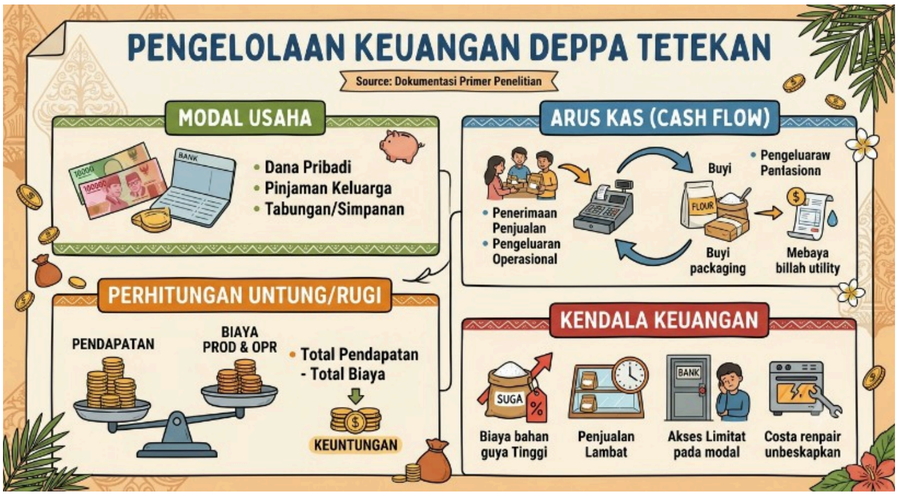

Figure 1. Illustration of Deppa Te'tekan financial management

Figure 1 shows that financial management at the Deppa Te'tekan business is divided into four main components: business capital, cash flow, profit and loss calculation, and the financial constraints faced. This visualization confirms that these four components are interrelated, such that the absence of sound recording in one component, cash flow for instance, also affects the accuracy of other components, such as the business's profit and loss calculation.

Figure 2. The molding and frying process of Deppa Te'tekan

Figure 2 shows the Deppa Te'tekan production process directly at the MSME location. The first stage is dough molding, in which rice flour dough mixed with a palm sugar solution is spread thinly on a stainless steel surface, then cut into elongated pieces using a spatula-like tool. The second stage is frying, in which the dough pieces are fried in a pan containing boiling oil and palm sugar solution over a portable gas stove until they turn dark brown and glossy. The third stage is draining, in which the finished cakes are collected in a woven bamboo basket to drain before being packaged and sold.

This still largely manual, experience-based production process helps explain why production cost recording at the Deppa Te'tekan MSME has not been carried out in detail per unit, as discussed in Sections 4.1.3 and 4.1.4. This production characteristic, so heavily dependent on manual skill and experience, also explains why the business operator relies more on intuition than on standardized measures in determining ingredient proportions or estimating production costs for each production period.

4.2 Discussion

Taken together, the findings reported above point to a coherent picture of a micro-enterprise that has achieved genuine longevity and reasonable profitability despite financial management practices that fall well short of standard accounting norms. The absence of formal financing, discussed in Section 4.1.2, and the estimation-based, non-standardized cash flow recording documented in Section 4.1.3, are not isolated shortcomings but appear to be mutually reinforcing conditions: because the business has never sought formal financing, it has faced no external pressure, whether from a lender or regulator, to adopt more rigorous recording practices, and because its recording practices remain informal, it lacks the documented financial history that would make formal financing more accessible even if the owner wished to pursue it. This mutually reinforcing pattern is consistent with broader MSME research showing that limited access to formal financing and weak financial recording tend to occur together rather than as independent problems (Hassan, Alshater, Hasan, & Bhuiyan, 2021; Dahrani, Saragih, & Ritonga, 2022). Comparable evidence from Indonesian SME performance research similarly finds that financial literacy, digital marketing capability, and entrepreneurial literacy jointly determine business growth outcomes, rather than any single factor acting in isolation (Surya, Menne, Sabhan, Suriani, Abubakar, & Idris, 2021; Hamdana, Pratikto, & Sopiah, 2021; Djakasaputra, Wijaya, Utama, Yohana, Romadhoni, & Fahlevi, 2021).

The specific recording weaknesses identified in Table 1, namely the estimation-based rather than transaction-level income recording, the non-sequential and unreviewed expenditure item numbering, and the absence of separation between raw material, packaging, and operational costs, together explain why the business cannot yet calculate an accurate Cost of Goods Manufactured per unit despite having operated profitably for over a decade. This finding is consistent with research emphasizing that accurate cost calculation is a necessary foundation for setting an appropriate and competitive selling price, since without it, a business risks pricing either too low, eroding its margin, or too high, undermining its competitiveness (Hidayat & Nugroho, 2020). That Deppa Te'tekan has nonetheless remained profitable suggests that its current selling price of Rp45,000 per package happens to sit within a workable range, but the absence of unit-level cost data means the owner cannot know with confidence whether this price is optimally set, nor can he readily identify which specific cost components might offer the greatest opportunity for margin improvement.

The demographic and behavioral pattern observed here, in which a business operator with limited formal accounting exposure relies on experience and intuition rather than written records, is consistent with broader research linking entrepreneurs' education level and accounting literacy to how effectively they prepare and use accounting information in running their business (Surya, Hernita, Salim, Suriani, Perwira, Yulia, Ruslan, & Yunus, 2022). It is also consistent with survey evidence from other Indonesian MSME populations showing strikingly low rates of transaction recording and financial statement preparation even among business operators who recognize the difficulty this creates for evaluating their own performance (Ritchi, Azis, Adrianto, Setiono, & Sanjaya, 2020). Read alongside evidence that accounting information use is positively associated with small business success in other

Indonesian regional contexts (Wibowo & Kurniawati, 2016; Mokodompit, Rahmawati, & Abdullah, 2019), this pattern suggests that Deppa Te'tekan's financial management practices, while functional enough to sustain the business thus far, likely leave meaningful performance gains on the table relative to what more systematic recording could unlock. This link between organizational capability and information use also echoes public-sector performance research, which finds that the value of any performance information depends heavily on whether the organization using it has the underlying capacity to interpret and act on it (Andersen & Nielsen, 2020; Boselie, Van Harten, & Veld, 2021; Bhatti, Soomro, & Shah, 2021).

At the same time, this study's findings caution against reading a business's informal financial management practices as a straightforward sign of poor performance or impending failure. Deppa Te'tekan's continuity across more than a decade, sustained through market loyalty, product reputation, and the owner's accumulated production experience rather than through formal financial governance, illustrates that non-financial factors can substitute, at least partially and at least for a time, for the kind of systematic financial management that accounting research typically treats as a precondition for MSME success. This nuance is important for how financial literacy interventions targeting traditional culinary MSMEs are designed and framed: rather than presenting formal accounting practice as a replacement for the trust-based, experience-driven model that has sustained businesses like Deppa Te'tekan, mentoring efforts are likely to be more readily adopted, and more effective, if framed as a complement that helps the owner see more clearly where his already-functioning business could be optimized further, consistent with evidence that simple financial recording assistance has proven effective in improving financial reporting quality among traditional culinary MSMEs elsewhere (Adawia, Puspasari, Azizah, Asep, & Mustomi, 2021).

The uncertainty of daily income documented in Section 4.1.4 also deserves attention as a constraint that differs qualitatively from the recording-related constraints discussed above, since it reflects a genuine feature of the business's operating environment rather than a gap in the owner's practices. Demand fluctuation between ordinary days and holidays is a structural characteristic of home-based traditional culinary production more broadly, and this study's findings are consistent with comparable research on other daily-income-based culinary MSMEs facing similar unpredictability (Purnama, Muchlis, & Wawo, 2019). This distinction matters for the kind of support that would be most useful going forward: while improved recording practices can help the owner better understand and respond to demand fluctuation after the fact, they cannot eliminate the underlying unpredictability itself, which points toward the value of complementary strategies such as modest raw-material inventory buffering or flexible production scheduling, alongside rather than instead of improved bookkeeping.

5. Conclusions

Based on the research findings described above, several conclusions can be drawn regarding the financial management of the Deppa Te'tekan MSME in Keppe Village, Enrekang Regency. These findings generally illustrate that a micro-scale MSME based on a traditional culinary product can survive over the long term even though its financial management practices remain far from standard accounting norms. First, in terms of capital sources, the Deppa Te'tekan MSME began its business with initial capital of IDR3,500,000 sourced from family assistance, without ever involving bank or cooperative financing throughout its operation since 2012. Additional capital needs have been met independently through the rotation of sales proceeds, making this business's capital structure self-reliant and closed off from formal financing access.

Second, in terms of cash flow, this MSME shows a relatively good estimated gross profit, approximately IDR9,928,000 within a single production period, with estimated total income of IDR46,000,000 and total expenses of IDR36,072,000. Even so, cash flow recording remains simple, consisting of an estimate at the end of the production period, without consistent daily recording and without standard cost-category separation in line with accounting standards. Third, the main constraints faced by the Deppa Te'tekan MSME in managing its business finances include fluctuating uncertainty in daily income between ordinary days and holidays, the absence of detailed production cost recording per period or per product unit due to a bulk raw material purchasing pattern, minimal systematic accounting recording, and dependence on self-financed capital without access to formal financing that could support business expansion.

Overall, this study finds that the Deppa Te'tekan MSME's continuity over more than a decade has not been sustained by systematic financial governance, but rather by other factors such as market loyalty toward the region's distinctive traditional culinary product and the owner's business experience. This illustrates a general phenomenon also found among other micro MSMEs in Indonesia: a gap between the importance of sound financial management and actual field practice, which remains far from adequate accounting standards. This condition also serves as a reminder that micro-enterprise success cannot be assessed solely from a formal financial standpoint, but must also consider non-financial factors such as customer trust and business experience built over many years.

Acknowledgement

The authors thank Mr. Sul Kifli, owner of the Deppa Te'tekan MSME in Keppe Village, Enrekang Regency, and his family, who generously took the time to be interviewed and provided access to information regarding their business's financial management throughout the course of this research.

Author Contributions

AM conceived the research problem, collected and analyzed the interview and documentation data, and drafted the manuscript. WOR supervised the research process, contributed to the literature review, and reviewed and edited the final manuscript.

Conflict of Interest

The authors declare that there are no financial, commercial, or personal relationships that could have influenced the research, data collection, analysis, interpretation, or publication of this study. No external funding or competing interests are associated with this research.

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