

Financial Management Analysis of Cafe Raihan in Mbarung Village, Babussalam District, Southeast Aceh Regency

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ABSTRACT

This study aims to analyze the financial management practices applied at Cafe Raihan, a micro-enterprise in Mbarung Village, Babussalam District, Southeast Aceh Regency. This study uses a descriptive qualitative approach with data collection techniques through in-depth interviews, participatory observation, and documentation. The results of the study indicate that financial management at Cafe Raihan is still done manually, inconsistently, and has not separated business and personal finances. Transaction recording is done simply and does not cover all aspects of business finances, while cash flow is uncontrolled due to the lack of planning and periodic reports. Cafe Raihan has also not utilized digital financial technology, and the owner's financial literacy is still limited. However, there is awareness and intention from the owner to improve financial management in the future. This study recommends the importance of financial literacy training, the use of digital recording applications, and ongoing assistance from the government or related institutions.

Keywords: financial management, UMKM, financial records, financial literacy, Cafe Raihan

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a major contribution to the structure of the Indonesian economy, both in terms of job creation, reducing unemployment, and equalizing community income (Fahmi, 2012). In rural areas such as Southeast Aceh Regency, MSMEs are the mainstay of the community in supporting the family's economic life. The development of MSMEs in this area can be seen from the proliferation of various types of businesses, one of which is a culinary business in the form of a cafe or modern coffee shop.

Cafes not only function as a place to consume food and drinks, but also become an increasingly important social space in the dynamics of modern society, including among village youth. This phenomenon is also seen in Mbarung Village, Babussalam District, with the presence of Cafe Raihan. Although operating in a rural area, Cafe Raihan is quite popular with local people because it offers a relaxed atmosphere, affordable menus, and friendly service.

However, the main challenge faced by business actors such as Cafe Raihan is not only in the product or marketing aspect, but also lies in internal management, especially financial management. Not a few MSMEs experience growth constraints and even bankruptcy due to weak financial

management that is carried out traditionally and unsystematically (Munawir, 2010). Business actors tend not to do routine recording, mix personal finances with business, and do not have clear financial planning.

Financial management is a process that includes planning, managing, and controlling the financial activities of a business in order to achieve efficiency and effectiveness (Gitosudarmo, 2002). In the context of MSMEs, the implementation of good financial management includes recording daily financial transactions, preparing profit and loss reports, cash flow planning, and separating personal and business finances. Unfortunately, the understanding and skills of MSME actors regarding this aspect are still limited, including the owner of Cafe Raihan.

Initial observations indicate that Cafe Raihan runs manual and unstructured financial records. Daily income is not always recorded consistently, and there is no bookkeeping regarding fixed and variable costs. As a result, the cafe owner has difficulty in evaluating business performance and determining the right development strategy. This is in line with the opinion that unorganized financial records can lead to wrong business decisions and hinder business growth (Fahmi, 2012).

With this background, this study aims to analyze the financial management practices applied at Cafe Raihan, identify the obstacles faced, and formulate alternative solutions that can be applied by business owners. This study is important not only for the development of Cafe Raihan, but also as a case study for other MSMEs in rural areas to pay more attention to the financial management aspect as the main foundation for business sustainability.

LITERATURE REVIEW

MSME Financial Management

Financial management is a process that cannot be ignored in any form of business, including micro businesses such as Cafe Raihan. In general, financial management includes the process of financial planning, organizing financing structures, implementing financial operations, and evaluating financial activities in order to achieve business efficiency (Gitosudarmo, 2002). In practice, MSME actors often view financial management as merely an administrative activity, so it is not carried out optimally.

In fact, financial management serves as a basis for determining important decisions such as determining selling prices, allocating production costs, managing working capital, and developing business strategies in the future. MSMEs who understand and apply financial management principles in a disciplined manner will be better prepared to face income fluctuations, unexpected expenses, and be able to set priorities in using funds (Fahmi, 2012).

In rural areas, weak financial management of MSMEs is often caused by minimal access for business actors to formal education and management training. As a result, they run their businesses based on experience and intuition alone, without a strong basis for calculation. This certainly has an impact on the ability of businesses to survive and develop sustainably (Sugiyono, 2019). Therefore, strengthening managerial capacity, especially in the financial aspect, is very important.

Financial Recording in Micro Businesses

Financial recording is one of the most fundamental aspects of financial management. With good recording, business actors can trace the inflow and outflow of funds in detail, evaluate business efficiency, and prepare financial documents if they need external financing such as bank loans or

capital assistance from the government (Munawir, 2010). Unfortunately, most MSMEs in Indonesia still do not have an adequate bookkeeping system.

Many business people only rely on memory to know how much income and expenses each day. This causes the absence of objective financial data, so that business decision making becomes subjective and high risk (Fahmi, 2012). In fact, financial recording does not always require complex accounting knowledge. A simple cash book that records income and expenses every day is already the first step towards healthy financial management.

Currently, there are various mobile-based financial recording applications specifically designed for MSMEs, such as BukuWarung, AkuntansiKu, and others. These applications allow business actors to record daily transactions, calculate profits and losses, and monitor customer receivables and payables. With the digitalization of recording, MSME actors are expected to be able to increase the transparency and accuracy of their financial reports (Sugiyono, 2019). The implementation of a regular recording system is the starting point for comprehensive improvements in business management.

Cash Flow Management

Cash flow is the lifeblood of every business activity. Businesses that have high sales but are unable to manage cash flow well still have the potential to fail. Cash flow reflects the extent to which a business is able to manage income from sales and financing for operational expenses such as purchasing raw materials, paying salaries, electricity, and other fixed costs (Gitosudarmo, 2002).

Cash flow management is not only about recording incoming and outgoing money, but also involves the ability to prepare future cash flow projections. With these projections, business actors can identify periods of time when cash flow may experience a deficit and prepare anticipatory steps, such as postponing non-urgent purchases, or seeking short-term funding. Fahmi (2012) stated that one of the characteristics of a healthy business is the ability to maintain liquidity, where routine income is able to cover all business expenses consistently.

Poor cash flow management can cause businesses to have difficulty paying their obligations even though they are in a profitable condition in accounting. This is because profits are theoretical if not followed by real cash available. Therefore, Cafe Raihan and other micro businesses must prepare daily and monthly cash flow reports consistently, and maintain a minimum cash balance to anticipate emergency needs and market uncertainty.

Separation of Personal and Business Finances

Separation between personal and business finances is a fundamental principle that must be applied in business management. However, in practice, MSME owners often mix business income and expenses with personal needs, such as taking business profits for household shopping or using personal funds to cover business cash shortages without clear records (Munawir, 2010).

This condition causes ambiguity in calculating business profits and has the potential to obscure the financial performance of the business. When business and personal finances are mixed, the owner cannot know whether his business is truly profitable or only looks stable because it is subsidized by personal funds (Fahmi, 2012). A clear separation will help in assessing the financial health of the business objectively and facilitate the preparation of financial reports.

A simple way to separate finances is to open a special bank account for the business, set a fixed salary for the business owner, and make special notes for every transaction involving personal funds. This practice not only increases transparency, but also simplifies the process of applying for business loans or coaching programs from the government and financial institutions (Sugiyono, 2019).

Financial Literacy for MSMEs

Financial literacy is the ability of individuals or business actors to understand and manage financial aspects wisely and strategically. In the context of MSMEs, financial literacy includes understanding financial records, working capital management, business financing, and long-term investment planning (OJK, 2020). This literacy greatly determines the success of a business because it influences the way business actors think in making business decisions.

Unfortunately, the level of financial literacy of MSMEs in Indonesia is still relatively low, especially in rural areas (Sugiyono, 2019). Business actors often do not know the importance of making financial reports, do not understand the concept of profit and loss as a whole, and do not know how to access productive funding. As a result, businesses are run by trial and error and without long-term planning.

Improving financial literacy can be done through training, technical guidance, workshops, and mentoring by the cooperative and UMKM service or non-governmental organizations. Cafe Raihan, as one of the potential UMKM in Mbarung Village, needs intervention in the form of basic financial management training in order to strengthen the business structure and be ready to develop in a more professional direction.

Previous Research

Previous research provides an empirical basis for this study and reinforces the importance of financial management in the sustainability of MSMEs. Several previous studies have shown that financial records, cash flow, and financial literacy greatly affect the resilience and growth of micro-enterprises.

1. Yulianti (2019) in her research entitled Application of Accounting in Micro, Small and Medium Enterprises (Study on Traditional Skin Cracker UMKM in Seganteng Village) showed that most (68%) of UMKM actors in Seganteng Village have not made financial reports due to limited understanding and ability in accounting and bookkeeping. The complexity of the accounting process and most UMKM actors consider that financial reports are not important to do. While the rest (32%) of UMKM actors only make cash flow reports.
2. Suras (2024) in his research entitled financial management of micro, small, and medium enterprises (MSMEs) in the Bumbung Indah business in Parepare City (analysis of Islamic financial management). The results of the study showed that the financial management of the Bumbung Indah business was not yet completely complete because the planning, recording and financial control had been made properly, but at the time of the 28 financial reports, they were not reported completely every month in the period 2020-2022.
3. Arifuddin (2023) in his research entitled The Influence of Financial Literacy and Financial Technology on the Financial Performance of MSMEs (Case Study of Cafes in Kendari City). The results of this study indicate that (1) Financial Literacy has a positive and significant effect on the financial performance of MSME cafes in Kendari City. (2) Financial Technology has a positive and significant effect on the financial performance of MSME cafes in Kendari

- City. (3) Financial literacy and financial technology have a positive and significant effect simultaneously on the financial performance of MSME cafes in Kendari City.
4. Sari (2024) in his research entitled analysis of the application of financial accounting standards in UMKM (coffee shops) in Pangkalpinang City. The results of this study show that UMKM Coffee Shops in Pangkalpinang City have not fully created or compiled financial reports using applications with limited owners or employees who do not have an accounting/finance background and lack of socialization from the government so that they make financial reports in a simple way.
 5. Andien (2023) in his research entitled analysis of the application of financial accounting standards for micro, small and medium enterprises in coffee shop businesses in Serang City. The results of the research that has been carried out, it can be concluded that the application of accounting in coffee shop businesses in Serang City is not in accordance with the basic concepts of accounting and the recording of financial reports is not in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities.

Based on five previous studies, it can be concluded that most MSMEs still face obstacles in implementing good financial management, especially in terms of structured financial recording and reporting. Many MSME actors have not prepared complete financial reports due to limited understanding of accounting and lack of training. Although some businesses have recorded cash flow, their financial management is still inadequate, which has an impact on the financial performance of the business. Increasing financial literacy and utilizing financial technology has been proven to improve the efficiency and financial performance of MSMEs, but support in the form of training and access to technology is still very much needed.

RESEARCH METHODOLOGY

Research Approach

This study uses a descriptive qualitative approach to deeply understand the financial management practices implemented by MSMEs, especially at Cafe Raihan in Mbarung Village, Babussalam District, Southeast Aceh Regency. The qualitative approach was chosen because this study aims to explore and describe real practices implemented by business actors without relying on statistical or quantitative measurements. The descriptive approach allows the author to provide a clear picture of the problem being studied, as well as the factors that influence financial management in the context of local MSMEs (Sugiyono, 2019).

Location and time of research

This research was conducted at Cafe Raihan, located in Mbarung Village, Babussalam District, Southeast Aceh Regency. The selection of this location was based on the consideration that this cafe is one of the fairly developed micro-businesses in the area and has the potential to provide insight into the financial management of micro-businesses in rural areas. Cafe Raihan was chosen as the object of research because the financial management is still relatively simple and not fully structured (Fahmi, 2012). The research period was carried out from March to April 2025.

Research Subject

The subjects in this study consisted of two main groups:

1. Cafe Raihan Owner: As the main informant who has direct knowledge of the financial management practices applied in their business.

2. Cafe Raihan Employees: As supporting informants to obtain additional information related to daily operations related to financial management, including purchasing raw materials, pricing, and cash flow management.

This study used purposive sampling to select participants who have knowledge and experience relevant to the topic being studied. The selection of participants was based on the criteria that they must be directly involved in the operational activities of the cafe, especially those related to financial management, both in terms of recording, planning, and cash management (Sugiyono, 2019).

Data collection technique

To obtain valid and in-depth data, this study uses the following data collection techniques:

1. Interviews In-depth interviews were conducted with the cafe owner and several employees to gather information related to the financial management implemented, such as daily financial records, capital management, cash flow, and cost planning and control. Interviews were conducted using a semi-structured interview guide that allows flexibility to gather further information according to research needs (Miles & Huberman, 1994).
2. Observation
Researchers conducted direct observation of operational activities at Cafe Raihan to understand the financial management practices applied on a daily basis. Observations were made on how sales and purchase transactions were recorded, how owners and employees managed cash flow, and how cost control was carried out. This participatory observation also helped researchers to see firsthand problems that might not be visible through interviews alone (Sugiyono, 2019).
3. Documentation The researcher also collected documents related to financial activities in the cafe, such as transaction records, raw material purchase reports, and daily cash records. This documentation is used to strengthen the data obtained from interviews and observations. Analysis of these documents also provides an overview of the suitability between field practices and the records made (Miles & Huberman, 1994).

Data analysis

Data collected from interviews, observations, and documentation were analyzed using thematic analysis techniques. The analysis process began with interview transcription, followed by data coding to identify key themes related to financial management, such as cash recording, cost control, and cash flow management. The collected data were then organized into relevant categories and analyzed to find patterns that emerged in Cafe Raihan's financial practices (Braun & Clarke, 2006).

After coding, the researcher presents the data by describing the themes that emerge based on the data that has been analyzed. The researcher interprets these findings to provide insight into how financial management at Cafe Raihan can be improved and developed.

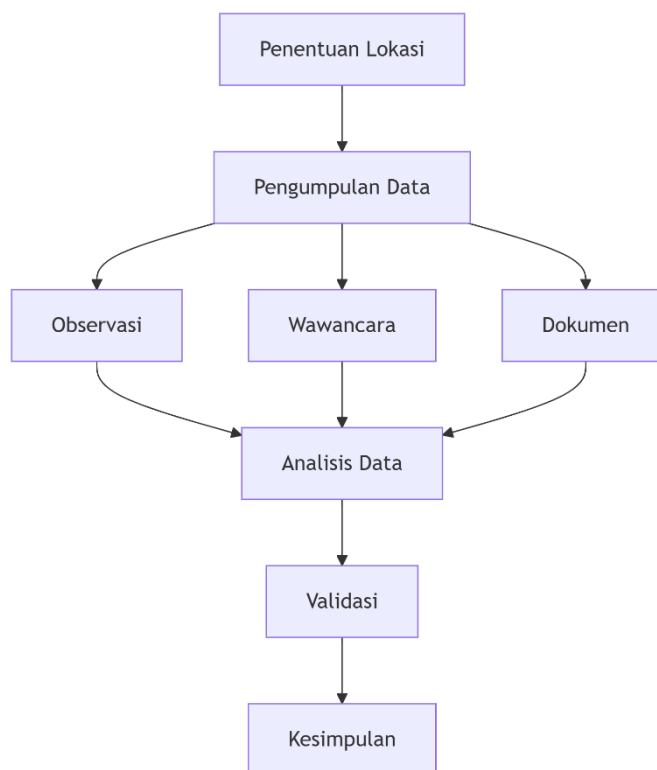
Data Validity

To ensure the validity of the data, this study used data triangulation that combines various data collection techniques, namely interviews, observations, and documentation. This triangulation allows researchers to verify the validity of the data by comparing the results from three different sources. In addition, to increase the credibility of the research results, researchers also conducted member

checking, namely by asking for feedback from cafe owners and employees on the initial findings of the study (Creswell, 2014).

In addition, to increase data reliability, researchers conduct reliability tests through repeated data collection over a period of time. This allows researchers to check the consistency of the findings (Sugiyono, 2019).

Table 3.1 Research Methodology Flow



RESULTS AND DISCUSSION

Brief Profile of Cafe Raihan

Cafe Raihan is a micro business engaged in the culinary sector, located in Mbarung Village, Babussalam District, Southeast Aceh Regency. This business was founded in 2017 by a local husband and wife who saw a market opportunity from the trend of hanging out among village youth. By utilizing family land, this cafe offers a relaxed atmosphere, affordable menus, and a strategic location close to the center of community activities.

The seating capacity of the cafe is around 20-25 people with customers dominated by students, college students, and young employees. Operations are carried out every day from 08.00 to 23.00 WIB. Although still managed simply, Cafe Raihan has shown business stability in terms of the number of customers and daily turnover. However, in terms of financial management, there is no structured and well-documented system. This is the basis for research to further explore the financial management practices applied.

Financial Recording System

Financial records at Cafe Raihan are still manual, inconsistent, and dependent on the owner's time and awareness. There is only one small notebook used to record total daily income and large expenses, such as purchasing raw materials in large quantities. For small expenses such as buying gas, plastic, or other unexpected costs, they are often not recorded in detail.

The cash records are not equipped with transaction dates, item descriptions, or unit price details, making it difficult to evaluate monthly finances. In interviews, the owner stated that recording is done "when there is time" and "when there is a need", for example when you want to calculate capital or when stock is running low. This indicates a lack of understanding that consistent financial recording is an important tool for business decision making.

This condition is in line with Yulianti's research (2019), which found that most MSME actors do not record because they feel they do not have the ability in accounting and consider recording not very important. In fact, routine recording is very necessary to calculate profit and loss, know the cash position, and carry out internal control over expenses.

Cash Flow Management

Cash flow management at Cafe Raihan is done on a daily basis, without a weekly or monthly cash system. Every income from sales is used directly to buy tomorrow's necessities. There is no recording that distinguishes between daily operational expenses and expenses for personal needs. Practices like this make financial management very vulnerable to waste and difficult to control.

In certain situations, if daily income exceeds the average, some of the money is often used for non-business needs such as household needs. Conversely, when income is insufficient, owners often use personal funds to cover operational needs without recording it as additional capital. As a result, there is no accurate basis for assessing net profit or capital turnover.

This phenomenon is in line with the findings of Suras (2024), who explained that cash flow in MSMEs is often not systematically documented. Although expenses and income are made with full awareness, the absence of monthly reporting makes it difficult for businesses to carry out long-term evaluations and planning.

Separation of Business and Personal Finances

One of the main obstacles in Cafe Raihan's financial management is the lack of separation between business and personal finances. All income is put together in one storage place (cash wallet), without any division between business cash and household needs. When the owner needs funds for personal needs, he immediately takes it from the sales proceeds, and vice versa, when business cash is not enough, personal funds are used to pay for operations.

This causes distortion in financial calculations because there is no clear boundary between capital, income, and consumption. As a result, the owner cannot calculate exactly how much profit is obtained, how much capital is growing, or what the actual operational costs are.

According to Maulida and Hadi (2021), the practice of separating personal and business finances is very important to maintain accuracy in financial reporting. Without this separation, financial reports will be unclear, and business actors will have difficulty assessing the effectiveness of capital management. The owner of Cafe Raihan himself realizes the importance of this, but admits

that he has difficulty implementing it because he has not had a system and habits since the beginning of the business.

Utilization of Technology and Financial Literacy

The observation results show that Cafe Raihan has not utilized digital financial technology in recording or managing financial activities. All financial activities are carried out manually, starting from recording sales, stock, to calculating profits. There is no use of applications such as BukuWarung, MokaPOS, or Excel, which actually help MSMEs to record transactions easily.

The low utilization of this technology is caused by limited digital literacy and minimal knowledge about the benefits of financial technology. The owner admitted that he was more comfortable with manual recording because he was not used to using the application, and was worried about technical errors. He had also never received training or counseling on digital-based financial management.

Arifuddin's research (2023) shows that the use of financial technology and financial literacy contributes positively to increasing the efficiency and financial performance of MSMEs. Without the support of skills and training, business actors will continue to be trapped in conventional methods that are less efficient and prone to recording errors.

Efforts and Awareness of Improvement

Despite facing various challenges in financial management, the owner of Cafe Raihan showed awareness and willingness to improve the existing system. During the interview, the owner expressed his desire to start separating personal and business finances, and try to use neater and more consistent record keeping. He also started compiling a weekly operational needs list and recording stock manually at the beginning of each week.

Although this step is still very early and informal, it shows a positive initiative. In the long term, if supported by training or mentoring from related agencies or financial institutions, this effort has the potential to develop a better financial management system.

In line with the research results of Sari (2024) and Andien (2023), MSME actors actually have the enthusiasm to develop, but are hampered by limited knowledge, access to information, and ingrained operational habits. Therefore, external support in the form of technical training and accounting literacy is very important to encourage changes in a more professional financial management system.

CONCLUSION

Based on the results of the research conducted, it can be concluded that the management of financial management at Cafe Raihan is still simple, manual, and not systematic. Financial recording is done inconsistently and only covers part of the transaction, making it impossible to conduct a comprehensive business evaluation. Cash flow management has not been well planned, where sales proceeds are used directly for daily operations without any separation between business and personal cash. Cafe Raihan has also not implemented a separation of personal and business finances, resulting in unclear calculations of profit, capital, and expenses. In addition, there has been no use of financial technology such as digital bookkeeping applications that can actually help with efficient recording and management. Nevertheless, business owners show awareness of the importance of financial

management and have a desire to make improvements, although they are still constrained by limited knowledge and access to training.

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