

Qualitative Analysis of Determinants of MSME Financial Performance through the NVivo Approach: A Study of Business Actors in Indonesia

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This study aims to analyze the determinants of the financial performance of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia through a qualitative approach based on NVivo software. This study used in-depth interviews with MSMEs from various business sectors, which were then analyzed through coding, categorization, and theme development using NVivo. The results indicate that MSME financial performance is influenced by several key factors: financial literacy, access to financing sources, utilization of digital technology, managerial skills, and cash flow management strategies. The analysis also reveals the interrelationships between factors that shape adaptive financial decision-making patterns in the face of market dynamics. Data visualization through features such as word frequency, cluster analysis, and relationship models between themes provides a more comprehensive understanding of the complexity of MSME financial management. This study provides theoretical contributions to the development of qualitative-based financial management studies and practical implications for business actors and policymakers in designing strategies to sustainably improve MSME financial performance.

Keywords: MSME Financial Performance, Financial Literacy, Access to Financing, Digitalization, Nvivo

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in the Indonesian economy, particularly in creating jobs, reducing poverty, and driving national economic growth (Fitriadi et al., 2023; Nuarisa et al., 2024). The contribution of MSMEs to Gross Domestic Product (GDP) demonstrates that this sector is the backbone of the economy, capable of surviving various economic crises, with contributions reaching around 59 - 60% of total GDP and absorbing more than 90% of the workforce (Suhaili & Sugiharsono, 2019; Subroto et al., 2025). Furthermore, MSMEs have been empirically proven to contribute significantly to poverty reduction through income generation and employment expansion across regions in Indonesia (Raeshad & Sakti, 2025). Therefore, improving the financial performance of MSMEs is a crucial issue that requires serious attention from various parties, especially in strengthening their role in sustaining inclusive economic development and national resilience (Wiranata et al., 2024; Indrajaya et al., 2022).

The financial performance of MSMEs not only reflects a business's success in generating profits but also demonstrates its ability to manage resources efficiently and sustainably. However, in practice, many MSMEs still face various obstacles in managing their finances, such as unsystematic financial record-keeping, lack of financial planning, and a limited understanding of financial reports (Pratiwi & Diatmika, 2024; Ma'sumah et al., 2024). These challenges are largely influenced by low financial literacy and inadequate accounting skills among MSME actors, which ultimately hinder their ability to produce reliable financial reports and optimize business performance (Riyadi & Hadyarti, 2024).

One factor influencing the financial performance of MSMEs is the level of financial literacy of business actors. Low financial literacy can lead to errors in financial decision-making, such as capital management,

investment, and cost control. This directly impacts business sustainability and the MSME's ability to grow (Kusumawati & Effendi, 2024; Salim, 2026). Empirical evidence shows that financial literacy significantly affects business performance through better financial decision-making, improved cost efficiency, and enhanced profitability, which ultimately supports long-term business sustainability.

In addition to financial literacy, access to financing sources is also a crucial factor in improving the financial performance of MSMEs. Adequate access to capital enables MSMEs to expand their business scale, invest in productive assets, and improve operational efficiency. However, in reality, many MSMEs experience significant difficulties in obtaining credit from formal financial institutions. These challenges are often caused by limited collateral ownership, lack of proper financial records, and weak administrative capabilities. Furthermore, the absence of a reliable financial track record makes financial institutions reluctant to provide loans. Low levels of trust from banks also become a major barrier that restricts MSMEs' access to formal financing. As a result, many MSMEs rely on informal funding sources with higher risks and costs. This condition ultimately limits business growth and negatively affects financial performance (Yunus et al., 2024; Gustika et al., 2024).

The development of digital technology also significantly impacts the financial performance of MSMEs. The adoption of digital tools enables businesses to improve efficiency in transactions, reduce operational costs, and enhance decision-making processes. In particular, the use of digital financial applications helps MSMEs manage bookkeeping, monitor cash flow, and prepare financial reports more accurately. Additionally, e-commerce platforms provide wider market access, allowing MSMEs to reach customers beyond their local areas. This expansion of market reach contributes to increased sales and revenue growth. However, not all MSMEs are able to optimally adopt this technology due to limited digital literacy and infrastructure constraints. The lack of skills in using digital platforms often becomes a barrier to maximizing the benefits of technology. Consequently, this digital gap can hinder the improvement of financial performance among MSMEs (Setiawan et al., 2023; Rahayu & Day, 2017).

The managerial capabilities of business actors are also a key determinant of MSME financial performance. Strong managerial skills enable business actors to formulate appropriate strategies, allocate resources efficiently, and respond to dynamic market changes. Effective business management, including strategic planning, cost control, and cash flow management, is essential to maintaining financial stability. In addition, managerial competence plays a significant role in improving decision-making quality, which directly affects business performance. Empirical studies show that managerial capability has a positive and significant influence on MSME performance, particularly through better planning and control mechanisms (Agyapong & Attram, 2019; Nkundabanyanga et al., 2020). However, many MSMEs still face limitations in managerial skills due to low education levels and lack of training. These limitations often result in inefficient operations and poor financial management practices. Consequently, limited managerial capacity becomes a major barrier that hinders business growth and sustainability.

Previous studies have generally used a quantitative approach to analyze the factors influencing MSME financial performance. This approach is widely applied because it allows researchers to test hypotheses and measure the relationships between variables in a structured manner. Quantitative methods are effective in producing generalizable findings and identifying significant statistical relationships. However, this approach tends to be limited in capturing the complexity of real conditions faced by MSMEs. It often overlooks the contextual factors, experiences, and behavioral aspects of business actors in managing their finances. As a result, important insights related to decision-making processes and financial practices are not fully explored. Qualitative approaches are therefore considered more capable of uncovering in-depth information about these phenomena (Creswell & Creswell, 2018; Saunders et al., 2019). Consequently,

relying solely on quantitative methods may lead to an incomplete understanding of MSME financial performance.

A qualitative approach is a relevant alternative for understanding this phenomenon more comprehensively. This approach enables researchers to explore deeper insights into the experiences, perceptions, and behaviors of MSME actors in managing their financial activities. Qualitative methods are particularly useful for capturing complex and context-specific realities that cannot be fully explained through numerical data. Furthermore, qualitative research allows flexibility in interpreting social and managerial dynamics within MSMEs. By using qualitative data analysis software such as NVivo, researchers can systematically manage large volumes of data in an organized manner. NVivo supports the coding process, making it easier to identify patterns, themes, and relationships between concepts. In addition, the software provides visualization tools that enhance the clarity and depth of analysis. Therefore, the use of NVivo strengthens the transparency and rigor of qualitative research findings (Phillips & Lu, 2018; Hilal & Alabri, 2019).

The use of NVivo in this study provides advantages in organizing complex qualitative data, allowing researchers to manage large volumes of information more systematically. NVivo enables efficient data coding, classification, and retrieval, which facilitates a deeper analytical process. Through this software, researchers can identify important patterns, relationships, and themes that influence MSME financial performance. In addition, NVivo supports transparency in the research process by providing clear documentation of coding and analysis procedures. This enhances the reliability and validity of qualitative findings. Furthermore, the use of NVivo allows researchers to generate more contextual insights that reflect the real conditions faced by MSMEs in Indonesia. These contextual findings are essential for understanding the complexity of financial management practices among business actors. Therefore, NVivo is considered an effective tool for strengthening qualitative research outcomes (Woolf & Silver, 2017; Maher et al., 2018).

Based on this description, this study aims to analyze in depth the factors influencing MSME financial performance through an NVivo-based qualitative approach. This approach allows researchers to explore complex interactions between financial, managerial, and technological factors affecting MSMEs. By utilizing NVivo, the study is able to systematically code and interpret qualitative data to generate meaningful insights. The use of qualitative methods also enables a deeper understanding of contextual realities faced by MSME actors in Indonesia. Furthermore, this research seeks to identify key themes and patterns that cannot be fully captured through quantitative analysis alone. The findings are expected to contribute theoretically to the development of financial management and MSME studies. In addition, the results are anticipated to offer practical implications for MSMEs and policymakers in improving business performance and sustainability. Previous studies emphasize that qualitative approaches provide richer insights for policy formulation and managerial decision-making (Nguyen et al., 2019; Maher et al., 2018).

2. Research Methodology

This study employed a qualitative research approach to explore the determinants of MSME financial performance through the perspectives and experiences of business actors. The qualitative method was considered appropriate because it allows researchers to obtain in-depth information regarding financial literacy, access to financing, digital technology utilization, and business sustainability strategies implemented by MSME actors. The study focused on understanding social phenomena and interpreting the experiences of participants naturally within their business environments. According to John W. Creswell (2014), qualitative research is useful for exploring and understanding the meaning individuals or groups assign to social or human problems.

The research was conducted in Barru Regency, South Sulawesi, Indonesia, involving five MSME actors operating in different business sectors, namely forest honey products, clothing retail, snacks, boarding house services, and brownies production. Data were collected through semi-structured interviews conducted between May 1 and May 18, 2026. The interview process utilized a prepared interview guideline consisting of questions related to financial management practices, financial literacy, financing challenges, digital technology adoption, and strategies for maintaining financial stability. The participants were selected purposively based on their active involvement in running micro and small businesses within the region. This sampling technique was applied because purposive sampling enables researchers to select participants who possess relevant experience and information related to the research objectives (Creswell, 2014).

Data analysis in this study was conducted using qualitative descriptive analysis supported by the NVivo approach to categorize and interpret interview findings. The collected data were organized, reduced, and interpreted systematically in order to identify recurring themes and relationships among variables affecting MSME financial performance. To ensure data validity, the researcher applied source triangulation by comparing responses among participants from different business sectors. The findings were then presented descriptively to provide a comprehensive understanding of the financial management behavior and challenges experienced by MSME actors in Indonesia. As stated by Creswell (2014), qualitative data analysis involves preparing and organizing data into themes that can be interpreted meaningfully by the researcher.

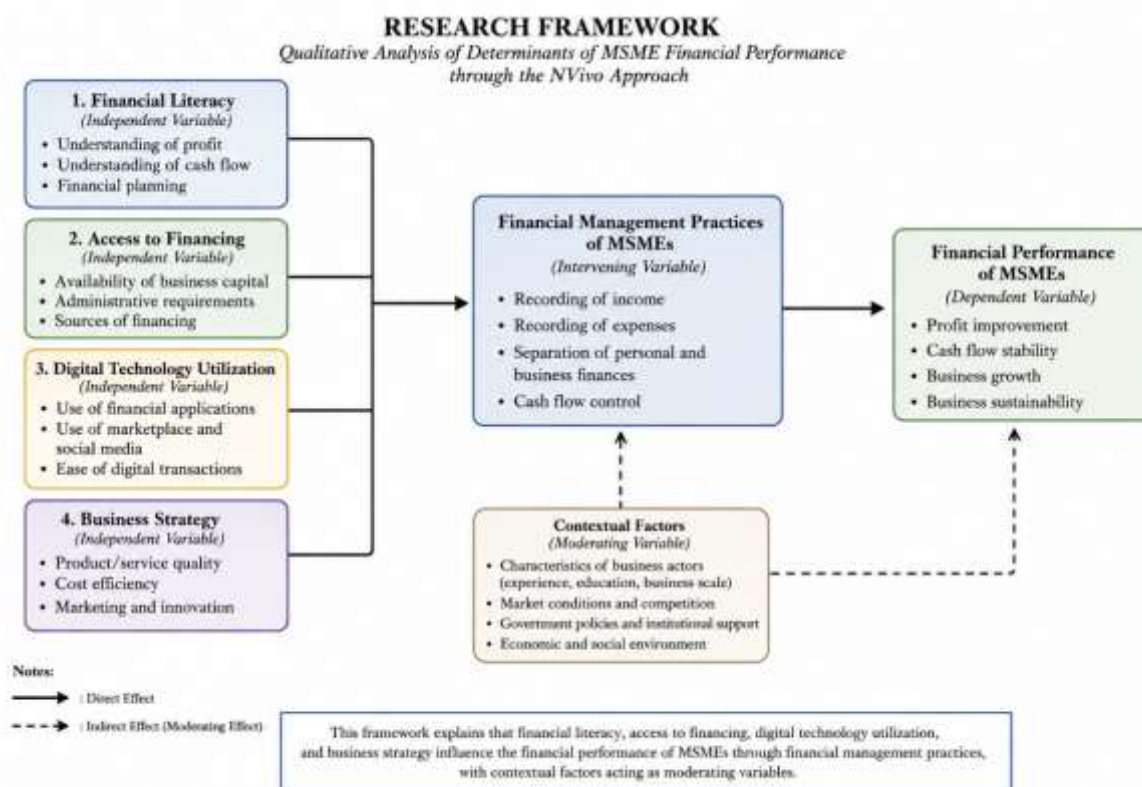


Figure 1 Research Framework of MSME Financial Performance Determinants through the NVivo Approach

Figure 1 illustrates the research framework used in this study to analyze the determinants of MSME financial performance through the NVivo approach. The framework explains that financial literacy, access to financing, digital technology utilization, and business strategy function as independent variables that influence the financial performance of MSMEs. These variables contribute to improving financial management practices within business operations, including financial recording, cash flow control, and the separation of personal and business finances.

The framework further demonstrates that financial management practices act as an intervening variable connecting the independent variables with the financial performance of MSMEs. Effective financial management is expected to support profit improvement, cash flow stability, business growth, and long-term business sustainability. In addition, contextual factors such as business experience, education level, market competition, government support, and economic conditions are positioned as moderating variables that indirectly influence the relationship between financial management and MSME financial performance.

Overall, the framework indicates that the success of MSMEs in maintaining financial performance is not determined by a single factor, but rather by the interaction between financial capability, financing access, technological adaptation, and appropriate business strategies. Therefore, the framework provides a conceptual basis for understanding how internal and external factors contribute to the financial sustainability and competitiveness of MSMEs in Indonesia.

3. Results and Discussion

Research Results

The results of the study indicate that most business actors have developed an awareness of financial management practices, although these practices are still implemented in a relatively simple manner. Based on interviews with Nurul Azizah, a business actor engaged in Madu Hutan Asli, it was found that financial records are maintained regularly through handwritten notes and simple mobile applications. She explained that separating personal and business finances is essential in maintaining better financial control. A similar practice was identified in the business activities of Faudziah Nur, the owner of a Brownies enterprise, who also applies basic financial recording methods using notebooks and mobile phone applications. These findings demonstrate that MSME actors have begun to recognize the importance of financial administration, despite the absence of more sophisticated accounting systems.

The interviews further revealed that the level of financial literacy among the respondents remains at a basic stage. Most participants understood profit as the difference between revenue and operational expenses. Aulidia Mawarni, who operates a Pakaian Jadi business, explained that cash flow is perceived as the movement of money entering and leaving the business, while financial planning is understood as the process of managing financial resources to ensure business stability. Such understanding was primarily obtained through practical experience in running the business rather than through formal financial education or professional training.

Khaerunnisa, the owner of Jajananta, stated that business finances are managed using Microsoft Excel to ensure more organized financial records. Every sales transaction and expenditure related to raw materials is documented regularly, allowing her to monitor daily profits more effectively. According to her, the use of Excel has simplified financial monitoring, although she has not yet adopted advanced accounting applications. She also acknowledged that she is still learning about detailed cash flow management and long-term financial planning in order to improve the sustainability of her business. This finding indicates that the willingness of business actors to learn and adapt plays a significant role in improving MSME financial management practices.

In contrast to the other respondents, Sugiarto, the owner of a Usaha Kost-kostan, admitted that he has limited understanding of financial literacy concepts such as profit calculation, cash flow analysis, and financial planning. Financial management in his business is still conducted manually and often depends on personal memory. Business records are generally stored on his mobile phone for future monitoring purposes. Nevertheless, the boarding house business has remained stable due to the existence of loyal customers and relatively consistent operational costs compared to product-based businesses.

The findings also show that access to financing remains a major challenge for MSME actors. Nurul Azizah explained that limited collateral and complex administrative requirements imposed by financial institutions represent the primary obstacles to obtaining business capital. She also mentioned that information regarding financing opportunities is still relatively limited, leading her to rely mainly on personal savings and family support. Similar concerns were expressed by Faudziah Nur, who perceived bank loan procedures as complicated due to collateral requirements and the risks associated with debt. Consequently, several respondents preferred using personal capital rather than applying for formal financial assistance.

Within the Jajananta business, financial constraints were particularly evident in efforts to expand the business. Khaerunnisa explained that the enterprise is still operated without a dedicated outlet, limiting opportunities for production expansion and business development. She emphasized that establishing a physical store would require significant financial resources, while the current financial condition of the business remains limited. Therefore, the decision to seek external financing is still being carefully considered in order to avoid financial instability.

The study additionally demonstrates that digital technology plays an important role in improving business performance. Most respondents have utilized social media platforms and online marketplaces as promotional and marketing tools. Nurul Azizah explained that marketing forest honey products through social media has enabled her business to reach consumers beyond the local area. Furthermore, the use of simple financial applications has helped improve the efficiency and organization of transaction records. The adoption of digital technology has therefore contributed not only to increased sales performance but also to more effective financial management.

Aulidia Mawarni also stated that digital technology has significantly facilitated transactions between sellers and consumers. According to her, digital payment applications simplify income calculations and improve transaction efficiency compared to traditional manual methods. Although she has not fully utilized marketplace platforms, she actively employs social media to promote her clothing products. She further explained that current market trends are strongly influenced by digital platforms, making technological adaptation an essential requirement for maintaining competitiveness in the market.

In Sugiarto's boarding house business, online marketplaces play a substantial role in introducing the business to a wider audience. He stated that many tenants became aware of the business through digital platforms and online information sources. This finding suggests that digital technology is not only beneficial for product-based enterprises but also for service-oriented businesses such as accommodation rentals. Easy access to online information enables potential customers to identify business locations and available facilities before making rental decisions.

Maintaining product quality emerged as one of the primary strategies employed by business actors to increase profitability and sustain financial stability. Faudziah Nur explained that maintaining the quality of brownies is essential in preserving customer loyalty and encouraging repeat purchases. In addition, promotional activities through social media are conducted regularly to increase sales volume. She also attempts to control unnecessary expenditures and allocate a portion of profits as emergency savings to anticipate future declines in sales. Similar strategies were adopted by Nurul Azizah, who consistently maintains the authenticity and quality of forest honey products in order to strengthen consumer trust.

Overall, the findings of this study indicate that financial literacy, access to financing, and the utilization of digital technology are closely associated with the financial performance of MSMEs. Although most respondents still employ relatively simple financial management systems, they have demonstrated awareness regarding financial recording, digital technology utilization, and financial stability maintenance through expenditure control. Differences in financial literacy levels among respondents suggest that

business experience and technological adaptability are important determinants of business development. Therefore, improvements in financial literacy and broader access to digital technology are expected to enhance the competitiveness and long-term sustainability of MSMEs in an increasingly competitive economic

Discussion

The implementation of Standard Operating Procedures (SOPs) at the Elderly Posyandu The findings of this study indicate that financial literacy plays a significant role in supporting the financial performance of MSMEs. Most business actors involved in this research already possess a basic understanding of financial concepts such as profit calculation, cash flow, and simple financial planning. Although the level of understanding remains relatively limited, the respondents demonstrated awareness regarding the importance of separating personal and business finances. This finding supports the argument that financial literacy contributes to better decision-making and more effective business financial management. Business actors who understand basic financial principles tend to manage their operational expenses more carefully and allocate profits more efficiently. The results also reveal that financial literacy among MSME actors is largely obtained through practical experience rather than formal education or training. Consequently, continuous education and financial literacy programs are still necessary to improve the managerial capacity of MSME actors in Indonesia.

The study also found that access to financing remains one of the primary challenges faced by MSME actors. Several respondents stated that administrative requirements, collateral limitations, and concerns about financial risks discourage them from applying for formal loans through financial institutions. As a result, many business actors continue to rely on personal savings or family assistance as their primary source of capital. This condition limits opportunities for business expansion and production development among MSMEs.

Furthermore, the utilization of digital technology was identified as an important factor contributing to business performance improvement. Most respondents have adopted social media platforms, digital payment systems, and simple financial applications to support business activities. The use of technology enables MSME actors to expand their market reach, improve communication with consumers, and simplify financial transaction processes. In addition, digital platforms provide more efficient promotional opportunities compared to traditional marketing methods. The findings demonstrate that technology adoption not only supports marketing activities but also improves financial recording and operational efficiency. Business actors who actively utilize digital technology appear to have better adaptability to market changes and consumer behavior. This finding is particularly relevant in the current digital era, where consumer preferences increasingly depend on online access and digital communication. Therefore, technological adaptation has become an essential requirement for MSMEs seeking to maintain competitiveness and long-term sustainability. The results suggest that digital transformation significantly contributes to strengthening MSME financial resilience.

Another important finding in this study relates to the business strategies implemented by MSME actors to maintain financial stability and increase profitability. Most respondents emphasized the importance of maintaining product quality and customer satisfaction as key strategies for sustaining business continuity. Several business actors also attempted to control operational costs and allocate part of their profits as emergency savings to anticipate uncertain business conditions. In addition, promotional activities through social media were commonly used to increase product visibility and attract consumers. These findings indicate that strategic management practices are essential for maintaining business competitiveness in increasingly dynamic markets. The ability to innovate, maintain quality standards, and adapt to consumer

preferences contributes positively to business sustainability. Moreover, cost efficiency and financial discipline appear to strengthen the financial condition of MSMEs during periods of economic uncertainty. The implementation of appropriate business strategies therefore supports both short-term operational stability and long-term business growth. This finding confirms that business sustainability depends not only on financial resources but also on managerial capability and strategic adaptation. Consequently, MSME actors need to continuously improve their strategic planning and innovation capacity to survive in competitive business environments.

Overall, the findings demonstrate that MSME financial performance is influenced by the interaction of financial literacy, financing access, digital technology utilization, and business strategy. These factors collectively shape financial management practices and determine the sustainability of business operations. The study also highlights the importance of external support, including government policies and technological infrastructure, in strengthening MSME development. Therefore, collaboration between business actors, financial institutions, and government agencies is necessary to improve MSME competitiveness and financial sustainability in Indonesia.

Data Analysis Using NVivo

Data analysis in this study was conducted using a qualitative approach supported by NVivo software. The use of NVivo aimed to assist the researcher in managing, organizing, and systematically analyzing qualitative data related to the determinants of MSME financial performance in Indonesia. The data analyzed consisted of in-depth interviews with key informants, namely Nurul Azizah, Aulidia Mawarni, Khaerunnisa, Sugiarto, and Faudziah Nur, who represent different types of MSME businesses including forest honey products, clothing retail, snacks, boarding house services, and brownies production. In addition, observational notes and supporting documentation related to financial management practices, digital technology utilization, business strategies, and financing access were included to enrich the analysis. The use of NVivo enabled the researcher to organize large volumes of textual data efficiently and transparently. Through this software, patterns related to financial literacy, financing constraints, digital adaptation, and business sustainability strategies were identified more accurately. NVivo also facilitated systematic coding and categorization of emerging themes from the interview findings. As a result, the analytical process became more structured, traceable, and analytically rigorous in explaining MSME financial performance determinants.

Through NVivo, data analysis was conducted in several coding stages, namely open coding, axial coding, and selective coding. The open coding stage was used to identify initial concepts emerging from the interview data, such as financial recording practices, understanding of profit and cash flow, access to business capital, digital technology utilization, operational challenges, and strategies for maintaining financial stability. These preliminary codes represented the fundamental dimensions influencing MSME financial performance among business actors in Indonesia. The next stage, axial coding, was conducted to connect and classify related categories into broader thematic structures, including financial literacy capability, financing accessibility, digital business adaptation, financial management behavior, and business sustainability strategies. This stage enabled the researcher to examine relationships between variables and identify patterns across different business sectors and informants. Finally, selective coding was employed to formulate the core theme explaining the interrelationship between financial literacy, financing access, digital technology utilization, and business strategies in shaping MSME financial performance. Therefore, the use of NVivo not only improved analytical depth and accuracy but also strengthened the empirical validity and conceptual credibility of the research findings.

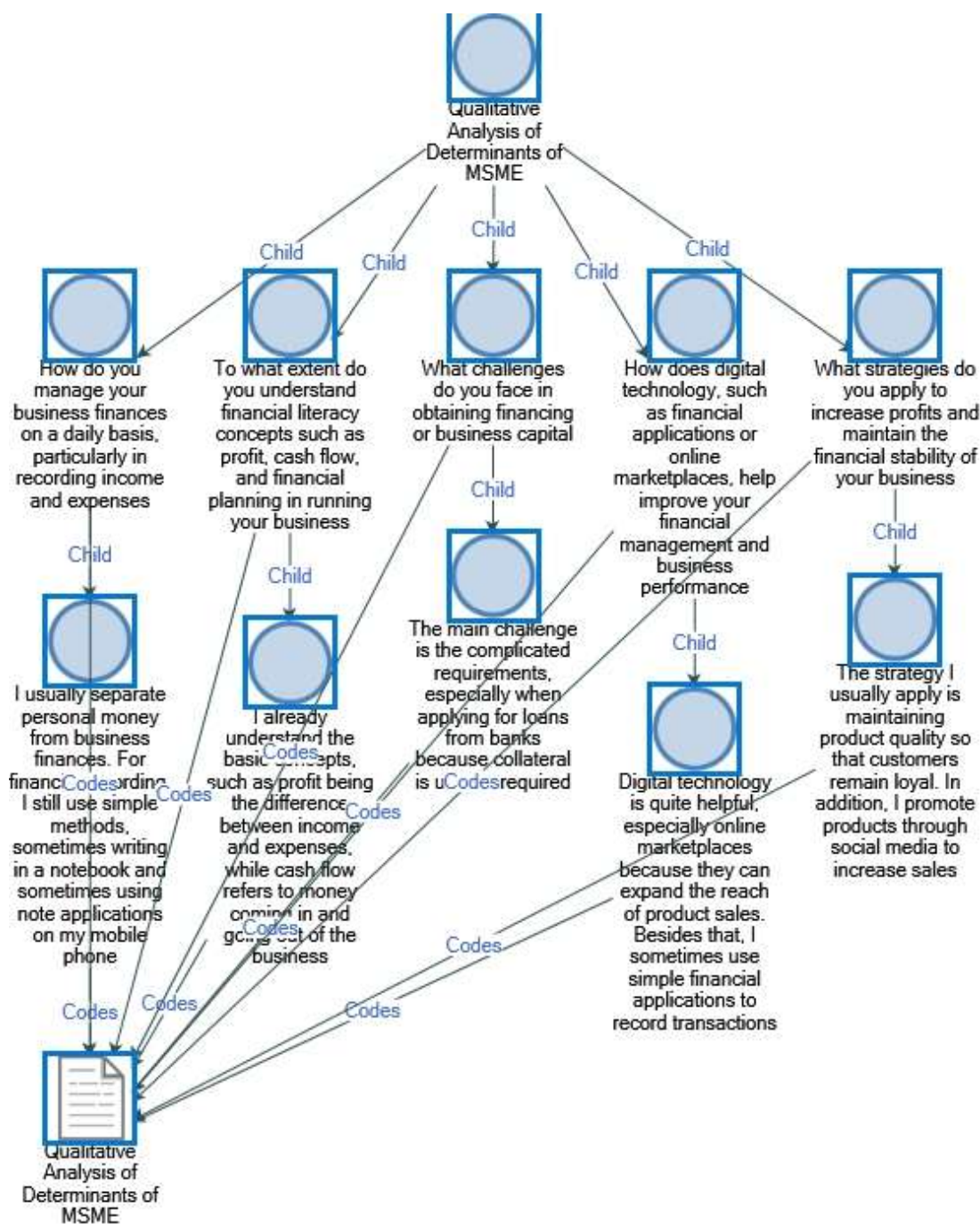


Figure 2 NVivo Coding Model of Determinants Affecting MSME Financial Performance

Figure 2 presents the results of interview data processing using NVivo software, which was applied to identify the factors influencing MSME financial performance. The figure shows that the main theme of the study is related to the analysis of MSME financial performance, which is connected to several interview questions and participants' responses. From the coding results, several important themes emerged, including financial management practices, financial literacy, financing constraints, digital technology utilization, and strategies for maintaining business stability. Each participant's statement was classified into specific codes, allowing the researcher to identify relationships among the responses more clearly. This process helped the researcher understand patterns emerging from the experiences of business actors in a more systematic manner. In addition, the use of NVivo made the data analysis process more organized because all information could be grouped according to similar themes. Therefore, the figure illustrates how interview data were transformed into meaningful research findings that are easier to interpret. Overall, the

“business,” “applications,” “money,” and “profit” appear prominently, showing that financial management issues were central to the experiences shared by the respondents. The visualization also reflects the strong relationship between business operations and financial decision-making among MSME actors. Through this word cloud, the researcher was able to identify the main focus areas discussed during the interviews more clearly and efficiently. Overall, the figure provides a simple but meaningful representation of the dominant issues affecting MSME financial performance in this study.

The word cloud further illustrates that financial management practices and business sustainability were major concerns among the respondents. Words related to financial recording, cash flow, expenses, profit, and applications indicate that business actors frequently discussed the importance of managing income and expenditure properly. In addition, terms associated with technology, such as “applications” and “online,” suggest that digital tools have become increasingly important in supporting business activities and financial management processes. Several words connected to financing challenges, including “capital,” “banks,” and “loans,” also appear in the visualization, reflecting the difficulties experienced by MSME actors in accessing external funding. The presence of words such as “customers,” “quality,” and “maintain” demonstrates that respondents also emphasized customer satisfaction and product quality as important strategies for sustaining business growth. Furthermore, the appearance of terms related to “family,” “experience,” and “control” indicates that personal experience and internal management remain influential factors in business sustainability. Therefore, the word cloud successfully captures the complexity of issues discussed by the respondents throughout the interview sessions. The visualization helps simplify large amounts of qualitative data into key themes that are easier to interpret and understand.

In general, Figure 3 demonstrates that MSME financial performance is influenced by a combination of financial capability, technology adaptation, business strategy, and financing accessibility. The dominance of financial and business-related terms reflects how closely connected these aspects are in the daily operations of MSMEs. The visualization also confirms that respondents are increasingly aware of the importance of financial management and digital technology in supporting business stability. At the same time, challenges related to capital access and operational management continue to affect business development. Through this NVivo-generated word cloud, the researcher gained a broader understanding of the recurring themes emerging from the participants’ experiences. Consequently, the figure strengthens the qualitative findings by visually presenting the dominant concepts discussed throughout the research process.

4. Conclusion

The findings of this study indicate that the financial performance of MSMEs is influenced by several interconnected factors, including financial literacy, access to financing, digital technology utilization, and business strategies implemented by business actors. Most respondents demonstrated a basic understanding of financial management practices, particularly in recording income and expenses and separating personal finances from business finances. However, the study also revealed that financial literacy among MSME actors is still relatively limited and largely based on practical experience rather than formal education or training. In addition, limited access to external financing remains a significant challenge due to administrative requirements, collateral limitations, and concerns about financial risk. The use of digital technology, especially social media, marketplaces, and simple financial applications, was found to contribute positively to improving sales performance and operational efficiency. Business strategies such as maintaining product quality, controlling expenses, and preserving customer loyalty also played an important role in sustaining business stability. Therefore, the study concludes that improving MSME

financial performance requires not only good financial management practices but also the ability to adapt to technological developments and changing market conditions.

Based on the findings of this study, it is recommended that government institutions, educational institutions, and related stakeholders provide more intensive financial literacy programs and business management training for MSME actors. Training activities should focus on practical financial management skills, including cash flow management, financial planning, and the use of digital financial applications. In addition, easier and more accessible financing schemes are needed to help MSME actors expand their businesses without facing excessive administrative barriers. Support for digital transformation should also be strengthened through training on online marketing, digital payment systems, and marketplace utilization so that business actors can compete more effectively in the digital era. Furthermore, MSME actors themselves are encouraged to continuously improve their financial discipline, maintain product quality, and strengthen innovation in order to sustain customer trust and business competitiveness. Collaboration between government agencies, financial institutions, and local communities is also important to create a supportive environment for MSME development. With stronger financial capability and better technological adaptation, MSMEs are expected to achieve greater business sustainability and contribute more significantly to local economic growth in Indonesia.

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