

# **Financial Management Behavior in Snack Food Center MSMEs in Klambir Lima Kebun Village**

**Ramadhan Harahap, Neng Sri Wardhani**

## **Abstract**

This study aims to describe the financial management behavior of Micro, Small, and Medium Enterprises (MSMEs) operating in a snack food industry center of Klambir Lima Kebun Village, Deli Serdang Regency. The research focuses on four key aspects of financial management behavior: financial planning, financial recording, financial control, and financial evaluation. Using a descriptive qualitative approach, data were collected through in-depth interviews, observation, and documentation to obtain a comprehensive understanding of MSME financial practices in a rural context. The findings reveal that MSME financial management behavior in Klambir Lima Kebun Village remains simple, traditional, and strongly influenced by local socio-cultural values. Financial planning is conducted informally and based on experience and market demand; financial recording is irregular and often depends on personal memory; financial control is still weak due to the absence of clear separation between personal and business finances; and financial evaluation tends to be intuitive, relying on practical judgment rather than formal financial statements. Nevertheless, a positive behavioral shift is emerging among younger entrepreneurs who have begun to adopt digital financial recording tools and demonstrate greater awareness of the importance of capital separation. Overall, the study concludes that MSME financial management behavior in rural areas is shaped not only by the level of financial literacy but also by social and cultural values such as mutual cooperation, honesty, and familial solidarity. These findings provide an essential foundation for developing community-based financial education strategies that align with local wisdom to strengthen MSME sustainability.

**Keywords:** Financial Management Behavior, Msmes, Financial Literacy, Local Culture, Snack Industry

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## Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in supporting national economic development, particularly in creating employment opportunities, increasing community income, and strengthening local economies. This sector serves as the backbone of many developing economies, including Indonesia [1]. One of the MSME sectors that has shown rapid growth in rural areas is the snack food industry, which is typically managed by family-based and traditional systems. Klambir Lima Kebun Village, located in Deli Serdang Regency, is one of the main centers for snack production, producing various local food products such as chips, traditional cakes, and other local snacks with significant economic value. Despite this potential, many MSME owners still encounter challenges in managing their business finances effectively [2].

Financial management behavior is a key factor determining the sustainability and growth of MSMEs [3]. However, many entrepreneurs lack a comprehensive understanding of how to plan, record, control, and evaluate their financial activities [4]. Financial record-keeping is often done manually or even neglected altogether [5]. Moreover, most business owners do not separate personal and business finances, leading to difficulties in assessing the actual financial condition of their enterprises [6]. Such challenges hinder MSMEs from developing professionally and becoming more competitive [7].

Previous studies have examined MSME financial management behavior from various perspectives. MSME financial behavior is influenced by financial literacy levels and individual financial attitudes [8]. Then, financial management behavior represents real actions in managing financial resources, shaped by daily habits and experiences [9]. Studies have shown that financial literacy significantly enhances the effectiveness of financial planning among micro-enterprises [10]. Similarly, many Indonesian MSMEs still struggle with systematic financial recording [4], while disciplined financial behavior contributes to business sustainability [11].

International research also reinforces the importance of sound financial management behavior for MSME resilience. Responsible financial behavior stems from strong financial literacy and self-control in money management [12]. Effective financial management is also a critical factor in maintaining business stability among microenterprises in developing economies [13]. However, most of these studies adopt a quantitative approach, focusing primarily on the relationship between financial literacy and financial behavior. In contrast, qualitative insights exploring the lived experiences of rural MSME actors—especially in the snack food sector—remain limited [14], [15].

Local social, cultural, and economic contexts play a significant role in shaping how entrepreneurs manage their finances [16]. Therefore, it is essential to understand financial management behavior within a contextualized rural framework. The novelty of this study lies in its qualitative approach, which explores MSME financial management behavior through the actual experiences and practices of rural business owners. Beyond financial literacy, this study highlights the influence of local values, cultural habits, and adaptive patterns on business financial practices within small communities. Thus, this study contributes new insights to the discourse on MSME financial management behavior from a localized behavioral finance perspective [17].

Based on this background, the present study aims to describe the financial management behavior of MSMEs engaged in the snack food industry in Klambir Lima Kebun Village. The research focuses on four main aspects of financial management behavior: planning, recording, controlling, and evaluating business finances. Through a descriptive qualitative approach, this study is expected to provide a comprehensive understanding of MSME financial practices and serve as a foundation for developing strategies to enhance managerial and financial capabilities in the microenterprise sector.

## Literature Review

Financial management is a fundamental aspect of business administration, including for Micro, Small, and Medium Enterprises (MSMEs). Financial management encompasses all activities related to planning, organizing, and controlling financial resources to achieve business objectives effectively and efficiently [9]. In the context of MSMEs, financial management is not only about recording transactions but also involves daily financial decision-making, such as managing capital, regulating income, controlling expenses, and making investment or savings decisions for business sustainability [1] [13].

Financial management behavior is closely linked to the concept of behavioral finance, which examines how individuals within organizations make financial decisions based on psychological, social, and cultural factors [8] [12]. In practice, financial behavior is not always rational, as it is often shaped by habits, experiences, personal values, and surrounding economic conditions [3]. This is particularly relevant in rural MSME contexts, where financial decisions tend to rely more on experience and short-term needs rather than formal accounting principles or long-term planning [14].

Most MSME actors in Indonesia have not yet implemented proper financial recording systems. Financial records are often maintained in simple forms or even depend on the owner's memory, leading to difficulties in assessing the actual financial condition, especially in monitoring cash flow and business profits [4]. Disciplined financial management behavior—such as regular record-keeping and the separation of personal and business finances—positively affects business sustainability [11]. Similarly, MSME owners with structured financial records tend to be more resilient to economic uncertainty [7].

In addition to financial knowledge and literacy, financial management behavior is also influenced by social and cultural factors. In rural communities, financial management behavior is often shaped by local values such as mutual cooperation, kinship, and communal economic practices [18]. As a result, many business owners prioritize social needs, such as helping neighbors or relatives, over allocating funds for business development. MSME financial behavior often reflects local value systems; therefore, strategies to strengthen financial management must align with local socio-cultural contexts [16]. These findings indicate that local financial behavior possesses unique characteristics that do not always correspond with modern economic theory.

Financial literacy is another crucial factor influencing MSME financial behavior. Studies have shown that higher levels of financial literacy lead to better financial management behavior among both individuals and organizations [19]. However, financial literacy alone is insufficient without positive financial attitudes and habits [12]. Financial knowledge must also be accompanied by awareness and discipline in its implementation [10]. In this regard, financial management behavior is not merely a technical skill but also reflects the mindset and values held by business owners [17].

In the context of snack-based MSMEs in Klambir Lima Kebun Village, financial management behavior may be influenced by several factors, including educational background, business experience, and access to financial information and training. Many business owners still rely on simple financial systems due to limited resources and a lack of understanding of the importance of record-keeping and financial planning [20]. This aligns with previous findings indicating that rural MSME actors often employ informal approaches to financial management while maintaining honesty, trust, and social relationships as integral parts of their business practices [2], [15].

In summary, the literature suggests that MSME financial management behavior is not solely determined by financial literacy levels but is also shaped by social, cultural, and habitual factors within the business environment [13]. This study aims to deepen this understanding by

exploring how snack-industry MSME owners in Klambir Lima Kebun Village manage their business finances within the realities of local economic life.

### **Research Methodology**

This study employed a descriptive qualitative approach aimed at gaining an in-depth understanding of the financial management behavior of MSME actors in the snack food industry center of Klambir Lima Kebun Village. This approach was chosen because it is suitable for exploring complex and contextual social phenomena, particularly those related to experiences, habits, and actual practices in business financial management. Through this qualitative method, the researcher seeks to describe financial behavior and management patterns as they occur in real-life settings—not in numerical or statistical forms—but through rich, meaningful narrative descriptions.

The research location was purposively selected in Klambir Lima Kebun Village, Hamparan Perak District, Deli Serdang Regency. This village is recognized as one of the main centers of snack production, encompassing various small-scale businesses such as chips, traditional cakes, and other locally processed agricultural products. The site was chosen due to its community characteristics, where most residents depend on home-based small enterprises, making it highly relevant to the study's focus on MSME financial management behavior.

The research subjects consisted of MSME owners actively engaged in snack food production within the village. Informants were selected using a purposive sampling technique, meaning that participants were chosen based on specific criteria deemed capable of providing deep insights into the studied phenomenon. The selection criteria included: (1) MSME owners who have operated their businesses for at least two years, (2) those directly responsible for managing business finances, and (3) willingness to participate in the study. The number of informants was determined based on the data saturation principle, where data collection ceased once no new information or themes emerged.

Data were collected through in-depth interviews, observation, and documentation. The semi-structured interview technique allowed the researcher to explore participants' experiences and perspectives freely while maintaining focus on the research topic. Observations were conducted to directly examine how MSME owners handled their daily financial activities, such as transaction recording, capital management, and the separation of personal and business finances. Additionally, supporting documents—such as simple financial records, cash books, and transaction receipts—were used to validate findings from interviews and observations.

Data analysis followed a well-established qualitative framework consisting of three main stages: data reduction, data display, and conclusion drawing. During the data reduction stage, the researcher selected and simplified relevant data aligned with the research focus. The reduced data were then presented in descriptive narratives and tabular summaries to facilitate interpretation. The final stage involved drawing conclusions, where the researcher identified emerging patterns, themes, and meanings from interviews and observations to address the research questions [21].

To ensure data validity, the study applied source triangulation and method triangulation. Source triangulation was conducted by comparing information obtained from different informants, while method triangulation was performed by comparing the results of interviews, observations, and document analysis. Research validity was further strengthened through member checking, whereby findings were confirmed with participants to ensure that the researcher's interpretations accurately reflected real conditions in the field.

Through this methodology, the study is expected to provide a comprehensive understanding of the financial management behavior of MSME actors in Klambir Lima Kebun Village, including their financial management habits, awareness of record-keeping, and the social and cultural factors influencing such behaviors.

## Results

This study aims to describe and analyze the financial management behavior of MSME (Micro, Small, and Medium Enterprise) actors in the snack industry center of Klambir Lima Kebun Village. Based on interviews, observations, and documentation conducted with several business owners, the study provides a realistic picture of how they manage their daily financial activities. The discussion is organized into four main aspects of financial management behavior: financial planning, financial recording, financial control, and financial evaluation. Each aspect is analyzed with reference to relevant theories and previous research findings, while also linked to the actual conditions observed in the field.

### 4.1 Financial Planning among Snack-Based MSMEs

Financial planning represents the initial stage of financial management, functioning to determine the direction and purpose of fund utilization. Based on the findings, most snack-based MSME owners in Klambir Lima Kebun Village do not have a systematic written financial plan. Financial plans are generally informal and not presented in the form of budgets or profit–loss projections. Entrepreneurs typically estimate the needs for raw materials and operational expenses based on past experience.

Some business owners explained that financial planning is conducted according to production cycles and market demand. For instance, prior to Ramadan or major religious holidays, they allocate more capital due to increased demand. However, during low-demand periods, financial planning becomes uncertain due to reduced cash flow. This indicates that financial planning remains situational and lacks a long-term strategic orientation.

These findings are consistent with previous research indicating that MSMEs in the food sector generally lack formal financial planning systems due to limited financial literacy and simple managerial habits [4]. Nonetheless, within the socioeconomic context of Klambir Lima Kebun Village, such flexibility serves as an adaptive strategy that helps entrepreneurs survive amid market fluctuations. Although their planning is not formally structured, MSME actors demonstrate strong adaptive capacity in managing financial resources pragmatically.

### 4.2 Financial Recording and Financial Habits

Financial recording is a crucial aspect that reflects an entrepreneur’s ability to control and evaluate financial activities. The findings reveal that most MSME actors at the research site do not conduct financial recording regularly. They tend to record only major transactions, such as bulk purchases of raw materials or large sales, while daily transactions—such as small operational expenses—are often undocumented.

Some business owners use simple notebooks to record income and expenses, while others rely solely on memory. This practice leads to difficulties in calculating net profits and monitoring cash flow. One informant stated that they could tell whether the business was profitable or not only “by the amount of money left at the end of the week.” This reflects a low level of awareness regarding the importance of financial recording as a tool for business decision-making.

However, several younger entrepreneurs have begun using simple mobile applications, such as *Daily Financial Notes* or *Buku Warung*, to record transactions more efficiently. They reported that this method helps them monitor their cash flow more easily. This phenomenon indicates a behavioral shift influenced by technology and the emergence of more digitally literate entrepreneurs.

These findings are in line with previous research emphasizing that simple bookkeeping practices among MSMEs reflect habit-based financial behavior rather than formal accounting knowledge [9]. Therefore, financial education interventions should be tailored to local social

and cultural contexts to ensure that small business owners can adopt and sustain these practices effectively.

### **4.3 Financial Control and Capital Separation**

Financial control relates to how entrepreneurs manage cash inflows and outflows and separate personal from business finances. Based on observations and interviews, most MSME owners in Klambir Lima Kebun Village still mix personal and business funds. Sales revenue is often used for household needs, such as daily expenses or children's education, without proper financial segregation. As a result, they struggle to distinguish between business capital and actual net profit.

Nevertheless, some experienced entrepreneurs—those who have operated for more than five years—have begun to realize the importance of financial separation. They keep business funds in separate bank accounts or use envelope-based systems to differentiate operational, savings, and household funds. These simple control mechanisms demonstrate a gradually increasing financial awareness.

This finding supports previous research suggesting that financial behavior is influenced by experience and learning. Sound financial control does not necessarily emerge from formal education but from habitual practice and adaptation to business challenges [8]. In the social context of Klambir Lima Kebun Village, financial control is also shaped by strong communal and family values. Entrepreneurs often prioritize social needs over financial goals, such as helping neighbors in urgent need. These cultural values represent both a challenge and a strength in shaping distinctive financial behavior within rural communities.

### **4.4 Financial Evaluation and Business Sustainability**

Financial evaluation serves as the final stage of financial management, functioning to assess financial performance and identify areas for improvement. The study found that most MSME actors do not perform formal financial evaluations. They gauge business success by the number of products sold or the amount of cash profit obtained. Evaluations rarely involve financial statements or profit–loss analysis.

However, some entrepreneurs adopt simple evaluation methods, such as comparing sales figures between months or checking remaining inventory levels. For them, business success is measured not only by financial gain but also by maintaining customer loyalty and ensuring continuous production. This reflects that financial success among MSMEs is more social and practical rather than based on formal accounting analysis.

These findings reinforce previous research indicating that MSME financial management behavior in rural areas cannot be separated from local social and cultural values [18]. Financial evaluations are often intuitive and context-based, guided by individual experience and perception. Nevertheless, if such evaluative behavior is supported and guided through appropriate financial education approaches, MSME actors can enhance their efficiency and ensure greater business sustainability.

## **Conclusion**

The findings of this study reveal that the financial management behavior of MSME actors in the snack production center of Klambir Lima Kebun Village remains simple, traditional, and largely influenced by social factors and local economic habits. Although some business owners have developed an awareness of the importance of financial management, their practices are not yet fully systematic and still rely heavily on personal experience and intuition. In terms of financial planning, most MSME actors do not have written or structured business plans or budgets. Planning tends to be spontaneous and adjusted to sales conditions and market

demand, indicating that financial decisions are oriented more toward short-term needs rather than long-term strategies.

Regarding financial recording, the majority of business owners have not maintained regular or detailed financial records. Many only record major transactions, while small daily expenses are often neglected. However, there is a positive trend among younger entrepreneurs who have begun to use simple digital applications to record transactions, reflecting a gradual shift toward more modern financial habits.

In the aspect of financial control, many MSME actors still mix personal and business finances, making it difficult for them to assess their financial performance accurately. Nevertheless, more experienced business owners have started implementing basic separation methods, such as using different bank accounts or envelope systems to distinguish between operational funds and household needs.

Concerning financial evaluation, MSME actors tend to assess their business performance based on sales outcomes and production continuity rather than through formal financial reports. Evaluations are conducted intuitively by comparing results over time, demonstrating a unique form of contextual financial assessment typical of rural business environments.

Overall, the financial management behavior of MSME actors in Klambir Lima Kebun Village needs improvement, particularly in developing more systematic financial planning, recording, and evaluation practices. Nevertheless, the study also highlights the strong potential for community-based financial management development. Social values such as mutual cooperation and honesty embedded in the local culture can serve as valuable social capital to build simple yet effective financial systems that support the sustainability of small businesses.

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