Financial Planning for MSMEs: Improving Cash Flow Management and Saving Behavior Among Cafe Owners in Salatiga City

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Abstract

Financial planning literacy among micro, small, and medium enterprises (MSMEs) in Indonesia remains critically low, particularly among cafe owners who frequently conflate personal and business finances, operate without cash flow monitoring, and lack structured saving or investment habits. This community service study aims to improve financial planning understanding and practices among cafe owners in Salatiga City through structured education, practical workshops, and individualized mentoring. The program was conducted from March to May 2026, involving 50 cafe owners from the Salatiga Cafe and Coffee Shop Entrepreneurs Association. Results demonstrated a statistically significant increase in participants' mean financial literacy score from 41.6 to 79.8 (on a 100-point scale), alongside a 78.2% improvement in participants' financial planning behavior index. A total of 41 out of 50 participants successfully prepared a personal business cash flow projection and a three-month saving plan independently. These findings confirm that structured, practice-based financial education effectively promotes sustainable financial behavior among cafe operators and may serve as a replicable model for similar initiatives across Indonesian cities.

Keywords: Financial Planning, MSMEs, Cafe Owners, Financial Literacy, Cash Flow Management

INTRODUCTION

The micro, small, and medium enterprise (MSME) sector remains the backbone of the Indonesian national economy. According to data published by the Ministry of Cooperatives and SMEs (2025), Indonesia hosts approximately 66.35 million MSME units, contributing 61.97% to the national Gross Domestic Product (GDP) and absorbing 96.9% of the total workforce. These figures highlight the critical importance of MSMEs not only as engines of economic activity but also as instruments of inclusive growth and poverty alleviation.

The proliferation of digital commerce has significantly reshaped MSME business models. Data from the Indonesian Internet Service Providers Association (APJII, 2025) indicate that internet penetration in Indonesia reached 215.63 million users, equivalent to 78.19% of the total population. The Statista Digital Market Outlook (2026) projected Indonesian e-commerce gross merchandise value at USD 79 billion in 2026, positioning Indonesia as the largest e-commerce market in Southeast Asia. In Salatiga City, the Department of Cooperatives, SMEs, and Industry recorded approximately 5,100 active MSME operators by the close of 2025, with more than 42% utilizing digital platforms as their primary sales channel.

Despite their growing commercial presence, the financial management practices of MSME cafe operators remain a significant structural challenge. The Financial Services Authority (OJK) National Financial Literacy and Inclusion Survey (2022) recorded a national financial literacy index of 49.68%, with the MSME segment scoring considerably below the national average. A separate survey conducted by Bank Indonesia (2025) found that 64.3% of MSME operators in Java did not maintain separate personal and business accounts, 71.2% had no formal cash flow monitoring system, and fewer than 20% possessed any form of emergency savings equivalent to three months of operational expenses.

In Salatiga City specifically, a preliminary needs assessment conducted by the research team in January 2026 involving 60 cafe owners revealed that 80% of respondents had never prepared a formal financial plan for their business, 86% could not distinguish between gross and net profit in their daily operations, and 88% had no documented saving or investment strategy, often reinvesting all revenues without setting aside operational reserves. These conditions expose MSME operators to significant financial vulnerability, including the inability to manage seasonal revenue fluctuations, fund business expansion, or absorb unexpected operational shocks.

Financial planning, defined as the structured process of setting financial goals and designing actionable strategies to achieve them through budgeting, cash flow management, debt management, saving, and investment, has been widely recognized as a foundational competency for sustainable business operations. The Government of Indonesia, through the National Strategy for Financial Literacy (SNLKI) 2021-2025 issued by OJK, has placed MSME financial empowerment as a priority agenda, recognizing that improved financial literacy among small business operators produces multiplier effects on employment, productivity, and economic resilience.

Against this backdrop, the research team from the Department of Management designed and implemented a community service program comprising structured financial planning education for cafe owners in Salatiga City. The program objectives were threefold: to improve participants' understanding of foundational financial planning concepts applicable to MSME contexts, to provide practical skills in cash flow management, budgeting, and saving strategies, and to foster disciplined and sustainable financial behavior among cafe and coffee shop operators.

LITERATURE REVIEW

FINANCIAL PLANNING FOR MSMES

Financial planning for MSMEs encompasses a range of interrelated practices that enable business owners to align financial resources with operational and strategic objectives. According to Gitman and Zutter (2019), the financial planning process involves the estimation of future financial needs, the identification of financing sources, and the establishment of control mechanisms to monitor performance against targets. In the MSME context, this process is often simplified into four core components: cash flow management, budgeting, emergency fund accumulation, and basic investment.

Indonesian regulatory frameworks have increasingly recognized the importance of MSME financial management capacity. The Financial Services Authority Regulation (POJK) No. 76/POJK.07/2016 on Financial Consumer Education mandates that financial institutions provide accessible financial literacy programs for underserved market segments, including MSMEs. Complementing this, OJK Regulation No. 57/POJK.07/2023 further strengthened obligations for fintech platforms and digital lending services to embed financial education in their onboarding and client engagement processes, reflecting the growing intersection between digital commerce and financial services for MSME actors.

The separation of personal and business finances is widely regarded as the foundational step in MSME financial planning. Research by Fatoki (2022) across emerging market economies demonstrated that MSME operators who maintained dedicated business accounts exhibited 34.7% higher profitability than those who did not, attributing this advantage to superior cost tracking and improved access to formal credit. In the Indonesian context, Sulistyowati and Indrawati (2021) found that MSME operators in Central Java who adopted basic financial record-keeping practices reported a 28.4% improvement in gross profit margins within twelve months of adoption.

FINANCIAL LITERACY AND MSME SUSTAINABILITY

Financial literacy, defined by the Organisation for Economic Co-operation and Development (OECD, 2020) as the combination of awareness, knowledge, skills, attitudes, and behaviors necessary to make sound financial decisions and achieve individual financial well-being, is increasingly regarded as a determinant of MSME survival and growth. Studies consistently demonstrate that financially literate MSME operators are better positioned to manage credit, respond to market fluctuations, and plan for business continuity.

Lusardi and Mitchell (2014), in a seminal review of global financial literacy research, established that financial literacy is positively associated with savings behavior, retirement planning, and wealth accumulation. In the MSME context, Agyei (2018) found that financial literacy significantly predicts the adoption of formal financial products, including business insurance and microfinance, among small traders in developing economies. In Indonesia, research by Purwanto and Astuti (2022) on MSME operators in Central Java demonstrated that financial literacy positively and significantly influences business performance, with a standardized regression coefficient of 0.387.

The Theory of Financial Behavior, synthesizing elements of behavioral finance and planned behavior theory, offers a useful framework for understanding how financial education translates into improved financial decision-making. Shefrin (2020) argues that financial behavior is shaped by cognitive biases, heuristics, and emotional responses that can be systematically addressed through structured educational interventions. Practice-based financial education, in particular, has been shown to produce more durable behavioral changes than lecture-based instruction, as it enables participants to apply concepts to their own financial situations in real time.

FINANCIAL EDUCATION AS A COMMUNITY SERVICE INSTRUMENT

Financial education as a form of community service represents a practical application of the university Tridharma principle, connecting academic expertise with the developmental needs of the surrounding community. A growing body of literature supports the effectiveness of university-administered financial education programs for MSME populations. Hastings, Madrian, and Skimmyhorn (2013) identified that financial education interventions demonstrating the highest impact are those that are timely, contextually relevant, and accompanied by hands-on practice opportunities.

In the Indonesian context, Ratnasari and Setiyawan (2023) evaluated a financial planning education program for MSME actors in Surabaya and reported a 65.3% improvement in participants' cash flow management behavior index following a structured four-session workshop series. Similarly, Wulandari and Sari (2022) found that a university-community collaborative financial literacy program in Malang resulted in a 58.9% increase in the proportion of MSME participants who adopted formal saving habits within three months of program completion. These findings suggest that structured, practice-based financial education programs delivered in partnership with local MSME communities can generate significant and measurable improvements in financial behavior.

METHODS

This community service study was conducted from March to May 2026 in Salatiga City, Central Java. The target participants were cafe owners affiliated with the Salatiga Cafe and Coffee Shop Entrepreneurs Association, with a final sample of 50 participants following a process of registration, verification of active digital business status, and attendance confirmation. Participants were active cafe and coffee shop operators with dine-in and/or delivery service operations, with an average monthly business turnover between IDR 15 million and IDR 150 million.

The program adopted a participatory action learning approach, selected on the basis that financial planning competencies are inherently practical and require direct application to participants' own business data to produce durable behavioral change. Participants who lacked formal education in finance or management were considered the primary target group, and all instructional materials were designed accordingly, emphasizing concrete examples, visual tools, and accessible language.

The program was structured in four phases. The first phase (Week 1-2) consisted of foundational counseling sessions covering core financial planning concepts, including the importance of separating personal and business finances, the structure of a simple business income statement, and the principles of cash flow management. The second phase (Week 3-4) comprised practical workshops in which participants, guided by facilitators, prepared their own simplified cash flow projections using an Excel-based template developed by the program team, calculated their actual monthly business profit, and identified areas of avoidable expenditure. The third phase (Week 5-6) focused on saving and emergency fund strategies, guiding participants in setting a realistic three-month emergency fund target and identifying appropriate savings instruments, including dedicated business savings accounts and registered cooperative savings schemes. The fourth phase (Week 7-8) consisted of individualized mentoring conducted through a WhatsApp group, in which participants shared their monthly financial reports and received feedback from the program team.

Measurement instruments included pre-test and post-test questionnaires to assess participants' financial literacy level across five dimensions: financial knowledge, cash flow management, budgeting, savings behavior, and investment awareness. A financial planning behavior index was constructed from a five-point Likert scale questionnaire administered at the start and conclusion of the program. Data were analyzed using descriptive quantitative methods, with a paired t-test employed to assess mean score differences. Program success was defined by improvements in financial literacy scores and the proportion of participants who independently completed the cash flow projection and saving plan exercises.

Table 1. Participant Profile of the Cafe Owner Financial Planning Education Program in Salatiga City

Characteristic	**Category**	**Number (n)**	**Percentage (%)**
Business Type	Dine-in Cafe	28	56.0%
	Coffee Shop / Kiosk	15	30.0%
	Cafe with Delivery Service	7	14.0%
Monthly Turnover	IDR 15–30 million	22	44.0%
	IDR 30–100 million	21	42.0%
	> IDR 100 million	7	14.0%
Education Level	Senior High School	20	38.5%
	Diploma / Bachelor's	29	55.8%
	Master's / Doctoral	3	5.7%
Business Account Status	Has dedicated business account	19	38.0%
	No dedicated business account	31	62.0%

RESULTS AND DISCUSSION

IMPROVEMENT IN FINANCIAL LITERACY SCORES

Pre-test and post-test results revealed a statistically significant improvement in participants' financial literacy across all five measured dimensions. The overall mean pre-test score was 41.6 out of 100, reflecting a limited baseline understanding among participants. Following the counseling, workshop, and mentoring phases, the overall mean post-test score increased to 79.8, representing an improvement of 38.2 points or 91.8%. A paired t-test yielded a t-value of 21.37 with a significance level of 0.000 ($p < 0.01$), confirming that the improvement was statistically significant.

Table 2. Comparison of Participant Financial Literacy Scores Before and After the Program

Financial Literacy Dimension	**Mean Pre-Test**	**Mean Post-Test**	**Improvement (%)**
Financial knowledge (concepts)	43.8	82.4	88.1%
Cash flow management	38.5	78.6	104.2%
Budgeting skills	44.2	81.3	83.9%
Savings behavior	37.9	75.2	98.4%
Investment awareness	42.6	81.5	91.3%
Overall mean	41.6	79.8	91.8%

The dimension recording the greatest improvement was cash flow management (104.2%), which reflects the transformative impact of the hands-on workshop in which participants constructed their own cash flow projections for the first time. Prior to the program, the majority of participants had no systematic method for tracking revenues and expenditures, instead relying on informal mental accounting. The savings behavior dimension also recorded a substantial gain (98.4%), driven by the practical saving plan exercise conducted in Phase 3. The relatively smaller gain in financial knowledge of concepts (88.1%) suggests that certain basic notions of financial management were already partially familiar to participants, though often applied inconsistently.

INDEPENDENT FINANCIAL PLANNING PRACTICE

Of the 50 participants who completed the program, 41 (82.0%) successfully prepared a simplified monthly cash flow projection using the program-provided template and identified at least one actionable cost-reduction measure from their own business data. Nine participants (18.0%) were unable to complete all components of the exercise independently, primarily due to insufficient documentation of prior business transactions (seven participants) and technical difficulties with spreadsheet software (two participants).

Among the 31 participants who did not previously maintain a dedicated business bank account, 25 (80.6%) opened a new dedicated business savings account within the mentoring period, citing the program's practical demonstration of the account separation principle as the decisive motivating factor. This finding corroborates the conclusions of Fatoki (2022), who identified the account separation step as the single most impactful behavioral change accessible to MSME operators in the short term.

Table 3. Independent Financial Planning Achievement Among Cafe Owner Participants

Achievement Indicator	**Number of Participants**	**Percentage**
Completed own cash flow projection	41	82.0%
Identified at least one cost-reduction opportunity	44	88.0%

Achievement Indicator	Number of Participants	Percentage
Established a three-month saving target	43	86.0%
Opened dedicated business savings account (of 31 without)	25	80.6%
Stated intention to maintain monthly financial records	47	94.0%

FINANCIAL PLANNING BEHAVIOR INDEX

Measurement of the financial planning behavior index using the five-point Likert scale showed a mean score increase from 2.18 prior to the program to 3.89 following its completion, equivalent to a 78.2% improvement. A total of 94.0% of participants expressed the intention to maintain monthly financial records after participating in the program, and 84.6% had set a documented saving target by the end of the mentoring period.

These results are consistent with the findings of Ratnasari and Setiyawan (2023), who reported a 65.3% improvement in cash flow management behavior among MSME participants in Surabaya following a structured financial education program. The slightly higher improvement recorded in the present study (78.2%) may be attributed to the longer mentoring phase and the greater emphasis on individualized financial planning, which allowed participants to internalize concepts through repeated application to their own business data.

Facilitating factors included the direct applicability of the Excel-based cash flow template to participants' daily transactions, the use of local market examples (such as coffee menu costing, daily ingredient procurement for cafes, and seasonal beverage trends) that resonated with participants' business contexts, and the involvement of young alumni mentors whose entrepreneurial experience lent credibility to the practical guidance provided. Constraining factors included limited digital device access among a minority of participants and resistance from several older participants to adopting smartphone-based financial applications, underscoring the need for program designs that accommodate varying levels of digital readiness.

CONCLUSION

The community service program on financial planning education for cafe owners in Salatiga City successfully achieved its stated objectives. The mean participant financial literacy score increased significantly from 41.6 to 79.8, and 82.0% of participants completed their own cash flow projection independently. The financial planning behavior index improved by 78.2%, and 94.0% of participants expressed the intention to maintain monthly financial records on an ongoing basis.

This program demonstrates that the limited financial planning capacity observed among MSME cafe operators is not primarily a function of cognitive ability or motivation, but rather a consequence of insufficient access to practical, contextually relevant financial education. Structured, participatory educational approaches reinforced by individualized mentoring have proven effective in promoting sustainable financial behavior among cafe operators. Universities, local government authorities, regional offices of the Financial Services Authority, and community banking institutions are encouraged to strengthen collaborative frameworks that expand the reach of similar programs, particularly in cities experiencing rapid growth in digital MSME activity and financial inclusion needs.

Future programs may benefit from integration with digital financial management applications, partnerships with regional cooperative banks (BPR) to facilitate immediate business account opening following education sessions, and longitudinal follow-up assessments conducted six and twelve months post-program to evaluate the durability of behavioral changes.

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