Strengthening MSME Business Performance: A Conceptual Paper

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ABSTRACT

This study aims to examine the influence of fintech, customer satisfaction, and the use of accounting information on the business performance of culinary MSMEs in the Aloon-Aloon Kauman Johar area of Semarang. A quantitative approach with a survey method was applied, with the population consisting of all culinary MSME owners in the area and samples selected using purposive sampling based on the Slovin formula. Data were collected through a Likert-scale questionnaire (1–5) and analyzed using multiple linear regression. This research is expected to contribute to the literature on Good Business Governance and MSME digitalization while providing practical insights for entrepreneurs in utilizing fintech, enhancing customer satisfaction, and using accounting information to improve business performance. The theoretical foundation of this study is the Economic Empowerment Theory, which posits that business advancement is achieved through increased access to resources, information, and technology.

Keywords: Fintech, Customer Satisfaction, Accounting Information, Business Performance, MSMEs

INTRODUCTION

The COVID-19 pandemic has significantly impacted various aspects of life, including the economic sector. Micro, Small, and Medium Enterprises (MSMEs) have been among the most affected, particularly in the culinary industry. In Semarang City, especially in the Aloon-Aloon Kauman Johar area, many culinary business owners experienced a decline in income due to decreased consumer purchasing power. This situation has required MSMEs to adapt through innovation and the utilization of digital technology to sustain and improve their business performance in the post-pandemic era.

Digital transformation has become a key factor in economic recovery efforts. Financial technology (fintech) plays an important role in providing easier access to capital, improving transaction efficiency, and expanding market reach for MSMEs. Previous studies have shown that fintech positively influences business performance by enhancing financial inclusion and operational effectiveness. Furthermore, the use of accounting information is essential for accurate business decision-making, helping entrepreneurs in planning, monitoring, and evaluating their business performance. Meanwhile, customer satisfaction serves as a crucial determinant of business success, reflecting the ability of MSMEs to meet customer needs and expectations.

Based on this background, this study aims to analyze the influence of financial technology, customer satisfaction, and the use of accounting information on the business performance of MSMEs, particularly culinary businesses in the Aloon-Aloon Kauman Johar area of Semarang. This research is expected to provide theoretical contributions to the development of literature on Good Business Governance and MSME digitalization, as well as practical benefits for business owners in improving competitiveness and business sustainability in the post-pandemic era.

LITERATURE REVIEW
Economic Empowerment Theory

The empowerment theory explains the provision of opportunities for communities to gain access to resources such as capital, technology, and information in order to develop businesses, increase income, and expand employment opportunities (Nafik, 2021). Micro, Small, and Medium Enterprises (MSMEs) play an important role in strengthening the community's economy through creative management of capital and marketing, supported by financing from both government and private sectors. An efficient capital structure is essential to ensure optimal business growth, where the Equity to Asset Ratio (EA) serves as an indicator of capital strength (Dori & Sari, 2022). According to the Republic of Indonesia Law Number 20 of 2008, the purpose of MSME empowerment is to build an equitable national economy, foster self-reliant enterprises, and enhance the role of MSMEs in regional development and poverty alleviation

Financial Technology (Fintech)

Financial Technology (Fintech) is the integration of financial services and technology aimed at simplifying financial activities such as payments, investments, online credit, and transfers (NDRC). Fintech represents an innovation in the financial sector that transforms conventional systems into digital ones, offering faster, safer, and more efficient processes (Wachyu & Winarto, 2020). Its development has occurred in three stages: first, from 1866 to 1967, marking the transition from analog to digital systems and the emergence of credit cards; second, from 1967 to 2008, characterized by the introduction of ATMs and the rise of the internet; and third, from 2008 to the present, with the emergence of various online financial service platforms. In Indonesia, fintech began to grow in 2006 with only four companies and increased rapidly to around 165 companies by 2016 (Aam Slamet et al., 2018). According to Wahyu & Winarto (2020), the growth of the fintech industry is driven by five key factors: changes in consumer mindset toward convenience, digitalization advancements, rapidly evolving trends, easier access to financial services, and government policy support through supervision by the Financial Services Authority (OJK).

Customer Satisfaction

A business is considered successful when its customers feel satisfied, as consumers are the primary factor that must be prioritized. Customer satisfaction refers to the feeling that arises after comparing a product's performance with their expectations (Agung Akbar, 2020). Satisfied consumers tend to be loyal, provide positive recommendations, and consider the company for future purchases. According to Manurung (2009), satisfaction is influenced by expectations, performance, the comparison between the two, and the alignment of experiences with expectations. Furthermore, Kurnia and Suwiknyo (2018) identified five main factors affecting customer satisfaction: product quality, service, emotional factors, price, and convenience or cost. High product and service quality, affordable pricing, and easy access can significantly enhance customer satisfaction.

Accounting Information

Effective business decision-making requires accurate and easily understood accounting information. MSME owners must be able to interpret this information to make sound business decisions (Safitri, 2018). Accounting information plays a role in preparing projections, controlling costs, improving productivity, and supporting production processes. It includes three main types: operational, financial, and managerial information. According to Savitri and Saifudin (2018), users of accounting information consist of internal parties such as management and external parties such as investors, creditors, and government agencies. Wibowo (2018) emphasizes that accounting information helps determine the best economic choices, while Christian (2018) notes its importance in planning and business evaluation. Salam (2019) adds that the benefits of accounting information for MSMEs include serving as a basis for decision-making, performance assessment, development analysis, as well as business planning and control. Furthermore, Scot (2018) classifies accounting information into three categories: mandatory, budgetary, and supplementary, while

Safitri (2018) identifies its usage indicators as including production data, payroll, sales, financial reports, and business productivity improvement.

MSME Business Performance

The development of performance concepts from conventional to modern approaches enables more accurate assessments of business outcomes. According to Afandi (2018), performance refers to the work results of individuals or groups in fulfilling their responsibilities to achieve organizational goals. In the context of MSMEs, business performance reflects the enterprise's ability to survive, generate profits, and grow through improvements in productivity, revenue, and human resource quality. Internal factors such as employee competence and external factors like government policies also influence performance (Fibriyani & Mufidah, 2018). Performance can be viewed from financial, human resource, and marketing aspects (Nuvriasari & Udjang, 2015), measured through indicators such as revenue, profit, asset growth, customer satisfaction, and loyalty (Wajdi et al., 2018). Previous studies identified MSME performance indicators as sales growth, customer expansion, and product development (Ashari et al., 2018; Arodi, 2017; Aribawa, 2016; Yanti, 2019). MSMEs play a vital role in creating employment, increasing income, and driving national economic growth (Law No. 20 of 2008). Based on these criteria, micro-enterprises have assets up to IDR 50 million and revenue up to IDR 300 million, small enterprises have assets between IDR 50–500 million and revenue of IDR 300 million–2.5 billion, and medium enterprises have assets between IDR 500 million–10 billion and revenue of IDR 2.5–50 billion (Agung Akbar, 2020). MSMEs are the backbone of Indonesia's economy due to their significant contribution to national development and economic independence.

Theoretical Framework and Hypothesis Development

The conceptual framework serves as the foundation of the research, illustrating the relationship or influence between independent and dependent variables in the form of a line diagram. Its purpose is to facilitate understanding of the conducted study. In this research, the conceptual framework explains the influence of financial technology on consumer satisfaction and the development of MSME businesses.

Hypothesis Development
The Influence of Financial Technology on MSME Business Performance

The development of technology and information has introduced fintech services that facilitate financial activities for the public and MSME actors. Fintech, including digital wallets, enables fast and efficient transactions without using cash or physical cards, thereby expanding market reach and supporting MSME business growth. Previous research (Wachyu & Winarto, 2020) shows that fintech has a positive effect on MSME business performance. Based on this, the research hypothesis is proposed to test the influence of fintech on MSME performance

H1: The Use of Financial Technology Positively Affects MSME Business Performance

The Influence of Consumer Satisfaction on MSME Business Performance

Consumers play a crucial role in business sustainability, where their satisfaction is key to maintaining loyalty and increasing transactions. Consumer satisfaction is defined as customers' evaluation of the products or services used, influenced by factors such as quality, price, timeliness, and professionalism (Ismanto, 2018). In the context of MSMEs, consumer satisfaction not only drives loyalty and word-of-mouth promotion but also impacts sales growth, profits, and financial performance. Based on this, the research hypothesis is proposed to test the influence of consumer satisfaction on MSME performance.

**H2: Consumer Satisfaction Positively Affects MSME Business Performance**

The Influence of Accounting Information on MSME Business Performance

Accounting information systems in an organization are very important because they provide integrated data that serves as the basis for decision-making to achieve organizational goals. In the context of MSMEs, the implementation of accounting information systems can affect business performance differently depending on the situation and environment, where its effectiveness is determined by how well the information supports decision-making needs (Wibowo, 2018). Based on this, the research hypothesis is proposed to test the influence of accounting information use on MSME business performance.

H3: The Use of Accounting Information Positively Affects MSME Performance

Research Framework

The research framework illustrates the relationship between Financial Technology, Consumer Satisfaction, and MSME business development on overall MSME performance.
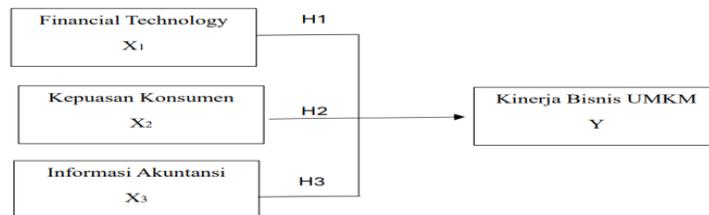
RESEARCH METHOD
Population and Sample
Population

In quantitative research, the population is defined as the generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied and then concluded, while the sample is a part of that population (Sugiyono, 2017). The population in this study consists of MSME actors/vendors at UMKM Aloon-Aloon Kauman Johar.

Sample

According to Nidia Suriani et al. (2023), a sample is a part of the number and characteristics possessed by the population, consisting of a number of individuals selected from the population and representing all members of the population. In this study, the researcher used the Purposive Sampling technique, which is a method of selecting a sample from a population based on specific criteria, either expert judgment or scientific considerations (Sugiyono, 2019). The sample size in this study consists of several members from a population of approximately 50 MSMEs, according to the criteria required by the researcher, namely MSMEs active in Aloon-Aloon Kauman Johar and with a minimum business duration of 1 year. The sample size was determined using Slovin's formula: $n = N / (1 + Ne^2)$, where n = required sample size, N = population size, and e = sampling error rate.

Data Collection Method

Data collection in this study was conducted using a questionnaire method, which involves providing a set of written questions to respondents to be answered based on their knowledge, opinions, or experiences (Sugiyono, 2023). The questionnaire was distributed to MSME food vendors in the Aloon-Aloon Kauman Johar area, using a Likert scale of 1–5, where 1 indicates "strongly disagree" and 5 indicates "strongly agree." The research variables consist of independent and dependent variables. The independent variables include Financial Technology (X1), defined as the use of technology in financial systems to create new services and business models (Hidayat & Sriwijaya, 2022); Customer Satisfaction (X2), defined as the level of a person's feeling after comparing product performance with expectations (Agung Akbar, 2020); and Accounting Information (X3), which refers to processed data that provides benefits to users of accounting information (Safitri, 2018). The dependent variable is MSME Business Performance (Y), which

reflects the results of individual or group work within an organization according to their responsibilities to achieve business objectives (Affandi, 2018).

Variables and Indicators
Operational Definition of Variables

According to Sugiyono (2018), a variable is an attribute, characteristic, or value of a person, object, or activity that has certain variations determined by the researcher to be studied and concluded. The research variables to be defined before data collection are: Financial Technology (X1), the use of technology in financial systems that produces new products, services, technologies, and or business models and can affect monetary stability, financial system stability, and or the efficiency, smoothness, security, and reliability of payment systems (Hidayat & Sriwijaya, 2022). Consumer Satisfaction (X2), the level of a person's feeling after comparing perceived and expected product performance (Agung Akbar, 2020). Accounting Information (X3), processed data useful for accounting information users (Safitri, 2018). and MSME Business Performance (Y), the work results achieved by individuals or groups in a company according to their authority and responsibility to achieve organizational goals legally (Affandi, 2018). These variables consist of independent variables, namely Financial Technology (X1), Consumer Satisfaction (X2), and Accounting Information (X3), and the dependent variable, MSME Business Performance (Y).

Data Analysis Technique

This study employs descriptive statistical analysis to present data through mean, maximum, minimum, and standard deviation values. Data quality testing is conducted using validity and reliability tests with Cronbach's Alpha to ensure that the instrument is appropriate for use (Ghozali, 2018). Classical assumption tests, including normality, multicollinearity, and heteroscedasticity tests, are performed to confirm that the model meets the criteria of the Best Linear Unbiased Estimator (BLUE). Multiple linear regression analysis is applied to measure the influence of independent variables on the dependent variable (Romie Prisyastama, 2018), with hypothesis testing conducted using the t-test, where the results are considered significant if the Sig value ≤ 0.05.

CONCLUSION

This study is expected to strengthen the understanding of the role of fintech, consumer satisfaction, and the use of accounting information in enhancing the competitiveness and sustainability of MSME businesses in the digital era.

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