



Financial Management Effectiveness in Culinary SMEs: The Role of Financial Planning, Record-Keeping, and Business Experience

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ABSTRACT: *In Financial management effectiveness is a critical factor influencing the sustainability and performance of small and medium enterprises (SMEs), particularly in the culinary sector. However, many culinary SMEs continue to face challenges in managing financial resources due to inadequate financial planning, poor financial record-keeping practices, and limited managerial experience. This study aims to examine the effects of financial planning, financial record-keeping, and business experience on financial management effectiveness among culinary SMEs in Ambon City, Indonesia. A quantitative research approach was employed using a survey method. Data were collected from 181 owners and managers of culinary SMEs through a structured questionnaire measured using a five-point Likert scale. The data were analyzed using multiple linear regression with the assistance of SPSS version 23. The results indicate that financial planning has a positive and significant effect on financial management effectiveness ($\beta = 0.326$, $t = 5.666$, $p < 0.001$). Financial record-keeping also has a positive and significant effect ($\beta = 0.346$, $t = 4.935$, $p < 0.001$) and emerged as the most influential variable in the model. Furthermore, business experience significantly influences financial management effectiveness ($\beta = 0.149$, $t = 2.451$, $p = 0.015$). These findings suggest that effective financial management among culinary SMEs is largely determined by internal managerial capabilities, particularly the ability to maintain accurate financial records, develop sound financial plans, and leverage entrepreneurial experience. The study contributes to the SME financial management literature by integrating these three factors within a single framework and provides practical implications for SME owners, policymakers, and business development agencies seeking to improve financial management practices and business sustainability.*

of the double pendulum result in four first order equations mapping the movement of the system.

KEYWORDS: *Financial Planning, Financial Record-Keeping, Business Experience, Financial Management Effectiveness, Culinary SMEs, Ambon City.*

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I. INTRODUCTION

Small and medium enterprises (SMEs) are widely recognized as a key driver of economic growth, particularly in developing countries, where they significantly contribute to employment creation, income distribution, and economic resilience (OECD, 2021; World Bank, 2020). In Indonesia, SMEs dominate the economic structure and play a strategic role in supporting regional development and community livelihoods (Tambunan, 2019). Among various sectors, culinary SMEs have experienced rapid growth due to their relatively low capital requirements and strong connection with local culture and tourism (Suryana & Bayu, 2020).

Despite their economic importance, many SMEs face persistent challenges related to financial management, which directly affects their sustainability and performance. Effective financial management involves systematic financial planning, accurate record-keeping, and continuous monitoring of financial activities (Atrill & McLaney, 2018). However, empirical evidence indicates that many SMEs operate without formal financial systems. Business owners often rely on informal decision-making, do not maintain proper

financial records, and fail to separate personal and business finances (Maseko & Manyani, 2018; Agyei-Mensah, 2016). These limitations are particularly evident in small-scale culinary businesses, where daily cash transactions are frequent but not supported by adequate financial controls.

Previous studies have identified several factors influencing financial management practices in SMEs. Financial planning plays a crucial role in helping business owners allocate resources efficiently and anticipate financial risks (Eniola & Entebang, 2017). Financial record-keeping provides essential information for monitoring business performance and supporting decision-making processes (Bananuka et al., 2018). Furthermore, business experience contributes to entrepreneurial capability, enabling better financial judgment and adaptive strategies (Unger et al., 2018). Nevertheless, most existing studies examine these variables separately or focus on broader constructs such as financial literacy and firm performance (Bongomin et al., 2017; Fatoki, 2020).

However, there remains a significant research gap. First, limited studies have integrated financial planning, financial record-keeping, and business experience simultaneously in explaining financial management effectiveness, particularly in micro and small enterprises. Second, prior research tends to focus on general SME contexts, with limited attention to sector-specific characteristics such as the culinary industry, which is highly dynamic and cash-intensive. Third, there is a lack of empirical evidence from geographically unique regions, particularly eastern Indonesia, where business practices and resource access differ from more developed areas.

In the context of Ambon City, culinary SMEs represent one of the most prominent sectors contributing to local economic activity. These businesses provide employment opportunities and support household income. However, preliminary observations indicate that many culinary SMEs in Ambon still face challenges in managing their finances effectively. Financial planning is often informal, record-keeping practices are inconsistent, and financial decisions are largely based on personal experience rather than systematic analysis. These conditions may limit their ability to achieve financial stability and long-term sustainability.

Therefore, this study is both theoretically and practically important. Theoretically, it contributes to the literature by developing an integrated model that links financial planning, financial record-keeping, and business experience to financial management effectiveness in the context of culinary SMEs. Practically, the findings are expected to provide insights for SME actors, policymakers, and development agencies in improving financial management practices and strengthening the sustainability of culinary businesses in Ambon.

Based on the above arguments, the research questions are formulated as follows:

1. Does financial planning significantly influence financial management effectiveness in culinary SMEs in Ambon City?
2. Does financial record-keeping significantly influence financial management effectiveness in culinary SMEs in Ambon City?
3. Does business experience significantly influence financial management effectiveness in culinary SMEs in Ambon City?

II. THEORETICAL FOUNDATION

This study is grounded in several relevant theoretical perspectives that explain how internal capabilities influence financial management effectiveness in small businesses. First, the Resource-Based View (RBV) posits that firms achieve competitive advantage through the effective utilization of internal resources and capabilities (Barney, 1991). In the context of SMEs, financial planning and financial record-keeping can be considered strategic internal capabilities that enable business actors to manage resources efficiently and sustain business performance. Second, Human Capital Theory emphasizes that individual knowledge, skills, and experience are critical determinants of performance (Becker, 1993). Business experience, as a form of human capital, enhances the ability of entrepreneurs to make better financial decisions, manage risks, and adapt to changing business environments. Third, Information Processing Theory suggests that the quality of decision-making depends on the availability and accuracy of information (Galbraith, 1973). Financial record-keeping provides structured and reliable information, which is essential for effective financial management and strategic decision-making. These theoretical perspectives collectively provide a strong foundation for understanding how financial planning, financial record-keeping, and business experience contribute to financial management effectiveness, particularly in small-scale culinary businesses.

Financial management effectiveness refers to the ability of a business to manage its financial resources efficiently in order to achieve operational and strategic objectives. It includes maintaining cash flow stability, controlling costs, and ensuring financial sustainability (Atrill & McLaney, 2018; Fatoki, 2020). In small and micro enterprises, effective financial management is essential for survival, given their limited access to external financial resources and high exposure to operational risks.

Financial planning is a systematic process of estimating future financial needs and allocating resources accordingly to achieve business goals (Eniola & Entebang, 2017). It helps business owners anticipate uncertainties, prioritize expenditures, and optimize the use of available funds.

From the perspective of RBV, financial planning represents a valuable internal capability that enhances resource efficiency and supports sustainable performance. Empirical studies have shown that financial planning positively influences business performance and financial stability in SMEs (Eniola & Entebang, 2017; Fatoki, 2020). In culinary SMEs, financial planning plays a crucial role in managing operational costs such as raw materials, labor, and daily expenses. Without proper planning, businesses are more likely to experience financial inefficiencies and instability. Therefore, it is reasonable to assume that better financial planning leads to more effective financial management.

H1: Financial planning has a positive effect on financial management effectiveness.

Financial record-keeping refers to the systematic recording of all financial transactions, including revenues and expenditures (Bananuka et al., 2018). It provides essential information for monitoring financial performance and supporting managerial decision-making. According to Information Processing Theory, accurate and timely information improves the quality of decisions. Financial records serve as a critical source of such information, enabling business owners to evaluate financial conditions and take corrective actions when necessary. Previous studies indicate that proper financial record-keeping significantly improves business performance and financial control in SMEs (Maseko & Manyani, 2018; Bananuka et al., 2018). In culinary businesses, where transactions occur frequently, record-keeping is particularly important for tracking daily cash flow and preventing financial mismanagement. Thus, better financial record-keeping is expected to enhance financial management effectiveness.

H2: Financial record-keeping has a positive effect on financial management effectiveness

Business experience refers to the accumulated knowledge and skills acquired through managing a business over time (Unger et al., 2018). It enables entrepreneurs to better understand business dynamics, identify risks, and make informed decisions. From the perspective of Human Capital Theory, experience enhances an individual's capability to perform complex tasks, including financial management. Entrepreneurs with more experience are generally more capable of handling financial challenges and adapting to changing business environments. Empirical evidence suggests that business experience positively affects business performance and decision-making quality (Muriithi, 2017; Unger et al., 2018). In the culinary sector, experienced business owners are more likely to manage costs efficiently, adjust pricing strategies, and maintain financial stability. Therefore, business experience is expected to contribute positively to financial management effectiveness.

H3: Business experience has a positive effect on financial management effectiveness.

III. RESEARCH METHODOLOGY

This study employed a quantitative research approach using a survey design to examine the effects of financial planning, financial record-keeping, and business experience on financial management effectiveness among culinary SMEs in Ambon City. The population consisted of culinary SME owners and managers operating in Ambon City. Using purposive sampling, respondents were selected based on the criteria of owning or managing a culinary SME, having operated the business for at least one year, and being directly involved in financial management activities. A total of 181 respondents participated in this study. Primary data were collected through a structured questionnaire using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The variables examined included financial planning, financial record-keeping, business experience, and financial management effectiveness. Prior to hypothesis testing, the research instrument was assessed through validity and reliability tests. The validity test was conducted using factor analysis, with factor loading values greater than 0.50 indicating acceptable validity. Reliability was evaluated using Cronbach's Alpha and Corrected Item–Total Correlation, with values exceeding 0.70 and 0.50, respectively, indicating satisfactory reliability. Data analysis was performed using SPSS version 23, including descriptive statistics, validity testing, reliability testing, and multiple linear regression analysis. The regression model was used to determine the effects of financial planning, financial record-keeping, and business experience on financial management effectiveness. Hypotheses were tested using the t-test, with a significance level of 0.05 as the criterion for statistical significance.

IV. RESULTS AND DISCUSSION

A total of 181 owners and managers of culinary SMEs in Ambon City participated in this study. Based on gender, the respondents consisted of 103 females (56.91%) and 78 males (43.09%), indicating a slightly

higher participation of women in the culinary business sector. In terms of age, the majority of respondents were between 31–40 years old (35.36%; n = 64), followed by 41–50 years old (26.52%; n = 48), 30 years old or younger (22.65%; n = 41), and above 50 years old (15.47%; n = 28), suggesting that most respondents were within the productive age group. Regarding educational background, most respondents had completed senior high school education (49.72%; n = 90), followed by bachelor’s degree holders (24.31%; n = 44), diploma graduates (16.57%; n = 30), and junior high school graduates (9.39%; n = 17). Based on business experience, the largest proportion of respondents had operated their businesses for 4–6 years (28.18%; n = 51), followed by 7–10 years (26.52%; n = 48), more than 10 years (22.65%; n = 41), and 1–3 years (22.65%; n = 41), indicating that the majority possessed adequate entrepreneurial experience. In terms of business type, food stalls (32.04%; n = 58) represented the largest category, followed by restaurants (20.44%; n = 37), snack and beverage businesses (20.44%; n = 37), cafés (14.92%; n = 27), and catering services (12.15%; n = 22). Overall, these characteristics indicate that the respondents adequately represent the culinary SME sector in Ambon City and provide a reliable basis for examining the relationships among financial planning, financial record-keeping, business experience, and financial management effectiveness.

The research instrument was tested using validity and reliability analyses. Based on the test results, all questionnaire items were found to be valid, as each item loaded appropriately on its respective construct and all factor loading values exceeded the minimum threshold of 0.50. The results of the validity test are presented in Table 1.

Table 1. Validity Testing

Item	Factor Loading			Decision
FP1	0.830			valid
FP2	0.786			valid
FP3	0.839			valid
FP4	0.849			valid
FRK1			0.635	valid
FRK2			0.792	valid
FRK3			0.783	valid
FRK4			0.646	valid
BE1		0.794		valid
BE2		0.814		valid
BE3		0.846		valid
BE4		0.758		valid
FME1			0.799	valid
FME2			0.768	valid
FME3			0.669	valid

Source: Research Data Processed (2026)

Furthermore, the reliability test results indicate that all questionnaire items are reliable, as each item has a Corrected Item–Total Correlation value greater than 0.50 and a Cronbach’s Alpha coefficient exceeding 0.70. These findings demonstrate that the measurement instrument possesses satisfactory internal consistency and is suitable for use in subsequent data analysis.

Table 2. Reliability Testing.

Variable	Item	Uji Reliabilitas		Decision
		Corrected Item-Total Correlation	Cronbach Alpha	
Financial Planning	FP1	0.750	0.871	Reliable
	FP2	0.710		
	FP3	0.697		
	FP4	0.742		
Financial Record-Keeping	FRK1	0.578	0.754	Reliable
	FRK2	0.516		
	FRK3	0.505		
	FRK4	0.533		
Business Experience	BE1	0.641	0.826	Reliable
	BE2	0.672		
	BE3	0.693		
	BE4	0.600		

Financial Management Effectiveness	FME1	0.620	0.757	Reliable
	FME2	0.573		
	FME3	0.570		

Source: Research Data Processed (2026)

The results of the descriptive statistical analysis, including the mean and standard deviation of each variable, are presented in Table 3.

Table 3. Statistik Deskriptif Variabel

Variabel	N	Rata-rata	Standar Deviasi
Financial planning	181	3,6989	0,50533
Financial Record-Keeping	181	3,7652	0,42342
Business Experience	181	3,6878	0,47427
Financial Management Effectiveness	181	3,7090	0,45952

Source: Research Data Processed (2026)

Hypothesis testing was conducted using multiple regression analysis with the assistance of SPSS version 23. The results indicate that all three hypotheses proposed in this study are supported. The significance values for all hypothesis tests were below the threshold of 0.05, indicating statistically significant relationships between the independent variables and financial management effectiveness. A summary of the hypothesis testing results is presented in Table 4.

Table 4. Hypothesis Testing

Hypothesis		β	t-value	Sig.	Decision
1.	Financial planning has a positive effect on financial management effectiveness.	0.326	5.666	0.000	Supported
2:	Financial record-keeping has a positive effect on financial management effectiveness	0.346	4.935	0.000	Supported
3:	Business experience has a positive effect on financial management effectiveness	0.149	2.451	0.015	Supported

Source: Research Data Processed (2026)

The results of multiple linear regression analysis indicate that all independent variables—financial planning, financial record-keeping, and business experience—have a positive and significant effect on financial management effectiveness among culinary SMEs in Ambon City. The regression analysis shows that financial planning has a positive regression coefficient and is statistically significant ($p < 0.05$), indicating that better financial planning leads to higher financial management effectiveness. Similarly, financial record-keeping demonstrates a positive and significant effect on financial management effectiveness, with the highest regression coefficient among all variables. This suggests that financial record-keeping is the most influential factor in explaining financial management effectiveness. Furthermore, business experience also shows a positive and significant effect, indicating that more experienced business owners are better at managing their financial resources effectively.

The results of the hypothesis testing indicate that financial planning has a positive effect on financial management effectiveness. This is evidenced by a regression coefficient (β) of 0.326, a t-value of 5.666, and a significance value of 0.000. Since the significance value is below the threshold of 0.05, the first hypothesis (H1) is supported. These findings suggest that better financial planning contributes significantly to improving financial management effectiveness among culinary SMEs in Ambon City. The findings reveal that financial planning has a positive and significant effect on financial management effectiveness. This indicates that culinary SME owners who engage in systematic financial planning—such as budgeting, setting financial targets, and estimating operational costs—are more capable of managing their finances effectively. This result supports the Resource-Based View (RBV), which suggests that internal capabilities, including planning ability, play a crucial role in achieving better organizational performance (Barney, 1991). Financial planning enables business actors to allocate resources efficiently and anticipate potential financial risks. The findings are consistent with previous studies by Eniola and Entebang (2017) and Fatoki (2020), which show that financial planning contributes positively to business performance and financial stability. In the context of culinary SMEs, proper financial

planning helps business owners control daily expenses such as raw materials and labor costs, thereby improving overall financial management effectiveness.

The results of the hypothesis testing indicate that financial record-keeping has a positive effect on financial management effectiveness. This is evidenced by a regression coefficient (β) of 0.346, a t-value of 4.935, and a significance value of 0.000. Since the significance value is below 0.05, the second hypothesis (H2) is supported. These findings indicate that maintaining proper and systematic financial records significantly enhances financial management effectiveness among culinary SMEs in Ambon City. The results show that financial record-keeping has a positive and significant effect on financial management effectiveness, and it is the most dominant variable in this study. This finding indicates that SMEs that maintain systematic financial records are better able to control their financial activities. This result is in line with Information Processing Theory, which emphasizes that high-quality information leads to better decision-making (Galbraith, 1973). Financial record-keeping provides accurate and timely financial data, allowing business owners to monitor cash flow, evaluate performance, and take corrective actions when necessary. The findings are consistent with prior studies by Bananuka et al. (2018) and Maseko and Manyani (2018), which highlight the importance of financial record-keeping in improving financial control and business performance. In culinary SMEs, where transactions occur frequently and are often cash-based, proper record-keeping is essential to prevent financial mismanagement and ensure financial transparency. This result also implies that improving financial literacy related to record-keeping could significantly enhance financial management effectiveness among SMEs.

The results of the hypothesis testing indicate that business experience has a positive effect on financial management effectiveness. This is evidenced by a regression coefficient (β) of 0.149, a t-value of 2.451, and a significance value of 0.015. Since the significance value is below 0.05, the third hypothesis (H3) is supported. These findings suggest that greater business experience contributes significantly to improving financial management effectiveness among culinary SMEs in Ambon City. Experienced entrepreneurs tend to possess better knowledge and skills in managing financial resources, which ultimately supports more effective financial management practices. The findings also indicate that business experience has a positive and significant effect on financial management effectiveness. This suggests that SME owners with more experience are better equipped to manage financial challenges and make sound financial decisions. This result supports Human Capital Theory, which states that accumulated knowledge and experience enhance individual capability and performance (Becker, 1993). Experienced entrepreneurs are more likely to understand financial patterns, anticipate risks, and adapt to changing business conditions. The findings are in line with studies by Unger et al. (2018) and Muriithi (2017), which show that business experience positively influences business performance and decision-making quality. In the culinary sector, experienced business owners tend to manage costs more efficiently, optimize pricing strategies, and maintain stable financial conditions.

V. CONCLUSION, IMPLICATIONS, AND FUTURE RESEARCH

The effect of financial planning, financial record-keeping, and business experience on financial management effectiveness among culinary SMEs in Ambon City. Based on the results of multiple linear regression analysis, all proposed hypotheses are supported. The findings indicate that financial planning has a positive and significant effect on financial management effectiveness, suggesting that SMEs with structured financial planning are better able to allocate resources and manage operational costs. Furthermore, financial record-keeping is found to have the strongest influence, highlighting the critical role of accurate and consistent financial records in improving financial control and decision-making. In addition, business experience also significantly contributes to financial management effectiveness, as experienced entrepreneurs demonstrate better capability in handling financial challenges and adapting to dynamic business conditions. Overall, this study confirms that internal managerial factors play a crucial role in determining the effectiveness of financial management in culinary SMEs. The results emphasize that the sustainability of SMEs is not solely dependent on external support or capital availability, but also on the ability of business actors to manage their financial resources effectively.

This study provides important implications for SME owners, particularly in the culinary sector. Business actors are encouraged to improve their financial management practices by implementing simple but consistent financial planning and record-keeping systems. Training programs focusing on basic financial management and bookkeeping should be promoted by local governments and related institutions to enhance SMEs' financial capabilities. From a theoretical perspective, this study contributes to the literature by integrating financial planning, financial record-keeping, and business experience into a unified framework to explain financial management effectiveness. The findings support the relevance of the Resource-Based View, Human Capital Theory, and Information Processing Theory in explaining financial behavior in SMEs, particularly in developing country contexts.

This study has several limitations. First, the research is limited to culinary SMEs in Ambon City, which may restrict the generalizability of the findings to other regions or sectors. Second, this study focuses only on

three independent variables, while other factors such as financial literacy, access to finance, and the use of digital financial tools may also influence financial management effectiveness. Therefore, future research is recommended to expand the scope by including additional variables, exploring different business sectors, and involving a larger and more diverse sample. Moreover, future studies may consider using advanced analytical techniques such as Structural Equation Modeling (SEM) to examine more complex relationships among variables.

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