



Analysis of Business Development for MSMEs In Bandung City

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Abstract

The Indonesian state after the Covid 19 pandemic, has not yet recovered until now the role of MSMEs is very necessary. This is because the potential of MSMEs is currently very large in absorbing labor, in connection with the contribution of MSMEs, the empowerment and development of MSMEs is something that needs to be done continuously. This study aims to determine the role of product innovation, product quality and financial management on the development of MSMEs after the Covid 19 pandemic. The research was conducted on MSMEs in Bandung City. Data collection was carried out on MSMEs using a questionnaire of as many as 100 MSME players in Bandung City. The collected data were analyzed using SPSS 25.0. From the results of data processing, it is found that Product Innovation, Product Quality and Financial Management partially affect the development of MSME businesses. And together Product Innovation, Product Quality and Financial Management have an effect on Business Development. This means that to carry out business development MSMEs must always make product innovations in the products they produce while maintaining the quality of the products produced. In addition, MSMEs must also carry out structured and correct financial management.

Keywords: Product Innovation, Product Quality, Financial Management, MSMEs

Abstract

Keadaan Indonesia pasca pandemi Covid 19, belum pulih hingga saat ini peran UMKM sangat diperlukan. Hal ini dikarenakan potensi UMKM saat ini sangat besar dalam menyerap tenaga kerja, sehubungan dengan kontribusi UMKM maka pemberdayaan dan pengembangan UMKM merupakan hal yang perlu dilakukan secara terus menerus. Penelitian ini bertujuan untuk mengetahui peran inovasi produk, kualitas produk dan pengelolaan keuangan terhadap perkembangan UMKM pasca pandemi Covid 19. Penelitian dilakukan pada UMKM di Kota Bandung. Pengumpulan data dilakukan terhadap UMKM dengan menggunakan kuesioner terhadap sebanyak 100 pelaku UMKM di Kota Bandung. Data yang terkumpul dianalisis menggunakan SPSS 25.0. Dari hasil pengolahan data diketahui bahwa Inovasi Produk, Kualitas Produk dan Pengelolaan Keuangan secara parsial berpengaruh terhadap perkembangan usaha UMKM. Dan secara bersama-sama Inovasi Produk, Kualitas Produk dan Pengelolaan Keuangan berpengaruh terhadap Perkembangan Usaha. Artinya untuk melakukan pengembangan usaha UMKM harus selalu melakukan inovasi produk pada produk yang dihasilkannya dengan tetap menjaga kualitas produk yang dihasilkan. Selain itu, UMKM juga harus melakukan pengelolaan keuangan yang terstruktur dan benar.

Kata Kunci: Inovasi Produk, Kualitas Produk, Pengelolaan Keuangan, UMKM

INTRODUCTION

To improve the Indonesian economy, micro, small and medium enterprises (MSMEs) are expected to become pillars. So that MSMEs play a very important role in improving the Indonesian economy. Because the existence of MSME activities can reduce unemployment and MSMEs are also no longer underestimated by upper-class entrepreneurs but appreciate the role of small business actors today (Lamsah & Zamrudi, 2019). So that MSMEs are currently not only a pillar but also a necessity for people who need work. (Sarfiah, Atmaja, and Verawati 2019).

According to (Rahmad Solling Hamid 2017) Micro, Small and Medium Enterprises (MSMEs) have an important and strategic role in the economy in Indonesia. The important role of MSMEs is not only meaningful for growth in big cities but also for economic growth in rural areas. MSME empowerment is very important and strategic in an effort to anticipate economic problems, especially in efforts to strengthen the structure of the national economy. (Ukkas 2017).

Meanwhile, according to (Sugiyanto, Putri R., and Kartolo 2019) that MSMEs are one of the sectors that have an important role in economic development. The MSME sector is one of the main and vital forces capable of driving economic development and employment. (Supardi et al. 2021). The development of Small and Medium Enterprises is expected to make a major contribution to economic growth so that it needs more attention because it carries out the mission of creating equitable employment and business opportunities, preserving culture, and supporting national exports. (Goso and Bachri 2016). Thus, MSMEs are one of the main indicators that are considered capable of contributing positively to economic growth.

One business sector that is resilient in the face of competition in this era is Micro, Small, and Medium Enterprises (MSMEs). In the

sense of medium-sized enterprises, this refers to productive economic businesses that stand alone, which are run by individuals or business entities that are not incorporated in subsidiaries or branches of companies, and are also not under the direct or indirect ownership or influence of Small Enterprises or Large Enterprises, taking into account the amount of net worth or sales results.

Based on Law No. 20 of 2008 concerning MSMEs, Micro, Small and Medium Enterprises (MSMEs) are productive economic businesses that stand alone, run by individuals or business entities that are not subsidiaries or branches of other companies that are owned, controlled, or part of the company. Both ownership and influence, both directly and indirectly on small businesses and annual sales results, are regulated in accordance with the provisions in the law. In the law, it is emphasized that MSME business empowerment activities must be based on:

First, the principle of kinship, which is the principle that underlies efforts to empower MSMEs as part of the national economy organized on the basis of economic democracy with the principles of togetherness, equitable efficiency, sustainability, environmental insight, independence, balance, progress and national economic unity for the welfare of all Indonesian people.

Second, the principle of economic democracy, namely the empowerment of MSMEs is organized as a unity of national economic development to realize the prosperity of the people.

Third, the principle of togetherness, which encourages the role of all MSMEs and businesses together in their activities to realize people's welfare.

Fourth, the principle of fair efficiency, which is the principle underlying the implementation of MSME empowerment by prioritizing fair efficiency in an effort to realize

a fair, conducive and competitive business world.

Fifth, the principle of sustainability, which is the principle that in a planned manner seeks the running of the development process through the empowerment of MSMEs which is carried out continuously so that a responsible and independent economy is formed.

Sixth, the principle of environmental insight, namely the principle of empowering MSMEs that is carried out while paying attention to and prioritizing the protection and maintenance of the environment.

Seventh, the principle of independence, namely the principle of empowering MSMEs which is carried out while maintaining and prioritizing the potential, ability and independence of MSMEs.

Eighth, the principle of balance of progress, namely the principle of empowering MSMEs

that seeks to maintain a balance of regional economic progress in the national economic unity.

Ninth, the principle of national economic unity, namely the principle of empowering MSMEs as part of the balance of national economic unity (UNDANG-UNDANG, 2008).

According to data from the Ministry of Cooperatives, Small and Medium Enterprises (Kementerian KUKM) in 2022, there are around 9.1 million Micro, Small and Medium Enterprises (MSMEs) in Indonesia, accounting for almost 99% of the total businesses in the country. This large number of MSMEs is widely distributed in various regions, both urban and rural.

The following data on total MSMEs in Indonesia from 2010-2023 can be seen in the figure below:

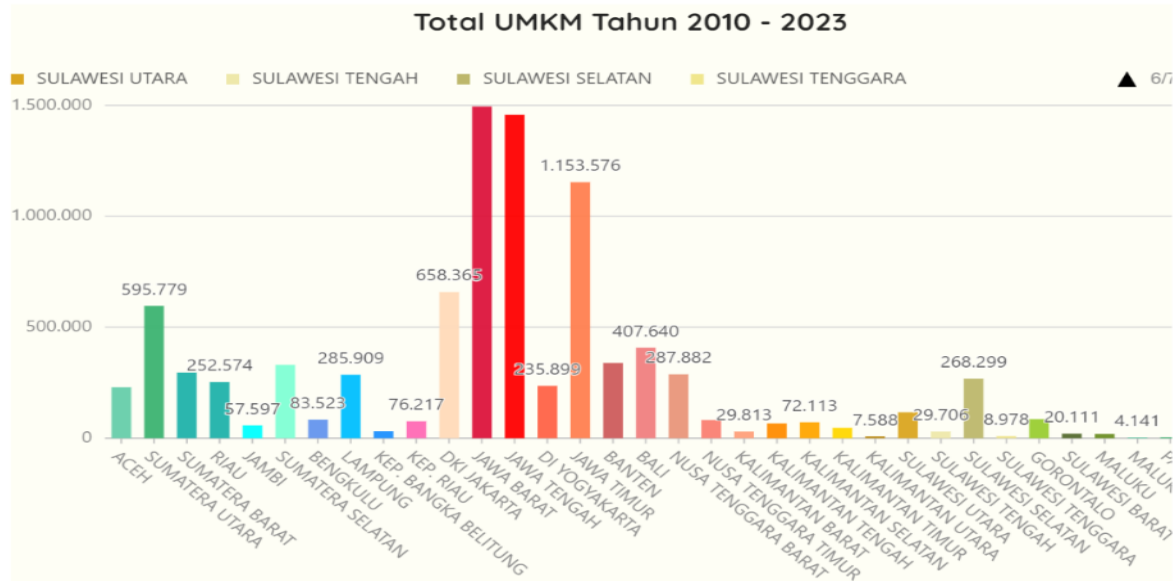


Figure 1. Data on the number of MSMEs in Indonesia
Source: Ministry of Finance

Figure 1 above shows that the development of MSMEs in Indonesia is on a positive path. In addition, MSMEs have proven successful in absorbing labor at a rate of 97% of the total national workforce, and providing up to 99% of employment. The existence of MSMEs also

makes this sector a labor-intensive industry with great potential for employment growth and income generation.

The important role of MSMEs is also seen in providing employment opportunities to many individuals with low education levels. As

such, MSMEs play a significant role in helping local communities become more productive and reducing unemployment and poverty.

The condition of MSMEs in Indonesia began to experience rapid development, thus attracting the attention of not only small business actors but also large entrepreneurs. Competition between MSMEs and large entrepreneurs has become a common occurrence, because MSMEs are now a priority in the Indonesian region. In addition, MSMEs also help improve the economy of the lower class and can reduce unemployment in Indonesia. A lot of interest is shown towards MSMEs today, so competition is getting tougher and this encourages MSME players to be more creative by giving birth to new product innovations.

Fierce competition between Micro, Small and Medium Enterprises (MSMEs) and large entrepreneurs encourages MSME players to be more creative by creating new innovations in their products, so that consumers feel happy to buy the products offered. This is in line with efforts to develop Micro, Small and Medium Enterprises (MSMEs), product innovation is needed. Innovation is also a way of new solutions in providing the best value of a product to customers. (Hartini 2012).

Therefore, it is expected that business actors will be more creative in carrying out their business activities. Today, the existence of product innovation is closely related to individual or group creativity. Creativity can be defined as the ability to develop innovative ideas, express them, and see new opportunities that have not been explored in the product, or also known as new inventions. There are three types of creativity (A.Rusdiana 2014).:

1. Create or invent new products
2. Combining old and new inventions
3. Modifying something that already exists

In connection with the contribution of MSMEs, the empowerment and development of MSMEs is something that needs to be done continuously.

There are several factors that must be considered in an effort to help MSME players to develop their business, one of which is in terms of product innovation, product quality and financial management. Product quality is one of the factors that must be considered because in facing an increasingly strong and tight competitive environment, every business actor is required to be able to increase the competitiveness of their products in the market, and continue to be able to maintain the consistency of the quality of their products so that they remain favored by consumers. Another factor that helps MSME actors to carry out business development is structured and correct financial management. Because business development certainly requires financial support. If financial management is not structured and correct, this will be an obstacle for MSME actors when applying for funding assistance from external parties.

It is known that of the total 56.5 million MSMEs, only about 15.6 million units or about 27.6 percent have received credit. This means that around 40 million MSMEs, almost all of which fall into the micro enterprise category, have never received capital support from banking institutions. The reason is due to the lack of good financial management by MSME players, so they cannot fulfill the main requirement to apply for a loan, which is to include financial statements. In fact, additional business capital can help MSME players in carrying out business development.

From the description above, the researchers conducted this research with the aim of knowing the role of innovation, product development, and financial management in the development of MSME businesses.

THEORETICAL REVIEW

Innovation

Innovation is defined as taking creative ideas and turning them into useful products or work methods. In a business venture that is able to make innovations, the business can lead or also become a competitor to innovate earlier. With innovation in a business, there are more and more enthusiasts for the product, because business competition is very tight, product innovation is needed to support the sustainability of the business they are running.

The advantages of a business owner will be seen if the product innovation is more creative, creative thinking in the business world is needed so that the business can compete with other businesses. (Lestari, Astuti, and Ridwan 2019). One of the well-known MSMEs is in Sidoarjo district, where Sidoarjo as a city of MSMEs is still rarely known by the public to MSMEs in the Sidoarjo area, so it is necessary to have a marketing strategy through online media.

And product innovations that will be offered or marketed must be with new, higher quality innovations and products that are currently trending, so that these products have many enthusiasts. It is hoped that MSMEs will also be looked at by outside tourists and large entrepreneurs, not just underestimated. (Oetarjo, Wachid, and Rizal 2019).

Product innovation conventionally refers to new breakthroughs associated with products produced by a company. Innovation is considered a mechanism used by organizations or companies to adapt to a highly dynamic market environment. Therefore, companies are expected to be able to generate new ideas and thoughts in creating innovative products that can improve services to consumers. (Curatman 2016).

In addition, innovation can also be interpreted as the company's ability to apply creativity to overcome problems and

opportunities that can improve its business performance. Companies currently offer various forms of new products with their respective advantages to attract consumer interest and choice, thus having a positive impact on the business performance of business actors.

In measuring product innovation variables, (Hartini 2012). states that the level of innovation that occurs in the company can be measured through three indicators, namely product development research, the number of product creations, and company leadership in new products produced.

The development of global business competition makes product quality one of the most important aspects to be considered by companies.

(Schiemann 2011) explains product innovation as developing and implementing new ideas, creativity that drives towards better services and products, and agility to adapt to a changing environment or competitive landscape.

According to (Suryana 2014) product innovation is the ability to apply creativity into something that can be implemented and provide added value to the resources owned.

Indicators of Product Innovation According to (Ambiapuri, Setiadi, and Parwitasari 2023) states that innovation indicators consist of, namely:

- a) Relative advantage, the most important question to ask in evaluating the potential success of a new product is, "will the product be perceived to offer significantly greater advantages than the product it replaces?"
- b) Compatibility is an important determinant of new product acceptance. Compatibility refers to the degree to which the product is consistent with the existing values and past experiences of the potential adopter.
- c) Complexity is the degree to which the innovation is perceived as difficult to

understand and use. The more complex the product, the more difficult it is to gain acceptance.

d) Trialability is the degree to which an innovation can be tried first or must be bound to use it. An innovation can be tested in real conditions, innovations are generally adopted more quickly. To further accelerate the adoption process, an innovation must be able to demonstrate its superiority. New products are more likely to succeed if consumers can try or experiment with the idea on a limited basis.

e) Observability The degree to which the results of using an innovation can be seen by others. The easier it is for someone to see the results of an innovation, the more likely it is to be adopted by a person or group of people. Visibility and ease of communication reflect the degree to which the results of using a new product are visible to friends and neighbors.

Product Quality

The development of global business competition has made product quality one of the most important things to be considered by companies. Product quality can be seen from two perspectives, namely from the side of consumers and the company itself. Consumers have the freedom to choose products with the desired quality level, while for producers, quality control becomes an inseparable aspect of the production process to increase and retain consumers and expand marketing reach, which will ultimately affect company performance.

According (Habibah 2016), product quality is the ability of a product to perform its functions, including durability, reliability, accuracy, ease of use and repair as well as attributes that have other values.

Product quality is the extent or how much the feasibility level of a product or service is used that can satisfy consumers and make

improvements at least something is lacking in a product innovation. (Arianty 2014). Product quality is the extent to which a product meets its specifications. (Saekoko, Nyoko, and Fanggidae 2020).

According to (Ta'arufi 2018), a product is said to be of quality if it meets the needs and desires of the buyer. Quality is determined by customers and their experience with the product or service.

Quality is a factor contained in a product that causes the product to have value and is in accordance with the production objectives and needs of consumers who are the target of the company. If the product meets customer expectations, it will increase company sales and reduce the number of complaints made by consumers. Therefore, quality is very important in determining the company's performance. (Radix AP Jati et al. 2022).

In a study, (Haryono and Marniyati 2018) stated that product quality can be measured through three indicators, namely suitability to consumer tastes, acceptance by the market, and quality design.

According to (Asman Nasir, 2021) which can be concluded that there are several indicators of product quality as follows:

1. Products in how long in the use of products that we can use as product improvements Performance, which is something related to the quality of goods that can describe how things really are or whether the service method is good or not.
2. Range and sort of highlights, which are related to a function contained in a product or customer who often shops for products that have features or capabilities that a product and service will have.
3. Reliability is an existence related to reliability required.
4. Sensory characteristics, which explain the appearance, style, attractiveness, variety of

a product and also several factors that can be an important quality in this aspect.

5. Ethical profile and picture, which can relate to the largest part of a buyer's impression of a product and the company's services.

Financial Management

Financial management (financial management) according to Horne in (Kasmir 2019) is all activities related to the acquisition, funding, and management of assets with several overall objectives. According to (Hartanti 2020) the whole process is carried out to obtain company income by minimizing costs, besides that the efficient use and allocation of funds can maximize company value.

Financial Management Function According to (Hartanti 2020) explains that the functions of financial management (financial management) are:

- a. Activities to seek funds (obtain of funds) aimed at investment decisions that generate profits.
- b. Activities to allocate funds (allocation of funds), this activity is intended to manage the use of funds in company activities. This means that the owner as the leader of the business group must have knowledge in managing finances in order to maximize business activities.

According to (Saputra and Ali 2022) that professionalism in financial management will help business actors related to business management starting from budgeting, planning to save business funds, and basic knowledge of finance to achieve business financial goals (Murti et al., 2018).

According to (Hartanti 2020) financial management or financial management comes from the word "management" which means managing, and "finance" which refers to

matters related to money, such as financing, investment, and capital.

In view of (Purba, D. S., Kurniullah, A. Z., Banjarnahor, A. R., Revida, E., Purba, S., Purba and P. B., Sari, A. P., Hasyim, H., Yanti, Y., dan Butarbutar 2021) Financial management includes planning, organizing, directing, and controlling financial activities, including the procurement and utilization of business funds.

(Astuty 2019) explains that financial management functions as a balance of wealth, finance, and capital, and involves the main activities in decision making, namely obtaining funds, using funds, and managing assets.

From the definition of financial management above, it can be concluded that financial control is an activity that starts from planning, organizing, directing and monitoring, evaluating the entry and exit of funds.

The indicators of financial management are as follows

1. Financial reporting,
2. Financial recording,
3. budget utilization and
4. financial control

Business Development

The development of MSMEs is more directed to become competitive economic actors through strengthening entrepreneurship and increasing productivity supported by efforts to increase adaptation to market needs, utilization of innovation results and application of technology. (Afifuddin 2010).

According to (Haryadi 2001), what is meant by business development refers to the process (stages) of development of a business unit or small business group from the pioneering process (establishment) to the condition as last observed.

According to (Adam I. Indra Wijaya 2002), what is meant Business development is "A gradual, systematic process to improve the knowledge, attitudinal skills, work performance of people who hold business managerial responsibilities, in general managerial development is known as an effort to improve achievement and also organizational growth".

The development of small and medium enterprises is the ability of a small entrepreneur to socialize himself to the needs of the market share so that there is an improvement in the standard of living of an entrepreneur.(Purwanti 2016).

The framework of this research can be seen in the Figure 2.

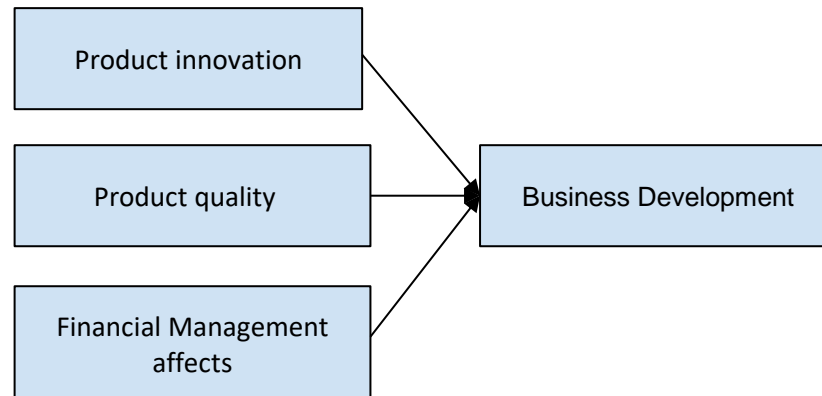


Figure 2. Research Framework
Source: Author, 2023

RESEARCH METHOD

Research types

This research used a numerical explanatory approach. According to (Sugiyono 2019) numerical research is research that is based more on data that can be calculated to produce an interpretation.

Research Location

The research was conducted at Small and Medium Enterprises (SMEs) in the city of Bandung. The reason for conducting this research on the SMEs in Bandung is that during the Covid-19 pandemic, these SME owners were severely affected, and they were in great need of assistance to sustain and expand their businesses. The primary data collection took place over a period of 2 (two) months, from mid-May 2023 to mid-July 2023.

Population and Sample

The population in this research consists of Small and Medium Enterprises (SMEs) entrepreneurs in the city of Bandung. Sampling in this research was conducted by distributing questionnaires through a Google Form instrument to SME entrepreneurs in the city of Bandung. (Sugiyono 2019) states that a sample is a subset of the total number and characteristics possessed by that population. The sampling in this research was carried out among SME entrepreneurs in the city of Bandung. (Hair et al., 2020) states that in cases where the sample size is too large, as in this large-scale social research, the number of parameter indicators in this study is 10 multiplied by 10, resulting in a total of 100 respondents (SME entrepreneurs).

Data Collection

The data used in this research are main and additional data. The main data of this study were obtained from the results of distributing questionnaires to MSME actors. Meanwhile, additional data was obtained from the results of interviews conducted after the MSMEs filled out the questionnaire. In addition, additional data is also obtained from reference books, journals and others.

The research method used is the survey method, which is a method for collecting primary data on information obtained from respondents. The main data collection was carried out for 2 (two) months. Statistical processing directly uses field data, namely data collected from respondents. Data collection was carried out using a list of statements (questionnaires) distributed with the aim of collecting information from MSME actors in Bandung City. Meanwhile, additional data was obtained from the results of interviews

conducted when meeting with MSME actors after before and after they filled out the questionnaire.

Based on the level of explanation, this research falls into the category of causal associative research, which aims to understand the cause-and-effect relationship. The relationship or influence of the independent variables Product Innovation (X1), Product Quality (X2), and Financial Management (X3) on the dependent variable Business Development (Y) will be investigated. The operationalization of the variable is presented in Table 1.

Data Analysis

This research will use multiple linear regression analysis methods. The collected data will be processed and analyzed using Statistical Program for Social Science (SPSS) 25.0 software to answer research questions and test hypotheses.

Table 1. Operational Variables

Variable	Indicator	Sub Indicator
Product innovation	1. Excellence	The product is better than before The product is Excellence to competitors
	2. Conformity	Products according to consumer needs Products according to consumer desires
	3. Complexity	Simple product design is not complicated The product is easy to use because it is not complex
Product quality	1. Product Function	Product works well. Product function as expected.
	2. Product reliability	The product is not easily damaged Long lasting product
Financial Management affects	1. Financial reporting,	The preparation of financial reports is always carried out, Financial reports are neatly arranged.
	2. Financial recording	All transactions are recorded in financial records, Financial recording is carried out neatly and structured.
	3. Financial control	The use of finance must be in accordance with predetermined provisions. Use of finances according to budget.
Business Development	1. Increased income	Product sales increase. Increased turnover
	2. Increase in the number of customers	Increase in the number of new buyers. Increase in the number of customers.

Source: Data processing results, 2023

RESULTS AND DISCUSSION

Results

In interpreting the partial test results, a striking observation is the significant effect that Product Innovation, Product Quality, and Financial Management have on Business Development. Notably, the constant value (a) of 3.809 reveals a substantial base impact. Even in the absence of Product Innovation, Product Quality, and Financial Management inputs (set at zero), Business Development sees a considerable increase represented by the constant (3.809). This underscores that these factors play a pivotal role in fostering growth within the realm of Business Development.

Moreover, delving into the regression coefficients, the effect of each variable becomes even more evident. Product Innovation (X1) wields a regression coefficient of 0.224, illustrating a meaningful positive influence on Business Development. For every unit increase in Product Innovation, Business Development sees a substantial 0.224 unit rise, underlining the tangible effect this factor has in propelling business growth.

Similarly, Product Quality (X2) demonstrates a noteworthy effect, with a

regression coefficient of 0.212. This indicates that enhancing Product Quality by one unit corresponds to a significant 0.212 unit increase in Business Development. The impact of delivering high-quality products on business growth is thus unmistakably substantial.

Furthermore, the regression coefficient of Financial Management (X3) stands out prominently at 0.452. This highlights the robust positive effect of Financial Management on Business Development. A mere one-unit improvement in Financial Management results in a remarkable 0.452 unit surge in Business Development, underscoring the critical role financial strategies and management play in fostering business advancement.

In summary, the analysis underscores that Product Innovation, Product Quality, and Financial Management are not just factors contributing to Business Development; they are influential drivers, each with a substantial impact. Recognizing and optimizing these aspects can significantly elevate the trajectory of Business Development, making them focal points in strategic business decision-making.

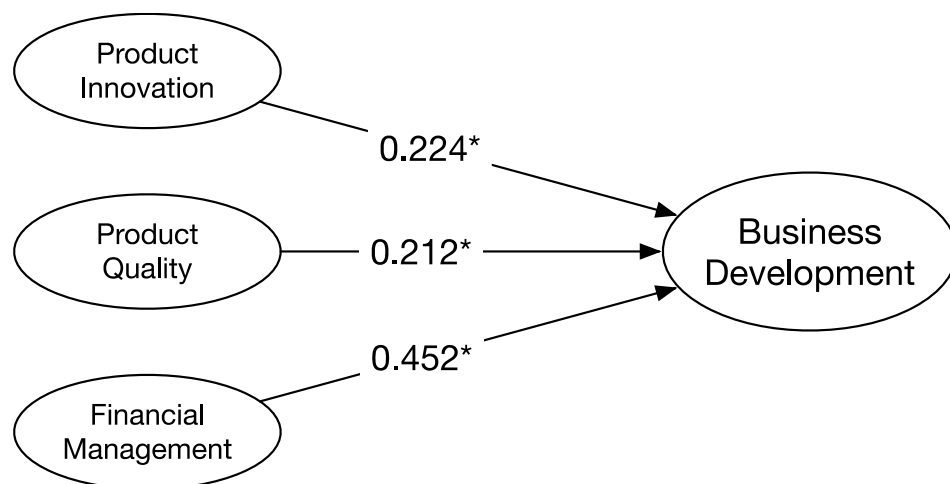


Figure 1. Partial hypotheses testing results

Source: Author, 2023

Table 4. F Test Results

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	481.998	3	161.542	186.383	.000 ^b
	Residual	360.156	95	7.881		
	Total	874.612	98			

a. Dependent Variable: Business development

b. Predictors: (Constant), Product Innovation, Product quality, Financial Management affects

Source: Author, 2023

From the above F-test results, it is known that the significance value (Sig) is 0.000. Because Sig is $0.000 < 0.005$, it can be concluded that the variables, namely Product Innovation (X1), Product Quality (X2), and Financial Management (X3), collectively have a significant impact on Business Development (Y) for SMEs in the city of Bandung.

From the results of the test together, it was found that the effect of product innovation, product quality, and financial management on business development of MSMEs in Bandung City was 63.7%, while the remaining 36.3% was influenced by other variables that were not tested. This means that the three variables, namely: Product Innovation, Product Quality and financial management affect the business development of MSMEs.

Discussion

Product innovation significantly affects business development, this shows that MSME players must always make product innovations for the products offered to customers. This is to prevent boredom or switching customers to similar products that have more added value. The results of this study are in line with research conducted by (Muhammad Taufiq, Rida Prihatni, and Etty Gurendrawati 2020), (Widiaswari et al. 2021) stated that product innovation is influential and necessary for Business Development.

Product quality has a significant effect on business development, this means that product quality is a factor that must be considered by

MSME actors so that the products produced and offered to consumers are appropriate and the quality is guaranteed. The results of this study are in accordance with research conducted by (Muhammad Taufiq, Rida Prihatni, and Etty Gurendrawati 2020) and (Lamongan 2020) stated that product quality affects business development. Because if the old and new products produced are not of high quality, of course, the business run by MSME players will not run well and can even fail.

Financial Management has a significant effect on business development, this shows that the role of financial management plays an important role because of course finance is one of the motors that drive the business. Without financial support, the business will certainly not run or run well. By doing financial management well, it is certain that the businesses run by MSME actors can run well and can even make business development plans for the future more easily and clearly. The results of this study are the same as the results of research conducted (Muhammad Sabiq Hilal Al Falih, Reza Muhammad Rizqi 2019).

Product innovation, product quality and financial management have a significant effect on business development. This shows that product innovation carried out by MSME actors on the products they produce balanced with guaranteeing good product quality in accordance with the wishes of consumers and supported by well-structured and correct

financial management will certainly have a significant impact on business development carried out by MSME actors. And of course it will make MSMEs more advanced and developed.

CONCLUSSION AND RECOMMENDATION

Conclussion

From the results of data processing and discussion above, it can be concluded that, partially, product innovation has a significant effect on business development, meaning that for the success of business development, MSME actors need to do product innovation. Product quality has a significant effect on business development, meaning that in business development it is necessary to maintain the quality of the products produced. Do not let it not be the same as the previous product. Financial management affects business development. This means that to be able to carry out business development, MSME actors must be able to carry out financial management in a correct and structured manner.

While the simultaneous test results of product innovation, product quality, financial management have an effect on business development. This means that if product innovation is accompanied by product quality and financial management, the business development of MSMEs can be carried out properly.

Recommendation

From the above conclusions, it is recommended that MSME actors always make product innovations in the products they make by innovating in shape, taste, color, and function but still maintaining product quality by always maintaining the quality of the taste or benefits of the products produced. MSME players are also expected to take the time to

learn how to manage their business finances by attending training held by the MSME Office or Kadin. So that their business finances can be managed properly. With good and correct financial management, it is certain that MSME actors can develop their businesses.

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