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## THE EFFECTIVENESS OF FINANCIAL MANAGEMENT IN THE LOUNDRY SERVICE BUSINESS \_ THE PEOPLE OF MAKASSAR CITY

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### Abstract

*The results showed that poor financial management is a major obstacle to the development of laundry service businesses in Makassar City. Weaknesses such as unsystematic financial recording, mixing personal and business finances, lack of financial planning, and poor cash flow management can lead to business instability. In addition, reliance on personal capital, lack of understanding of financial management, and minimal use of technology further exacerbate this condition. Therefore, to improve the sustainability of laundry businesses, businesses need to implement better financial systems, improve financial literacy, and utilise technology so that businesses can grow more stable and competitive in the market.*

*Good financial management is essential for the sustainability of laundry service businesses in Makassar City. Business owners need to implement sound financial planning, systematic recording of transactions, and separation of personal and business finances to maintain business stability. Cost-efficiency strategies, such as the use of energy-efficient equipment, bulk purchasing of raw materials, and utilisation of technology, also play a role in increasing profits. In addition, investment in business development and digital marketing can help laundries grow and compete in a competitive market.*

**Keywords:** Business, Community, Strategy, Services

### I. INTRODUCTION

In the era of globalisation and rapid technological development, the service business sector has become one of the important pillars in economic development, especially in urban areas. Laundry service business is one type of business that is growing, especially in big

cities like Makassar. The demand for laundry services is increasing along with changes in people's lifestyles which tend to be more practical and efficient in fulfilling their daily needs. The busyness of urban communities in work, education, and other social

activities encourages the high need for fast, quality, and affordable laundry services.

However, the development of a laundry service business is inseparable from challenges in the aspect of effective financial management. Financial management plays an important role in maintaining operational stability, business sustainability, and increasing the economic independence of business actors. A well-managed laundry business, especially in terms of finance, has a great opportunity to grow and survive in an increasingly competitive business competition.

The effectiveness of financial management in a laundry business includes financial planning, operational cost control, revenue management, as well as investment and business development strategies. Careful financial planning allows businesses to plan capital needs, allocate resources efficiently, and estimate profits to be earned. In addition, controlling operational costs is an important factor in maintaining a balance between expenses and income, so that the business can continue to run without experiencing losses.

In Makassar city, the laundry service business has become a business choice that many people are involved in, both as a main business and a side business. This is due to the high population, the growth of urban areas, and the lifestyle of people who need practical cleaning services. However, many laundry business owners face obstacles in financial management, such as the lack of systematic financial records, inability to separate personal and business finances, and lack of understanding of financial management.

Ineffective financial management can result in business financial instability, even leading to bankruptcy. Therefore, it is necessary to implement an effective financial management strategy so that the laundry business is able to build economic independence in a sustainable manner. The economic independence in question is the ability of the business to meet operational needs, finance business development, and generate sufficient profits to support the welfare of business owners and their families without dependence on external assistance.

One important aspect of financial management is the preparation of accurate and transparent financial reports. Good financial reports will help business owners monitor the financial condition of the business, evaluate business performance, and make the right decisions in business development. In addition, the use of technology such as simple accounting applications can also help business owners in recording financial transactions systematically and efficiently.

Capacity building of business owners in financial management is also a key factor in achieving effective financial management. Training and mentoring on financial management, business planning, and marketing strategies are needed so that laundry business owners have adequate knowledge and skills in managing their businesses professionally.

In this context, the role of government and financial institutions is also very important in supporting laundry service businesses in Makassar city. Small and medium enterprise (SME) empowerment programmes, access to capital, and education on financial management are strategic steps in encouraging the economic independence of business actors. Collaboration between businesses, government, and financial institutions is expected to create a healthy and sustainable business ecosystem.

Thus, the effectiveness of financial management has a significant impact on building economic independence in laundry service businesses in Makassar city. Good financial management not only ensures business continuity, but also improves the welfare of business owners and strengthens the contribution of laundry service businesses in the local economy. Therefore, it is important for laundry businesses to continuously improve their capacity and competence in financial management, in order to be able to compete and thrive in the increasingly complex business dynamics.

### **Problem Formulation**

1. how the potential of laundry service businesses in building economic independence in Makassar city
2. how is financial management in laundry service businesses in Makassar city
3. what are the weaknesses of financial management in laundry service businesses in Makassar city

## **II. LITERATURE REVIEW**

### **A. Effectiveness**

The word effective comes from the English effective, which means successful, something that is done successfully. The concept of effectiveness is a broad concept that includes several factors internal and external to the organisation. Effectiveness is the relationship between effort expended and achieving goals.

The greater the production that contributes to goal achievement, the more effective the organisation, programme or activity is. Effectiveness is the ability to select appropriate goals and achieve them. Thus, effectiveness refers to the relationship between the outputs or results achieved or actually achieved and the goals or results set or expected in the plan. An organisation is said to be effective if the output produced meets the expected objectives.

Effectiveness is generally seen as the level of achievement of functional and operational objectives. Basically, effectiveness is the level of achievement of predetermined organisational goals. Performance is how well a job is done, how well a person produces the expected results. It can be interpreted as work done according to plan, it can be said to be effective without time, energy and change. On the other hand, the effectiveness of the implementation of regional autonomy policies is the extent to which local government activities can implement, implement and improve services to the community and make decisions about community participation. Implementation of development and solving various problems in the implementation of regional autonomy.

Sondang P. Siagian (2001: 24) argues that effectiveness is the use of resources, facilities and infrastructure to a certain extent that has been consciously predetermined to produce some goods for the services it provides. Performance shows success based on whether or not goals are achieved. If the outcome of the activity is closer to the goal, this means greater efficiency. When one talks about effectiveness as work management, it means that the focus is on the achievement of various goals, which are determined by the timely use of certain available resources, must be determined in advance, and the results achieved by using these resources. Then the results must be achieved within the specified time.

Aspects of effectiveness must be achieved in activities. Referring to the definition of efficiency above, some of these aspects are:

- Regulatory/Contemporary Aspects

Regulations are made to maintain the continuity of the intended operation. Regulations or orders must be implemented for the action to be considered effective.

- Aspects of Tasks/Work Duties

An individual or organisation can be said to be effective if it can carry out its duties and responsibilities properly in accordance with applicable regulations. Therefore, everyone in the organisation must know their respective duties and responsibilities to fulfil them.

### 1. Plan/Programme Aspect

An activity can be said to be effective if it has a plan that will be implemented to achieve achievable goals. Without a plan or programme, goals cannot be achieved.

- Aspects of the goal/ideal state

Ideal conditions or goals are those that are achieved through result-orientated actions and planned processes.

Measuring the effectiveness of an organisation is not as easy as turning a palm and giving an estimate. However, when it comes to measuring criteria, there are studies from different perspectives. It depends on who is assessing, and who is interpreting.

In terms of productivity, production managers can give the understanding that effectiveness is the quality and quantity (results) of goods and services. In addition, it is not limited to performance measurement methods, there is also another measurement method, which is to compare the plans made with the actual results.

However, if the efforts or results of work and actions taken are not appropriate, so that the expected goals or objectives are not achieved, it can be said to be ineffective. Based on the opinion of S.P. Siagian (2008: 77) that the criteria or measures for achieving or not achieving relative goals are:

- Achievable goals are clear, designed so that employees can achieve the goals that have been set when performing their duties and organisational goals can be achieved.
- The use of goal-oriented strategies, where strategies are the path taken to make various efforts to achieve predetermined goals, so that implementers do not get lost to achieve organisational goals.
- The process of analysing and formulating solid policies, consistent with the goals achieved and the strategies developed, so that these policies can link goals with the implementation of operational activities.
- Careful planning, deciding what the organisation will do in the future.
- In terms of correct programming, a good plan still needs to be specified in the correct application programme, because otherwise the implementers lack instructions for action and work.
- To provide employment opportunities and infrastructure, one measure of organisational effectiveness is the ability to do productive work. If facilities and infrastructure are available and can be provided by the organisation.
- Effective and efficient implementation, no matter how good a programme is, if it is not implemented effectively and efficiently, the organisation will not achieve its goals because the implementation of the organisation will approach its goals.

Implementation of a monitoring and control system so that it is instructive, given that human nature is imperfect, therefore organisational effectiveness requires a monitoring and control system.

## B. Financial Management

Financial management is concerned with the acquisition, funding and processing of activities. Financial management as an activity related to superiors giving orders to subordinates to carry out administrative responsibilities. According to Fahmi, financial reports are information that explains the financial condition of a company and can be used as a description of the financial performance of a company. On the other hand, according to Farid and Siswanto, financial reports are a form of information that is expected to provide assistance to users to make financial decisions.

Then continued with Munawir stating that financial reports are a very important tool for obtaining information related to the financial position and results achieved by the company concerned. That way financial reports are expected to help users to make financial economic decisions.

Financial statements are managing and organising the course of administrative finances how the company uses working capital funding, to get the maximum income it has to achieve the big goal or the main desire of the company itself. Analysis is a description of the company's current or past financial health, so that it can be used for decision making for company managers following the explanation:

1. Recording is the activity of recording financial transactions that have occurred, writing chronologically and systematically. Recording itself is used as a marker that a transaction has occurred in the period determined by the organisation. The preparation of financial records begins with the stage of collecting documents that have a direct effect on transaction events. For example, receipts, invoices, notes, etc. from the collection of data that supports the occurrence of transactions. The next step is to write the transaction in the journal, then post it to the ledger.
2. SAK-EMKM (Financial Accounting Standards for Micro, Small and Medium Entities) reporting is intended for MSMEs. In 2009, the Financial Accounting Standards Board (DSAK) of the Indonesian Institute of Accountants (IAI) issued SAK-EMKM, which is expected to be able to assist MSME players in preparing financial reports so that it makes it easier for MSME players to find out the process of funding.

The basis of measurement of financial statement elements in SAK EMKM is historical cost. The historical cost of an asset is the amount of cash or cash equivalents paid to acquire the asset at the time of acquisition. The historical cost of a liability is the amount of cash or cash equivalents received or the amount of cash expected to be paid to fulfil the liability in the normal course of business. Relevant is appropriate to the users of the information. The entity presents complete financial statements at the end of each reporting period using the reporting technique:

The reporting technique according to SAK-EMKM has 2 writing formats:

1. Report form (stafel), namely identification of reading reports from top to bottom according to the SAK-EMKM SOP report
2. Account form (skontro), which is the identification of reading the report from matching the suitability of right to left according to the SAKEMKM SOP report

In accordance with SAK-EMKM. The following 3 components of the financial statements that researchers examine are in accordance with SAK-EMKM:

1. Statement of financial position
2. The statement of financial position is a report that describes assets (assets), liabilities (liabilities / debts), and equity (capital)<sup>36</sup>. The following is an illustrative example of a financial report in accordance with SAK-EMKM. In the report form, assets are reported first at the top then liabilities and equity are reported at the bottom. While the form of accounts, assets are reported on the left while liabilities and equity are reported on the right, liabilities are reported first and then report equity below.
3. Income statement The income statement is a report that contains income and expenses before a certain period. According to IAI in SAK-EMKM, entities can present an income statement as the entity's finances in a period. In the income statement the entity may include the following accounts: 1) Revenue 2) Financial expenses 3) Tax expenses.
4. Notes to Financial Statements Notes to financial statements contain assumptions, translations, explanations of the statement of financial position, income statement, statement of changes in equity. Where in each account contains information related to financial management process is associated with financial planning and control (control) and the stages of financial management consist of three stages, namely planning, implementation, and financial control:

- a. Planning Theory Planning is very important in an organisation because in reality planning plays a more important role than other management functions such as organising, implementing, monitoring/controlling, this is because the three functions only carry out decisions rather than planning that has been made. According to Brantas, planning is a basic function or fundamental function of management, because organising, implementing, and controlling must first be planned.

Meanwhile, according to Siswanto in his book, planning is a basic process used to select goals and determine the scope of their achievement. Planning means seeking the use of human resources, natural resources, and other resources to achieve goals. There is also an understanding of planning according to Kadar Nurzaman, which is an activity related to efforts to formulate a programme in which everything that will be carried out is contained in the policy, determination of goals, directions to be taken, procedures and methods to be followed in an effort to achieve goals.

Based on some of the above definitions, it can be concluded that planning is a basic function and basic management process used to formulate goals and determine the scope of achievement which includes everything that will be carried out policies, directions to

be taken, procedures and methods to be followed in an effort to achieve goals.

- b. Implementation Theory Implementation is an activity that mobilises and endeavours all employees to carry out their duties and obligations. Employees in accordance with their expertise and proportions carry out plans in concrete activities directed at the set goals, by always communicating, providing motivation, carrying out orders and instructions and supervising by improving employee attitudes and morale. The definition of implementation according to George R. Terry is to make a group want to work sincerely and want to work together to achieve in accordance with planning and organisation.

Based on the above understanding, it can be concluded that implementation is moving and trying to get a group to work according to their respective duties and responsibilities and willing to work together to achieve goals that have been set in accordance with planning and organisation by always providing mutual motivation and smooth communication and always conducting reviews related to improving employee attitudes and morale.

#### c. Supervision/Control Theory

Supervision is the most essential function of management where no matter how good the work is done, without supervision it cannot be said to be successful. Supervision relates to an action or effort rather than saving the course of the company towards the planned goal.

According to Earl P. Strong, supervision is the process of regulating various factors in a company, so that implementation is in accordance with the provisions in the plan. Meanwhile, according to James AF. Stoner and R. Edward Freeman, termed that supervision is the same as management control is a process that ensures that actual activities are in accordance with planned activities. There is also an understanding of supervision as a manager's activity that seeks to ensure that work is carried out in accordance with the established plan and achieve the desired results, with steps (1) checking, (2) checking, (3) matching, (4) inspecting, (5) controlling, (6), regulating, and (7) preventing before failure occurs.

Based on the above understanding, it can be concluded that supervision or control is an important function that must be carried out where supervision is an activity carried out in accordance with the predetermined plan activities by checking, checking or correcting and supervising in order to prevent deviations that will result in the failure of a business.

### C. Economic Independence

The term "independence" comes from the basic word "self" which gets the prefix "ke" and the suffix "an", then forms a state word or noun. Because independence comes from the word "self", the discussion of independence cannot be separated from the discussion of the development of the self itself, which in Carl Rogers' concept is called the self, because the self is the core of independence.

The term independence indicates a belief in one's own ability to solve problems without help from others. Individuals who are independent as individuals who can solve the problems they face, are able to make their own decisions, have initiative and are



creative, without ignoring the environment around them. According to some experts, "independence" refers to psychosocial abilities that include freedom of action, not depending on the abilities of others, not being influenced by the environment, and being free to manage their own needs.

Independence can be interpreted as a person's effort to maintain his survival by breaking away from parents or other people to do something on his own impetus and self-confidence without any influence from the environment and dependence on others, the freedom to take the initiative to manage his own needs and be able to solve problems and obstacles faced without the help of others. Such an ability is only possible if a person has the ability to think carefully about something he does or decides, both in terms of benefits and in terms of negatives and losses that he will experience.

According to Masrun, independence is shown in several forms, namely:

- a. Responsibility, which is the ability to assume responsibility, the ability to complete a task, being able to be accountable for the results of their work, the ability to explain new roles, having principles about what is right and wrong in thinking and acting.
- b. Autonomy, shown by doing one's own tasks, which is a condition shown by actions carried out of one's own will and not the will of others and does not depend on others and has self-confidence and the ability to take care of oneself.
- c. Initiative, shown by the ability to think and act creatively.
- d. Self-Control, strong self-control is shown by controlling actions and emotions, being able to overcome problems and the ability to see other people's points of view.

Independence is the ability to act on one's own judgement and take responsibility for those actions. Independence is also defined as the ability to make decisions and manage one's own life without excessive dependence on others. Independence cannot be completed at one stage of life, but will continue to develop within the individual Benny Susetyo explained that someone is said to be economically independent if they have 5 aspects:

- a. Consumptive debt free

There are two types of debt in terms of its usefulness. First, productive debt, which is debt that is spent on needs that can increase one's income. For example, to start a business, to buy land, for school and the like.

Second, consumptive debt, which is debt that is spent on needs that do not increase income, for example buying a mobile phone or car to follow a lifestyle.

- b. Having confidence in business A person who has confidence means that he is not easily provoked to turn in his business, either when his business is slumping or is quiet. He will continue to look for ways to fill the ravine and then build a hill. He will always monitor his business so that he does not buy items that are considered less important.
- c. Having an Investment Investment is investing a capital with the hope that it will grow, any biased capital including money, energy, thoughts and so on. Someone who has an investment is considered

to have a far-sighted view, namely seeing how the final result of the process of a business from how the business has been running. Even the failure of an investment will still provide benefits, namely making an investor's view sharper.

- d. Able to Manage Cash Flow Cash flow is a person's inflow of funds and outflow of funds. The inflow of funds is usually called income and the outflow of funds is called expenditure or spending. A cash flow is considered good if a person's expenses are smaller than his income so that the rest can be saved or invested. A cash flow is considered bad if a person's expenditure is greater than his income so that to meet these expenditures, he will seek loans or sell his assets.
- e. Mental Readiness for Financial Disruption One's physical readiness in business such as having capital, experience, savings, or insurance is important. But the mental aspect proves to be more dominating in one's success in economic independence. Falling and getting up in business will be a certainty in life, those who have the mentality to get up from every fall will make someone succeed faster than people who don't have it, because such as a crisis or being left by someone you love has proven to be able to bring down an already strong business.

### III. RESEARCH METHODS

Qualitative research type through phenomenological approach

### IV. DISCUSSION

#### A. The potential of laundry service businesses in building economic independence in Makassar city

In recent years, the development of the service sector in Indonesia has experienced rapid growth, including laundry businesses that are increasingly in demand by urban communities. Makassar City, as one of the major cities in Indonesia, has great potential in the development of laundry services. This is due to the increasing population, increasingly busy lifestyles, and the need for practical services that can help people in completing household chores, including laundry.

Makassar City is the economic centre of Eastern Indonesia, with a growing population and growing business and industrial activities. The city's high mobility means that many people do not have enough time to wash their own clothes, so laundry services are the first choice. In addition to the general public, the target market of laundry businesses also includes students, office workers, and boarding house residents who tend to prefer laundry services over washing their own clothes.

In addition, the hospitality, restaurant, and hospital sectors in Makassar City also require laundry services on a large scale to wash linens, employee uniforms, and other equipment that require special care. With the increasing number of hotels and culinary establishments in the city, the need for professional laundry services is also increasing, creating a great business opportunity for laundry service businesses.

One of the main advantages of a laundry business is its relatively affordable capital compared to other types of businesses. Entrepreneurs can start small with just a few washing machines

and irons, and expand as customer demand increases. In fact, the concept of laundry franchises is growing, allowing aspiring entrepreneurs to run a business with a proven system without having to start from scratch.

In terms of accessibility, digital technology is also increasingly playing a role in improving laundry services in Makassar City. Many laundry businesses are now using online-based applications to take orders, offer clothing pick-up and drop-off services, and provide attractive promos for loyal customers. By utilising technology, laundry businesses can reach more customers and improve their operational efficiency.

Laundry service businesses have a major contribution in building the economic independence of the people of Makassar City. Firstly, this business opens up employment opportunities for many people, ranging from business owners, employees in charge of washing and ironing clothes, to couriers who deliver clothes to customers. Thus, the laundry business can reduce the unemployment rate and improve the welfare of the community.

Secondly, a laundry business can be a source of main or additional income for many business owners. With good management, laundry business owners can expand their business to become bigger, even opening branches in various strategic locations. The profits earned can be used for investment, business expansion, or improving the quality of services offered.

Third, laundry businesses also have a positive impact on the surrounding environment by applying circular economy principles. Many laundry businesses have started to adopt environmentally-friendly systems, such as the use of biodegradable detergents, wastewater treatment, and reduced water and electricity consumption. Thus, these businesses not only provide economic benefits but also contribute to environmental sustainability.

Despite its great potential, laundry service businesses in Makassar City also face several challenges, such as intense competition, fluctuating prices of raw materials such as detergents and electricity, and changing consumer habits. To face these challenges, businesses need to develop the right business strategies, such as providing additional services (e.g. dry cleaning or specialised washing for certain materials), improving service quality, and implementing digital marketing strategies to be more widely known by the public.

In addition, it is important for entrepreneurs to have good financial management skills so that the business can run sustainably. Effective financial management will help laundry businesses remain stable, especially in the face of difficult times such as economic crisis or rising operational costs.

With the rapid economic growth of Makassar City and the increasing demand for practical services, laundry service businesses have a great opportunity to grow and contribute to building the economic independence of the community. In addition to providing employment and business opportunities, this business also helps improve the welfare of the community and supports the development of the service sector in this city. With the right strategy and good management, laundry business can continue to grow and become one of the sustainable business sectors in Makassar City.

## **B. Financial management in laundry service businesses in Makassar city**

The laundry service business in Makassar City has grown rapidly along with the increasing needs of the community for fast and practical laundry services. In running this business, financial management is a major factor that determines the sustainability and growth of the business. Without a good financial system, laundry businesses can experience difficulties in maintaining operational stability, managing expenses, and planning business expansion. Therefore, laundry business owners must understand and implement effective financial management strategies so that the business can run sustainably and profitably.

One important aspect of financial management is proper financial planning. This includes estimating start-up capital, operating budget, as well as revenue and profit projections. In opening a laundry business, initial capital is required for the purchase of equipment such as washing machines, dryers, irons, detergents, as well as space rental costs. With good planning, business owners can determine the amount of capital needed and strategies to manage capital to keep the business running.

In addition, laundry entrepreneurs in Makassar City should have a detailed operational budget, covering the costs of electricity, water, employee salaries, and raw materials such as detergents and fragrances. This budgeting helps in controlling expenses so that they do not exceed the income earned.

Good financial management requires systematic financial recording. This record includes income, expenses, and profits earned every day. Many laundry business owners in Makassar City still record finances manually, but with the development of technology, there are now various financial applications that can help record digitally.

Good record keeping will make it easier for business owners to evaluate the financial condition of the business, identify the biggest expense items, and determine strategies to increase profits. In addition, neat financial records also make it easier for business owners to apply for loans or business credit to financial institutions if they want to expand their business.

In a laundry business, the management of income and expenses must be done carefully. Business owners need to ensure that the revenue earned from customers can cover operational costs and provide sufficient profit. One strategy that can be applied is to set competitive service prices by considering production costs and market prices in Makassar City.

In addition, it is important for business owners to separate personal and business finances. A common mistake is mixing business income with personal expenses, which can lead to unclear profit and loss calculations. By separating business and personal accounts, business owners can better control cash flow and avoid using business funds for personal purposes.

Operating cost efficiency is one of the keys to success in a laundry service business. Business owners should look for ways to reduce costs without sacrificing service quality. Some of the savings strategies that can be applied in Makassar City include:

1. **Using Energy Efficient Appliances** – Electricity- and water-efficient washers and dryers can help reduce running costs significantly.
2. **Buying Raw Materials in Bulk** – Buying detergents, fragrances and plastic wrap in bulk can save you money as you get wholesale prices.

3. **Optimising the Use of Labour** – Adjust the number of employees to the volume of work to avoid wasting salary costs.
4. **Utilising Technology** – Utilise applications for transaction recording and customer management for more efficient operations.

Good financial management also includes investment strategies for business development. Laundry owners in Makassar City can allocate some of their profits to expand their business, such as opening new branches, adding services (e.g. specialised laundry for hotels and restaurants), or improving the quality of equipment.

In addition, utilising digital technology in marketing is also an important investment. Using social media, online booking apps, and clothing pick-up and drop-off services can increase the number of customers and business revenue.

Effective financial management in laundry service businesses in Makassar City is crucial to ensure business sustainability. With careful financial planning, systematic record-keeping, good revenue management, and operational cost-saving strategies, laundry businesses can grow and contribute to building economic independence. Business owners also need to consider the right investment so that the business can continue to grow and compete in an increasingly competitive market.

### **C. Financial Management Weaknesses in Laundry Service Businesses in Makassar City**

#### **Introduction**

Laundry service businesses in Makassar City are growing rapidly along with the increasing demand from people who need practical and efficient laundry services. However, despite the promising opportunities, many laundry businesses face challenges in managing their finances. Poor financial management can impact business sustainability and hinder business growth. This article will discuss various weaknesses in the financial management of laundry service businesses in Makassar City and their impact on business operations.

#### **1. Lack of Systematised Financial Records**

One of the main weaknesses in the financial management of laundry businesses is the absence of systematic financial records. Many business owners still use manual recording methods or don't even record their transactions at all. As a result, they struggle to control cash flow, identify profit and loss, and make informed business decisions.

Without clear records, business owners cannot know for sure whether their business is making a profit or a loss. This also makes it difficult to prepare financial statements, which are necessary when applying for loans or seeking investors for business expansion.

#### **2. Mixing Personal and Business Finances**

Many laundry business owners in Makassar City still mix personal finances with business finances. This is a serious problem because it causes confusion in calculating business income and expenses.

When money from the business is used for personal purposes, business owners tend to have insufficient funds to cover operational costs, such as employee salary payments, detergent purchases, or washing machine maintenance. As a result, the business becomes unstable and difficult to grow in the long run.

#### **3. Lack of Financial Planning**

Poor financial planning is also one of the weaknesses in managing a laundry business. Many business owners do not prepare a clear budget, so expenses are often uncontrollable. They tend to spend money without careful calculation, such as buying equipment in large quantities without considering real needs or investing funds in things that are less productive.

Without proper financial planning, laundry businesses are at risk of financial difficulties, especially when faced with fluctuating raw material prices or rising operational costs, such as electricity and water.

#### **4. Poor Cash Flow Management**

Cash flow is an important aspect of business sustainability. Many laundry business owners experience problems managing cash flow due to a lack of understanding about when and how to allocate income and expenses.

Some business owners do not have a good system in place to determine when to pay bills or replace broken equipment. This can lead to a lack of funds when needed, forcing the business to go into debt or experience delays in operations. An imbalance between income and expenses can also make it difficult for a business to grow and survive in a competitive market.

#### **5. Reliance on Private Capital and Lack of Access to Funding**

Most laundry businesses in Makassar City still rely on personal capital for their operations. When businesses experience financial constraints, business owners often struggle to obtain additional capital due to the lack of valid financial reports and a good financial track record.

In addition, many small-scale laundry businesses do not have access to formal financial institutions, such as banks or cooperatives. As a result, they find it difficult to obtain loans that can be used for business expansion or the purchase of more modern and efficient equipment.

#### **6. Lack of Understanding of Financial Management**

Lack of education on financial management is also one of the main causes of poor financial management in laundry businesses. Many business owners do not have a background in finance or business, so they do not understand the importance of preparing financial statements, conducting financial analyses, and managing taxes.

Without a good understanding, entrepreneurs tend to make financial decisions based on instinct or personal experience, which is often not based on accurate data. This can lead to misallocation of funds and ineffective business strategies.

#### **7. Lack of Technology Use in Financial Management**

In the digital era, the use of technology in financial management is essential to improve the efficiency and accuracy of recording transactions. However, many laundry businesses in Makassar City are still reluctant to use financial applications or accounting software due to lack of knowledge or additional costs that must be incurred.

Without adequate technology, transaction recording is still done manually, which has a high risk of recording errors and losing important data. The use of technology should help in managing finances better, automate the recording process, and provide more accurate financial reports.

Poor financial management is one of the main challenges faced by laundry service businesses in Makassar City. Lack of systematic

financial records, mixing personal and business finances, and lack of financial planning are the main factors that make it difficult for businesses to grow. In addition, weak cash flow management, reliance on personal capital, and lack of understanding of financial management also hinder the growth of laundry businesses.

To overcome this weakness, businesses need to improve financial literacy, use technology in recording transactions, and implement better financial management strategies. With effective financial management, laundry businesses in Makassar City can develop in a more stable and sustainable manner amidst increasingly fierce business competition.

## Conclusion

Poor financial management is a major obstacle to the development of laundry service businesses in Makassar City. Weaknesses such as unsystematic financial recording, mixing personal and business finances, lack of financial planning, and poor cash flow management can lead to business instability. In addition, reliance on personal capital, lack of understanding of financial management, and minimal use of technology further exacerbate this condition. Therefore, to improve the sustainability of laundry businesses, businesses need to implement better financial systems, improve financial literacy, and utilise technology so that businesses can grow more stable and competitive in the market.

Good financial management is crucial for the sustainability of laundry service businesses in Makassar City. Business owners need to implement sound financial planning, systematic recording of transactions, and separation of personal and business finances to maintain business stability. Cost-efficiency strategies, such as the use of energy-efficient equipment, bulk purchasing of raw materials, and utilisation of technology, also play a role in increasing profits. In addition, investment in business development and digital marketing can help laundries grow and compete in a competitive market.

Many laundry businesses in Makassar City face weaknesses in financial management, such as lack of systematic financial records, mixing personal and business finances, and lack of financial planning. In addition, poor cash flow management, reliance on personal capital, and lack of understanding of financial management hinder business growth. Lack of use of technology also worsens the situation. To address these issues, business owners need to improve financial literacy, implement better financial management strategies, and utilise technology to make their businesses more stable and sustainable amidst fierce competition.

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