Business Feasibility Analysis of the MSMEs *"Seblak King"*

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Sections Info	ABSTRACT
Article history: Submitted: May 15, 2025 Final Revised: May 30, 2025 Accepted: June 6, 2025 Published: June 15, 2025 *Keywords:* Customs Imports Clearance	*Objective: Indonesia is one of the countries that is a tourist destination because of its culinary richness. The potential for a strong national economic base can be seen from the very large number of MSMEs and their ability to absorb a large workforce. MSME "Seblak King" is one type of culinary business that is currently popular with the public, with products made from kencur, chili, raw crackers, and various other toppings. This study aims to analyze the feasibility of the business of the MSME "Seblak King" located in Krajan Village, Purwoharjo District, Banyumas Regency, based on five aspects of feasibility, namely finance. Method: The research method used is descriptive qualitative with data collection techniques through observation, interviews and documentation. Results: The results of the study indicate that the "Seblak King" business is feasible to run and develop. From the financial aspect, a positive Payback Period value is obtained, a decent Return on Investment, Net Present Value, Profitability Index and Internal Rate of Return have positive values or the business is feasible to be developed and run. Based on the overall analysis, the "Seblak King" MSMES is declared feasible to run and has promising business prospects. Novelty: The feasibility of the "Seblak King" MSME business is assessed through a comprehensive approach that integrates five main aspects — namely market and marketing, technical and operational, human resources, legal, and financial — in a comprehensive and practical manner.*

INTRODUCTION

Indonesia is a country with a large population and abundant natural resources. Indonesia consists of thousands of small islands, each of which has its own unique customs, culture, and culinary traditions, especially in terms of taste, spices, and serving methods. It is no wonder that Indonesia is one of the main tourist destinations because of its culinary richness. The strong foundation of the national economy can be seen from the large number of MSMEs and their significant ability to absorb labor. MSMEs not only provide opportunities for individuals to get a better life, but also contribute to broader economic development. They play a vital role in reducing social disparities and creating equitable economic opportunities throughout Indonesia [1].

According to the Law of the Republic of Indonesia Number 20 of 2008 concerning MSMEs, micro businesses are defined as business units with assets of up to Rp50,000,000, excluding land and buildings for business premises, and annual sales of up to Rp300,000,000.00. MSMEs or Micro, Small, and Medium Enterprises play an important role in this country and are considered one of the backbones of the Indonesian economy, as they make a significant contribution to economic output and are the main source of employment opportunities [2].

Micro, Small and Medium Enterprises (MSMEs) are activities that are able to expand employment opportunities and provide economic services widely to the community, and can play a role in the process of equalizing and increasing community

income, encouraging economic growth, and participating in national development. MSMEs also have the potential to drive community economic activities as well as become the mainstay of income sources for most people in improving welfare [3].

Given the strategic role of MSMEs and their limited capacity to grow, developing small businesses is one of the government's main strategies to encourage economic growth. Developing small businesses requires complete, easily accessible, and up-to-date information—especially regarding the potential of economic sectors or commodities that can be developed in a region. One of the government's efforts to reduce unemployment is by empowering and developing MSMEs, especially in areas where unemployment is still relatively high. The existence of MSMEs can significantly reduce unemployment, because MSMEs are the largest absorbers of labor in various regions [4].

MSMEs play an important role in this country, namely they can be said to be one of the hearts of the economy in Indonesia because MSMEs are able to contribute the most to the economy and are also one of the many job opportunities [5].

MSMEs play a very important role in improving people's standard of living by creating innovations that can continue to be developed both in the form of products and services offered. The existence of Micro, Small and Medium Enterprises (MSMEs) cannot be eliminated or avoided from society, because their existence is very useful in terms of distributing people's income. Indonesia is known for its culinary world so that the food that is traded is in various types of food [6].

The economic sector in Indonesia is in fact largely supported by the MSMEs sector. Even during the economic crisis, this sector was able to survive, meaning that the MSME sector has advantages and is very potential to be further developed through appropriate policies and support from appropriate institutions. Micro businesses are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Businesses as regulated in the Law [7].

Business feasibility analysis is an assessment of the feasibility and potential success of a proposed or existing business. A business feasibility study covers various aspects such as marketing and management. The marketing aspect is used to identify what is needed to understand customer needs or wants, so that the company can sell its products effectively. The purpose of this analysis is to determine whether a business idea is feasible and to help entrepreneurs make the right decisions regarding the sustainability of their business. Conducting a business feasibility analysis is very important for MSMEs to ensure that their business has good prospects, is well managed, and can survive in the long term [8].

Business feasibility analysis is an activity to evaluate, analyze, and assess whether or not a business project is feasible. Business feasibility analysis is an activity to assess the extent to which benefits are obtained in carrying out a business activity or project. This analysis has a comprehensive assessment to assess the success of a project [9].

Seblak is one of the most popular dishes today, loved by various consumer groups from school children to adults. This is a dish made from raw crackers cooked with various spices and often combined with additional proteins such as eggs, beef-based products, or

seafood-based foods such as sausages and seafood meatballs. With its savory and spicy taste, this dish is very popular with the public because of its unique taste and enjoyable eating experience. One of the businesses that offers this dish in Purwoharjo District is "*Seblak King*", this MSMEs serves consumers aged around 10 to 55 years and offers customization of the level of spiciness and toppings according to their tastes and budgets. Due to the increasing popularity of seblak, many entrepreneurs are now innovating or perfecting their versions of the dish—one of which is "*Seblak King*" in Krajan Village, Purwoharjo District, Banyuwangi Regency.
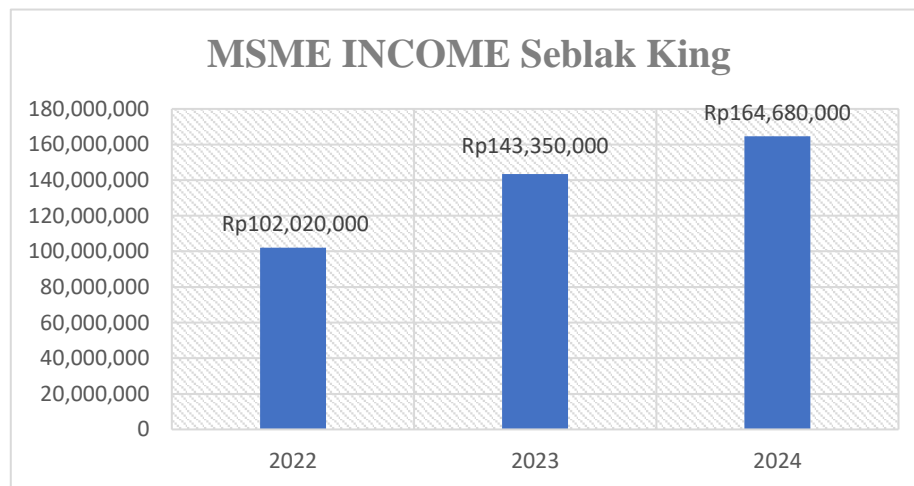
Source: Field data, 2024

Figure 1. Sales diagram.

Figure 1 shows the sales graph of "*Seblak King*" which has continued to increase for three years since its establishment. However, the feasibility of the business and the feasibility of the business environment of "*Seblak King*" cannot be fully described through sales data alone. A more detailed analysis is needed using a more relevant theoretical framework. The feasibility of the business environment can be examined through the internal and external environment, followed by the implementation of strategies that are in line with these conditions. Meanwhile, the business feasibility analysis focuses on several aspects of the company and utilizes financial feasibility indicators based on income over the past few months or years. This aims to assess the feasibility of the business operations and business environment of "*Seblak King*".

MSMEs "*Seblak King*" has been operating since 2019. Since its establishment, this place has never been empty of visitors. Initially, it sold its products offline, mainly marketing them to neighbors and school children in the surrounding villages. However, its distinctive taste and variety of toppings made it very popular. Its rich and aromatic seasoning has sparked curiosity and attracted buyers from various segments. In addition to seblak, "*Seblak King*" also provides snacks such as French fries, fried and steamed siomay, shrimp meatballs, siomay soup, and siomay nyemek. Krajan Village in Purwoharjo District is one of the fairly developed areas in Banyumas Regency, where the surrounding environment is very supportive for establishing and developing a business.

RESEARCH METHOD

According to Fiantika, qualitative research is research that is intended to understand specific phenomena. Phenomena can be things experienced by research subjects such as behavior, perceptions, perceptions, motivations, actions, and so on which are described in the form of words that describe the conditions as they are. This type of research will focus on aspects to explain and describe the situation that is the object of the research. The research method used is descriptive qualitative with data collection techniques through observation, interviews, and documentation. The type of data source used is secondary data, such as literature, books and relevant journals. The location of this research was carried out at the MSMEs "*Seblak King*" Purwoharjo District, Banyuwangi Regency. Recorded in October to December 2024, located at: Krajan Village, Purwoharjo District, Banyuwangi Regency, East Java 68483 [10].

The data sources in this study are divided into two, namely primary data sources and secondary data sources. Primary data is information obtained from initial sources through procedures and collection methods, such as interviews or observations. Secondary data is data that researchers obtain from indirect sources. Usually, secondary data sources are data from official archives, data from other people, and documentation. On the other hand, secondary data sources for this study include information from various books, previous studies, journals, and library data that are relevant to the current study to support the analysis related to the analysis of business feasibility and environmental feasibility of the "*Seblak King*" MSMEs.

Research is a person who really knows the problem to be studied. In this study, the researcher used the Purposive technique. To determine the Research informant, the researcher made certain considerations. The consideration is expected to be the person who knows best about what the researcher expects. Data collection techniques are a method used to collect data and obtain accurate information that will be investigated and researched.

According to Sugiyono, data collection can be done in various settings, sources, and methods, namely observation, interviews, and documentation. Technical data analysis in qualitative research is carried out during data collection, and after the data collection is completed in a certain period. Data analysis techniques consist of four stages, namely data collection, data reduction, data display, and conclusion drawing [11].

RESULTS AND DISCUSSION

Results

Business Feasibility Analysis

Broadly speaking, business feasibility analysis is a process to determine whether a business is feasible to run or not. Feasibility in this analysis includes aspects to determine whether the business being run will provide greater benefits compared to the costs incurred or not. This is also intended to determine feasibility can be interpreted as whether the business will provide financial and non-financial benefits or not, then see

whether the results obtained are in accordance with the goals that have been set or not [12].

According to Wijoyo, corporate financial strategy is a way to complement business strategy, to get the greatest long-term value from a company. Corporate financial strategy is related to how organizations raise funds and how they apply them. The goal of corporate financial management is to maximize the value of shareholders' wealth. Therefore, in financial theories, the variables that are often used in capital market research to represent company value are stock prices, with various types of indicators, including stock returns, common stock prices, abnormal returns, price earnings ratio (PER), and other indicators that represent common stock prices in the capital market [13].

A business feasibility study is an activity that studies in-depth means of an activity or business that will be run, to determine whether or not a business activity is feasible to run. Thus, a feasibility study, which is also often referred to as a feasibility study, is a consideration in making a decision, whether to accept or reject a business idea or planned project [14].

Financial analysis is carried out with the aim of helping to improve financial problems in a business. In his research, he used financial analysis methods, namely Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period (PP). In contrast to Makmur et al in his research, he analyzed using the NPV, R/C ratio, and IRR methods. The use of research methods used by each researcher is different according to the research objectives to be studied [15].

Table 1 Financial report of MSMEs "*Seblak King*".

FINANCIAL STATEMENTS SEBLAK KING					
		YEAR 2022	**YEAR 2023**	**YEAR 2024**	
Component		**Total (Rp)**	**Total (Rp)**	**Total (Rp)**	
Initial Capital	**Rp**	**85.000.000**			
Cost of Raw Materials	Rp	8.500.000	Rp 10.000.000	Rp 12.000.000	
Cost of Gas	Rp	3.500.000	Rp 3.500.000	Rp 4.000.000	
Cost of Electricity	Rp	3.000.000	Rp 3.000.000	Rp 3.500.000	
Cost of Place Rental	Rp	6.000.000	Rp 6.000.000	Rp 6.000.000	
Cost of Store Assets	Rp	4.500.000	Rp 500.000	Rp 500.000	
Employee Salaries (4 peop	Rp	36.000.000	Rp 36.000.000	Rp 36.000.000	
Total Operational Costs	**Rp**	**61.500.000**	**Rp 59.000.000**	**Rp 62.000.000**	
Cash Income	Rp	95.500.000	Rp 135.000.000	Rp 153.500.000	
Non-Cash Income	Rp	6.520.000	Rp 8.350.000	Rp 11.180.000	
Total Income	**Rp**	**102.020.000**	**Rp 143.350.000**	**Rp 164.680.000**	
Net Profit	**Rp**	**40.520.000**	**Rp 84.350.000**	**Rp 102.680.000**	

Source: Field data, 2024

From the data above, it can be concluded that MSMEs "*Seblak King*" has succeeded in generating positive net profit. This shows that this business has the potential to be more balanced if managed with the right strategy, especially in terms of cost efficiency and increasing sales volume.

a. **Payback Period (PBP)**

Payback Period is a period of time that shows how long it takes for the capital invested in a business to be returned. The shorter the period of time for the capital to be returned, the faster the investment return process. The indicator itself has assessment criteria such as the Payback Period is shorter than the investment age, can cover the company's objectives, and can compete with the average of similar business units. The formula for the PP itself is as follows:

Payback Period = Initial Investment / Annual Cash Flow (Net Profit)

Initial capital is only calculated at the beginning of the first year, which is IDR 85,000,000, net profit per year is added up until the amount is the same or greater than the initial capital. At the end of 2022, only Rp40,520,000 has been collected → not yet returned. In 2023, the total becomes Rp84,350,000 → already more than the initial capital. So, the capital is returned at the end of 2023.

The proportion of the second year needed = 44,480,000/84,350,000 = 0.527

This means that in 2023 it only takes about 0.527 years or about = 0.527x12 = 6.32 months. Payback period calculation results:

PBP = 1 year + 0.527 years = 1.53 years or approximately 1 year 6 months

The initial capital of Rp85,000,000 will be returned in approximately 1 year 6 months. Because the PBP is still under 3 years, in terms of return on capital, this business is classified as a fast return on capital and is worth considering.

b. **Return on Invesment (ROI)**

Return on investment is a method of analyzing the feasibility of an investment or business by adding up all the results generated by the company in a certain period of time, the formula used in this indicator is as follows:

ROI = (Investment Income - Investment Cost) / Investment Cost x 100%

Table 2. Return on invesment.

Year	Initial Capital	Net Profit	ROI Calculation	ROI Result %
ROI 2022	Rp85.000.000	Rp40.520.000	(Rp40.520.000 / Rp85.000.000) × 100% = 47,67%	47,67%
ROI 2023		Rp84.350.000	(Rp84.350.000 / Rp85.000.000) × 100% = 99,24%	99,24%
ROI 2024		Rp102.680.000	(Rp102.680.000 / Rp85.000.000) × 100% = 120,80%	120,80%

Source: Field data, 2025

a)   ROI 2022: 47,67%

The ROI result of 47.67% shows that in 2022, Seblak King generated a net profit of 47.67% of the initial capital invested. This means that for every Rp100 invested, "*Seblak King*" made a profit of Rp47.67. This result shows that the business is quite profitable and provides good returns in the first year.

b)   ROI 2023: 99,24%

The ROI result of 99.24% in 2023 shows that the profit obtained is almost double the initial capital invested. In other words, for every Rp100 invested, "*Seblak King*" generates a profit of Rp99.24. This result shows a significant increase in business profitability, indicating that the strategy implemented in that year was very effective.

c)   ROI 2024: 120,80%

The ROI result of 120.80% in 2024 shows that "*Seblak King*" has succeeded in generating a net profit of more than double the initial capital invested. This means that for every IDR 100 invested, "*Seblak King*" makes a profit of IDR 120.80. This result shows that the business is not only feasible, but also very profitable, with positive growth from year to year.

The conclusion from the ROI results is that it has increased significantly each year, indicating very good business growth. The high rate of return on capital in 2023 and 2024 strengthens the business's position as worthy of further balancing. In year 2, almost all capital was returned (ROI almost 100%), in year 3 the profit even exceeded the capital and this "*Seblak King*" MSME is worthy of being balanced.

c.   Net Present Value (NPV)

This analysis is commonly used by business in conjunction with cash flow predictions to provide an overview of the profitability of an investment. The formula used is as follows:

NPV = [Cash flow (net profit) / (1 + i) ^ t] - initial investment

Present Value (PV) results each year

Year 2022 (t = 1)

PV1 = 40,520,000 (1 + 0.10) 1 = 40,520,000 / 1.10 = 36,836,363

Year 2023 (t = 2)

PV2 = 84,350,000 (1 + 0.10) 2 = 84,350,000 / 1.21 = 69,710,743

Year 2024 (t = 3)

PV3 = 102,680,000 / 1 + 0.10) 3 = 102,680,000/1,331 = 77,145,003

Total PV (Sum of all cash flows)

Total PV = 36,836,363 + 69,710,743 + 77,145,003 = 183,692,109

Calculate NPV = 183,692,109 – 85,000,000 = Rp98,692,109

The positive NPV result (Rp98,692,109) shows that the investment made by "*Seblak King*" is not only able to return the initial capital of Rp85,000,000, but also generates additional profits. This shows that the project or business is worth continuing, because it provides added value to the business owner.

d.   Profitability Index (PI)

PI = Total Net Profit During Project/Initial Investment

Initial investment = IDR85,000,000 (2022)

Total net profit for 3 years: IDR40,520,000 + IDR84,350,000 + IDR102,680,000 = IDR227,550,000

PI calculation:

PI = 227,550,000/85,000,000 = 2.68

Disadvantages:

PI > 1 Feasible

PI = 1 Breakeven

PI < 1 Not Feasible

Because PI> 1, or the PI calculation result of 2.68 shows that the investment made by "*Seblak King*" is very profitable, with significant potential returns. This is an important indicator in making decisions to continue or develop the business further.

e.   Internal Rate of Return (IRR)

IRR is a way to measure potential investment returns while ignoring external factors. The formula used is as follows:

Initial investment (2022): -Rp85,000,000

Net Profit (Cash Flows):

1. Year 2022: Rp40,520,000

2. Year 2023: Rp84,350,000

3. Year 2024: Rp102,680,000

NPV = CFt/1+IRRt – Initial Investment

NPV = 40,520,000/(1+0.25)1 + 84,350,000/(1+0.25)2 + 102,680,000/(1+0.25)3 – 85,000,000

NPV = 32,416,000 + 53,876,800 + 52,436,800 – 85,000,000 = IDR 53,729,600

Table 3. Internal rate of return.

Year	Cash Flow
0	-85.000.000
2022	40.520.000
2023	84.350.000
2024	102.680.000
IRR	98.82%

Source: Field data, 2025

So the IRR generated is 98.82%, indicating that the investment made by "*Seblak King*" is very profitable and has a high potential return. This is an important indicator in making decisions to continue or develop the business further.

Discussion

Based on the business feasibility indicators in the financial aspect, the "*Seblak King*" MSMES can be declared feasible because it meets all the indicators used. The "*Seblak*

King" MSMEs has a large market potential with a wide consumer segment, ranging from children to adults. Promotion strategies through social media such as Instagram are effective in increasing product visibility. Business management is carried out simply but effectively by the owner. The organizational structure has been formed and tasks have been clearly divided. This MSMEs already has business legality such as a Business Identification Number (NIB) and a business license. As well as from business feasibility indicators such as Payback Period, Return On Investment, Profitability Index, Net Present Value and Internal Rate Return show positive results and the business is feasible to be developed.

CONCLUSION

Fundamental Finding : The findings highlight the necessity for MSMES "*Seblak King*" to consistently innovate in its product offerings, particularly in diversifying seblak menu variants and enhancing instant seblak products with appealing toppings. These innovations serve as a crucial tactic to attract a broader consumer base and penetrate new market segments. **Implication :** Strategically, continuous innovation is not only essential for market expansion but also acts as a competitive advantage that helps the business navigate intense competition. Reinforcing this with effective promotional efforts, responsive customer service, and consistent product quality will further strengthen Seblak King's market position. **Limitation :** However, the recommendation does not delve into potential operational or resource-based constraints that may hinder sustained innovation or expansion, such as supply chain limitations or financial capacity. **Future Research :** Future studies should explore the scalability of these innovation strategies within similar MSMEs settings, and examine the long-term effects of innovation on customer loyalty, operational efficiency, and profitability under competitive pressures.

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