

# A Preliminary Study on the Impact of Passion and Financial Literacy on Pet Shop Business Performance

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## ABSTRACT

This qualitative case study explores the influence of financial literacy and entrepreneurial passion on the success of a micro pet shop business. Data were collected through an in-depth interview with the business owner to understand how internal factors shape financial behavior and business outcomes. The findings highlight that a strong emotional attachment to the business enhances the practical application of financial and digital competencies. Financial literacy is reflected in disciplined behaviors such as budgeting, saving, and making informed financial decisions, while digital literacy supports customer interaction and operational effectiveness. Together, these capabilities contribute to improvements in profit, capital growth, and market expansion. The study suggests that in niche sectors like pet retail, the integration of passion, financial knowledge, and digital skills is crucial for long-term sustainability. As an initial investigation, this research offers a foundation for broader studies involving more diverse MSME participants.

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## 1. INTRODUCTION

As public awareness of pet care and welfare has grown, the pet shop industry has seen tremendous expansion in recent years. Pet shops face a variety of operational and entrepreneurial challenges as Micro, Small, and Medium-Sized Enterprises (MSMEs). Passion is a key internal component that supports business success. Cardon (2009) assert that *entrepreneurial passion* affects job satisfaction, creativity, and perseverance—all of which have a major effect on business performance. The growing competition in the pet care sector also pushes MSME actors to innovate continuously, both in terms of services and product offerings, making passion an essential resource in business sustainability.

For MSME sustainability, financial literacy is just as important as passion. Basic financial management is still a challenge for many small business owners, which influences long-term planning and decision-making. According to Lusardi & Mitchell (2014), financial literacy is crucial for the expansion and resilience of businesses. This includes knowledge of budgeting, financial planning, and recordkeeping. Strong financial expertise helps pet shop owners manage their inventory more effectively, set more reasonable prices, and grow their businesses in a responsible manner. However, in reality, many MSME actors in Indonesia still have a limited understanding of financial literacy, which weakens their competitiveness (World Bank, 2022).

Based on this background, the main research problems can be formulated as follows: (1) How does entrepreneurial passion support the sustainability of pet shop businesses? (2) How does financial literacy influence the management and continuity of MSMEs in the pet shop sector? (3) How

does the integration between passion and financial literacy create a foundation for MSME strategies in the future? The objectives of this study are to analyze the role of entrepreneurial passion in MSME performance, to identify the influence of financial literacy on pet shop management practices, and to provide preliminary insights into how these two factors interact to support MSME sustainability.

Previous research has emphasized the importance of passion and financial literacy in entrepreneurial success. Cardon (2009) found that entrepreneurial passion is strongly linked to creativity and perseverance. Similarly, other studies show that passion among Indonesian MSME players increases resilience in the face of uncertainty. On the financial side, Lusardi & Mitchell (2014) underlined that financial literacy is essential in managing risks and planning sustainable growth. Other studies have also found that higher levels of financial literacy correlate with better financial planning and record-keeping among retail MSMEs.

Nevertheless, studies that specifically connect entrepreneurial passion and financial literacy within the context of pet shops remain limited. Most existing research tends to examine these variables separately or in broader MSME categories. The uniqueness of the pet shop industry lies in its combination of retail, service, and welfare dimensions, making it a distinctive case for exploring how passion and financial literacy interact. Therefore, this study uses a *case study* approach with a single informant, namely the owner of a pet shop in Malang. The deliberate choice to focus on one case is consistent with (Yin, 2018), who argues that single-case studies can provide deep insights and serve as a foundation for broader future investigations.

By conducting this preliminary research, the study aims to generate early findings that can guide future work involving a larger sample of MSME actors in the pet-related sector. This approach allows researchers to refine instruments, highlight important trends, and identify gaps that require further exploration. In doing so, the study contributes to the academic discussion on MSME sustainability while also providing practical implications for pet shop owners and policymakers seeking to strengthen financial literacy and foster entrepreneurial passion in Indonesia's growing pet care economy.

## 2. RESEARCH METHOD

This study uses a single case study design with a qualitative methodology to investigate how financial literacy and entrepreneurial passion affect MSME performance in the pet shop industry. A case study approach allows for a thorough and in-depth analysis of a contemporary phenomenon within its real-life context (Yin, 2018). The exploratory nature of this research makes the case study method particularly suitable, as it enables researchers to generate rich insights and preliminary findings before extending the scope to a broader sample.

The research subject is a pet shop owner in Malang who has been operating the business for more than three years. This selection was purposive, as long-term business operation indicates both sustainability and the accumulation of entrepreneurial experience. Data were collected through semi-structured interviews, which provided flexibility in probing the informant's financial practices, sources of motivation, and entrepreneurial challenges. The qualitative interview approach ensured that responses were detailed and nuanced, capturing the lived experiences of the MSME actor.

To supplement the interview data, an analysis of the store's online traffic and business performance was also conducted. This secondary data collection focused on observable indicators, such as product offerings, customer interactions, and digital marketing activities. Combining the interview findings and online performance analysis strengthened the reliability and validity of the research results.

The decision to involve only one informant reflects the exploratory nature of the study. Early-stage qualitative research often focuses on a single or small number of cases in order to build grounded understanding and guide the development of future tools or frameworks (Creswell, 2007). This approach provides the flexibility to explore emerging themes in depth, while at the same time preparing the foundation for subsequent large-scale studies.

Combination of single case study design, semi-structured interviews, online performance analysis, and thematic interpretation allows researchers to describe a holistic picture of the phenomenon under study. Although limited in scope, this methodology provides a solid exploratory foundation for future empirical studies that may involve various MSME actors in the pet sector.

### 3. RESULTS AND DISCUSSIONS

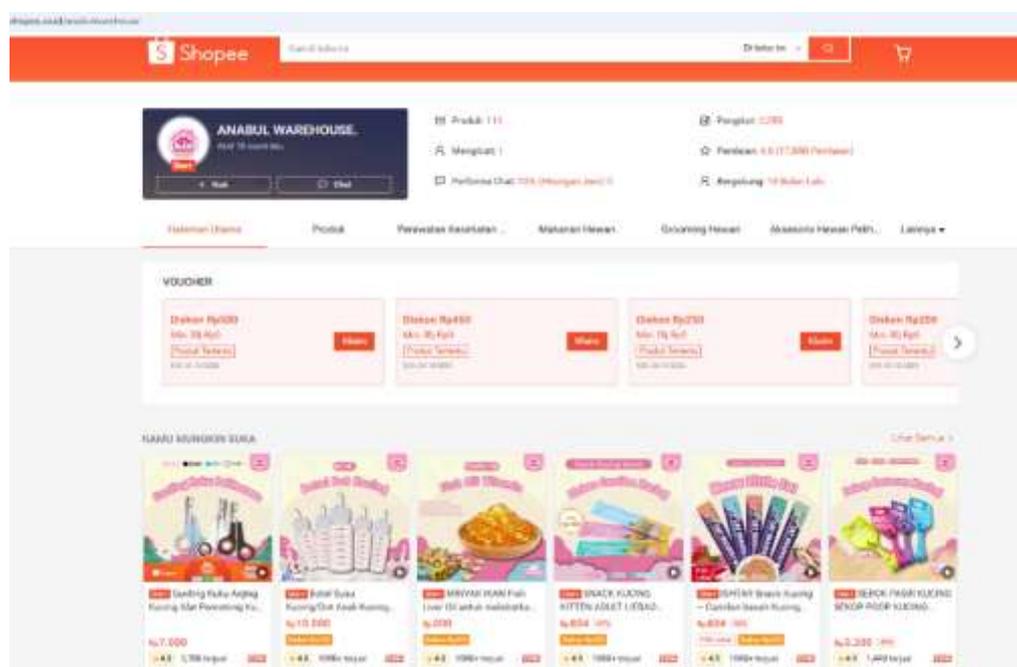
The owner of the business showed that they knew a lot about basic financial ideas, like how important it is to save, plan for the future, and manage risk. Their ability to explain the importance of financial discipline shows that they don't just know about money; they use it in their daily lives. This is in line with what Lusardi & Mitchell (2014) say: that financial literacy is the basis for making better decisions and having good long-term financial health, especially for small business owners. A strong financial mindset seems to be closely related to the pet shop's continued growth and stability.

Digital skills also turned out to be a strength. The owner was sure about using digital tools for business, from running marketplace to shopping on the internet. They also knew how important it was to protect customer data, follow digital ethics, and keep their computers safe. These skills are becoming more and more important in the digital economy, especially for small and medium-sized businesses (MSMEs) that want to reach more customers. Laar et al. (2017) stress that digital literacy is no longer an option; it is a necessary skill set that improves customer engagement and operational efficiency.

The incorporation of digital tools into the pet store's operations and marketing is another noteworthy finding. The owner uses marketplaces to engage with consumers and advertise goods. This is in line with more general trends in digital entrepreneurship, where digital platforms help small businesses reach a wider audience and reduce the barriers to market entry (Nambisan, 2017; Kraus et al., 2019). In line with the idea of dynamic capabilities, digital success also hinges on the entrepreneur's capacity for adaptation and lifelong learning (Teece, 2007). The proactive use of digital tools by the respondent points to a combination of personal agility and digital awareness, which is increasingly recognized as a catalyst for innovation and business expansion in MSMEs (Del Giudice et al., 2021; Scuotto et al., 2017).

The business owner is careful with their money every day. They make sure to budget, keep track of their expenses, and pay their bills on time. These habits show that you can control your own money, which helps keep your cash flow healthy and lowers your risk. Perry and Morris (2005) say that small businesses do much better when their owners are aware of their money and can control it. In this case, this kind of discipline is probably very important for the pet shop to be able to handle changes in demand and operating costs.

The owner is also a part of official financial systems. They use banking services to handle business income and make purchases, but getting credit is still hard. This duality is in line with what Beck et al. (2008) found: many MSMEs are part of financial systems but still have trouble getting formal loans. Still, having access to basic financial services gives you a structural edge that helps you keep track of your money and be responsible with it. There is a strong emotional connection to the business itself that ties all of these things together. Furthermore, financial institutions might not offer customized financial products for microbusinesses, particularly those operating in specialized industries like pet care (Zetsche et al., 2017). These results imply that without concurrent advancements in the regulatory framework and infrastructure for financial inclusion, the efficacy of financial literacy may be limited.



**Figure 1.** Anabul Warehouse Online Store

The Shopee marketplace serves as the main digital distribution channel for Anabul Warehouse, a microbusiness. With 111 products, 3,200 followers, a high customer rating of 4.8 based on 17,800 reviews, and a 92% (within hours) chat response rate, the store has been operating for 18 months. These metrics point to operational responsiveness, steady service quality, and high customer engagement. The performance of the store demonstrates a number of digital entrepreneurship best practices. First, MSMEs can reach a larger market with less initial investment when they use marketplace platforms like Shopee effectively (Laundon & Traver, 2021).

Having more than 100 products shows a large inventory capacity, which expands cross-selling opportunities. Strong customer satisfaction and trust are indicated by high ratings and a high number of reviews; these are important components in establishing and maintaining customer loyalty in digital ecosystems (Zhang et al., 2014). Furthermore, the 92% chat response rate suggests that prompt and proactive customer support is essential to improving the online shopping experience (Gefen, 2000). Effective brand-building and business continuity are further demonstrated by the store's follower count and steady presence over the course of 18 months. This is consistent with earlier studies that demonstrate that in online settings, digital reputation and trust are important predictors of purchase intention (Chen & Xie, 2008).

The owner says that their pet shop is not only a way to make money, but also a way to express who they are and what they want to do with their life. They link the success of the business to their mood, sense of fulfillment, and long-term goals. This strong sense of "entrepreneurial passion," as defined by Cardon (2009), gives people the motivation they need to keep going and stay strong. This makes both financial and digital skills have a bigger effect on how well a business does overall. Here, passion isn't just enthusiasm; it's a force that keeps the business going, especially when things get tough. Entrepreneurial passion is a positive emotion that has the potential to be a valuable resource, crucial for performance. Passionate entrepreneurs can positively influence emotional states such as creativity. Entrepreneurial passion fosters commitment and the entrepreneur's ability to support innovative ideas with conviction (Luu, 2023). Research on entrepreneurial passion typically emphasizes behaviors such as persistence, innovation, creativity, and opportunity recognition, which influence performance growth.

Passionate entrepreneurs tend to exert more effort, engage in creative problem-solving, and have greater persistence in achieving goals. Entrepreneurs who demonstrate a stronger passion for growth are more likely to formulate and implement strategies that lead to substantial business growth,

as they typically enjoy the activities required to pursue sales growth, hire the right new employees, or secure external financing to achieve business performance growth (Riar et al., 2023). Entrepreneurial passion for founding refers to activities such as pursuing new business opportunities. Entrepreneurial passion for developing tends to focus on business development activities. Entrepreneurial passion for inventing leads to developing new products. In an article titled "How life context affects entrepreneurs' passion and performance," written by Stefan S. and Andreas K., their research shows that entrepreneurial passion has an effect on performance. Passion, as a personality trait and dynamic construct, can influence entrepreneurial performance both positively and negatively (Schulte-holthaus & Kuckertz, 2024). Moreover, responsibility, diligence, activeness, strong ambition, concentration on job, being brave in accepting challenges, rich imagination, and strong leadership are all characteristics of entrepreneurs who are able to create more value for their businesses in order to further promote entrepreneurial performance (Fang & An, 2017).

#### 4. CONCLUSION

This initial case study shows that the interaction of digital competency, financial literacy, and entrepreneurial passion has a significant impact on the success of a pet shop. The owner's strong emotional attachment to the company acts as a motivating factor that improves the use of digital tools and the application of financial knowledge. While digital skills facilitate wider market access and operational efficiency, financial literacy is exhibited not only through knowledge but also through disciplined financial behavior. These internal elements support one another rather than functioning independently, which promotes resilience and business growth. Even though there is only one informant in the study, the results provide a useful starting point for further research examining comparable trends in other MSMEs. This study concludes that the sustainability and success of small businesses, especially in specialized sectors like pet care, depend on a blend of passion, financial acumen, and digital awareness.

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