

ABSTRACT

In business organization, such as Small and Medium Enterprise (SME), business plan has an important role in the financial performance achievement. However, there are several problems causing the insignificance of business plan's influence on performance, including funding problem. Thus, the existence of gap between business plan and financial performance is considered as the research gap which may be mediated by funding in the form of debt related to the sales increase to improve the SME's financial performance.

The variable mediating the gap considered as a novelty as well as a mediating variable is sales on debt to current assets (SODCA). SODCA is the synthesis of financing and private firm value. SODCA is the contribution resulted from the use of debt to increase the sales possibly earned by the company. SODCA mediates the influence of business plan on financial performance. Besides, this research also involves the other variables related to financial performance, such as firm size, firm age, and lagged profit.

This research has collected the data of SMEs from three regencies: Banyumas, Cilacap, and Purbalingga, The data is tested using path analysis. The results show that business plan indirectly influences financial performance, meaning that SODCA has a mediating role and proves that SODCA has mediated the existence of gap between business plan and financial performance. Besides, lagged profit variable influences financial performance.

Keywords: *Business Plan, Sales on Debt to Current Assets Ratio, MSMEs Financial Performance, and Path Analysis.*