



Factors Affecting the Performance of Micro, Small and Medium Enterprises (MSMEs) in Denpasar



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Abstract

The purpose of this study was to determine and analyze the factors that influence the performance of Micro, Small and Medium Enterprises (MSMEs) in Denpasar. The method of determining the sample used in this study is a purposive sampling technique. The sample size uses the Slovin formula to get a representative number of samples. The type of data used in this study is quantitative data and the data source used in this research is primary data source. Data was collected through questionnaires and then measured using a Likert scale. The questionnaire was tested using validity and reliability tests. The data analysis technique used is as follows: classical assumption test by performing normality test, multicollinearity test, heteroscedasticity test, multiple linear regression analysis, coefficient of determination test, t-test (partial) and F-test. Based on the results of data analysis and discussion, it can be concluded that the factors that affect the performance of MSMEs in Denpasar during the Covid-19 pandemic are financial literacy and the effectiveness of the use of BPUM funds. Financial literacy has a significant positive effect on the performance of MSMEs with a t coefficient of 4.245, a regression coefficient of 0.300 and a significance of 0.000. The effectiveness of the use of BPUM funds positively has a significant effect on the performance of MSMEs in Denpasar during the Covid-19 pandemic, with a t coefficient of 4.981, a regression coefficient value of 0.526 and a significance of 0.000.

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1 Introduction

The Covid-19 pandemic that hit the world had an impact on many sectors, such as the economy, education, government, transportation, religion, and other sectors. Based on BPS data for 2020 (www.bps.go.id, 2020) the economic sector in particular, decreased by 5%, household consumption or purchasing power fell by 5.07% in the first quarter of 2019 to 2.97% in the second quarter of 2020 (Malini & Herawati, 2021). Among the sectors that influence the direction of economic growth is the Micro, Small and Medium Enterprises sector, hereinafter referred to as MSMEs. MSMEs have a very important role in building economic growth, because MSMEs are able to create productive jobs and are able to support the regional economy, especially rural areas (Yulianty & Muzayyanah, 2021). There needs to be the involvement of the government and all parties to realize an increase in MSME businesses, especially in the midst of weakening MSME activities due to the Covid-19 pandemic. The reason is that MSMEs also have weaknesses, namely: 1) human factor; including strong motivation, labor supply, work ethic, work productivity, and quality of labor; and 2) economic/business factors; which includes raw materials, access to financial sources, economic value, and market segments (Rokhayati & Lestari, 2016). These two factors must be able to be managed by MSME entrepreneurs to improve their business performance (Yulianty & Muzayyanah, 2021).

Denpasar is one of the cities in Bali Province, and many of its citizens are involved in the MSME business (Adyatma & Harmana, 2020). The development of the number of MSMEs in Denpasar can be categorized quite well. However, since the COVID-19 pandemic hit Bali, the number of MSMEs in 2021 has decreased after the implementation of closures in various sectors to avoid the spread of a very deadly virus. This has a direct impact on MSMEs which automatically cannot continue their business. The data on the number of MSMEs in 2018-2021 after the Covid-19 pandemic is as follows:

Table 1.1
Data on the Number of MSMEs in 2018-2021

No	Classification	2018	2019	2020	2021
1	Commerce	10.734	11.036	11.126	10.541
2	Agricultural Industry	16.762	17.013	17.078	15.833
3	Non-Agricultural Industry	1.267	1.383	1.413	1.067
4	Various Services	2.455	2.594	2.609	2.253
	Total	31.218	32.026	32.226	29.694

Source: Processed from data from the Denpasar City Cooperatives and SMEs Office, 2021

The data in Table 1.1 above shows a decline in the number of MSMEs during the COVID-19 pandemic, from 32,226 in 2020 to 29,693 in 2021. The Covid-19 pandemic has automatically resulted in instability in the MSME business, resulting in a decline in MSME sales and income. Lack of income makes MSME entrepreneurs pay less attention to managing their business finances properly, so that personal money and company money are inseparable, this also affects the company's financial performance. Companies like MSMEs during the Covid-19 pandemic still desperately need capital assistance to maintain their business. According to Kurniawan (2011), the role of business capital is very important for the growth of the small and medium business sector, capital has a large role in infrastructure, operational costs, and labor (Adyatma & Harmana, 2020).

Many factors can affect business continuity during the Covid-19 pandemic. Therefore, to maintain the sustainability of MSMEs, MSME owners need to carry out various strategies, such as increasing knowledge and skills in financial management and trying to obtain capital assistance through the 2020 Micro, Small and Medium Enterprises Productive Banpres (BPUM) program organized by the Ministry of Cooperatives and SMEs, Republic of Indonesia. Improving knowledge and skills can be done by learning about finance (financial literacy), which is one of the factors that can affect MSME business performance. According to the regulation of the Financial Services Authority Number 76 of 2016 financial literacy is knowledge, skills and confidence that influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity (Gitelman, 2014). Financial literacy is the knowledge and skills of the public that are able to provide confidence regarding financial institutions and the various products in them within the parameters of the index size (Ibnuismail, 2021).

The BPUM program is the government's strategy in an effort to recover the national economy to help MSME entrepreneurs to survive and rise in the midst of the Covid-19 pandemic by providing funds in grants by the government managed by MSME entrepreneurs. Most MSME actors use the BPUM assistance funds for their daily needs, not for

their business needs, and MSME entrepreneurs have not implemented financial management properly. Second, not all MSMEs are able to access information related to this assistance. Third, the value of assistance obtained by MSME entrepreneurs has not been able to cover all losses experienced during the pandemic. Fourth, the success rate for the distribution of aid is not clearly measured because the statistical data on the number of MSME entrepreneurs is not accurate (Malini & Herawati, 2021).

The provision of assistance for the BPUM program if used optimally by MSME entrepreneurs will be able to support the sustainability of their business, so that MSME business performance in Denpasar will improve. As research conducted by Malini & Herawati (2021), shows that the effectiveness of the use of BPUM funds has a significant effect on the performance of micro-enterprises in Buleleng, the effectiveness of the use of BPUM funds can have an impact on the performance of MSMEs during the COVID-19 pandemic. Other similar study was carried out by (Idawati & Pratama, 2020) found that there is a significant influence between financial literacy on the performance of MSMEs. While the research conducted by Kusumadewi (2017) shows that financial literacy has no significant effect on the performance of SMEs. The results obtained indicate that the relationship between the two variables gives varied and inconsistent results. The inconsistency between the results of one study with other studies causes the relationship between financial literacy to the performance of MSMEs is still important to be researched and reviewed (Ndwandwe & Wiysonge, 2021; Kim & Su, 2020).

2 Methods

This research was conducted in Denpasar, because it is a strategic location for MSMEs. Denpasar can be used as a barometer of the level of economic growth in Bali. So that the limited knowledge of financial literacy and the use of venture capital assistance for MSME entrepreneurs in the midst of a pandemic in Denpasar became one of the reasons for consideration in choosing the location of this research. The population of this study is MSME entrepreneurs who received BPUM assistance funds by the Indonesian government in Denpasar. The method of determining the sample used in this study is a purposive sampling technique. According to (Sugiyono, 2018) purposive sampling technique is a sampling technique with certain considerations (Kim et al., 2005; Borsodi et al., 2007). The sample size uses the Slovin formula to obtain a representative number of samples with the aim that the research results can be generalized and the calculations can be carried out using simple formulas and calculations. By using the Slovin formula, the number of samples from this study is 100 MSMEs located in Denpasar. The following is data on the number of MSMEs in Denpasar.

Table 1.2
Data on the Number of Recipients of BPUM Funds
at Bank BRI MSMEs in Denpasar in 2021

No	Bank BRI	Total
1	KCP Gajah Mada	4.528
2	KC Gatsu	2.966
3	KC Kuta KC Renon	2.275
4		664
Total		10.415

Source: Processed from data from the Denpasar City Cooperatives and SMEs Office 2021

The type of data used in this study is quantitative data. Carolina (2017), said quantitative data is data in the form of numbers or data that is numbered or scored. The data source used in this study is the primary data source. The primary data sources in this research came from respondents who gave answers to the questionnaire regarding the variables in the research, the number of MSMEs of all types of businesses in Denpasar, and the use of BPUM Funds in 2020 and 2021 in Denpasar. Methods of data collection through the distribution of questionnaires. This research questionnaire was measured using a Likert scale. The questionnaire was tested using validity and reliability tests. The data analysis techniques used are as follows: (1) classical assumption test, namely by conducting a normality test. The statistical method used is Kolmogorov-Smirnov (Nanicova, 2019). Then the multicollinearity test, in this test a good regression model in the multicollinearity test has a model in which there is no correlation between the independent variables. This multicollinearity test is seen from the tolerance value and Variance Inflation Factor (VIF).

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Heteroscedasticity test, a good regression model in this test is the absence of heteroscedasticity which can be done by looking at the presence or absence of certain patterns on the scatterplot graph. Furthermore, multiple linear regression analysis was used with the SPSS program. The coefficient of determination test is essentially measuring how far the model's ability to explain the variation of the independent variables is. The value (Adjusted R²) has an interval between 0 and 1 with a large value (detecting 1) meaning that the independent variable can provide almost all the information needed to predict the dependent variable. Meanwhile, if (Adjusted R²) has a small value, it means that the ability of the independent variable to explain the dependent variable is very limited (Supervised, 2014). T-test (partial) is used to determine whether each variable has a positive influence between the independent variables individually on the dependent variable (Nursalam, 2016). The F test is used to determine the significant effect of the independent variable simultaneously on the dependent variable. The test is carried out using a significance level of 0.05 ($\alpha=5\%$) (Sugiyono, 2018).

3 Data Analysis and Results

Data Analysis

- The description of the research data of the respondents' characteristics, based on age, the level of education, the length of the business and the sales turnover per month
Based on the number of respondents as many as 100 people, the majority of respondents are men with 61 people or percentage of 61%, while female respondents are 39 people or 39%. Of the 100 respondents, most of the business owners were aged between 40-50 years with 46 respondents or percentage of 46%, while respondents with age <25 years were 3 people or percentage of 3%. Respondents with a high school education level were 37 people or percentage of 37% and respondents with a bachelor's last education were 28 people or percentage of 28%. The results of the questionnaire collection show that the length of business owned by business actors is 3 - 5 years, namely 76 people or percentage of 76%, while respondents whose business has only reached 1 - 2 years of business age are 9 people or percentage of 9%. Most respondents have a monthly turnover of <10 million as many as 65 people or percentage of 65% and the least respondents have a monthly turnover of >25-100 million as many as 4 people or percentage of 4%.
- Research instrument test results

The results of the validity of the research instrument

This validity test is carried out to measure whether or not a questionnaire is valid. According to (Sugiyono, 2018) a valid instrument means that the measuring instrument used to obtain data (measure) is valid. Testing the validity of this can be done with the SPSS for windows software facility. Validity test is calculated by comparing the value of r-count with the value of r-table for degree of freedom (df) = n-2 (n is the number of samples) (Sina & Suharnomo, 2013). If r-count > r-table then the indicator question is declared valid, and vice versa if r-count < r-table then the question or indicator is declared invalid, r-count is obtained from the SPSS output, the value is then compared with the r-value. table (Ghozali, 2018). The results of the validity test can be seen in Table 1.3 below:

Table 1.3
Validity Test Results

No	Variable	Question Items	Correlation coefficient	Description
1	Financial literacy	X1.1	0,868	Valid
		X1.2	0,907	Valid
		X1.3	0,892	Valid
		X1.4	0,897	Valid
		X1.5	0,891	Valid
		X1.6	0,860	Valid
2	Effective use of BPUM funds	X2.1	0,889	Valid
		X2.2	0,918	Valid

		X2.3	0,910	Valid
		X2.4	0,908	Valid
		Y.1	0,909	Valid
3	MSME	Y.2	0,899	Valid
	Performance	Y.3	0,910	Valid
		Y.4	0,891	Valid
		Y.5	0,797	Valid

Source: Data processed

Based on the results of the validity test in Table 1.3 with the distribution of questionnaires to 100 respondents, it can be seen that the variable indicators of financial literacy, the effectiveness of using BPUM funds, and the performance of MSMEs are valid because they have a correlation coefficient value of more than r table 0.196.

Research instrument reliability test results

According to Sugiyono (2018), a reliable instrument is an instrument which, when used several times, can measure the same object and produce the same data. The reliability that the questionnaire can be consistent if it is used to measure the same symptoms in other places. The tool to measure the reliability of these variables is Cronbach Alpha. Reliability measurement can only be done once. A variable is said to be reliable, if the result is a > 0.70 (Ghozali, 2018). This reliability test can be done with SPSS software for windows (Sina & Suharnomo, 2013). The results of the validity test can be seen in Table 1.4 below.

Table 1.4
Reliability Test Results

No	Variable	Cronbach's Alpha	Description
1	Financial literacy	0,945	Reliable
2	Effective use of BPUM funds	0,927	Reliable
4	MSME Performance	0,927	Reliable

Source: Results of data processing

Based on the results of the reliability test in Table 1.4, it can be seen that the variables of financial literacy, the effectiveness of the use of BPUM funds, and the performance of SMEs are said to be reliable because each variable has an alpha value greater than 0.70.

Classic Assumption Test Results

Normality Test Results

Normality test aims to test whether in the regression model, the independent and dependent variables are normally distributed or not. A good regression model in research has a data distribution that is normal or close to normal. The method used in this research is the Kolmogorov-Smirnov statistic. The test criteria using the Kolmogorov-Smirnov method is the probability value (sig) > 0.05 , then the data is normally distributed, whereas if the probability value (sig) < 0.05 , then the data is not normally distributed (Nanicova, 2019). The following are the results of the normality test using the Kolmogorov-Smirnov Test statistic in Table 1.5.

Table 1.5
Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	.0000000

	Std. Deviation	2.57648164
Most Extreme Differences	Absolute	.080
	Positive	.062
	Negative	-.080
Test Statistic		.080
Asymp. Sig. (2-tailed)		.118 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Results of data processing

Based on the results of the normality test shown in Table 1.5, it shows that the magnitude of the Asymp value. Sig. (2-tailed) is 0.118, greater than 0.05 which indicates that the data is normally distributed, so it can be concluded that the model meets the assumption of normality.

Multicollinearity Test Results

In this study, the multicollinearity test aims to test whether there is a correlation between the independent variables. The purpose of the multicollinearity test is to test whether the regression model finds a correlation between the independent variables. A good regression model in the multicollinearity test is to have a model in which there is no correlation between the independent variables. This multicollinearity test is seen from the tolerance value and Variance Inflation Factor (VIF). If the VIF value is < 10 then there is no multicollinearity or it can be said that the regression model is good, whereas if the VIF value is > 10 then there is multicollinearity in the data or it can be said that the regression model is not good (Nanicova, 2019). The tolerance value and the Variance Inflation Factor (VIF) value are shown in Table 1.6 below.

Table 1.6
Multicollinearity Test Results

Model	Coefficients ^a						Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients		T	Sig.	Tolerance	VIF
	B	Std. Error	Beta					
1 (Constant)	2.184	1.429			1.529	.130		
Literasi keuangan	.300	.071	.372		4.245	.000	.639	1.566
Efektivitas penggunaan dana BPUM	.526	.106	.436		4.981	.000	.639	1.566

a. Dependent Variable: Kinerja UMKM

Source: Results of data processing

Based on Table 1.6 above, it can be seen that all independent variables have a tolerance value of > 0.10 , as well as the results of the calculation of the VIF value, all variables have a VIF value of < 10 . This means that in the regression model there is no symptom of multicollinearity (Gupta & Barua, 2016; Vásquez et al., 2021).

Heteroscedasticity Test Results

Heteroscedasticity test aims to determine whether in a regression model there is an inequality of variance from the residual of one observation to another observation. The regression model is the absence of heteroscedasticity, which can be done by looking at the presence or absence of certain patterns on the scatterplot graph. If the probability value (sig) $>$ from 0.05 then there is no heteroscedasticity (Ghozali, 2018). The following are the results of the heteroscedasticity test using the glejser test.

Table 1.7
Heteroscedasticity Test

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	2.640	.891		2.964	.004
	Literasi keuangan	-.050	.044	-.142	-1.127	.263
	Efektivitas penggunaan dana BPUM	.030	.066	.058	.463	.645

a. Dependent Variable: Absolute_Residual

Source: Results of data processing

Based on Table 1.7, it is shown that each model has a significance value greater than 0.05. In conclusion, in this regression model there is no symptom of heteroscedasticity (Tomášková et al., 2011; Li, 2020).

Multiple Linear Regression Analysis Results

Multiple linear regression analysis tool in this study using the SPSS program. According to research by Basuki (2019) multiple linear regression is a linear regression model involving more than one independent variable or predictor. Multiple linear regression analysis is used to determine the direction of the relationship between the independent variable and the dependent, whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable increases or decreases. Multiple linear regression analysis in this study was conducted to determine the effect between variables X1 (financial literacy), and X2 (effectiveness of using BPUM funds), and Y (SME performance). The following is a summary of the results of multiple linear regression.

Table 1.8
Multiple Linear Regression Results

		Coefficients ^a			T	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta		
1	(Constant)	2.184	1.429		1.529	.130
	Literasi keuangan	.300	.071	.372	4.245	.000
	Efektivitas penggunaan dana BPUM	.526	.106	.436	4.981	.000

a. Dependent Variable: Kinerja UMKM

Source: Results of data processing

Based on Table 1.8, a multiple regression equation is obtained as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

$$Y = 2,184 + 0,300X_1 + 0,526X_2 + e$$

Based on the regression equation above, it can be explained as follows:

1. The constant coefficient is 2.184 which means that if the financial literacy variable and the effectiveness of the use of BPUM funds are at zero (0) then the MSME performance is constant, namely 2.184..

2. The value of the financial literacy regression coefficient is 0.300, meaning that if the financial literacy variable increases by 1 unit, the MSME performance will increase by 0.300. This means that every increase in financial literacy will improve the performance of MSMEs. Assuming the other independent variables do not change.
3. The regression coefficient value of the effectiveness of the use of BPUM funds is 0.526, meaning that if the variable of the effectiveness of the use of BPUM funds increases by 1 unit, the performance of MSMEs will increase by 0.526. This means that every increase in the effectiveness of the use of BPUM funds will improve the performance of MSMEs. Assuming the other independent variables do not change.

Determination Analysis Results (R^2)

The purpose of the coefficient of determination test is to measure how far the model's ability can explain the variation of the dependent variable. [Supervised \(2014\)](#), stated that the Coefficient of Determination test is essentially measuring how far the model's ability to explain the variation of the independent variables is. The value (Adjusted R^2) has an interval between 0 and 1 with a large value (detecting 1) meaning that the independent variable can provide almost all the information needed to predict the dependent variable. Meanwhile, if (Adjusted R^2) has a small value, it means that the ability of the independent variable in explaining the dependent variable is very limited. The results of the coefficient of determination can be seen in the table below.

Table 1.9
Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.724 ^a	.524	.514	2.603

a. Predictors: (Constant), Effective use of BPUM funds, Financial literacy

Source: Results of data processing

Based on the test results in Table 1.9, the magnitude (R^2) is $0.514 \times 100\% = 51.4\%$, this means that 51.4% of the variation in the MSME performance variable can be explained by the variation of the two variables of financial literacy and the effectiveness of the use of BPUM funds, while the rest ($100\% - 51.4\% = 48.6\%$) explained by other reasons outside the research model.

T-Test Results

T-test (partial) is used to determine whether each variable has a positive influence between the independent variables individually on the dependent variable. According to [Ghozali \(2016\)](#) quoted in [Nursalam \(2016\)](#) that the t-test basically shows how far the influence of one independent variable individually in explaining the variation of the dependent variable. This test is conducted to test the hypothesis that states financial literacy and the effectiveness of the use of BPUM funds in explaining the dependent variable, namely the performance of MSMEs. The test was carried out using a significance level of 0.05 ($\alpha=5\%$). Based on the results of the study, it can be seen the results of the Partial t-Test in Table 1.10 below.

Table 1.10
Partial Regression Test (t Test)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.184	1.429		1.529	.130
	Financial literacy	.300	.071	.372	4.245	.000
	Effective use of BPUM funds	.526	.106	.436	4.981	.000

a. Dependent Variable: MSME Performance

Source: Results of data processing

Table 1.10, partial test (t-test), shows that:

1. The influence of financial literacy on MSME performance

To test H_0 is accepted or rejected, it can be seen in the description as follows:

H_0 : Financial literacy has no effect on MSME performance

H_1 : Financial literacy has a significant positive effect on the performance of MSMEs

Based on Table 1.10 above, it shows that the regression coefficient value is 0.300, t-value = 4.245 and a significance value of 0.000 compared to a value of 0.05 (α) then it turns out that a significance value smaller than the value (α) is in the rejection area of H_0 and H_1 is accepted. This means that statistically at (confidence level) = 5%, partially financial literacy (X_1) has a positive and significant (significant) effect on MSME performance (Y).

2. The effect of the effectiveness of the use of BPUM funds on the performance of MSMEs

To test H_0 is accepted or rejected, it can be seen in the description as follows:

H_0 : The effectiveness of the use of BPUM funds does not affect the performance of MSMEs

H_2 : The effectiveness of the use of BPUM funds has a significant positive effect on the performance of MSMEs

Based on Table 1.10 above, it shows that the regression coefficient value is 0.526, T-test value = 4,981 and a significance value of 0.000 compared to a value of 0.05 (α) then it turns out that a significance value smaller than the value (α) is in the rejection area of H_0 and H_2 is accepted. This means that statistically at (confidence level) = 5%, partially the effectiveness of the use of BPUM funds (X_2) has a positive and significant (significant) effect on the performance of MSMEs (Y).

F Test Results

This F test is usually used to determine the significant effect of the independent variable, namely financial literacy and the effectiveness of the simultaneous use of BPUM funds on the dependent variable, namely the performance of MSMEs. Simultaneous significance test (F-test) basically shows whether all independent or independent variables included in the regression model have a joint influence on the dependent or dependent variable (Sugiyono, 2013). The test was carried out using a significance level of 0.05 ($\alpha=5\%$). The test was carried out using a significance level of 0.05 ($\alpha=5\%$). Simultaneous F test results can be seen in Table 1.11 below.

Table 1.11
Simultaneous Test F

Model	ANOVA ^a				
	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	723.812	2	361.906	53.417	.000 ^b
Residual	657.188	97	6.775		
Total	1381.000	99			

a. Dependent Variable: MSME Performance
b. Predictors: (Constant), Effective use of BPUM funds, Financial literacy

Source: Results of data processing

Based on Table 1.11 above, it shows that the significance value is 0.000 compared to the value of 0.05 (α), so the significance value is smaller than the value (α), which is in the H_0 rejection area. This means that statistically at (confidence level) = 5%, together (simultaneously) financial literacy (X_1) and the effectiveness of using BPUM funds (X_2) have a significant (significant) effect on MSME performance (Y). So H_0 is rejected and H_3 is accepted (Khan & Smith, 2020; Nicola et al., 2020).

4 Discussion

The effect of financial literacy (X_1) partially on the performance of MSMEs (Y) during the Covid-19 pandemic in Denpasar

Testing the significance of financial literacy (X_1) on the performance of MSMEs (Y), is partially carried out by conducting a t-test, namely by comparing the t-count value with the t-table value and the t-significance with (0.05). Based on the results of the t-test, the significance value is $0.000 < (0.05)$, the regression coefficient value is 0.300, the t-count value is 4.245 which means the rejection of H_0 so that H_1 can be accepted, so that financial literacy has a significant positive effect on the performance of MSMEs. From the results of this study, it can be interpreted that the higher the financial literacy, the higher the performance of MSMEs during the Covid-19 pandemic in Denpasar and vice versa, the lower the financial literacy, the lower the performance of MSMEs during the Covid-19 pandemic in Denpasar. The results of this study are in accordance with the Theory of Planned Behavior (TPB) stated by [Ajzen & Fishbein \(1975\)](#), regarding the behavior of individuals. Behavior arises because of the intention of the individual to behave caused by internal and external factors. Financial literacy understanding of financial management is caused by internal and external factors of the individual. The level of understanding of MSME actors regarding financial literacy that is different from one another will affect the performance of each business owner. So the difference in the level of understanding of financial literacy regarding financial management will affect the business performance of MSME actors during this pandemic. The results of this study are in accordance with research conducted by [Idawati & Pratama \(2020\)](#); [Aribawa \(2016\)](#), who obtained the results that financial literacy had a positive effect on the performance of MSMEs ([Chang et al., 2021](#); [Intriago & Posligua, 2020](#)).

The effect of the effectiveness of using BPUM funds (X_2) partially on the performance of MSMEs during the Covid-19 pandemic in Denpasar (Y).

Testing the significance of the effectiveness of the use of BPUM funds (X_2) on the performance of MSMEs (Y), is partially carried out by conducting a t-test, namely by comparing the t-count value with the t-table value and the t-significance with (0.05). Based on the t-test results obtained a significance value of $0.000 < (0.05)$, the regression coefficient value is 0.526, the t-count value is 4.981 which means the rejection of H_0 so that H_2 can be accepted, so that the effectiveness of the use of BPUM funds has a significant positive effect on the performance of MSMEs. From the results of this study, it can be explained that the higher the effectiveness of the use of BPUM funds, the performance of MSMEs during the Covid-19 pandemic in Denpasar City will increase, and vice versa, the lower the effectiveness of the use of BPUM funds will reduce the performance of MSMEs during the Covid-19 pandemic in Denpasar.

The Theory of Planned Behavior is also relevant for the variable hypothesis of this study. The micro business productive assistance funds obtained by each MSME entrepreneur are one of the factors that influence the intentions and behavior of the MSME entrepreneurs themselves. If MSME entrepreneurs can utilize BPUM funds properly, their business performance tends to increase and improve during the pandemic and the Theory of Planned Behavior explains that individual intentions and behavior are influenced by internal and external factors which are believed to be the intentions and behavior of the MSME entrepreneurs in improving business performance. BPUM funds are one of the factors that influence the intentions and behavior of the individual to improve his business performance during the Covid-19 pandemic. The results of this study are in accordance with research conducted by [Malini & Herawati \(2022\)](#); [Sakti \(2014\)](#), who obtained the results that the effectiveness of the use of BPUM funds had a positive effect on the performance of MSMEs.

Financial literacy (X_1) and the effectiveness of using BPUM funds (X_2) simultaneously on the performance of MSMEs during the Covid-19 pandemic in Denpasar (Y).

Testing the significance of the effect of financial literacy (X_1) and the effectiveness of the use of BPUM funds (X_2) on the performance of MSMEs (Y), is simultaneously carried out by performing the F test, namely by comparing the t-count value with the F-table value and the significance of F with (0,05). Based on the test results obtained a significance value of $0.000 < (0.05)$ means the rejection of H_0 so that H_3 can be accepted, meaning that financial literacy and the effectiveness of the use of BPUM funds together have a significant effect on the performance of MSMEs. Through increasing financial literacy for MSME entrepreneurs, they will be able to improve the quality of business financial management and make financial decisions more precise and accurate. By increasing the

understanding of financial literacy, MSME entrepreneurs will better understand the effective use of these aid funds, so they can maintain and improve their business performance during the Covid-19 pandemic. This shows that the higher the level of understanding of financial literacy, the business owners in using BPUM assistance funds will be able to improve their business performance. Vice versa, if the level of understanding of financial literacy in the use of BPUM funds is low, it will reduce business performance. Based on the Theory of Planned Behavior, individual intentions and behavior are influenced by internal factors and external factors. Financial literacy and the effectiveness of the use of BPUM funds are factors that come from within the individual itself, so it can be said as an internal factor that is believed to be under personal control, so that it can convince the intentions and behavior of individuals in managing BPUM funds on their business performance. This is in accordance with research conducted by [Aribawa \(2016\)](#), which shows that financial literacy has a positive effect on the performance of MSMEs. Research by [Malini & Herawati \(2021\)](#) which shows that the effectiveness of the use of BPUM funds has a positive effect on the performance of MSMEs.

4 Conclusions and Suggestions

Conclusions

Based on the results of the data analysis and discussion that has been described, in this study it can be concluded that the factors that partially affect the performance of MSMEs in Denpasar during the Covid-19 pandemic are, first, financial literacy has a significant positive effect on MSME performance with a t coefficient of 4.245., the value of the regression coefficient is 0.300 and the significance is 0.000. This means that the higher the financial literacy, the higher the performance of MSMEs. The second factor is the effectiveness of the use of BPUM funds which has a significant positive effect with a t coefficient of 4.981, a regression coefficient value of 0.526 and a significance of 0.000. This means that the higher the effectiveness of the use of BPUM funds, the higher the performance of MSMEs during the Covid-19 pandemic in Denpasar. Meanwhile, simultaneously financial literacy and the effectiveness of using BPUM funds have a significant influence on the performance of MSMEs during the Covid-19 pandemic in Denpasar, with a significance coefficient of 0.000. This means that the better financial literacy and the effectiveness of the use of BPUM funds, the performance of MSMEs will improve.

Suggestions

1. MSMEs in Denpasar should further improve the quality of knowledge in financial literacy by participating in various education and training in corporate financial management, and continue to use BPUM accurately.
2. For the government which oversees the provision of assistance to the community and MSMEs during the pandemic, it is necessary to pay more attention to the provision of assistance because there are still business owners who do not receive BPUM funds who need these funds more. In addition to providing these aid funds, the government should provide socialization regarding these BPUM funds, which are prioritized for business use.

For further researchers, if they are interested in researching the factors that influence MSMEs in Denpasar, they should use other variables that have not been studied in this study.

Conflict of interest statement

The authors declared that they have no competing interests.

Statement of authorship

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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