Analysis of the Application of Financial Management and Supporting Factors to Business Development Opportunities in MSMEs during the Covid-19 Pandemic

Ricky Atmaja[1], Romulo Sinabutar[2]
[1,2]Universitas Advent Indonesia
Ricky.atmaja267@gmail.com, romulo.sinabutar@unai.edu

Abstract

The prolonged Covid-19 pandemic has an impact on people's economic activities, one of which is affected by the drivers of Independent Small Medium Enterprises (MSMEs). This research aims to measure theapplication of financial management and several other factors to the development of MSMEs during the Covid-19 pandemic. The population of this study was respondents who had independent small medium-sized businesses with special toy sales products andsamples from 100 respondents were taken with a simple random sampling technique. The research method used is a quantitative descriptive method, a data collection technique with the dissemination of questionnaires, before the data is analyzed the research instruments are first carried out validation tests and classical assumption tests. The research hypothesis was tested partially and simultaneously with a 5% signification rate. The results showed that the implementation of financial management (X1) did not affect the development of MSMEs and purchasing power (X2) had a positiveimpact.

I. Introduction

As it is known that President Joko Widodo has always supported the role of MSMEs in Indonesia, the government supports 62 million MSMEs in Indonesia hal this is stated because the government knows the contribution of MSMEs in the provision of new jobs, of which 62 million MSME Units are recorded to be able to open jobs for 116 million workers which means that almost 80% of Indonesian workers are in the sector. MSMEs. Furthermore, the president's data said that MSMEs contributed as much as 60% in Indonesia's GDP.

Since the outbreak of *Coronavirus-19* which became a pandemic outbreak the government issued several policies that impacted at least two scopes of life. Two scopes are affected including each level of actor (Valerisha, 2021) *(level of analysis)* such as individuals, communities, communities and companies the second scope, namely aspects or issues such as health *aspects,* social aspects, economic and political. MSMEs are one of the business sectors affected by *coronavirus-19.* From the results of survei conducted by the Indonesian Institute of Sciences (2020) stated that 94.60% of MSMEs experienced a decrease in sales during the Covid-19 pandemic. The decrease in sales resulted in a decrease in net income from MSME actors. The problem that is often faced by MSMEs is managing their finances, financial management and business development is important to apply with good management of open information can have a positive influence on the business unit.

According to Sartono (2011: 50) Financial management can be interpreted as fund management both related to the allocation of funds in various forms of investment effectively and efforts to raise funds for investment approval or spending efficiently. Financial management behavior is an important discipline to understand MSME actors, some things concerning financial management are often a problem for MSME actors, including skills in budgeting, investment decisions, knowledge of credit, many of MSMEs who pay less attention to various factors when applying for credit, such as consideration of loan interest rates and loan terms. For that, MSME actors need to know and understand how financial management should be so that MSME actors can reduce failures in their business continuity.

According to Auken (1993) business failure can occur due to poor financial management, lack of financial planning, weak financial access, lack of capital, unplanned growth. Especially in small and medium-sized micro businesses. MSME actors are generally more focused on daily operations so as not to implement financial management. In addition to knowledge about credit, preparing budgets, recording and principles of financial management are needed in the decision makingof MSMEs. With adequate financial knowledge, business actors can have better financial management behavior.

The development of MSMEs has a fairly good impact in moving the national economy, as it is known that the contribution of MSMEs is very large in increasing income for low-income community groups. In other words, both the government and MSME actors have the same responsibility in developing business, because with government support in providing supporting facilities, MSMEs have the potential to create creativity.

Based on the above description, researchers conducted research with the aim of knowing the extent to which MSMEs apply financial management practices through 4 indicators, namely: Financial Planning, Financial Recording, Financial Reporting and financial control during the COVID-19 pandemic, and how the effect of the implementation of financial management on MSME business development opportunities in the Covid-19 Pandemic period.

II. Review of Literature

2.1 Financial Management

Financial management is the process of managing financial activities or activities in a business where there are planning, analysis and control activities on financial activities. As explained by Musthafa (2017: 3) that financial management explains about several decisions made, namely investment decisions, funding decisions or decisions to meet the needs of funds, and dividend policy decisions. While Mulyati (2017) cites Bradley's theory that financial management is a field of business management aimed at the wise use of models and careful selection of capital sources to allow the spending unit to move towards achieving its goals.

2.2 Financial Management Function

As is known that financial management is to make an income and expenditure plan, organize and direct and supervise other activities such as procurement and utilization of company funds in a certain period. Management is also all activities related to how to get working capital, use it, allocate and manage the company's assets in order to achieve its goals which means that each of the above activities affects the welfare of business owners and their employees. In line with hartati statement (2013) which describes the function of financial management is:

a. Activities to seek funds: aimed at investment decisions where the decision involves the selection of what assets will be managed by the company, this is the most important activity among the other three functions because investment decisions affect investment rentability and the company's cash flow in the future.
b. Activities of allocating funds: aimed at regulating the use of funds in the activities of the company, where the company is responsible for the management of existing assets.

This is different from the opinion of Cashmere (2010) which divides the function of financial management into 4 important parts, namely:
1. Forecasting and planning finances: This activity aims to predict future conditions that can be based on the achievement of company goals, the next step is to prepare financial planning and management.
2. Capital, investment and growth decisions: here activities are focused on raising funds both short-term and long-term or called investments, and can determine the company's growth in sales.
3. Exercise control: financial management serves as a controller in the company's operations, thus the company can run efficiently in accordance with the planning made.
4. Relationship with Capital Markets: financial management is used as a link between companies and capital markets, so as to find various alternative sources of funds or capital.

2.3 Objectives of Financial Management

The purpose of financial management is to increase the income of shareholders or business unit owners. Efficient financial management means that the company can maximize income and expenditure of money, while effective financial management is the extent to which the company is able to achieve the company's targets. Theoretically there are three corporate objectives described by Martono and Harjito (2010):
a. Getting maximum profit for the prosperity of the company owner means that the company needs to do a mature keuang.
b. Maintaining survival with the correct implementation of financial management then the company can see how the company's cash flow, monitor income and expenses so that the company can anticipate that cash flow is not negative.
c. Achieving the welfare of society as a corporate social responsibility. By utilizing financial management the company can regulate a balanced capital composition between equity and debt, and conduct an assessment of the level of security of investment activities so that the company can provide positive returns.

From the results of previous research Augustine (2014) stated in doing all programs appropriately and the proper use of money to eat will be achieved effective and efficient management. This opinion is supported by Bryan (2018) who said that financial management is an important matter in running the company, with the maximum application of financial management, the company can know which assets can provide income to the company, good cash flow management, maintain low operating costs and help with tax planning.

2.4 Financial Management Process

Financial statements are a fundamentally important part of a company, with financial statements that companies can assess financial health both now and in the past, there are four basic frameworks in the financial management process.

a. Planning: includes managing cash, calculating profit and loss and planning cash flow. Budgeting is a process to help carry out effective planning and control functions. Financial budget planning includes:

1. Capital Budget
2. Production Budget
3. Sales Budget
4. Profit Budget

According to Layinna and Waode (2017: 91) every business absolutely needs to have good working capital management management. Working capital management itself has a function as a daily operational financing of the company such as payment of salaries and wages for employees, purchase of raw materials, payment of transportation costs, payment of debts that have matured, and so on.

b. Recording: is the activity of recording financial transactions that occur, recording begins from the collection of documents that support the occurrence of transactions then written in the journal and last included in theledger. Adisaputro (2011) explained the basis of financial reporting is the recording of various transactions made by the company. The most important thing in financial recording is to record all types of transactions so that cash income and expenses will be clearer.

c. Reporting: This activity is the end result of the accounting process. Financial statements are used to provide financial information from a company to parties directly related to the sustainability of the company. According to Layinna and Waode (2018) Financial statements are reports that contain information on financial performance during a certain period as well as the position of wealth, debt and capital of the company at a certain time. The information is used by internal parties and extern parties of thecompany.

d. Regulation: this activity is related to the management of the company's financial system, evaluating the planning that has been prepared and that has been implemented and then control is carried out by analyzing the planned cost report with actual costs. One of the tools of financial control by using financial ratios by comparing between one particular account with another account in the financial statements, usually the ratio used is the ratio of liquidity, solvency ratio, activity ratio, and profitability ratio. According to Jeni Wardi (2020) control in financial management is more directed to how to control finances to be able to finance all the needs of the company to get profits.

2.5 Small and Medium Micro Enterprises

Micro Small medium enterprises (MSMEs) are a type of business that has high potential in developing countries. In Indonesia the concept of MSMEs has received legality stipulated in the Law of the Republic of Indonesia No.20 of 2008 which explains the understanding of MSMEs is a small company owned and managed by a person or a small group with a certain wealth and amount of turnover. The law is explained about the general provisions and criteria of Micro Small and Medium Enterprises as follows:

Table 1. Criteria of MSMEs in Indonesia

No	Description	General terms	Criteria	
			Asset	Turnover
1.	Micro	Productive economic efforts belonging to individuals and/or corporate entities that meet the criteria	Max. 50 Million	Max 300 million

2.	Small Business	A stand-alone productive economic enterprise, conducted by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or becomes a direct or indirect part of a medium enterprise or large business that meets the criteria of a small business.	>50 million-500 million	>300 million-2,5 Billion
3.	Medium Enterprises	Stand-alone productive economic enterprises, conducted by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or become a direct or indirect part of Small Businesses or Large Enterprises with the amount of net worth or annual sales proceeds as stipulated in the law	>500juta-10 Miliar	>2,5 Miliar- 10 Miliar

Source: Ministry of Cooperatives and MSMEs, 2019

2.6 Management of MSME Finance

Earning consistent profits is the main goal of every businessman, because in managing the business, money is the spearhead. Therefore, good financial management becomes very important for business continuity. Financial management behavior is an important concept in the discipline of finance, some things concerning financial management are often a problem for MSMEs, including skills in budgeting, investment decisions, knowledge of credit and recording of opinions in line with the statement of Ida and Dwinta (2010) explaining financial skills as a technique to make decisions in financial management behavior, while financial tools are a means of financial management used in financial management decision making such as checks, credit cards and debit cards.

Financial management in the MSME sector is not only about financial functions, but also in other business fields or functions, in general financial activities are strategic. Several things that MSME actors can do in financial management as a practical financial control system are as follows:

a. Funding or spending activities in this case business people need to pay attention to how and from which the business obtains funds

b. Investment Activities of business actors think about which areas of investment are most profitable to invest funds collected in the business.

c. Deviden policy activities, profits from subsequent investment activities will be considered by business actors whether the profits will all be distributed to the owner as dividends or withheld to finance business growth and development.

As for the administrative tasks that should be carried out by MSMEs to streamline various functions in financial management is the order of recording, this is useful as one of the business development planning tools. Some administrative activities and management strategies that need to be implemented by MSME actors:

1. Administration of receivables: the recording of receivables is an important record as internal and external information.
2. Debt administration: is the obligation of business actors to external parties. Recording the position of debt can provide a warning to business owners to carry out various activity plans in anticipation of the worst possible financial of the company.
3. Inventory administration: this record has a strategic role in both the trade and manufacturing business sectors.
4. Fixed asset administration: serves to determine when an item is purchased, and determine the depreciation value of the asset
5. Cash administration: useful in provide information about how much cash is coming in and out, in order to maintain the balance of income and expenditure.
6. Payroll administration: is part of personnel management which is also the basis in tax calculations, in addition it is also useful in maintaining balance between changes that occur in the business environment related to employee performance.

2.7 Financial Management Advice for MSMEs

As it is known that finance is the most essential factor in a business where business movements are always reviewed from the financial side, financial management will determine the next steps to be taken by MSME actors.

Quoting the journal Mekari from the website jurnal.id there are several strategies that can be applied by MSMEs in financial management are as follows:
a. Separating privately owned money and business money
b. Make budgeting in spending money
c. Make financial records:
d. Calculate profits correctly
e. Control and supervise cash flow
f. Provide reserve funds

From some of these financial management strategies, it is expected that actors benefit from more planned and controlled financial management. So that the consequences and consequences caused can be explained logically.

2.8 Innovation

Innovation is a new thing developed from science, and able to provide benefits in human life. Innovation is very useful in all aspects of life. According to Sa'ud (2014) Innovation is a creative choice, setting and a new set of people and material sources or using unique ways that will result in improved achievement of expected goals.

With innovation expected to provide many choices to consumers, the goal of this diversification is to expand the range of products and markets so that businesses can move forward faster. In research conducted by Kahn (2018) there are seven forms of product innovation that are recognized, namely cost reduction, product improvement, expanding product lines, new markets, new uses, new categories and the introduction of new products to the world.

2.9 Digital Literacy

The rapid development of technology resulted in digital literacy is needed, with the digital lyerasi of society will be better in adapting technological developments. As explained vanya (2021) digital literacy is related to the ability of its users to use technology as wisely as possible to create positive interaction and communication.

According to Devri (2021) digital literacy is the knowledge and ability of users in utilizing digital media, such as communication tools, internet networks and so on. Digital mastery of the user includes the ability to find, work, evaluate using, make and utilize it wisely there, intelligent, careful, and precise according to its usefulness. The benefits of digital mastery according to Sumiati (2020) include:

a. Add individual insights and information
b. Improve the individual's ability to think critically and understand information
c. Improve both verbal and non-verbal abilities
d. Increase the focus of the individual.

2.10 Human Resource Competence

Success in an organization or company is largely determined by the quality or ability of its human resources. Therefore, superior human resource competence is needed. Competence according to the Great Dictionary of Indonesian (2015, version 1.4) is the authority (power) to determine (decide something); The ability to master grammar in the abstract and inner.

Human resources (HR) is a human potential that is a non-material / non-financial asset. HR serves as the driver of an organization to realize the existence of the organization. HR is a capital that has an important position in an organization, not just organizational resources that are needed and employed because they have intellectual competence. The quality of HUMAN RESOURCES is related to one's skills, abilities and job skills. According to Matutina (2001) the quality of HUMAN RESOURCES (employees) refers to: 1. Knowledge (knowledge) is the mastery of science and technology obtained through the learning process and experience 2. Skills (skills) to manipulate an object physically, 3. Ability (abilities) is the attitude to do tasks in entrepreneurship also affects the quality of a human resource.

Improving the quality of human resources according to Ruhana (2012) can be done through: 1. Formal education pathways that aim to equip a person with the basis of knowledge, theory, logic, general knowledge, and analytical skills, as well as character and personality development. 2. The course of work training is to improve professional ability and prioritize practice over theory. 3. The path of work experience is that one can improve his technical knowledge and work skills by observing others, imitating and doing it himself the work tasks he pursues so that one will be proficient in doing his job and can find more practical, efficient and better ways of carrying out his work.

2.11 Opportunities for MSME Development during the COVID-19 Pandemic

The outbreak of this virus has an impact of a nation and Globally (Ningrum et al, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

The outbreak of Covid-19 brought various changes in the business sector, in line with technological developments, the actor has new challenges in business development opportunities. In the Covid-19 Pandemic, digital technology offers many opportunities for MSMEs to do business because digital technology is able to exceed geographical boundaries, distance and time. The development and innovation of technology encourages consumers to get the products needed more easily and quickly, but there are still obstacles experienced by MSMEs including capital factors, market access to production, and human resource capacity is still hampered into the digital economy.

Nurul (2020) said there are three phases that must be passed by MSMEs in order to survive the Covid-19 Pandemic, the first *rescue* phase where economic assistance needs to be provided to communities and those affected by Covid-19. The second phase is *stability,* the stage when people are able to move as usual byapplying health protocols. And the next faase is *recovery* where the state of the community begins to reconcile with Covid-19 with the new Normal *pattern.* In achieving these three phases MSMEs require immunity during the *stability*stage. Therefore, there needs to be an important point that must be built by MSMEs and related stakeholders.

In contrast to the opinion of Wan Laura (2020) who stated that UMKM lacks resilience and flexibility in dealing with this pandemic due to several things such as low levels of digitization, difficulty in accessing technology and lack of understanding of survival strategies in business. Furthermore, the OECD (2020) explained that MSMEs are required to be able to adjust to existing business developments because businesses that are able to survive are businesses that are responsive to the times. With the issue of PP No. 21 of 2020 on Large-Scale Social Restrictions that havethe intention oflimiting the movement of people and goods in the community are encouraged to limit activities if there is no urgent need to be expected to stay at home. This also has an impact on the limited operations of MSMEs and the reduction of consumers who shop directly compared to a normal day.

In the research of Hardilawati (2019) and Setyorini (2019) concluded that e-commerce has a positive and significant influence on improving the marketing performance and revenue of MSMEs. In addition to e-commerce trading, MSMEs are also required to be able to communicate products intensively by marketing products using digital marketing and utilizing social media to be able to reach consumers directly and can reduce promotional costs.

From previous research can be concluded that MSMEs need to build a strong institutional system as the main foundation, can follow associations or business groups so that MSME actors more easily obtain information from upstream to downstream. Then MSME actors need to be adaptive to technology, by marketing products *online* it is expected that MSMEs are able to maintain their market share, because currently internet user consumers are quite increasing to reach 196.7 million people. And diversivikasi prodak is the last effort that can be done by MSMEs so that the commodities produced can be absorbed by the market.

2.12 Conceptual Research

This research was conducted to look at indicators of financial management applied in MSMEs which include budgeting, recording, reporting, and control, further seeing whether with the implementation of good financial management, MSMEs are able to open business development opportunities, especially in the Covid-19 pandemic.
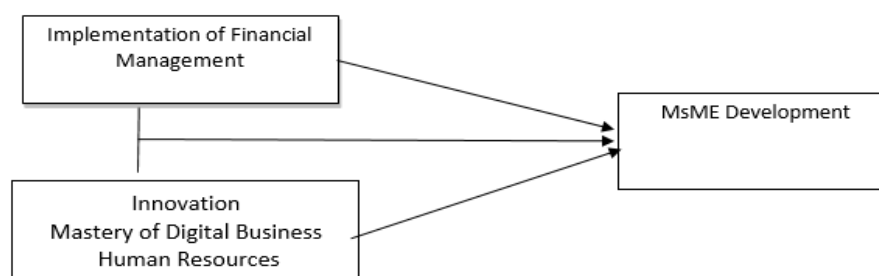
Source: Researcher

Figure 1. *Frame of Mind*

Hypothesis:

H$_1$: There is an influence between the application of financial management to the development of Independent Micro Small Enterprises (MSMEs)

H$_2$: There is an influence between innovations on the development of MSMEs

H$_3$: There is an influence betweenthe simultaneous implementation of financial management andinnovation on the developmentof MSMEs

III. Research Method

This study uses quantitative descriptive methods, where this method is done to get an overview or analysis of research data by describing in detail based on existing facts, as Resseffendi (2010: 33) said that descriptive research is research that uses observations, interviews or questionnaires about the current situation, on the subject we are researching. As a research approach the method used is quantitatively, this approach is used to measurethe level of influence of financial management and supporting factors on the development ofMSMEs.

3.1 Research Instrument

In this study the data used came from primary data using questionnaire instruments created by researchers based on theory. The questionnaire used in the form of semi-closed questionnaires, responders can provide answers with check marks in the available columns. Questionnaire addressed to MSME owners

3.2 Population and Sample

The population in this study was respondents to the Toys Model Indonesia Community in South Jakarta which numbered around 1500. A population is an object or subject that has certain characteristics will be analyzed by researchers and will be drawn to its conclusions (Sugiyono, 2011). Samples are taken if in the population there are limitations of the population, such as limited funds and time (Sugiyono, 2010). Researchers determined the number of samples based on the Slovin Formula with a 10% error level. So obtained the results of calculations as many as 136 respondents, by adding 4 respondents to avoid *errors* so that the total number of respondents amounted to 140 people. Thesampling technique used in the study is a simple random method in which each member of the population has an equal chance of being selected into a sample.

3.3 Research Variables

In this study there are two free variables (X) and bound variables (Y). The free variable in this study is the application of financial management (X$_1$) with MSME financial management indicators used, namely budgeting, financial recording, financial reporting, and control. And supporting factors (X$_2$) with indicators of innovation, digital mastery and human resources, while the development of MSMEs becomes variable bound (Y) of this research. Furthermore, these indicators will be calculated using the Likert scale with alternative answers strongly agree, Agree, Doubt, Disagree, Strongly disagree. Using the likert scale, the measured variable can be explained as a variable indicator. Then the indicator is used as a starting point to compile an instrument that can be a statement or question.

3.4 Data Collection Techniques

The data collection techniques used in this study are quantitative descriptive analysis, the volume of data consisting of primarydata, data presentation and data verification. So that researchers can elaborate and explain descriptively about how the application of financial management to MSMEs during the Pandemic and how the application of financial management affects msme development opportunities.

3.5 Data Analysis

The data analysis technique used in this research is by descriptive research methods with quantitative approaches. Data analysis will be done simultaneously through the data collection process using data analysis techniques that apply in qualitative research. Descriptive statistics are used to present descriptive data that describes the characteristics of respondents and respondents' answers so that they can be used as conclusions from questionnaire results that have been disseminated during this study. Each research variable is calculated based on the results of the average answer with the stages of validation tests, reliability tests, descriptive analysis, classical assumption tests including normality tests, multicollinearity tests, Heteroskedasticitytests, T hypothesis tests and Hypothesis F tests, coefficients of determination, multiple linear regressions.

IV. Results and Discussion

4.1 Validity and Reliability Test Results

The validity test in this study used *the Product Moment*correlationtechnique. The terms of a statement are said to be valid if the count is greater than the r table. Pthere is a researcher's validity test using n = 100 and α = 5%, then obtained rTable= 0.195. Then each question is declared valid if the value of r count is greater than 0.195. In the reliability test researchers used *the Cronbach Alpha*analysistechnique, in this analysis technique the kusioner was declared reliable if the value of *Cronbach Alpha* is greater than 0.70. Here are the results of the validity and reliability tests.

Table 1. Results of the validity and reliability tests

	N	Minimum	Maximum	Mean	Std. Deviation
Implementation of Financial Management	100	1	5	4,03	0,915
Innovation, HR, Understanding Digital Marketing	100	3	5	4,24	0,638
MsME Development	100	1	5	4,51	0,959

Table 2. Validity Test

Variable	R count	rTable	Information	Reliability Test
Implementation of Financial Management	0,197-0,46	0,195	Valid	0,823
Innovation, HR, Understanding digital marketing	0,209-0,71		Valid	0,841
MSMEdevelopment	0,353-0,596		Valid	0,904

From the data of the validity test results conducted showed that each item of the claim passed the validity test. With the number above the number rTable is 0.195 Means that the statement in the questionnaire can measure the intended variable. Likewise, with the reliability test results for all three variable alpha corbach values above 0.70, the questionnaire was declared reliable.

4.2 Descriptive Analysis of Variables Result
a. Statistical Descriptive Test
The application of Financial Management falls into the category both with a maximum value of 5 and for a minimum value of 1, an average value of 4, and a standard deviation of 0.915. For supporting factors, namely Innovation, Human Resources and understanding digitam with a maximum value of 5 and a minimum value of 3, it falls into the category of both an average of 4.24 and a standard deviation of 0.638. As for the variable development of MSMEs with minimum values of 1 and maximum 5 are still in the category of both with an average value of 4.51 and standarddeviation of 0.959.

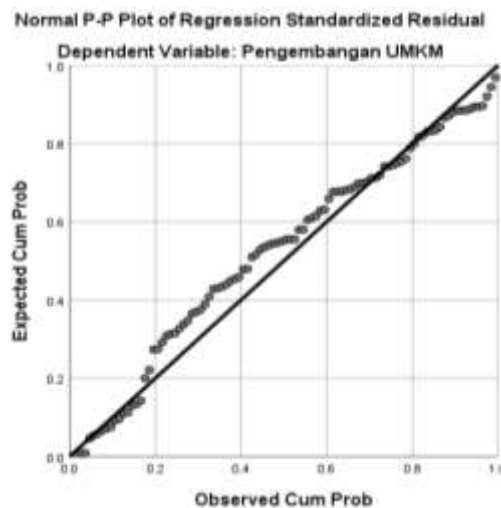### b. Classic Assumption Test
1. Normality Test

Figure 2. *P.Plot*

Based on the image above shows that the data is normal because the dots follow and approach the diagonal line.

2. Multicollinearity Test

Table 3. Multicollinearity Test

Coefficients^a

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	9.085	3.896		2.332	.022		
	Penereapan Manajemen Keuangn	.036	.021	.149	1.705	.091	.999	1.001
	Inovasi, SDM, Pemahaman Digital	.215	.039	.487	5.586	.000	.999	1.001

a. Dependent Variable: Pengembangan UMKM

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In table 3 the tolerance value of each variable of 0.99 is greater than 0.1 and the VIF value of 1.0 is smaller than 10 so that there is no multicollinearity.
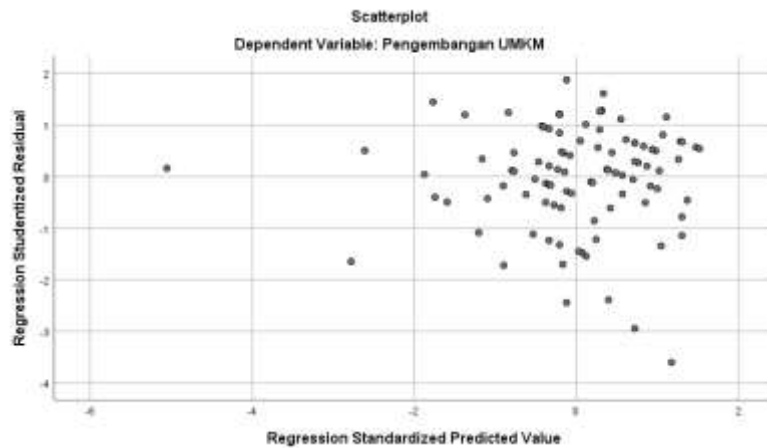
3. Heteroskedasticity Test

Figure 3. *Heteroskedasticity Test*

From the results of the graph above, it appears that the spread of points evenly above the number 0 and does not form a certain pattern, the variables tested do not contain heteroskedastisity, where there is no connection between the amount of data and the graph so that although the data is enlarged it will not cause greater residuals.

4.3 Partial Test (T Test)

Table 4. T Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9.085	3.896		2.332	.022		
	Penereapan Manajemen Keuangn	.036	.021	.149	1.705	.091	.999	1.001
	Inovasi, SDM, Pemahaman Digital	.215	.039	.487	5.586	.000	.999	1.001

a. Dependent Variable: Pengembangan UMKM

Based on the results of the T test, it was
a. The significant variable value of the Application of Financial Management (X1) to the Development of MSMEs (Y) is 0.091 greater than 0.05 and the value $t_{calculated}$ 1,705 is smaller than the T_{table} which is 1.984. Then it can be interpreted H1 is rejected because there is no significant influence between the variable application of financial management to the development variable of MSMEs.
b. Significant value of supporting variable factors namely Innovation, HR and Digital Understanding (X2) to MSME Development is 0.00 smaller than 0.05 and the value of $t_{calculated}$5,586 is greater than T_{table} 1.984 which means H2 is accepted because there is a significant influence of innovation, HR and digital understanding factors on msme development significantly.

4.4 Test F

Table 5. Test F

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	272.053	2	136.026	17.340	.000^b
	Residual	760.937	97	7.845		
	Total	1032.990	99			

a. Dependent Variable: MsME Development

b. Predictors: (Constant), Innovation, HR, Digital Understanding, Development of Keuangan Management

From table 5 it can be seen that this equation model has a significance level of 0.000 less than the alpha value of 0.05. The result of the $Ftest_{count}$ is known the value of $F_{calculated}$ which is 17,340 greater than the value of F table 3.09. So from the results of this test it can be said that all independent variables have an influence together or simultaneously on dependent variables.

4.5 Coefficient of Determination

Table 6. Determination Analysis

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.513^a	.263	.248	2.801

a. Predictors: (Constant), Faktor Pendukung, penerapan manajemen keuangan

b. Dependent Variable: Pengembangan UMKM

The correlation coefficient (R) value is 0.513 in the correlation correlation interpretation range of this result is in intervals 0.40-0.599 where the correlation relationship between variables is at a moderate level. The coefficient of determination shows a figure of 0.248 or 24.8% which means the application of financial management and other supporting factors such as Innovation, HUMAN RESOURCES and digital understanding has an effect of 24.8%, while the rest is explained by other factors from outside this study.

4.6 Multiple Regression Analysis

Table 7. Coeffisients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.085	3.896		2.332	.022
	penerapan manajemen keuangan	.036	.021	.149	1.705	.091
	Faktor Pendukung	.215	.039	.487	5.586	.000

a. Dependent Variable: Pengembangan UMKM

From the table above, a double regression equation can be formed as follows:

Y = 9,085 + 0,036X₁ + 0,215X₂

Based on the above equation can be concluded as follows:

1. If variables X_1 and X_2 are zero then the development of MSMEs will increase by 9,085
2. If variable X_1 is one and X_2 is zero then variable Y rises by 0.036
3. If variable X_1 is zero and X2 is 1 then variable Y will increase by 0.215

V. Conclusion

Based on the results of analysis and discussion of data, conclusions can be drawn as follows:

1. The results of the F Test obtained showed that the variable application of financial management and supporting factors namely Innovation, HUMAN RESOURCES and Digital Understanding simultaneously affect the development of MSMEs. This is evident from the result of F_{count} of 17,340 greater than FTable of 3.09.
2. Through the T Test, the results obtained are that the application of financial management has no partial effect on the development of MSMEs and supporting factors namely Innovation, HUMAN RESOURCES and Digital Understanding have a partial effect on the development of MSMEs this is due to the resultof variable $_{calculation}$ 5,586 greater than 1,984 with signification of 0.00 smaller than 0.05.

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