The Influence of Capital, Digitalization Skills and Financial Management on the Performance of Culinary SMEs in Bojonegoro

Eny Fariyanti[1] , Dimas Tri Laksono[2], Defi Falentin Febriani[3], Ika Fatma Maulia[4], Metha Desy Nursholiha[5]

[1]Department of Accounting, STIE Cendekia Bojonegoro , Bojonegoro , Indonesia,
enyfariyanti27@gmail.com
[2] Department of E Accounting , STIE Cendekia Bojonegoro , Bojonegoro , Indonesia,
laksonodimas047@gmail.com
[3] Department of Accounting , STIE Cendekia Bojonegoro , Bojonegoro , Indonesia,
febrifalen22@gmail.com
[4] Department of Accounting, STIE Cendekia Bojonegoro , Bojonegoro , Indonesia,
ika297254@gmail.com
[5] Department of Accounting , STIE Cendekia Bojonegoro , Bojonegoro , Indonesia,
methadesy169@gmail.com

Abstract . This study aims to analyze the influence of capital, digitalization skills, and financial management on the performance of culinary MSMEs in Bojonegoro Regency. The method used is quantitative. The research sample consisted of culinary MSMEs in Bojonegoro which were taken using random sampling techniques. Data were collected through a Likert scale-based questionnaire and analyzed using multiple linear regression with SPSS software. The results of the study show that capital, digitalization skills, and financial management have a significant positive effect on MSME performance, both partially and simultaneously. Adequate capital provides opportunities for business development, digitalization skills increase competitiveness through efficiency and market reach, while good financial management supports business stability and sustainability. These findings provide practical implications in the form of the need for training, facilitation of access to capital, and increasing financial literacy for MSME actors. This research also provides a basis for local governments to formulate policies that support the development of MSMEs in the digitalization era.

Keywords : Capital, Digitalization Skills, Financial Management, MSME Performance

INTRODUCTION

MSMEs have an important role in maintaining economic stability in Indonesia and locally (Salman, et al, 2022). In addition, MSMEs can provide new jobs for the surrounding community, increase income and strengthen the local economy (Harahap et al. 2023). In the regional scope, MSMEs originate from the utilization of natural resources, talents and traditional artwork from the local area (Halim, 2020) , which can not only meet the needs of the surrounding community, but can also be used as superior regional products that can be marketed more widely. MSMEs contribute to the country's economy by absorbing 45% of the total employment and contributing up to 33% to GDP

in the country (Zaman & Andritanty, 2022). Although MSMEs have an important role in the local and global economy, MSMEs still face major challenges in the current era of globalization. There are several factors that hinder the development of MSMEs, including access to capital, digitalization and financial management (Budiwitjaksono Setyo G. 2023). From these challenges, the role of the government, MSME actors and the surrounding community is needed.

The development of MSMEs in Bojonegoro Regency has experienced an increasing trend every year. Based on data from the Bojonegoro Regency Trade, Cooperatives and Micro Enterprises Service, the number of MSMEs as of June 2024 was 91,621 businesses, this figure shows an increase from the previous year, namely 2023 which was 91,390 businesses, in 2022 there were 86,820 businesses, and in 2021 there were 80,637 businesses. The development of MSMEs has a main problem, namely the lack of digitalization skills. This problem is quite the same as the condition of MSME actors in Bojonegoro Regency in 2021 until now. Including the product marketing system that is still carried out using traditional methods, namely by selling products directly to consumers through shops or traditional markets in the surrounding area, and technology that does not support in small villages. In addition, from internal business factors, MSMEs still experience limited capital which results in obstacles to the development of the business / MSME. The low quality of human resources can also be a challenge for business actors, because human resources play an important role in the management, marketing and utilization of technology (Anom & Safii, 2022). Then, most MSMEs do not understand the legal provisions and accountability (Nugrahadi, et al, 2020). This poses a risk of legal problems and difficulty in obtaining capital from financial institutions provided by the government. If the challenges of internal business factors can be overcome as well as possible, it can support the performance of MSMEs (Widiantini, 2024). And has an impact on regional economic development. Based on the research gap that has been carried out, previous research results were still found to be inconsistent, such as in the study Arventyani, & Ismunawan, (2024) which stated that capital has no effect on MSME performance. But research from research (Gainau & Kilay, 2023) states that capital has a significant effect on financial performance. Then in research Suhargo , et al , (2022) states that digitalization has no effect on MSME performance, while research from Haliza, et al, (2024) states that digitalization has a significant effect on MSME

performance. Then in research Adli , et al, (2023) states that financial management has a positive and significant effect on financial performance, while research from Urjuan & Evaliati (2024) states that financial management does not affect MSME performance. From several previous research results, it is shown that there is still inconsistency in research results, so further research is needed with different segmentation.

From the description above, this study aims to analyze the factors that influence the performance of MSMEs in Bojonegoro Regency. By analyzing the influence of capital, digitalization skills and financial management on MSME performance, it can provide an optimal strategy for MSME actors in increasing competitiveness and evaluation for local governments in the future.

LITERATURE REVIEW

Capital and SME Performance Capital is a crucial element in the sustainability and development of Small and Medium Enterprises (SMEs). Research by Susanti (2021) shows that SMEs that have good access to capital tend to have better performance than those with less. Sufficient capital allows SMEs to invest in equipment, raw materials, and marketing, thereby increasing competitiveness in the market.

Digitalization Skills In the digital era, digitalization skills are very important for SMEs, especially in the culinary sector. According to Hartati and Kurniawan (2020), SMEs that understand how to utilize social media and other digital platforms are able to attract more consumers and increase sales turnover. Digitalization not only helps in marketing, but also in managing business operations (Safii & Rahayu, 2021).

Financial Management Good financial management greatly influences the success or failure of culinary SMEs. According to Budiman (2022), good financial management allows SMEs to know their financial condition clearly and make the right business decisions. Proper foreign exchange and cost control are essential to increase business profitability.

Performance of Culinary SMEs The performance of culinary SMEs in Bojonegoro is also influenced by various factors outside of capital, digitalization skills, and financial

management. According to Rina and Adi (2021), innovation in products and services is the key to improving the performance of culinary businesses. Culinary entrepreneurs who are able to adapt to consumer needs and innovate have the potential to develop further.

METHODS

This study uses a quantitative method to analyze the effect of capital, digitalization skills, and financial management on the performance of culinary MSMEs in Bojonegoro. The quantitative method was chosen because it aims to test the relationship between the variables studied through numerical measurements and statistical analysis. The design of this study is causal, namely to determine the causal relationship between the independent variables (capital, digitalization skills, and financial management) with the dependent variable (performance of culinary MSMEs). The population in this study were all culinary MSMEs operating in Bojonegoro Regency. The number of samples used in this study was 31 respondents who were selected using random sampling techniques to ensure that each member of the population had the same opportunity Sugiyono (2021). Primary data was collected through a questionnaire that had been tested for validity and reliability before being distributed to respondents. The questionnaire was designed using a five-point Likert scale to measure respondents' perceptions of the variables studied.

Data analysis was conducted using SPSS (Statistical Package for the Social Sciences) software with multiple linear regression analysis method. This analysis is used to determine how much influence each independent variable has on the performance of culinary MSMEs. The results of this analysis are expected to provide a deeper understanding of the factors that influence the performance of culinary MSMEs in Bojonegoro, so that it can be the basis for policy making or MSME development strategies in the region.

RESULTS

Validity test is used to determine whether a questionnaire is valid or not. A questionnaire is said to be valid if the questions in the questionnaire are able to reveal something that will be measured by the questionnaire. To test the correlation table

coefficient of significance 0.05, namely if the results of r count> r table at a significance of 0.05 indicate that each question is valid. The results of the validity test can be shown in the following table:

Table 1. Validity Test Results

Variables	Question	R Count	R table	Sig.	Caption
Capitalization	Question 1	0.854	0.3061	0.003	Valid
	Question 2	0.632	0.3061	0.003	Valid
Skills	Question 1	0.157	0.3061	0.004	Valid
	Question 2	0.157	0.3061	0.004	Valid
Digital	Question 3	0.176	0.3061	0.008	Valid
Management	Question 1	0.277	0.3061	0.003	Valid
	Question 2	0.185	0.3061	0.003	Valid
Finance	Question 3	0.241	0.3061	0.001	Valid
	Question 4	0.132	0.3061	0.024	Valid
MSME Performance	Question 1	0.348	0.3061	0.005	Valid
	Question 2	0.103	0.3061	0.006	Valid
	Question 3	0.348	0.3061	0.004	Valid

Source: Processed Data (2024)

Based on the table above is the result of the validity test. In this study using 30 respondents with alpha 0.05, the r table was obtained at 0.3061. The results of the validity test show in the table the calculated r value of each variable indicator is greater than the r table, which is 0.3061. Because the value of each variable indicator shows r count> r table, the results state that all indicators are valid. Furthermore, the results of the reliability test of this study are as follows:

Table 2. Reliability Test Results

Reliability	Variable Coefficient Alpha	Cronbach Alpha	Coefficient	Description
Capital	2 Questions	0. 720	0.60	Reliable
Digital Skills	3 Questions	0.647	0.60	Reliable
Finance	4 Questions	0.733	0.60	Reliable
MSME Performance	3 Questions	0.728	0.60	Reliable

Source: Processed data (2024)

All variables used in this study showed a Cronbach Alpha value of more than 0.60 as indicated by the results of the reliability test above. This indicates that the tool or instrument used for data collection has an adequate level of internal consistency. With a Cronbach Alpha value that meets or exceeds the established standards, it can be concluded that the instrument has sufficient reliability, so that the data obtained can be relied on and relied on.

Linear regression analysis can be used to determine how the independent variables, namely Capital, Digital Skills and Financial Management, influence MSME Performance. The results of multiple linear regression analysis are shown in the following table:

Table 3 Multiple Linear Regression Test Results

Direction of Influence	Coefficien	P-Value	Description
Capital => MSME Performance	0.570	0.036	Significant
Digital Skills => MSME Performance	0.715	0.000	Significant
Financial Management => MSME Performance	0.863	0.024	Significant

Source: Processed data (2024)

Simultaneous Test Results Sig. $0.000 < 0.05$

The results of the data analysis above indicate that:

a. The significance value of the Capital variable is $0.36 < 0.05$ with a coefficient value of 0.570. So it can be explained that the Capital variable has a significant positive effect on the UMKM performance variable. With increased capital, it provides a great opportunity for business actors to develop their business and maintain quality.

b. The significance value of the Digital Skills variable is $0.000 < 0.05$ with a coefficient value of 0.715. So it can be explained that the Digital Activities variable has a significant positive effect on the MSME performance variable. By increasing the digitalization skills of MSMEs in the current digital era, it can be used for business actors in an effort to increase efficiency, expand market reach, and increase their competitiveness.

c. The significance value of the Financial Management variable is 0.024 <0.05 with a coefficient value of 0.863. So it can be explained that the Internal Factor variable has a significant positive effect on the UMKM performance variable. With good financial management, UMKM can ensure that their business runs stably and sustainably.

d. The significance value in the simultaneous test is 0.000 <0.05 so it can be explained that simultaneously the variables of Capital, Digital Activities and Financial Management simultaneously influence the performance of MSMEs.

DISCUSSION

The discussion in this study focuses on the analysis of factors that influence the performance of culinary MSMEs in Bojonegoro Regency, with an emphasis on capital, digitalization skills, and financial management. The results of the analysis show that capital has a significant influence on MSME performance, which is in line with the findings of Gainau & Kilay (2023) which state that capital plays an important role in improving financial performance. This shows that access to adequate capital sources can provide opportunities for MSMEs to develop their businesses, increase production capacity, and expand markets.

Furthermore, digitalization skills have also been shown to have a positive effect on MSME performance. In the era of globalization and rapid development of information technology, the ability to utilize digital technology is very important for MSME actors. This study supports the argument that MSMEs that are able to adapt to digital technology will be more competitive and able to reach wider consumers. However, the challenge faced by many MSMEs in Bojonegoro Regency is the low level of understanding and skills in using digital technology, which can hinder their growth.

Good financial management is also a key factor in improving MSME performance (Safii et al., 2024). This study found that many MSME actors still do not understand the principles of accounting and financial management, which can result in difficulties in making the right decisions (Safii & Anom, 2021). Therefore, it is important for the government and related institutions to provide training and support in financial management so that MSMEs can manage their resources more effectively.

Overall, this study emphasizes the importance of integration between capital, digitalization skills, and financial management in supporting the performance of culinary MSMEs in Bojonegoro Regency. Collaboration between the government, educational institutions, and business actors is needed to create an ecosystem that supports the growth of MSMEs, so that they can contribute more to the local and national economy. This study also opens up opportunities for further studies that can explore other factors that may affect the performance of MSMEs in various sectors and regions.

CONCLUSION

This study concludes that there is a significant influence of capital, digitalization skills, and financial management on the performance of culinary MSMEs in Bojonegoro Regency. The results of multiple linear regression analysis show that adequate capital contributes positively to MSME performance, providing opportunities for business actors to develop their business and improve product quality. In addition, good digitalization skills have been shown to increase operational efficiency and expand market reach, which are very important in facing challenges in today's digital era. Effective financial management also plays a crucial role in ensuring business stability and sustainability, so that MSMEs can operate better. Simultaneous tests show that these three variables together affect MSME performance, emphasizing the importance of a holistic approach to business development. Therefore, it is recommended that the government and related institutions provide greater support through training programs, better access to capital, and facilities to improve financial management, in order to encourage the growth and success of MSMEs in the area, which will ultimately contribute to improving the local economy.

From the results of this study, it is recommended that the Bojonegoro Regency government implement programs that focus on increasing capital, digitalization skills, and financial management for MSMEs. First, the government needs to provide easier and more affordable access to capital, such as through low-interest loan schemes or grants for potential MSMEs. Second, digitalization skills training must be expanded, by involving experts and practitioners in the field of information technology to help MSMEs understand and utilize digital platforms in their marketing and business operations. Third,

it is important to hold workshops and seminars on good financial management, so that MSMEs can learn how to manage finances, make accurate financial reports, and understand the legal aspects related to their businesses. In addition, collaboration between the government, educational institutions, and the private sector also needs to be improved to create an ecosystem that supports the growth of MSMEs. With these steps, it is hoped that the performance of MSMEs in Bojonegoro Regency can increase significantly, which in turn will contribute to the overall economic growth of the region.

LIMITATION

The limitations of this study include several aspects that need to be considered for a more accurate interpretation of the results. First, this study only focuses on culinary MSMEs in Bojonegoro Regency, so the results obtained may not be generalizable to other regions or different MSME sectors. Second, data collection was carried out through questionnaires that relied on respondents' perceptions, which could be influenced by individual subjectivity and bias. Although the questionnaire has been tested for validity and reliability, there is still a possibility that respondents provide answers that do not fully reflect the actual conditions. Third, this study uses a multiple linear regression analysis method, which assumes a linear relationship between the variables studied. If there is a non-linear relationship or other unmeasured factors that affect MSME performance, the results of the analysis may be less accurate. Finally, time and resource constraints in data collection can also affect the number of samples taken, so it may not be fully representative of the culinary MSME population in Bojonegoro Regency. Therefore, the results of this study must be understood in the context of these limitations and become the basis for further research that can explore other factors that affect MSME performance.

REFERENCES

Adli, P. Farida AH , W a Ode D. , (2023). The Influence of Financial Literacy and Financial Management On Business Performance (Study on MSMEs in Batu Merah Village, Sirimau District, Ambon City) . *Journal of Hypothesis* . 17 (1).

Aisyah Putri Haliza, Asep Mulyana, Deru R Indika, (2024). The Influence of Digitalization and Entrepreneurship Training on the Business Performance of MSME Participants in the Shopee MSME Campus in Jakarta City. *Journal of Information Systems Management Economics* , 6 (1): 35-46.

Anom, L., & Safii, A. A. (2022). Enhancing MSME Performance through Market Sensing Capability, Innovation Capability, and Iconic Ethnic Product Development. *Jurnal Ilmu Manajemen Advantage*, 6(1), 1–10. https://doi.org/10.30741/adv.v6i1.778

Budiman, H. (2022). *"Financial Management Strategy in Improving SME Performance."* Journal of Economics and Finance, 8(3), 201-215.

Budiwitjaksono Setyo G. (2023). Analysis of the Development of Micro, Small and Medium Enterprises (MSMEs) in Klampok Village, Blitar City. *Journal of Management and Creative Economy* , 1 (3) : 31–49 .

Gainau, P.C & Kilay, T. N. (2023). The Influence of Digital Capital Services on MSME Performance . *Journal of Cita Ekonomika* , 17 (2): 208-215.

Halim, Abdul. (2020). The Influence of Micro, Small and Medium Enterprise Growth

Harahap et al. (2023). The Significance of the Role of MSMEs in Economic Development in Medan City from a Sharia Perspective . *Tabarru' Journal: Islamic Banking and Finance* , 6 (2): 718 – 728 .

Hartati, S. & Kurniawan, A. (2020). *"Digitalization of SMEs: Opportunities and Challenges in the Modern Era."* Journal of Digital Technology, 5(2), 112-125

IM & Suharto (2022). The Role of MSMEs (Micro , Small and Medium Enterprises) in Improving Community Welfare . *Journal of Islamic Economic Dynamics* 9 (1):73-84.

Nugrahadi Warsiyanto E & Basuki, (2020). Study of Accountability of Micro, Small and Medium Enterprises. *Journal of Accounting and Finance Education* , 8 (1): 33-44.
On Economic Growth of Mamuju Regency **.** *Scientific Journal of Development Economics,* 1(2) : 157-172.

Rina, L. & Adi, S. (2021). *"Product Innovation in the Culinary Sector: Its Impact on SME Performance."* Journal of Innovation and Entrepreneurship, 6(4), 133-145.

Risna Arventyani, & Ismunawan, (2024) . The Influence of Capital , Financial Reports , Utilization of Accounting Information Systems and Use of Information Technology on the Performance of MSMEs at Beteng Trade Center (BTC) Solo . Journal of Management and *Economics* . 1 (3) : 612-624 .

Safii, A. A., & Anom, L. (2021). Peran Moderasi Financial Access Pada Pengaruh Human Capital Dan Social Capital Terhadap Kinerja UMKM. *Jurnal Manajemen Dan Penelitian Akuntansi*, *14*(1), 36–49.

Safii, A. A., & Rahayu, S. (2021). Human Capital and Social Capital as Determining Factors of The MSMEs Surviving Ability. *Jurnal Ilmu Manajemen Advantage*, *5*(1), 1–9. https://ejournal.itbwigalumajang.ac.id/index.php/adv/article/view/659

Safii, A. A., Anom, L., & Murtini, M. (2024). Financial technology adoption on MSMEs sustainability: The mediating role of financial literacy and financial inclusion. *Journal of Socioeconomics and Development*, *7*(2), 121–131. https://doi.org/https://doi.org/10.31328/jsed.v7i2.5258

Sugiyono (2021). *Quantitative, Qualitative and R & D Research Methods* . Yogyakarta.

Suhargo , Ezra Syamir ; Farida , Yusriyati Nur , Hidayat , Taufik, (2022) . The Influence of Digitalization of MSMEs and Use Accounting Information System on MSME Performance During the Covid-19 Pandemic . Soedirman Accounting *Research Journal* **,** 1 (2) 132-142.

Susanti, R. (2021). "The Role of Capital in Improving SME Performance *." Journal of Business Management,* 12(1), 45-60.

Urjuan M, & Evaliati, M., (2024). The Influence of Financial Literacy and Financial Management on the Performance of MSMEs in Sampang City. *EKOMA: Journal of Economics, Management, Accounting* , *4* (1), 2578–2587.

Widiantini, (2024). The Role of Internal and External Factors in Encouraging Islamic Bank Financing for MSME Business Development in West Java. *Ecobankers: Journal of Economy and Banking* , 5 (1): 85–92.

Zaman & Andritanty, (2022). Analysis of MSME Development on National Welfare . *Mediastima Journal* , 28 (2):96-114.