

THE INFLUENCE OF BUSINESS MANAGEMENT AND MICRO-CREDIT ACCESSIBILITY ON MSME PERFORMANCE AND ITS IMPACT ON THE WELFARE OF MSME ACTORS
(Study on MSME Debtors of Bank Mandiri in Bandung City)

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) are a business sector with significant potential for growth and significant contributions to the national economy. However, MSMEs still face several obstacles in carrying out their business activities, namely weak business management and MSME accessibility to financing from financial services institutions. MSMEs can access operational and investment funds through microcredit. It is hoped that microcredit can assist and encourage MSMEs to continue growing and achieving optimal business performance, while positively impacting the welfare of MSMEs. This study aims to analyze the influence of business management and microcredit accessibility on MSME performance and its impact on the welfare of MSME actors. This study was conducted on 240 MSME debtors of Bank Mandiri in Bandung City using a questionnaire. This study used the sequential method. Explanatory Analysis by using Partial Least Square (PLS) with the help of SmartPLS 3.0 software. The results of this study indicate that effective Business Management and Good Microcredit Accessibility has a positive and significant impact on improving MSME performance and has a positive and significant impact on the welfare of MSME actors. This research is expected to provide comprehensive insights for MSME actors and stakeholders in formulating better MSME development strategies.

Keywords: Business Management, Micro Credit Accessibility, MSME Performance, MSME Welfare.

Abstrak

Usaha Mikro, Kecil dan Menengah (UMKM) adalah sektor usaha yang memiliki potensi besar untuk berkembang dan berkontribusi signifikan terhadap perekonomian nasional. Namun demikian, UMKM masih menghadapi beberapa kendala dalam menjalankan kegiatan usahanya, yaitu lemahnya pengelolaan Manajemen Usaha dan aksesibilitas UMKM terhadap pembiayaan dari lembaga jasa keuangan. UMKM dapat mengakses dana operasional dan dana investasi melalui kredit mikro. Diharapkan, kredit mikro dapat membantu dan mendorong pelaku UMKM untuk terus berkembang dan mencapai kinerja usaha secara optimal serta berdampak positif terhadap kesejahteraan pelaku UMKM. Penelitian ini bertujuan untuk menganalisis Pengaruh Manajemen Usaha dan Aksesibilitas Kredit Mikro Terhadap Kinerja UMKM serta Dampaknya Bagi Kesejahteraan Pelaku UMKM. Penelitian ini dilakukan pada debitur UMKM Bank Mandiri Kota Bandung sebanyak 240 responden dengan penyebaran kuesioner. Penelitian ini menggunakan metode Sequential Explanatory Analysis dengan menggunakan Partial Least Square (PLS) dengan alat bantu software SmartPLS 3.0. Hasil penelitian ini menunjukkan bahwa Manajemen Usaha yang efektif dan Aksesibilitas Kredit Mikro yang baik berpengaruh positif dan signifikan terhadap peningkatan Kinerja UMKM serta memiliki dampak positif dan signifikan bagi Kesejahteraan Pelaku UMKM. Penelitian ini diharapkan dapat memberikan wawasan yang komprehensif bagi pelaku UMKM dan pemangku kepentingan dalam merumuskan strategi pengembangan UMKM yang lebih baik.

Kata Kunci: Manajemen Usaha, Aksesibilitas Kredit Mikro, Kinerja UMKM, Kesejahteraan Pelaku UMKM.



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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the Indonesian economy, employing over 97% of the country's workers and contributing over 60.51% to GDP. Statistics compiled by the Ministry of Cooperatives and Small and Medium Enterprises (SMEs) show that expanding MSMEs can boost the economy, help alleviate poverty, and improve people's lives.¹

MSMEs are a business sector with the potential for sustainable growth and the ability to play a strategic role in the national economy. This sector has proven to be an effective means of creating productive employment opportunities. However, their business growth is hampered by various obstacles often faced by MSMEs. Inadequate access to adequate financial resources is one of the main obstacles faced by MSMEs. Formal financial institutions often refuse loans to MSMEs for various reasons, including lack of experience in running their businesses, insufficient collateral, and managerial instability. Research by Margunani et al.² confirms that limited access to formal financing is a major obstacle for MSMEs in developing their businesses. In many cases, MSMEs are forced to rely on loans from informal sources, which often carry very high interest rates, which can worsen their financial situation. Several factors hinder MSMEs' accessibility to financing from financial institutions, including the perception that MSMEs do not meet banking eligibility criteria (not yet bankable), MSME actors' low understanding of financial products and services, lack of financial literacy among MSMEs, and the complexity of financing procedures.³ According to Wlodarczyk, B. et. al. in Nasution⁴, many parties consider the high vulnerability of MSMEs to be the main reason they have difficulty obtaining the funding they need because their company capacity does not meet the requirements for obtaining loans. Loan repayment rates are often low for MSMEs because this business sector is considered vulnerable. This problem of access to financing is a major challenge for MSMEs in improving their business performance and sustainability.

¹ Kementerian Koperasi dan Usaha Kecil Menengah, *Laporan Tahunan 2023* (Kementerian Koperasi dan UKM, 2023).

² Margunani et al., "Kajian Aksesibilitas UMKM Dan IKM Terhadap Lembaga Keuangan Di Kota Semarang," *Jurnal Riptek* 13, no. 2 (2019): 147–57.

³ I. Mualim Hasibuan and Marliah, "Kendala Aksesibilitas Pembiayaan Usaha Mikro Kecil Dan Menengah (UMKM) Dari Lembaga Keuangan," *Aksioma: Jurnal Manajemen* 3, no. 1 (2024).

⁴ Lokot Zein Nasution, "Peran Lembaga Pembiayaan Syariah Dalam Mempercepat Pemulihan UMKM Di Masa Pandemi," *Islamic Circle* 2, no. 1 (2021): 80–100.

Table 1 Number of MSMEs in West Java 2018-2022 Period

No	Kabupaten/Kota	2018	2019	2020	2021	2022
1	Kota Bandung	46.575	62.792	60.721	62.366	59.394
2	Garut	38.703	54.701	54.630	62.842	69.365
3	Tasikmalaya	37.175	53.708	53.601	46.132	77.632
4	Sukabumi	30.428	52.971	52.953	51.796	51.307
5	Bogor	30.008	52.640	52.852	45.013	43.138
6	Cianjur	25.766	37.442	37.807	44.089	36.331
7	Majalengka	37.613	28.405	28.762	26.634	33.468
8	Kota Tasikmalaya	25.680	33.101	33.089	30.306	26.706
9	Ciamis	25.759	27.736	28.161	29.628	30.454
10	Pangandaran	36.183	27.468	28.111	12.906	32.043
11	Cirebon	34.378	21.315	19.455	18.053	21.939
12	Subang	18.122	24.864	25.091	18.014	16.958
13	Bekasi	10.523	18.796	20.315	20.610	19.111
14	Sumedang	13.136	16.147	16.166	19.160	24.739
15	Indramayu	20.450	15.758	15.052	16.481	18.946
16	Bandung Barat	15.516	12.119	12.005	22.366	20.213
17	Kota Depok	19.892	14.516	14.716	13.916	11.429
18	Karawang	7.505	15.146	15.257	14.239	15.410
19	Purwakarta	6.163	12.390	11.566	14.504	13.486
20	Kuningan	8.932	9.415	9.374	16.180	11.317
21	Kota Bekasi	11.577	9.325	8.070	10.824	8.971
22	Kota Bogor	15.275	6.748	6.698	5.669	4.620
23	Kota Cimahi	8.673	6.613	6.538	6.552	6.087
24	Kota Sukabumi	4.548	5.146	4.694	5.392	5.787
25	Kota Cirebon	3.569	5.318	5.298	4.767	4.335
26	Kota Banjar	4.058	5.017	4.961	3.786	4.609

Source: BPS West Java, processed by researchers, 2025

Based on research conducted by the West Java Statistics Agency (BPS), the distribution of MSMEs in the province varies. With a population of 2.5 million, Bandung City had 59,394 MSMEs in 2022 and is attractive to tourists due to its easy access from the capital, relatively high standard of living, and its status as a shopping destination. The high demand for products and services in the city drives MSME growth, including mutually supportive business diversification among MSME players.

The banking industry and other financial sectors play a vital role in keeping the economy running. Financial institutions that effectively collect and distribute public funds to improve public welfare play a crucial role. As financial intermediaries, banks connect surplus units (lenders) with deficit units (borrowers), such as investors and entrepreneurs. This role of banks is essential for economic development, particularly in financial activities.

The distribution of financing or capital for MSMEs carried out by the banking industry is regulated in PBI No.17/12/PBI/2015 dated June 25, 2015 concerning Amendments to PBI No.14/22/PBI/2012 concerning the Provision of Credit or Financing by Commercial Banks and Technical Assistance in the Framework of MSME Development, which requires Commercial Banks to gradually allocate credit to MSMEs, starting from a minimum of 5% in 2015 to reach 20% by the end of 2018. This banking support plays a very important role in developing the potential of MSMEs in Indonesia.

Table 2 Development of MSME Credit/Financing

Keterangan	Nominal (Rp Triliun)					
	2019	2020	2021	2022	2023	Juni 2024
Total Kredit/Pembiayaan:						
Nasional	5,803	5,669	5,949	6,641	7,345	7,730
Jabar	477	491	522	567	604	634
Kota Bandung	168	168	167	170	181	197
Kredit UMKM:						
Nasional	1,171	1,151	1,289	1,425	1,542	1,559
Jabar	136	133	154	171	178	178
Kota Bandung	38	35	38	39	41	42
% Kredit UMKM Terhadap Total Kredit						
Nasional	20.18%	20.30%	21.67%	21.46%	20.99%	20.17%
Jabar	28.56%	27.09%	29.57%	30.22%	29.51%	28.06%
Kota Bandung	22.86%	20.79%	22.59%	23.24%	22.68%	21.06%

Source: OJK data, processed by researchers 2025

Over the past five years (2019-June 2024), total credit and financing at the national level, West Java, and Bandung City have shown a consistent growth trend. In June 2024, total credit at the national level was recorded at IDR 7,730 trillion, West Java at IDR 634 trillion, and Bandung City at IDR 197 trillion. MSME credit also increased, with the national total reaching IDR 1,559 trillion, West Java at IDR 178 trillion, and Bandung City at IDR 42 trillion. Although there was a nominal increase in MSME credit across all regions in June 2024, its percentage contribution to total credit actually decreased compared to 2023. This decrease occurred at the national level (from 20.99% to 20.17%), West Java (from 29.51% to 28.06%), and Bandung City (from 22.68% to 21.06%). Bandung City, as one of the economic centers in West Java, also contributed to national credit growth. However, there has been a decline in the proportion of MSME loans to total loans in

Bandung City. This indicates several factors that require attention, including a shift in financing focus to other sectors or obstacles faced by MSMEs in accessing credit.

One of Indonesia's largest state-owned banks, PT. Bank Mandiri, Tbk, better known as Bank Mandiri, has substantial assets. When one party has additional funds thanks to various savings products and another party needs access to credit, Bank Mandiri acts as an intermediary. The goal of Bank Mandiri's digital banking products is to become an integral part of customers' lives and their preferred financial partner. This demonstrates Bank Mandiri's contribution to the national economy, including the regional economy of West Java, particularly Bandung, by providing access to capital for MSMEs in the city.

The microcredit products offered by Bank Mandiri are Micro Business Credit (KUM) with a maximum ceiling limit of IDR 500 million, an interest rate of 0.99% flat pm; People's Business Credit (KUR) with a maximum ceiling of IDR 500 million with certain criteria, an effective interest rate between 3% to 6% per year.

Table 3: Bank Mandiri Microcredit Data in Bandung City as of October 2024

No	Micro Credit Products	Number of Accounts	Debit Balance (Rp Million)
1	Micro Business Credit	2,809	252,800
2	People's Business Credit	7,013	599,789
Total Micro Credit		9,822	852,586

Source: Bank Mandiri data, processed by researchers 2025

The table above shows information on two microcredit products distributed by Bank Mandiri to MSMEs in Bandung: KUM (People's Business Credit) and KUR (People's Business Credit). As of October 2024, the number of KUM accounts reached 2,809 with outstanding balances of Rp252.80 billion, while KUR had 7,013 accounts with outstanding balances of Rp599.79 billion. Overall, Bank Mandiri has distributed microcredit to 9,822 MSMEs with outstanding balances of Rp852.59 billion. This data shows that KUR has a larger contribution in terms of the number of accounts and outstanding balances compared to KUM. This indicates high demand for microenterprise financing in Bandung, but significant potential for development, particularly for KUM, which tends to be lower. Bank Mandiri can further develop access to microcredit financing by expanding its reach and services for MSMEs that still require business capital but have the potential to grow. In addition, increasing outreach and education regarding the benefits of KUR and KUM in the micro sector can help optimize credit utilization and encourage the growth of MSMEs in Bandung City.

In this context, accessibility to microcredit is a crucial solution for increasing the capacity of MSMEs. Microcredit is specifically designed to provide small loans to MSMEs to help them

meet their capital needs and increase productivity. According to a press release from the Financial Services Authority,⁵ improving MSME performance can be achieved through various development activities, including increasing the availability of microcredit financing, providing training and mentoring to MSMEs, and so on. This, in turn, will help improve community welfare and support sustainable national economic development by strengthening the role of MSMEs as a new source of regional economic growth. According to Simatupang et al.,⁶ shows that MSMEs that utilize microcredit effectively can experience an increase in assets, income, resources and business branches.

Although MSMEs are a resilient business sector, they also face several operational weaknesses that require support to grow and perform well. Financial management, production, human resources, and marketing are four business aspects that MSMEs often overlook when running their businesses. If small and medium enterprises are not managed properly, their operations can be disrupted. Financing, human resources, business management, marketing, machinery and equipment, raw material availability, and access to information are some of the factors that contribute to the development and success of MSMEs.

Most MSMEs have a very simplistic approach to financial management, and many in this sector still haven't mastered the art of separating personal and business funds. MSMEs often struggle to apply for bank loans because banks require them to provide comprehensive financial reports to assess business prospects. In terms of production, MSMEs tend to manage inventory according to their available capital, allowing inventory levels to fluctuate depending on available funds. MSMEs often don't realize how this impacts their inventory costs. To maintain cost flexibility, MSMEs tend to collaborate with multiple suppliers to select raw materials that best suit their financial situation. Furthermore, consistent access to quality raw materials remains a challenge, leading to the use of substandard materials. Simplified and unhygienic production processes can compromise product quality, and a lack of attention to customer satisfaction, such as taste, design, and branding, also hinders the competitiveness of MSME products. Human resources are also a crucial factor to consider. MSMEs generally utilize local labor, although their competency may be inadequate; this can be addressed through training programs. Many MSMEs start businesses without proper preparation, thus lacking the necessary knowledge and skills. They often learn on the job and develop themselves through experience. In marketing, MSMEs still use simple methods such as word-of-mouth marketing with limited reach within their local community. Furthermore,

⁵ Otoritas Jasa Keuangan, *OJK Dorong Pengembangan UMKM Sebagai Pertumbuhan Ekonomi Baru Di Daerah* (Otoritas Jasa Keuangan, 2022).

⁶ A. Simatupang and D. H. Putra, "Program Pembiayaan Lembaga Keuangan Mikro Berdampak Pada Perkembangan Usaha Mikro, Kecil Dan Menengah," *Jurnal Administrasi Kantor* 7, no. 2 (2019): 187–200.

MSMEs may struggle to fully capitalize on digital marketing opportunities due to a lack of general knowledge of digital technology. Bismala and Handayani⁷ revealed that the main weakness of MSMEs lies in a lack of adequate management capabilities, even though this aspect plays a crucial role in increasing the effectiveness and efficiency of business operations. This indicates the need to strengthen Business Management to support the growth and sustainability of MSMEs. Similar to research by LPPI and BI⁸, the results of a study by ISEI-KADIN-The Asia Foundation (1998) indicate that MSMEs in Indonesia face various challenges, both internally related to company management and externally related to the business environment. Problems reported by MSMEs include management, capital, technology, raw materials, marketing, infrastructure, bureaucracy and levies, and partnerships (BPS West Java, 2019).

According to Tambunan in Bismala⁹, superior MSMEs often have many things in common. These include superior human resources, cutting-edge technology, the ability to maximize efficiency and productivity, high-quality products, extensive promotional opportunities, a well-organized quality management system, adequate funding, a supportive business network, and an entrepreneurial mindset.

Based on official statistics regarding Indonesia's Economic Growth in the Fourth Quarter of 2023, Indonesia's GDP in the Fourth Quarter of 2023 reached Rp20,892.4 trillion, a growth of 5.05% compared to the Fourth Quarter of 2022. Java Island contributed 57.05% to the national economy, growing by 4.96%. Meanwhile, West Java's GRDP in the Fourth Quarter of 2023 reached Rp674.82 trillion, a growth of 5%. In Bandung City, GRDP reached Rp351.28 trillion, a growth of 5.07%, a slowdown compared to 2022's 5.41% growth. In general, the economic structure of Bandung City shows a relatively stable pattern. Since 2020, the three business sectors with the largest contributions have been Wholesale and Retail Trade; Car and Motorcycle Repair (25.33%), Manufacturing Industry (18.73%), and Information and Communication (14.69%). It is interesting to see how significant the impact of MSMEs on national GDP is. Data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia shows that MSMEs comprise nearly 99% of all businesses in the country.¹⁰ Nearly 97% of the country's workforce works in this industry,

⁷ L. Bismala and S. Handayani, "Model Manajemen UMKM Berbasis Analisis SWOT," 55, no. 1 (2014): 12–17.

⁸ LPPI and Bank Indonesia, *Profil Bisnis Usaha Mikro, Kecil, Dan Menengah (UMKM)* (Bank Indonesia, 2015).

⁹ L. Bismala, "Model Manajemen Usaha Mikro Kecil Dan Menengah (UMKM) Untuk Meningkatkan Efektivitas Usaha Kecil Menengah," *Jurnal Entrepreneur Dan Entrepreneurship* 5, no. 1 (2016): 19–26.

¹⁰ Kementerian Koordinator Bidang Perekonomian RI, "Pemerintah Dukung Bentuk Kolaborasi Baru Agar UMKM Indonesia Jadi Bagian Rantai Pasok Industri Global," 2024, <https://www.ekon.go.id/publikasi/detail/5885/menko-airlangga-pemerintah-dukung-bentuk-kolaborasi-baru-agar-umkm-indonesia-jadi-bagian-rantai-pasok-industri>.

which also contributes 60.51% of GDP. However, the role of MSMEs in international trade remains relatively low, contributing only around 15.70% to national exports, far behind Singapore (41%) and Thailand (29%). MSME performance is a crucial aspect that requires attention, given that their contribution to national GDP reaches 60.51% and their still low contribution to national exports. This demonstrates the significant potential for MSMEs in Indonesia to be developed, including in West Java province, particularly Bandung City, so that they can contribute more significantly to national and regional economic growth.

The performance of the MSME sector is influenced by two main factors: internal and external factors. Some internal factors are marketing, finance, human resources, and production techniques. Meanwhile, external factors include government policies, social, cultural, and economic situations, as well as the involvement and role of related organizations.¹¹ MSMEs have a great opportunity to grow and become competitive if they have strong and good business management. Therefore, an MSME management model is needed that can serve as a guide in managing a business effectively. The concept of MSME management includes financial management, human resources, production, and marketing.¹² According to Sudiarta et. al.,¹³ internal factors, such as business management (including financial management, human resources, production, and marketing), influence the performance of micro and small businesses. Improving the performance of micro and small businesses can be done through improved business management. Micro, small, and medium enterprises that use effective management strategies often achieve better and long-term results. Business profits are not the only thing that benefits from good performance, MSMEs and their workers can also benefit.

According to Saputri et al.,¹⁴ performance is a description of the previously described good or bad business conditions, indicating the amount of work completed within a certain timeframe. Performance measurement is a crucial aspect of any business organization. Suhaya¹⁵ states that performance measurement is the process of evaluating activities by comparing their results against established standards. Koesomowidjojo¹⁶ states that the balanced scorecard is a performance

¹¹ M. Munizu, "Pengaruh Faktor-Faktor Eksternal Dan Internal Terhadap Kinerja Usaha Mikro Dan Kecil (UMK) Di Sulawesi Selatan," *Jurnal Manajemen Dan Kewirausahaan* 12 (2010): 33–41.

¹² Bismala and Handayani, "Model Manajemen UMKM Berbasis Analisis SWOT."

¹³ I. P. L. E. Sudiarta et al., "Analisis Faktor-Faktor Yang Mempengaruhi Kinerja Usaha Mikro Kecil Dan Menengah (UMKM) Di Kabupaten Bangli," *E-Journal Bisma Universitas Pendidikan Ganesha* 2, no. 1 (2014).

¹⁴ E. M. Saputri et al., "Pengaruh Pengukuran Balanced Scorecard Terhadap Kinerja Perusahaan (Studi Kasus PT Indo Veneer Utama)," *Jurnal Akuntansi Dan Pajak* 22, no. 1 (2021): 204–16, <https://doi.org/10.29040/jap.v22i1.2722>.

¹⁵ M. Suhaya, "Penerapan Balanced Scorecard Dalam Meningkatkan Kinerja Perusahaan," *Scientific Journal of Reflection: Economic, Accounting, Management and Business* 2, no. 4 (2019): 461–70.

¹⁶ Suci R. M. Koesomowidjojo, *Balanced Scorecard: Model Pengukuran Kinerja Organisasi Dalam Empat Perspektif* (Raih Asa Sukses, 2017).

measurement method that focuses not only on financial aspects but also considers human resource factors as indicators of an organization's success or failure. Organizational performance can be measured using four perspectives: financial, customer, internal business, and learning and business growth.

Welfare is the condition of fulfilling basic needs such as adequate housing, clothing, and food, as well as access to affordable and quality education and healthcare. The welfare of MSMEs can be measured by various indicators, including increased income, the ability to finance basic daily needs, access to healthcare and education services, and an overall improvement in quality of life. The Central Statistics Agency (BPS) measures welfare through the Human Development Index (HDI) with three parameters: the economic/purchasing power index, education, and health. According to the Bandung City BPS (2024), the HDI value of Bandung City in 2024 was 83.75, which is categorized as high, with an increase of 0.46 points (0.55%) compared to the previous year of 83.29. However, HDI growth experienced a slowdown. Although the Human Development Index (HDI) increased by 0.55% compared to 2023, this figure is lower than the 0.65% increase recorded in 2023 compared to 2022. This slowdown occurred across almost all dimensions of the HDI, with the largest decline in the education indicator, which only increased by 0.09% compared to 0.55% the previous year. Real per capita expenditure also slowed, increasing by 3.07% compared to 3.38% the previous year. Meanwhile, the health indicator showed a better increase of 0.4% compared to 0.36% the previous year. One effort to increase the HDI is to optimize the productivity of MSMEs in Bandung City to increase income and community welfare. MSMEs with good business performance tend to be better able to improve the quality of life for themselves and their families. This indicates a positive relationship between good business management, microcredit accessibility, MSME performance, and MSME welfare.

RESEARCH METHODS

This study uses a mixed-method approach, which combines quantitative and qualitative techniques to provide more comprehensive, accurate, reliable, and unbiased results.¹⁷ This study utilizes the Partial Least Square (PLS) technique for analysis, which is a type of structural equation modeling (SEM) that relies on components or variations. Primary data for this study comes from MSME customers or debtors who received microcredit loans from Bank Mandiri, while secondary data comes from internal and external sources. Data were collected through a questionnaire containing 48 questions arranged based on four research variables, namely Business Management (X1), Microcredit Accessibility (X2), MSME Performance (Y), and MSME Welfare (Z). The

¹⁷ Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D*, 2nd ed. (Alfabeta, 2019).

questionnaire instrument uses a Likert scale. The answer choices for each instrument vary from very positive to very negative with a total of five answer choices from respondents: Strongly Agree (5), Agree (4), Quite Agree (3), Disagree (2), and Strongly Disagree (1).

The population of this study was Bank Mandiri debtors or customers who are MSMEs in Bandung City. The sample size was determined based on the guidelines of Hair et al.¹⁸, resulting in a sample size of 240 respondents.

Based on the description above, it can be concluded that the basic assumption of this research is that Business Management (X₁) and Micro Credit Accessibility (X₂) influence Financial Performance (Y) and its impact on the Welfare of MSME Actors (Z) as reflected in the following research paradigm:

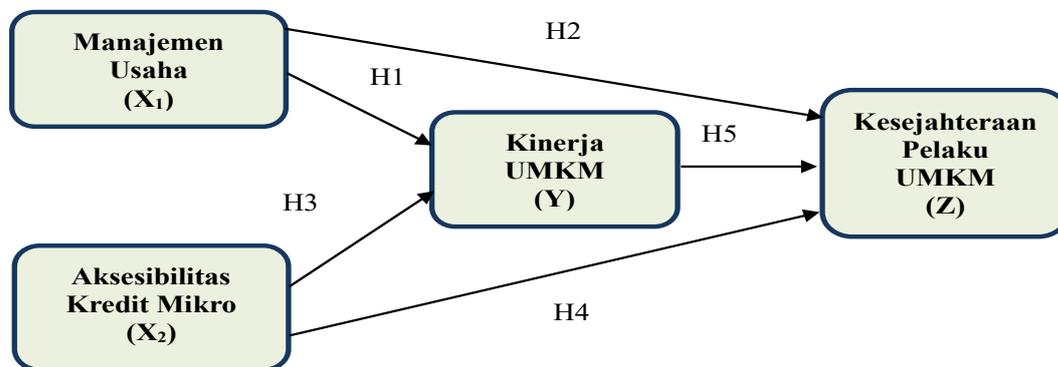


Figure 1 Research Paradigm

The hypotheses in this study are outlined as follows:

- H1: Business Management has a positive and significant effect on MSME performance.
- H2: Business Management has a positive and significant effect on Welfare MSME actors.
- H3: Accessibility of Micro Credit has a positive and significant effect on Performance MSMEs.
- H4: Accessibility of Micro Credit has a positive and significant effect on Welfare of MSMEs.
- H5: Business Management and Microcredit Accessibility have a positive and significant impact on the welfare of MSME actors through MSME performance.

¹⁸ J. F. Hair et al., *Essentials of Business Research Methods* (Routledge, 2020).

RESULTS AND DISCUSSION

1. Validity Test

The research used a series of tests to meet statistical requirements, ensuring reliable data and answering the research hypothesis. The study began by measuring validity and reliability. According to Ghozali and Latan¹⁹, a measurement model (outer model) is used to assess the extent to which the constructs used in the research can be measured validly and reliably using the instruments used.

These findings were obtained from data processed using SmartPLS 3.0:

Table 4 Validity Test Results

Variabel	Dimensi	Indikator	r Hitung	r Tabel	Ket
Manajemen Usaha (X1)	Manajemen Keuangan.	X1.1	0,55	0,5	Valid
		X1.2	0,63	0,5	
		X1.3	0,61	0,5	
		X1.4	0,53	0,5	
	Manajemen SDM.	X1.5	0,56	0,5	
		X1.6	0,57	0,5	
		X1.7	0,51	0,5	
		X1.8	0,52	0,5	
	Manajemen Produksi.	X1.9	0,50	0,5	
		X1.10	0,64	0,5	
		X1.11	0,58	0,5	
	Manajemen Pemasaran.	X1.12	0,59	0,5	
		X1.13	0,61	0,5	
		X1.14	0,65	0,5	
		X1.15	0,51	0,5	
		X1.16	0,63	0,5	
		X1.17	0,57	0,5	

¹⁹ Imam Ghozali and H. Latan, *Partial Least Squares: Konsep, Teknik, Dan Aplikasi Menggunakan Program SmartPLS 3.0*, 2nd ed. (Badan Penerbit Universitas Diponegoro, 2020).

Aksesibilitas Kredit Mikro (X2)	Informasi kredit.	X2.1	0,69	0,5	Valid
	Prosedur dan persyaratan kredit.	X2.2	0,67	0,5	
		X2.3	0,70	0,5	
		X2.4	0,68	0,5	
		X2.5	0,69	0,5	
	Kepemilikan agunan.	X2.6	0,68	0,5	
Kinerja UMKM (Y)	Perspektif Keuangan.	Y.1	0,70	0,5	Valid
		Y.2	0,64	0,5	
		Y.3	0,74	0,5	
	Perspektif Pelanggan.	Y.4	0,64	0,5	
		Y.5	0,66	0,5	
		Y.6	0,64	0,5	
	Perspektif Bisnis Internal.	Y.7	0,67	0,5	
		Y.8	0,62	0,5	
		Y.9	0,65	0,5	
	Perspektif Pembelajaran dan Pertumbuhan.	Y.10	0,72	0,5	
		Y.11	0,64	0,5	
		Y.12	0,63	0,5	
Kesejahteraan Pelaku UMKM (Z)	Pendapatan	Z.1	0,64	0,5	Valid
		Z.2	0,70	0,5	
		Z.3	0,66	0,5	
		Z.4	0,76	0,5	
	Pendidikan	Z.5	0,73	0,5	
		Z.6	0,67	0,5	
		Z.7	0,58	0,5	
	Kesehatan	Z.8	0,67	0,5	
		Z.9	0,60	0,5	
		Z.10	0,57	0,5	
		Z.11	0,53	0,5	
		Z.12	0,51	0,5	
		Z.13	0,50	0,5	

Source: Researcher Data Processing, 2025

The comparison between the calculated r value and the r value in table 4 is the basis for the validity test in this study. If the calculated r value is greater than the r value in the table, then the item is considered valid, otherwise, the item is considered invalid. All items in the variables Business Management (X1), Micro Credit Accessibility (X2), MSME Performance (Y), MSME Welfare (Z) show a calculated r value $>$ r Table so that all items are declared valid. This shows that the instrument used can be used as a reference to measure the variables in the study accurately.

2. Reliability Test

To determine how consistently and reliably the instrument measures the constructs under study, reliability testing was conducted. Composite Reliability Scores (>0.7) and Cronbach's Alpha (>0.6) were used to conduct this test. The research reliability test yielded the following results:

Table 5 Reliability Test Results

Variabel	Cronbach's Alpha	Composite Reliability
Aksesibilitas Kredit Mikro	0,772	0,841
Kesejahteraan Pelaku UMKM	0,869	0,893
Kinerja UMKM	0,883	0,903
Manajemen Usaha	0,874	0,894

Source: Researcher Data Processing, 2025

All research variables have a reliability value greater than 0.7 according to the reliability test so they are declared reliable and can be used to test the hypothesis.

Here are the results of the outer model:

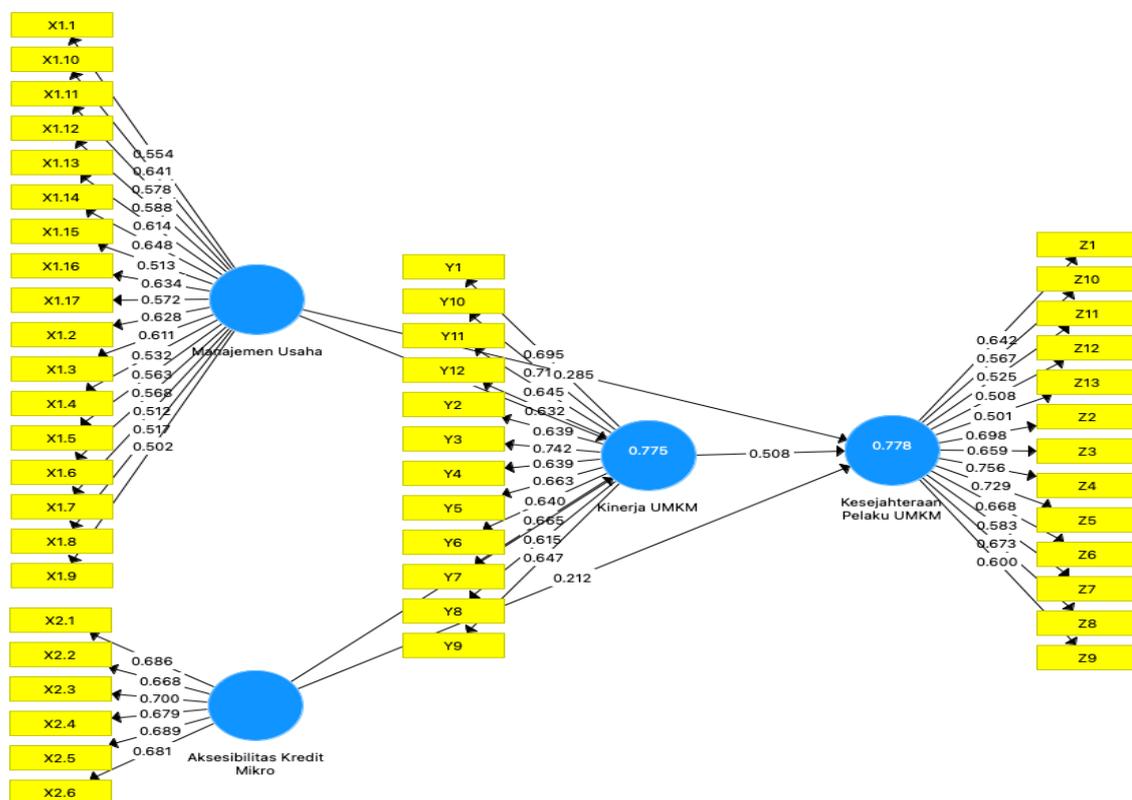


Figure 2 Outer Model Results

Source: Researcher Data Processing, 2025

3. Hypothesis Testing

Table 6 Hypothesis Testing Results

Hipotesis	Item	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Hipotesis 1	Manajemen Usaha -> Kinerja UMKM	0,091	0,095	0,039	2,332	0,020
Hipotesis 2	Manajemen Usaha -> Kesejahteraan Pelaku UMKM	0,285	0,288	0,034	8,281	0,000
Hipotesis 3	Aksesibilitas Kredit Mikro -> Kinerja UMKM	0,832	0,831	0,037	22,738	0,000
Hipotesis 4	Aksesibilitas Kredit Mikro -> Kesejahteraan Pelaku UMKM	0,212	0,210	0,063	3,386	0,001
Hipotesis 5	Kinerja UMKM -> Kesejahteraan Pelaku UMKM	0,508	0,505	0,065	7,755	0,000

Source: Researcher Data Processing, 2025

According to Table 6 above, the results of hypothesis testing for all relationships between research variables have a calculated t value > t Table. Therefore, all research assumptions are proven to have a significant and positive influence.

4. Discussion

a. The Influence of Business Management on MSME Performance

The calculated t-value of 2.332 > 1.96 t-table indicates a significant influence. Furthermore, the Original Sample (O) value of 0.091 indicates that Business Management has a positive and significant influence on MSME Performance by 9.1%. This illustrates that the better the implementation of Business Management, the better the MSME Performance. This finding is in line with the results of research by Sudiarta et al.,²⁰ which states that MSME Performance is influenced by internal factors in the form of management in Business Management (financial management, human resources, production, marketing). Improving the quality of Business Management management contributes positively to improving MSME performance. In addition, Munizu²¹ also explains that internal factors such as human resources, finance, production/operational techniques and marketing have a positive and significant influence on MSME Performance, especially with access to credit from banks. The research conducted found that there is a low value in financial management, this can be a factor that reduces the level of influence. In line with Bismala and Handayani²², financial management can help MSMEs measure the progress of their business performance. Regular and organized record-keeping makes it easier for MSMEs to identify and resolve emerging problems. Good record-keeping also makes it easier for MSMEs to determine the strategies they need to implement first to grow their businesses.

²⁰ Sudiarta et al., "Analisis Faktor-Faktor Yang Mempengaruhi Kinerja Usaha Mikro Kecil Dan Menengah (UMKM) Di Kabupaten Bangli."

²¹ Munizu, "Pengaruh Faktor-Faktor Eksternal Dan Internal Terhadap Kinerja Usaha Mikro Dan Kecil (UMK) Di Sulawesi Selatan."

²² Bismala and Handayani, "Model Manajemen UMKM Berbasis Analisis SWOT."

b. The Influence of Business Management on the Welfare of MSMEs

The calculated t-value is $8.281 > 1.96$. The t-table shows a significant influence. Furthermore, the Original Sample (O) value of 0.285 indicates that there is a positive and significant influence between Business Management on the Welfare of MSME Actors by 28.5%. These results illustrate that the better the Business Management in the business being run, the better the Welfare of MSME Actors. The study found that currently MSME actors have improved their standard of living through the income earned through the businesses they run. The better the business management through the implementation of good management, the more it affects the Welfare of MSME Actors. One of the management practices that has a direct positive influence on the Welfare of MSME Actors is financial management. Good financial management is very important for MSME actors to maintain the sustainability of their businesses. This process includes how they obtain and use funds appropriately, efficiently and effectively so that business goals can be achieved according to the planned budget. The quality of human resources who run the business, both owners and workers, is very important for the success and sustainability of MSMEs. This aligns with Saefullah et al.²³ statement that approximately 82% of businesses fail due to poor financial management. Contributing factors include not preparing financial reports, having inventory issues, setting profit margins too low, and using inappropriate strategies and analysis.

c. The Impact of Microcredit Accessibility on MSME Performance

The calculated t-value is $22.738 > 1.96$. The t-table shows a significant effect. Furthermore, the Original Sample (O) value is 0.832, meaning there is a positive and significant effect of 83.2% between Microcredit Accessibility and MSME Performance. The results of the study illustrate that the greater the Microcredit Accessibility obtained, the better the MSME Performance. Access to microcredit provides opportunities for MSMEs to develop their businesses through adequate additional capital. Some MSMEs stated that their finances were insufficient to develop the production process, making it difficult to increase their income. This is in line with the research of Rusli et al.,²⁴ which stated that credit accessibility has a positive and significant effect on MSME Performance.

²³ E. Saefullah et al., *Manajemen Usaha Mikro, Kecil Dan Menengah (UMKM)* (Eureka Media Aksara, 2022).

²⁴ R. Rusli et al., "Pengaruh Aksesibilitas, Pendampingan, Dan Kemitraan Terhadap Kinerja Usaha Debitur Ultra Mikro Di Kota Makassar," *YUME: Journal of Management* 7, no. 1 (2024): 1155–69.

d. The Impact of Microcredit Accessibility on the Welfare of MSMEs

The calculated t-value is $3.386 > 1.96$. The t-table shows that there is a significant influence. Furthermore, the Original Sample (O) value is 0.212, meaning there is a positive and significant influence between Microcredit Accessibility and the Welfare of MSMEs by 21.2%. These results illustrate that the better the accessibility of MSMEs to credit funding from financial service institutions, the better the Welfare of MSMEs. Through financing that is appropriate to the needs and capabilities of MSMEs, the government has directly assisted MSMEs in improving the standard of living of MSMEs. Currently, the concept of integrated microfinance with non-financial services is specifically designed for poor and low-income families at the community level with the aim of reducing poverty and increasing their empowerment to achieve sustainable development for the entire community. This concept includes not only financial support services, but also health, education, communication, and socio-cultural services. The bottom-up approach used starts from the knowledge, practices, and customary institutions owned by local communities. Thus, acceptance of integrated management strategies and active participation of local communities are the advantages of this concept in strengthening the economy in the community (Slikkeveer et.al, 1992).

e. The Influence of Business Management and Microcredit Accessibility on the Welfare of MSMEs Through MSME Performance

The calculated t-value is $7.755 > 1.96$. The t-table shows a significant effect. Furthermore, the Original Sample (O) value is 0.508, indicating a positive and significant effect between Business Management and Microcredit Accessibility on the Welfare of MSMEs through MSME Performance of 50.8%. These results illustrate that the better the management of Business Management in a business run with the support of Microcredit Accessibility for MSMEs from financial service institutions, the better the Welfare of MSMEs through MSME Performance. This is in line with research by Abdurahman and Munandar in Maha Egi et al.,²⁵ which states that performance is a crucial aspect that must be achieved by every company because performance reflects the level of achievement or accomplishment achieved in carrying out business activities. Business achievements can illustrate that MSMEs are able to survive amidst tight and dynamic market competition. The income earned can help respondents improve their family welfare. In accordance with Widyastuti in Riniati et. al. (2023) explains that initially, welfare was measured narrowly through physical aspects such as income alone. However, with the times and the dynamics of globalization,

²⁵ E. I. Maha and D. P. Ompusunggu, "Analisis Pengaruh Pemberdayaan Dan Kinerja UMKM Terhadap Kesejahteraan Pelaku UMKM Kota Palangka Raya," *JUEB: Jurnal Ekonomi Dan Bisnis* 2, no. 2 (2023): 16–23.

welfare measurements have become more comprehensive, taking into account various other indicators, including health, education, and socioeconomic conditions.

CONCLUSION

Based on the results of research conducted involving 240 MSME actors who are debtors or customers of Bank Mandiri who applied for People's Business Credit (KUR) and Micro Business Credit (KUM). The study used a questionnaire to determine Business Management, Micro Credit Accessibility, MSME Performance to the Welfare of MSME Actors through the businesses they run. Based on the findings of data analysis, this study concluded that there is a positive and significant influence between Business Management and Micro Credit Accessibility on MSME Performance and its impact on the Welfare of MSME Actors both partially and simultaneously. MSME performance will increase if there is synergy between good Business Management management by MSME actors and adequate additional capital support through Micro Credit Accessibility such as KUM and KUR from Bank Mandiri. This combination will have a positive impact on improving the Welfare of MSME Actors. Furthermore, This research can be a useful reference source for developing knowledge for both MSME actors and other researchers.

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