ABSTRACT

Small and Medium Enterprises (MSMEs) play an important role in the Indonesian economy, especially in the city of Bandung where the culinary sector has great potential for development. However, MSMEs face challenges such as low financial literacy and limited access to financial capital which hinders business financial recording, access to financing, business expansion and making the right decisions. Apart from that, changing government policies, minimal tax incentives, and lack of training support are also obstacles.

This research aims to determine the factors that influence MSME performance. The aspects studied are financial literacy, financial capital, and government policy on the performance of MSMEs in the culinary sector in the city of Bandung. In this research, the influence will be analyzed partially and simultaneously.

The method used is quantitative with a non-probability sampling method and a Structural Equational Modeling (SEM) model. Data was collected via questionnaire from 150 samples of Bandung City culinary MSMEs and processed using SmartPLS4 software.

The result show that financial literacy, financial capital and government policy have a significant positive effect on the performance of MSMEs, both partially and simultaneously. Good financial literacy helps MSMEs understand financial conditions and increase access to external funding, while good financial capital supports business expansion and product development. Appropriate government policies, such as training and coaching programs, can improve the skills, knowledge and productivity of MSMEs.

It is hoped that the research results can contribute to the MSME culinary sector in the city of Bandung to continue to improve aspects that can support business performance such as financial literacy and financial capital. Apart from that, the Bandung City Government, especially the Bandung City MSME Service, is expected to be able to encourage the performance of MSMEs through government policies and work programs that can benefit MSMEs.

Keywords: financial literacy, financial capital, government policy, MSME performance