

The Phenomenon Of The Development Of Small And Medium Enterprises In The Midst Of Oil Price Movements And Financial Management In The New Era Of The Pandemic

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Abstract

Purpose – This research aims to study the economic conditions of small and medium business actors living in coastal areas. **Design/methodology/approach** – The method used is a descriptive analysis method supported by a participatory planning method. The importance of primary data is to understand deeply the real problems of small and medium business actors in the field, collected by using a survey method such as field observations, in-depth interviews by gathering small and medium business actors and related stakeholders in the area, undertaking forum group discussion. Secondary data are necessary to support the primary data analysis. **Findings** – The results showed that there is an abundance of marine resources, but the economic condition of small and medium business actors is far from expected. The income from small and medium business actors is not enough to feed their family's daily needs due to low catching productivity and raw fish selling price. The regency government and province do not have clear and concrete policies to resolve firmly and thoroughly the economic problems of fishermen living in the coastal areas. **Research limitations/implications** –This study succeeds in providing two breakthrough strategic policies to improve the economic conditions of small and medium business actors, i.e. institutional and entrepreneurial innovations.

Keywords: *Small And Medium Enterprises, Oil Price, Financial Management, Pandemic*

1. INTRODUCTION

The country that has succeeded in making an impact on financial management and industrial innovation is China. Financial management innovations have succeeded in changing local lifestyles, increasing GDP and all this in the span of decades. The reason for this growth is that there is a tendency for local investors' financial literacy to be one of them the main reason, the person must at least have adequate financial knowledge or literacy, to understand business ups and downs and causes of volatility, this is in line with research (Brejcha, Wang & Zhang, July 2016). Scholars, theorists and researchers say that, companies are involved in innovation activities and depend on external finance to maintain their operating flow, effective financial management policies and will potential financier is an important element.

2. METHODOLOGY

The significance of Quantitative research approach is validated from the study of Creswell, which asserts that this particular approach facilitates the researcher by means of its unique aspect of "cause and effect thinking" (Creswell, 2018). The method used is a descriptive analysis method supported by a participatory planning method. The importance of primary data is to understand deeply the real problems of small and medium business actors in the field, collected by using a survey method such as field observations, in-depth interviews by gathering small and medium business actors and related stakeholders in the area, undertaking forum group discussion. Secondary data are necessary to support the primary data analysis.

The field visit aims to obtain primary data, which in some literature is referred to as "micro data", while secondary data refers to "macro data". Primary data is very useful for understand in depth the causes of poverty in coastal areas. Whereas secondary data to strengthen the results of micro data analysis. Main source of secondary data comes from the Central Statistics Agency and the Regional Development Planning Agency.

The participatory planning approach is as a guide for managing research activities. Length of field visit approx three months from June to August 2022. During that period, several activities are held for primary data collection, namely field observations, in-depth interviews, group discussion forums.

Tabel 1. Variable Defenition

VARIABLE	DEFENITION
Development Of Small And Medium Enterprises = DSMEs	DSMEs = Entrepreneur innovation
Oil Price	Oil Price
Financial Management	FM= Financial Liquidity Financial Literation Financial Controlling

Research Questions

The research question of the current research paper is :

What is the impact of development of SMEs and oil price on financial management?

Based on the above question, following sub-questions are proposed:

What is impact of development of SMEs and oil price on financial management?

Research Hypotheses

The statistical relationships between development of SMEs and oil price on financial management is based on the following hypotheses:

H1: The impact of development of SMEs is significant on financial management.

H2: The impact of oil price is significant on financial management.

H3: The impact of development of SMEs and oil price is significant on financial management.

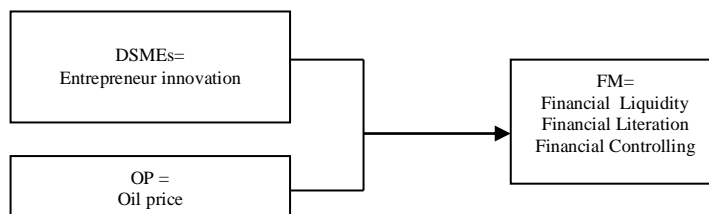


Figure 1. Conceptual Framework

3. RESULTS AND DISCUSSION

The statistical relationship between entrepreneur innovation, oil price and the components of financial management is tested using multiple regression analysis. The association between the variables can be mathematically represented as:

$$FM = \alpha + \beta_1 DSMEs + \beta_2 OP + e$$

Validity and Reliability

For inferential testing, the researcher ensured validity and examined reliability of the test instrument i.e. the 5-point Likert Scale questionnaire. The validity of the questionnaire is tested through an expert review. The internal consistency reliability of the test items is examined via Cronbach's alpha statistic, which reveal relatively high degree of internal consistency (greater than 0.7) of each construct.

Regression model

The statistical output results show that the overall multiple regression model is statistically significant at the 0.01 level, which is shows that MSME development and oil prices significantly affect financial management. All are statistically significant at 1%, with positive beta values. It means, the development of SMEs and oil prices in relation to financial management.

$$FM = 0,035 + 0,332DSMEs + 0,222OP + e$$

Table 2. Multiple Regression Analysis

Dependent variables : Financial Management	B	t	Sig.
(Constant)	.035	.097	.923
DSMEs	.332	4.459	.000
OP	.222	4.034	.000
F Statistic			64.78
P Value			0.000
R Square			0.630
Adjusted R Square			0.621

Source: Authors' own estimation

4. CONCLUSIONS

The results of the study found a significant effect on the development of small and medium enterprises on financial management. Individually, the development of small and medium enterprises amid oil price movements is statistically significant in financial management.

Marine resources are abundant, but the economic condition of small and medium enterprises is still far from what is expected. The income of small and medium enterprises is not sufficient to meet the daily needs of their families due to low fishing productivity and the selling price of raw fish. It suggests that the district and provincial governments do not have clear and concrete policies to resolve firmly and completely the economic problems of fishermen living in coastal areas.

THANK-YOU NOTE

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