

The Influence of Labor, Market Orientation, and Financial Literacy on the Performance of MSMEs

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Abstract: Micro, Small, and Medium Enterprises (MSMEs) play a vital and fundamental role in driving Indonesia's economy. Despite their importance, MSMEs continue to face various obstacles and challenges that negatively impact their performance. This study aims to examine the simultaneous and partial effects of labor, market orientation, and financial literacy on the performance of MSMEs. The sampling technique used was purposive sampling, and the data were analyzed using multiple linear regression. The sample consisted of 125 MSME actors. The results indicate that labor, market orientation, and financial literacy simultaneously influence the performance of MSMEs in Denpasar City. Furthermore, labor, market orientation, and financial literacy each have a positive and significant partial effect on MSME performance. The implication of this research is that improvements in labor quality, market orientation, and financial literacy can enhance the performance of MSMEs in Denpasar City.

Keywords: Performance, Labor, Market Orientation, Financial Literacy

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital and fundamental role in driving Indonesia's economy. MSMEs are one of the backbones of the national economy, as they account for approximately 99 percent of all business units in Indonesia, contribute up to 60.51 percent of the national Gross Domestic Product (GDP), and absorb nearly 97 percent of the total workforce in the country (Coordinating Ministry for Economic Affairs, 2024). MSMEs possess great potential to grow and improve the standard of living for the broader population. They have a long-standing history in the Indonesian economy and have played a critical role during various economic events and crises.

MSMEs were the saviors during the 1998 economic crisis, keeping the Indonesian economy afloat (Bekti, 2021). They have consistently served as the last line of defense for the Republic of Indonesia in the face of multiple crises, including the 1998 political crisis, the 2008 subprime mortgage crisis, and the COVID-19 pandemic crisis. The sheer number of MSMEs and their relatively small scale of operation ensure the continuous movement of the economy, thereby cushioning the negative impacts of crises on Indonesian society.

The significant contribution of MSMEs to the economy is also evident in the context of Bali Province. Similar to the national level, MSMEs in Bali play a crucial role in regional economic development. According to data from the Bali Provincial Office of Cooperatives and MSMEs, the number of MSMEs in Bali increased from 13,042 units in 2019 to 385,812 units in 2023 (Diah, 2023). This increase reflects the important role of MSMEs in job creation and in contributing to the Gross Regional Domestic Product (GRDP). However, despite their positive contribution, MSMEs in Bali also face vulnerabilities in maintaining sustainable performance.

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Table 1. Number of Micro, Small, and Medium Enterprises (MSMEs) in Bali Province Based on Regency and City 2023

Regency/City	Number of MSMEs
Jembrana	59,745
Tabanan	40,597
Badung	25,925
Gianyar	46,924
Klungkung	17,295
Bangli	25,910
Karangasem	33,057
Buleleng	66,870
Denpasar	69,489
Total	385,812

Source: One Data Indonesia Bali Province, 2023

Based on Table 1, Denpasar City has the highest number of MSMEs, totaling 69,489 units. Other regencies with a significant number of MSMEs include Buleleng with 66,860 units and Badung with 25,925 units. Meanwhile, Klungkung records the lowest number of MSMEs, with 17,295 units. Although MSMEs in Bali Province are widely regarded as one of the backbones of the regional economy, they are in fact burdened with various problems, revealing their vulnerability in facing future challenges.

The COVID-19 pandemic served as concrete evidence of this vulnerability. The Deputy Representative of Bank Indonesia in Bali stated that more than 87.5% of MSMEs in the province were negatively affected by the pandemic, which significantly lowered MSME performance due to a sharp decline in sales (Dhae, 2021). In addition, the Head of the Cooperatives and MSMEs Office of Bali Province reported that over 4,000 MSMEs in Denpasar City were impacted by the pandemic, generally experiencing a decrease in sales (Sugiri, 2020).

The impact of the COVID-19 pandemic has made MSME actors in Bali more aware of the importance of maintaining business stability and performance—even during normal economic conditions—as a preventive measure against potential crises that may arise unexpectedly. The performance of MSMEs is influenced by various factors, as highlighted in several studies. Febriati et al. (2023) found that financial literacy has an influence on MSME performance. Hida (2022) revealed that labor also has a significant impact on MSME performance. Similarly, research conducted by Sefanya and Ie (2024) found that market orientation positively affects MSME performance.

The thousands of MSMEs in Bali that were forced to close during the pandemic reinforce the findings of a survey by Katadata.id (2021), which stated that more than 60% of MSMEs in Indonesia had financial resilience of less than three months. This level of capital resilience is closely related to the financial literacy of MSME actors. In order to survive during times of crisis, MSMEs require strong business performance supported by solid financial capital. The higher the level of financial literacy, the greater the ability of MSME actors to manage profits and strengthen capital resilience. Financial literacy is defined as the ability to manage finances effectively in support of business development and the achievement of economic goals (Febriati et al., 2023). MSMEs with good financial literacy tend to be more efficient in managing income, thereby avoiding various business risks and gaining competitive advantage. Febriati et al. (2023) found a positive and significant

influence of financial literacy on MSME performance, while Fitria et al. (2021) reported a positive but insignificant effect.

In addition to financial literacy, another challenge faced by MSMEs in Bali Province is the limited availability of adequate human resources (Rhismawati, 2023). The quality of human resources determines the availability of skilled and productive labor, which in turn directly affects operational efficiency, productivity, and the competitiveness of MSMEs. High-quality labor is a crucial asset in supporting business growth and achieving performance targets. However, studies on the influence of labor on MSME performance have yielded mixed results. Hida (2022) found that labor has a positive and significant effect on MSME performance, whereas Sudirman et al. (2023) reported a positive but insignificant relationship.

Another factor influencing MSME performance is market orientation, which refers to the extent to which MSMEs align their products and services with consumer needs (Taufik, 2020). In Bali Province, many MSMEs are still not fully market-oriented, resulting in suboptimal product absorption. This is supported by a statement from the Deputy Minister for MSMEs, who noted that some MSME products in Bali have yet to meet market demands effectively (Owo, 2024). Without strong market orientation, improving MSME performance is difficult because the products offered do not align with consumer preferences. Taufik (2020) found a negative and insignificant effect of market orientation on MSME performance, while Sefanya and Ie (2024) reported a positive and significant relationship.

Based on these phenomena and the inconsistencies in previous research findings (research gap), it is essential to conduct a study analyzing the influence of financial literacy, labor, and market orientation on the performance of MSMEs. Denpasar City is selected as the research location as it has the highest number of MSMEs in Bali Province, making it a representative area for illustrating the condition of MSMEs in the region.

2. METHOD

This study uses an associative quantitative approach to test the causal relationship between independent variables and dependent variables. The study was conducted in Denpasar City with the objects of study being labor, market orientation, financial literacy, and MSME performance. The study population was all MSMEs in Denpasar City totaling 32,476 units, with a sample of 125 respondents through proportional sampling techniques based on business sectors. Primary data were collected using an online questionnaire based on a 5-point Likert scale, and secondary data were obtained from literature and official documents. The validity and reliability of the instrument were tested using SPSS to ensure the feasibility of the measuring instrument.

The research variables consist of independent variables (workforce, market orientation, and financial literacy) and dependent variables (MSME performance). The operational definition of each variable is described through relevant specific indicators. MSME performance is measured through productivity, turnover, competitiveness, and operational management; workforce through quality and productivity; market orientation through adaptation to trends and competitor analysis; and financial literacy through revenue management, financing, and financial reporting. The types of data used include quantitative data in the form of questionnaire scores, as well as qualitative data in the form of respondents' opinions on the variables studied.

Data analysis techniques were performed using multiple linear regression to determine the simultaneous and partial effects between variables. Classical assumption tests including normality, multicollinearity, and heteroscedasticity tests were performed first to ensure the validity of the model. The F test was used to determine the simultaneous effect of all independent variables on the dependent variable, while the t test was used to measure the partial effect of each independent variable. Data processing was performed using SPSS version 25 software, with interpretation of results based on statistical significance <0.05 .

3. DATA AND DISCUSSION OF RESULTS

Table 2. Respondent Characteristics

No.	Variables	Classification	Frequency	Percentage (%)
1	Gender	Woman	59	47.2
		Man	66	52.8
		Amount	125	100
2	Last completed education	SD	1	0.8
		JUNIOR HIGH SCHOOL	6	4.8
		High School/Vocational School	43	34.4
		Diploma/Bachelor's/Master's/PhD	73	58.4
		Amount	125	100
3	Age	18 – 22 Years	15	12.0
		23 – 27 Years	6	4.8
		28 – 32 Years	39	31.2
		33 – 37 Years	34	27.2
		> 37 Years	31	24.8
		Amount	125	100
4	Business fields	Culinary	38	30.4
		Fashion	30	24.0
		Education	1	0.8
		Automotive	11	8.8
		Agribusiness	25	20.0
		Internet Technology	5	4.0
		Other	15	12.0
		Amount	125	100
5	Income (Rp)	1,500,000 – 8,499,999	80	64.0
		8,500,000 – 15,499,999	5	4.0
		15,500,000 – 22,499,999	1	0.8
		22,500,000 – 29,499,999	6	4.8
		29,500,000 – 36,499,999	15	12.0
		36,500,000 – 43,499,999	15	12.0
		43,500,000 – 50,499,999	2	1.6
		50,500,000 – 58,000,000	1	0.8
		Amount	125	100

Validity Test

Table 2. Validity Test Results

No	Variables	Indicator	r Count	r Table	Information
1	MSME Performance (Y)	Y1.1	0.833	0.3	Valid
		Y1.2	0.810	0.3	Valid
		Y1.3	0.793	0.3	Valid
		Y1.4	0.861	0.3	Valid
		Y1.5	0.865	0.3	Valid
2	Labor (X1)	X1.1	0.816	0.3	Valid
		X1.2	0.842	0.3	Valid
		X1.3	0.850	0.3	Valid
		X1.4	0.829	0.3	Valid
		X1.5	0.797	0.3	Valid
3	Market Orientation (X2)	X2.1	0.765	0.3	Valid
		X2.2	0.803	0.3	Valid
		X2.3	0.842	0.3	Valid
		X2.4	0.798	0.3	Valid
		X2.5	0.765	0.3	Valid
4	Literacy Finance (X3)	X3.1	0.836	0.3	Valid
		X3.2	0.747	0.3	Valid
		X3.3	0.791	0.3	Valid
		X3.4	0.777	0.3	Valid
		X3.5	0.870	0.3	Valid

Source: Processed primary data, 2025

Based on the table above, all indicators in each variable have a calculated r value greater than the r table (0.3), so that all statements in the questionnaire are declared valid. This shows that the research instrument has been able to measure the variables studied accurately and can be used in further analysis. Thus, the questionnaire used is suitable for use in measuring the performance of MSMEs, workforce, market orientation, and financial literacy in the context of this study.

Reliability Test

Table 3. Reliability Test Results

No.	Variables	Cronbach's Alpha	Standard	Information
1.	Performance MSME (Y)	0.889	0.6	Reliable
2.	Power Work (X1)	0.884	0.6	Reliable
3.	Orientation Market (X2)	0.853	0.6	Reliable
4.	Literacy Finance (X3)	0.863	0.6	Reliable

Source: Processed primary data, 2025

Based on Table 3, all variables in this study have Cronbach's Alpha values above 0.6, ranging from 0.853 to 0.889. This value indicates that all statement items in the questionnaire have a high level of internal consistency. Thus, the instrument used in this study is declared reliable and can be trusted to measure the variables studied.

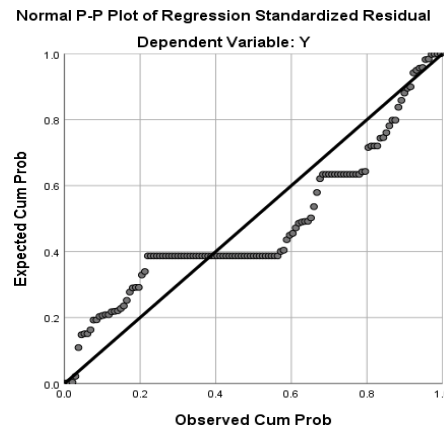
Classical Assumption Test Results

Normality Test

The normality test aims to determine whether the residuals in the regression model are normally distributed. Data normality is one of the key assumptions in classical linear regression analysis. This test is conducted by examining the *Normal P-P Plot of Regression*

Standardized Residual. The data is considered to be normally distributed if the points on the plot are scattered around the diagonal line and follow the direction of that line. The results of the normality test in this study are presented as follows:

Table 4. Normality Test Results



Source: Processed primary data, 2025

Based on the Normal PP Plot graph, it can be seen that the points are spread around the diagonal line and follow the direction of the line. This pattern indicates that the residuals in the regression model are normally distributed. Thus, it can be concluded that the normality assumption in this regression model has been met and the data is suitable for further regression analysis.

Multicollinearity Test

The multicollinearity test is conducted to determine whether there is a high correlation among the independent variables in the regression model. Multicollinearity can lead to instability in the estimation of regression coefficients. The indicators used to detect the presence of multicollinearity are the Tolerance and Variance Inflation Factor (VIF) values. If the Tolerance value is greater than 0.1 and the VIF is less than 10, it can be concluded that there is no multicollinearity. The results of the multicollinearity test are presented in Table 5 below:

Table 5. Multicollinearity Test Results

Coefficients^a

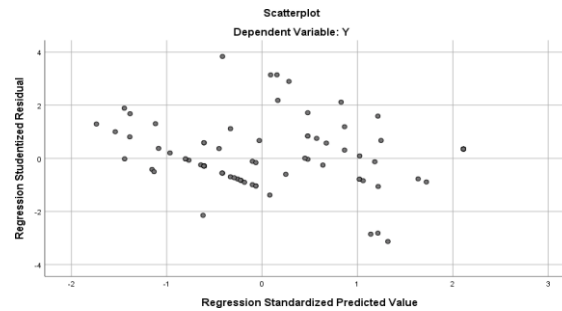
Model	Collinearity Statistics	Tolerance	VIF
1	X1	0.418	2.393
	X2	0.425	2.356
	X3	0.386	2,593

a Dependent Variable: Y

Source: Processed primary data, 2025

Heteroscedasticity Test

The heteroscedasticity test is conducted to determine whether there is a variance inequality of the residuals across observations in the regression model. This test is crucial to ensure that the model meets one of the classical assumptions, namely homoscedasticity (equal variance of residuals). One commonly used method is the scatterplot between the residual values and the predicted values (*ZPRED*). The model is considered free from heteroscedasticity if the data points in the plot are randomly scattered, do not form a specific pattern, and are evenly distributed above and below the zero axis. The results of the heteroscedasticity test using the scatterplot are presented in Table 6 below:

Table 6. Results of Heteroscedasticity Test

Source: Processed primary data, 2025

Based on the scatterplot image in Table 6, the residual points are spread randomly and evenly. This indicates that there is no heteroscedasticity, so the model has met the assumption of homoscedasticity.

Results of the Determination Coefficient (R^2) Test

Table 7. Results of the Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.811	0.657	0.649	114,817

a Predictors: (Constant), X3, X2, X1

b Dependent Variable: Y

Source: Processed primary data, 2025

The R^2 value of 0.657 indicates that 65.7% of the variation in MSME performance is explained by the variables of workforce, market orientation, and financial literacy. The rest (34.3%) is influenced by other factors outside the model such as government policies, socio-cultural conditions, and the role of external institutions.

Simultaneous Regression Coefficient Significance Test (F Test)

Table 8. F Test Results

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	306,117	3	102,039	77,402	0.000
Residual	159,515	121	1,318		
Total	465,632	124			

Source: Processed primary data, 2025

The calculated F value of 77.402 with a significance of $0.000 < 0.05$ indicates that the regression model is feasible to use. The variables of workforce, market orientation, and financial literacy simultaneously have a significant effect on MSME performance.

Partial Regression Coefficient Significance Test (t-Test)

Table 9. t-Test Results

Model	Unstandardized Coefficients	Std. Error	Beta	t	Sig.
Constant	3.226	1.201		2,686	0.008
X1	0.306	0.075	0.337	4.096	0.000
X2	0.249	0.079	0.257	3.153	0.002
X3	0.301	0.084	0.307	3,589	0.000

Source: Processed primary data, 2025

Multiple Linear Regression Equation:

$$Y \simeq 3,226 + 0,306X_1 + 0,249X_2 + 0,301X_3 \quad (4.1)$$

Interpretation of Coefficients:

1. The coefficient of X_1 is 0.306→an increase in the workforce by one unit will increase MSME performance by 0.306.
2. The coefficient of X_2 is 0.249→Market orientation has a positive effect on MSME performance.
3. The coefficient of X_3 is 0.301→Financial literacy has a positive effect on MSME performance.

Discussion**The Influence of Labor, Market Orientation, and Financial Literacy Simultaneously on MSME Performance in Denpasar City**

Based on the analysis results, the F significance value is 0.000 which is smaller than 0.05. This means that the variables of labor, market orientation, and financial literacy have a simultaneous effect on the performance of MSMEs in Denpasar City. Thus, the three variables in this study can jointly explain the variation in MSME performance. This finding is in line with the production theory which states that business output is greatly influenced by the inputs used, such as labor, capital, and management (Imran & Indriani, 2019). Skilled and productive workers will increase the production capacity of MSMEs, while financial literacy supports good capital management, and market orientation helps MSMEs adjust their products to consumer needs, thereby improving business performance. In addition, this finding is also supported by utility theory, which explains that business actors' understanding of market preferences will increase consumer satisfaction and loyalty, which ultimately has an impact on improving business performance (Hardiansyah & Putri, 2016).

These results are consistent with previous research by Hida (2022) which found that labor has a positive and significant effect on MSME performance. Research by Sefanya & Ie (2024) also shows that market orientation has a positive and significant effect on MSME performance, because understanding the market helps develop products that are in accordance with consumer desires. In addition, research by Febriati et al. (2023) found that financial literacy has a positive and significant effect on MSME performance, because business actors who have good financial literacy will be able to manage finances more wisely and increase business profits.

The Influence of Labor, Market Orientation, and Financial Literacy Partially on MSME Performance in Denpasar City

The Influence of Labor on MSME Performance in Denpasar CityBased on the results of the t-test in this study, it shows that labor has a positive and significant effect on MSME performance. This means that the better the quality and productivity of the workforce, the higher the performance of MSMEs in Denpasar City. This finding is in accordance with the Cobb-Douglas (1927) production theory which states that labor is an important input factor that determines the quantity and quality of output produced. Skilled labor will increase operational efficiency and business productivity. These results are also in line with research by Hida (2022) which found that labor has a positive and significant effect on MSME performance, and is supported by research by Sudirman et al. (2023) which states that quality labor can increase efficiency and business income, although in their research the effect was not significant.

These results are reinforced by the results of an in-depth interview on June 18, 2025 at 14.00 WITA with Saput, one of the owners of the Assigen Otomotif UMKM, who stated:

"In our workshop, the number of mechanics and staff is adjusted to the number of vehicles that come in, so the work doesn't pile up. All of our mechanics have special skills, from fixing engines, electrical, to changing oil, so that all vehicle problems can be resolved. They can also work as efficiently as possible with the available tools, so the results are maximized. We have a good way of managing employees, always try to get them trained and comfortable working in the workshop, so that people don't change often. We believe that if our mechanics and staff become more skilled, this workshop will also grow, because they are the ones who make customers believe in the quality of our work and continue the business."

An interview was also conducted on June 16, 2025 at 13.20 WITA with Hanny Siregar, owner of UMKM Tenco Media:

"For my business, the number of workers is in accordance with the needs. Currently, I have 4 employees who are divided into tasks, some specifically serve document printing, some guard the cashier, and some take care of the design. They also have skills according to their fields, for example operating a photocopier and computer. I also always encourage them to learn new things, such as simple design so they can help customers. I feel that skilled and well-managed workers are very important, because that way the work becomes more efficient and customers are also satisfied with our service. In addition, I also try to maintain good relationships with employees, so that they feel at home working and help this business continue to grow in the future."

Next, an interview on June 16, 2025 at 19.00 WITA with Raden Mas Jaya Kusuma, owner of UMKM Ayam Bakar Wong Solo Denpasar:

"For me, the number of employees is just right for their work, so no one is unemployed or overwhelmed. Everyone who works here has their own expertise, from cooking, making drinks, to serving customers, so operations run smoothly. They can also work optimally with the materials and tools available, the results are good. We have our own way of managing employees, so they feel at home and comfortable working here, so the atmosphere is good. And we believe that if our employees develop, this business will also progress, because they are the most important assets for the continuity and growth of our shop."

The interview results support the results of this study which state that the workforce has a positive and significant effect on performance. This is reinforced by strategic workforce management ranging from adjusting the number, utilizing expertise, work efficiency, to developing and maintaining employee comfort has a direct impact on business performance and sustainability.

The Influence of Market Orientation on MSME Performance in Denpasar City Based on the results of the t-test, it shows that market orientation has a positive and significant effect on the performance of MSMEs in Denpasar City. This means that the better the market orientation of business actors, the higher the performance of MSMEs. This finding supports Alfred Marshall's utility theory (1890), which explains that market orientation helps business actors understand consumer needs and preferences, so that the products produced can provide maximum satisfaction to consumers (Hardiansyah & Putri, 2016). In addition, good market orientation can also increase the competitiveness of MSME products. This result is reinforced by the research of Sefanya & Ie (2024), although it is different from the research results of Taufik (2020) which states that market orientation has a negative and insignificant effect.

In-depth interview on June 20, 2025 at 13.05 WITA with Jenny Natasia, owner of UMKM Makeup by Natasia:

"In my makeup business, the most important thing is to understand what customers want. What kind of makeup they want, what style is currently trending, that's what we pursue so that our services and products are connected. We are also never behind the times, always following the latest makeup trends, often looking at Instagram or TikTok, so that we remain competitive with others. When making a business strategy, we also peek at how our competitors play, so that we know where to be different or what promos are better. Basically, if there is a change in the market or a new trend, we are immediately ready to learn and adapt, that's what keeps our business going and not losing out on competition. Well, what makes us sustainable is because we really maintain our relationships with customers. They are like friends, so they come back and invite their friends too, that's what keeps my business going."

The results of an in-depth interview on June 20, 2025 at 14.45 WITA with Devi Ananda, the owner of the Nails by Devi business, stated the following.

"In our nail salon, understanding customer tastes is number one, so that the nail designs we offer always match their desires. We also never miss the latest nail art trends, often looking at social media or magazines, so that our services are always up-to-date and competitive. When it comes to strategy, we often look at other nail salons, what they offer, how much they cost, from there we can find ideas so that our services are more attractive or have their own characteristics. Basically, if there is a new nail art trend, we immediately learn and apply it, so that we remain the choice of customers and have strong competitiveness. And what keeps our business going is because we have many loyal customers, because we really maintain a good relationship with them, so they always come back."

The results of an in-depth interview on June 20, 2025 at 16.05 WITA with Yuyun, the owner of the Yun's Collection business, who stated that

"My accessories, the important thing is to really know what customers like, so that the items I sell are not out of date and sell well. I also really diligently monitor fashion and jewelry trends, looking everywhere, so that my products are always updated and can compete with other stores. My sales strategy is the result of observing other accessory stores, what promos they offer, what kind of items they have, from there I can set prices or make better promos. Basically, if there is a change in market taste, I immediately move quickly to stock the latest trending items, that's what keeps my business agile and not out of style. And most importantly, I really

maintain my relationship with my customers, they are like family, so they always come back and tell their friends, that's what keeps my business growing."

The results of the interview support the results of this study which state that market orientation has a positive and significant effect on performance. Based on this, business actors who are market-oriented by understanding customers, adapting to trends, analyzing competitors, acting quickly and building good relationships will have strong competitiveness, able to maintain customer loyalty. This is the main driver for business sustainability and growth.

The Influence of Financial Literacy on the Performance of MSMEs in Denpasar City

Based on the results of the t-test in this study, it shows that financial literacy has a positive and significant effect on the performance of MSMEs. This means that the higher the level of financial literacy, the higher the level of financial literacy.UMKM actors, the better and their business performance. This finding is in line with the theory of financial behavior, which states that good financial behavior will encourage individuals to manage their finances effectively and efficiently, and make the right financial decisions in business management (Arianti, 2020). MSME actors who have good financial literacy will be able to plan business finances, manage working capital, and minimize financial risks so that they can improve their business performance. This study is also supported by the findings of Febriati et al. (2023) which shows that financial literacy has a positive and significant effect on MSME performance, although research by Fitria et al. (2021) found that the effect was positive but not significant.

This is reinforced by the results of an in-depth interview on June 25 at 14.37 WITA with I Nengah Pasek, one of the owners of ARJ88 UMKM, who explained as follows:

"In our store, managing money is a must. Every income and expense is recorded neatly so that operations are always balanced and smooth. We also always make a financial plan so that we are prepared if there are unexpected costs or the market is quiet, so we don't panic. When it comes to additional capital, we are open to bank loans as long as they can be used optimally to develop the business. We also diligently look at risks such as trends that change quickly, so that we can take action quickly and the business remains stable. Well, all important decisions, from discounts to producing new models, are based on the financial records that we make every month, so that we don't make the wrong move."

Implications

This study provides theoretical contributions to the development of economic science, particularly in the context of MSME performance. The finding that labor significantly influences MSME performance supports the Cobb-Douglas production theory, which emphasizes the importance of input factors such as labor in determining business output. Additionally, the significant influence of market orientation on MSME performance reinforces Alfred Marshall's utility theory, which highlights the importance of understanding consumer satisfaction in creating relevant and competitive products. Furthermore, the finding that financial literacy has a significant effect on MSME performance aligns with the behavioral finance theory by Kahneman and Tversky, which posits that the ability to make sound financial decisions is a key determinant of business success.

From a practical perspective, the results suggest that improving the quality and management of human resources is essential for boosting MSME productivity. Business actors are encouraged to implement continuous training, promote innovation, instill strong work ethics, and enhance digital and financial skills to remain competitive in the market. Moreover, a solid understanding of market orientation is crucial. MSMEs must be responsive to changing trends, strengthen customer relationships, and adopt digital technologies such as e-commerce to broaden market reach, increase sales, and better align their products with consumer demands.

Sound financial literacy enables MSMEs to manage their finances effectively and access funding more efficiently. Therefore, MSME actors should be equipped with the ability to prepare financial statements, manage financial risks, and develop long-term financial strategies. The government and related institutions can support this by providing targeted and sustainable financial literacy programs. When labor, market orientation, and financial literacy are managed synergistically, they will foster more efficient, competitive, and sustainable MSME performance.

4. CONCLUSION

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

1. Labor, market orientation, and financial literacy have a simultaneous effect on the performance of MSMEs in Denpasar City.
2. Labor, market orientation, and financial literacy each have a positive and significant partial effect on the performance of MSMEs in Denpasar City.

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