

ABSTRACT

The purpose of this study is to find out whether ‘risk management practices give an impact on MSMEs business performance’ and whether ‘finance literacy moderates the influence between risk management and business performance. To come to the finding, this study is done quantitatively. The population of this study is 106 MSMEs entrepreneurs who have established their business at least for three years and have a financial statement in Semarang. The primary data was obtained through a questionnaire about the implementation of risk management by MSMEs Entrepreneurs. This study employed descriptive statistics, validity, and reliability, as well as classical assumption analyses, moderate regression analysis, including hypothesis testing. The results of the study indicate that risk appetite, control activities, and risk assessment positively affect MSME's business performance, while financial literacy does not moderate the effect of risk appetite, control activities, and risk assessment on the business performance of MSMEs.

Keywords: MSME, Risk Management, business performance