TABLE OF CONTENTS

THESIS APPROVAL ..... **ii**
THESIS EXAMINATION APPROVAL ..... **iii**
ORIGINALITY STATEMENT ..... **iv**
MOTTO AND DEDICATION ..... **v**
ABSTRACT ..... **vi**
ABSTRAK ..... **vii**
ACKNOWLEDGMENT ..... **viii**
CHAPTER I INTRODUCTION **1**
1.1. Background **1**
1.2. Problem statements **8**
1.3. Research objectives and Contribution **9**
1.3.1.Research Objectives 9
1.3.2.Research Contributions 10
1.4. Research Outline **11**
CHAPTER II LITERATURE REVIEW **13**
2.1. Theoretical Basis **14**
2.1.1.MSME 14
2.1.2.Enterprise Risk management 16
2.1.3.Risk management Components 18
2.1.4.The Application of Risk Management in MSES 19
2.1.5.The goal of risk management 20
2.1.6. Risk Management Process 21
2.1.7.The Enterprise Risk Management and Business Performance 25
2.1.8.Financial Literacy 26
2.2. Previous Studies **27**
2.3. Theoretical Framework **34**

2.4. Hypothesis Development 35
2.4.1.Risk appetite practices influence the Business performance of MSMEs. 35
2.4.2. The Impact of Control Activities on the Business performance of MSMEs 37
2.4.3.The Impacts of Risk Assessment on the business performance of MSMEs 38
2.4.4.The impact of Financial literacy on Risk Appetite in determining the business performance of MSMEs 39
2.4.5.The Impact of Financial Literacy on Control Activities in Determining the Business Performance of SMEs 40
2.4.6. The impact of Financial literacy on Risk Assessment in determining the business performance of MSMEs 41
CHAPTER III RESEARCH METHOD 43
3.1. Operational Definition and Measurement of Variables 43
3.1.1. Dependent Variable 43
3.1.2.Independent Variable 44
3.2. Population 46
3.3. The Data Source 47
3.4.Method of Data Collection 47
3.5. Method of Data Analysis49
3.5.1.Descriptive Statistics Test 49
3.5.2.Validity and Reliability 50
3.5.3. Assumption Test 51
3.5.4.Moderated Regression Analysis 52
3.5.5.Hypothesis Test 53
CHAPTER IV DATA RESULTS AND ANALYSIS 55
4.1 Descriptions of Research Objects 55
4.1.1.Respondent Demography 55
4.1.2.Research Variable Descriptive 57
4.2 Validity and Reliability 60
4.2.1 Validity 60
4.2.2 Reliability 61
4.3 Classical Assumption Test 62
4.3.1Normality Test 62

4.3.2Multicollinearity Test 63
4.3.3Heteroscedasticity Test 64
4.4 Moderated Regression Analysis (MRA) 65
4.5 Hypothesis Test 68
4.5.1 t-test Value 68
4.5.2Coefficient Determination (Adj. R^2) 70
4.5.3 F-test 72
4.6 Analysis 73
4.6.1.The Impact of Risk appetite Practices on Business Performance of MSMEs during COVID-19 73
4.6.2.The Impact of Control Activities on Business performance of MSMEs 74
4.6.3.The Impact of Risk Assessment on Business performance of MSMEs 76
4.6.4.Moderating Impact of Financial literacy on Risk Appetite in determining the Business Performance of MSMEs 77
4.6.5 Moderating Impact of Financial Literacy on Control Activities in determining the Business Performance of MSMEs 78
4.6.6Moderating Impact of Financial literacy on Risk Assessment in Determining the business performance of MSMEs 78
CHAPTER V CONCLUSIONS 55
5.1 Conclusions 80
5.2. Limitation and Suggestion 81
REFERENCES 82
APPENDIX 85

List of Tables

Table1.1 MSMEs must meet certain criteria depending on their assets as well As their turnover ……. 13
Table 3.1 The Definition and Measurement Variables……. 38
Table 4.1. Details of Questionnaire ……..…… 50
Table 4.2 Number of MSME's Employee……. 51
Table 4.3 MSME's Assets……..…..…. 52
Table 4.4 Descriptive Statistics…….……. 52
Table 4.5 Validity Test……..…….. 54
Table 4.6 Reliability Test……. 56
Table 4.7 Normality Test One Sample Kolmogorov Smirnov-Test……. 57
Table 4.8 Multicollinearity Test ……. 58
Table 4.9 Heteroscedasticity Test Coefficients…..……. 58
Table 4.10 Multiple Linear Regression Results Coefficients ……. 59
Table 4.11 *Moderated Regression Analysis Coefficients* ……. 60
Table 4.12 Coefficient Determination Multiple Regression Analysis Model Summary …… 64
Table 4.13 Coefficient Determination Moderated Regression Analysis model summary ……..……. 65
Table 4.14 F-test Multiple Regression Analysis ANOVA …….. 65
Table 4.14 F-test Moderated Regression Analysis ANOV…….……. 66