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## **The Influence Of Asset Management On The Financial Performance Of UMKM**

**Nurul Hikmah Hidayat<sup>1)</sup>, Muchriana Muchran<sup>2)</sup>**

<sup>1,2)</sup>Universitas Muhammadiyah Makassar

Corresponding Author

Email : [nurulhidayat945@gmail.com](mailto:nurulhidayat945@gmail.com), [muchranmuchriana@gmail.com](mailto:muchranmuchriana@gmail.com)

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### **Abstract**

*This study aims to analyze the effect of asset management on the financial performance of UMKM. As a pillar of the national economy, UMKM often face challenges in asset management that impact efficiency and profitability. This research adopts a quantitative approach using a survey method involving 30 UMKM in the Makassar City area. Data were collected through questionnaires and analyzed using simple linear regression. The results show that asset management has a significant influence on the financial performance of UMKM. These findings highlight the importance of structured asset management practices in supporting the business growth of UMKM.*

**Keywords:** *Ukm, Asset Management, Financial Performance, Asset Administration*

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## **INTRODUCTION**

UMKM play a strategic role in Indonesia's economy. However, many face limitations in asset management, affecting their ability to achieve optimal financial performance. Assets, as economic resources, must be managed effectively to enhance productivity and competitiveness. Good asset management allows UMKM to maximize resource utilization, reduce waste, and improve return on investment (ROI). Based on this phenomenon, this study was conducted to examine whether there is a significant influence between asset management and the financial performance of UMKM in Makassar City.

Micro, Small, and Medium Enterprises (UMKM) are productive economic businesses owned by individuals or business entities according to criteria regulated in Law No. 20 of 2008. UMKM are businesses operated by individuals, households, or small-scale business entities.

Classification of UMKM is based on annual revenue, net assets, and the number of employees. Large businesses are defined as productive economic enterprises with total net assets or annual sales exceeding the limits set for medium enterprises.

As one of the cities in Eastern Indonesia located on the southwest coast of Sulawesi Island, Makassar has abundant marine resources. Marine product processing by UMKM in Makassar remains a leading commodity, attracting both domestic and international consumers. As an economic growth center in Eastern Indonesia, Makassar hosts a significant number of UMKM. The UMKM sector plays a vital role in regional economic development, job creation, and economic resilience. Various business types such as seafood processing, local culinary, handicrafts, and local trade are rapidly growing and are a mainstay in the informal sector.

However, a major challenge faced by UMKM in Makassar is weak asset management practices. Many businesses lack structured asset recording and control systems, leading to operational inefficiencies and low productivity. Fixed assets such as production equipment, inventory, and operational vehicles are often poorly managed, hampering long-term business growth.

Effective asset management among Makassar UMKM is essential to enhance resource use efficiency, prolong asset lifespan, and support stable, sustainable financial performance. Therefore, understanding and applying asset management is key to strengthening UMKM competitiveness amid modern economic dynamics.

## RESEARCH METHODS

This study uses a quantitative associative approach to identify the relationship between asset management (independent variable) and UMKM financial performance (dependent variable).

### **Type of Research**

Correlational quantitative research aiming to test the relationship between two variables using statistical analysis tools.

### **Population and Sample**

The population includes all UMKM actors in Makassar. Sampling uses purposive sampling based on specific criteria:

- Operating for at least 2 years
- Has recorded fixed assets
- Willing to participate

The sample size is 30 UMKM.

### **Data Collection Techniques**

Data were collected via questionnaires distributed to UMKM. A Likert scale (1–5) measured asset management practices and perceptions of financial performance.

### **Research Variables**

- Independent Variable (X): Asset Management  
Indicators: asset recording, maintenance, control
- Dependent Variable (Y): Financial Performance  
Indicators: profitability, cost efficiency, cash flow

### **Data Analysis Techniques**

Data were analyzed using simple linear regression (SPSS latest version). Statistical tests included:

- Validity and reliability tests
- Classical assumption tests (normality, heteroscedasticity)
- Coefficient of determination ( $R^2$ )
- T-test for variable significance

## RESULTS AND DISCUSSION

### **Respondent Data**

This study involved 30 UMKM in Makassar City operating in various sectors, including culinary, handicrafts, trade, and marine product processing. The majority of these UMKM have been operating for more than three years and own fixed assets such as production equipment and operational vehicles.

Based on the questionnaire results, most respondents stated that they do not yet have a structured asset recording system, although the majority have carried out regular asset maintenance.

**Validity and Reliability Test Results:**

All questionnaire items had item-total correlations  $> 0.30$  and Cronbach's Alpha  $> 0.70$   
→ valid and reliable.

**Simple Linear Regression Analysis:**

Model regresi:

$$Y = a + Bx$$

Based on the data processing using SPSS, the output obtained is as follows:

Statistik	Nilai
R	0,624
R <sup>2</sup>	0,389
Sig.	0,002
Koef. $\beta$	0,562

**Interpretation of Results:**

- The R<sup>2</sup> value of 0.389 indicates that 38.9% of the variation in financial performance can be explained by the asset management variable.
- The significance value (p-value) of  $0.002 < 0.05$  implies that asset management has a significant influence on the financial performance of UMKM.
- The regression coefficient of 0.562 indicates that every one-unit increase in asset management will increase financial performance by 0.562 units.

**Discussion**

The results of this study support the hypothesis that asset management has a significant influence on the financial performance of UMKM. UMKM that regularly record their assets, maintain the physical condition of fixed assets, and implement control over asset usage tend to have better operational efficiency.

This finding is in line with the opinion of Kasmir (2017), who stated that effective asset management can extend the economic life of assets and reduce operational costs. Moreover, it is consistent with the study by Herawati & Putri (2018), which found a positive relationship between asset management and financial performance.

In the context of UMKM in Makassar, asset management practices still face challenges in terms of financial literacy and managerial capacity. Therefore, training and assistance from the government or supporting institutions are needed to enhance UMKM actors' understanding of the importance of asset management.

## CONCLUSION

Based on the research results and data analysis conducted on 30 UMKM in Makassar City, it can be concluded that:

1. Asset management has a significant and positive influence on the financial performance of UMKM. The better the asset management carried out by UMKM actors—through asset recording, maintenance, and control—the better the resulting financial performance, such as operational cost efficiency, profit increase, and cash flow stability.
2. The regression test results show that the asset management variable can explain 38.9% of the variation in UMKM financial performance, indicating a substantial contribution to shaping business financial performance.

Asset management practices among UMKM in Makassar are still limited, particularly in terms of asset recording and value evaluation. This highlights the need to improve managerial capacity and financial literacy among business owners.

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