Internal Control and Risk Management Issues on The Sustainability Micro and Small Enterprises in Indonesia

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Abstract

The abstract has to be written within 250 words maximum and followed by three to five keywords. The micro and small business segment is the majority of business actors in Indonesia. Therefore, micro and small enterprises (MSEs) are the backbone of Indonesia's economy and focus on all stakeholders' attention. This study aims to analyze the factors that can affect the sustainability of micro and small businesses. These factors are internal control and risk management. The method used in this research is quantitative. The total population is all micro and small business actors around the Mercu Buana campus who do stationery and photocopies for campus needs. The number of samples that meet the requirements is 54 MSEs. The result of statistical data processing is that internal control significantly affects micro and small businesses' sustainability.

Furthermore, risk management has no significant effect on the sustainability of micro and small businesses. Also, it is known that MSEs are businesses that have a dependency on the business owner. Therefore, the owner's business experience has an essential role in maintaining the sustainability of the MSEs business.

To cite this document: Nugroho, L. & Utami, W. (2022). Internal Control and Risk Management Issues on The Sustainability Micro and Small Enterprises in Indonesia. BILTURK, The Journal of Economics and Related Studies, 4(1), 1-19. doi: 10.47103/bilturk.993568.

1. Introduction

In various developing countries, including Indonesia, the front-line economic players are micro and small enterprises (MSEs). In addition to being the front line of the economy players, MSEs also open employment opportunities for the community, especially for people who have skills (Ladzani & Van Vuuren, 2002; Suci, 2017). Currently, the Indonesian government is developing the economy to improve MSEs welfare (Djakfar, 2015; Nugroho & Sihite, 2018). Micro and small enterprises (MSEs) have a contribution in driving the real sector directly. The real sector's contribution is that micro and small businesses have an essential and strategic role in national economic development. Also, MSEs have a vital role in economic growth and employment absorption. MSEs have again been proven not to be affected by the crisis. When the monetary crisis hit in 1997 to 1998, MSEs were among the sectors that survived the crisis. Several banks where most debtors are wholesale segments (big companies) collapse (Herliansyah et al., 2020). During the monetary crisis, many big companies had debts in foreign exchange. When the rupiah weakened against the US Dollars, that caused their liabilities to increase, and the impact is the debtors unable to pay installments. Also, at the same time, bank interest rates have risen so that the amount of their loans also becomes more spacious and caused a bad loan for the bank (Tarmidi, 1999). In contrast, the banks where the majority loan portfolio is MSEs segments such as Bank Rakyat Indonesia (BRI), can survive because of MSEs at monetary crisis are still able to carry out their business activities and pay their installment (Awaluddin, 2014; Mcguire & Conroy, 1998; Patten et al., 2001). Therefore, the quality of the MSEs loan in BRI at the monetary crises period in good quality (perform loan-PF).

Therefore related to the essential of MSEs to economic growth and stability, the Indonesian government pays special attention to improve the welfare of MSEs by improving infrastructure and access to capital for MSEs. The existence of MSEs in Indonesia in the 2015-2018 period based on the number of players reached 99.90% of the total businesses in Indonesia (table1)

Table 1: Business Actors in Indonesia in the 2015-2018 Period

Amount of Enterprises (Unit)	Year								
	2015	Portion	2016	Portion	2017	Portion	2018	Portion	Average
Micro	58,521,987	98.74%	60,863,578	98.71%	62,106,900	99.78%	63,350,222	98.68%	98.98%
Small	681,522	1.15%	731,047	1.19%	75,709	0.12%	783,132	1.22%	0.92%
Sub Total	**59,203,509**	**99.89%**	**61,594,625**	**99.90%**	**62,182,609**	**99.90%**	**64,133,354**	**99.90%**	**99.90%**
Medium	59,263	0.10%	56,551	0.09%	58,627	0.09%	60,702	0.09%	0.10%
Big	4,987	0.01%	5,370	0.01%	5,460	0.01%	5,550	0.01%	0.01%
Sub Total	**64,250**	**0.11%**	**61,921**	**0.10%**	**64,087**	**0.10%**	**66,252**	**0.10%**	**0.10%**
Total	**59,267,759**	**100%**	**61,656,546**	**100%**	**62,246,696**	**100%**	**64,199,606**	**100%**	**100%**

Source: Kemenkop&UMKM, 2018.

The ability of the MSEs in reducing unemployment is shown in table 2, where MSEs have absorbed most of the workforce. Based on table 2, MSEs during the 2015-2018 period could absorb 93.42% of Indonesia's total workforce. Thus, the existence and business sustainability of MSEs should be a concern of all stakeholders, not only the government.

Table 2: Workforce Absorption Based on Enterprises Classification

Labor Absorp (People)	Year								
	2015	Portion	2016	Portion	2017	Portion	2018	Portion	Average
Micro	110,807,864	86.96%	103,839,015	89.31%	105,509,631	87.73%	107,376,540	89.04%	88.26%
Small	7,307,503	5.73%	5,402,073	4.65%	6,546,742	5.44%	5,831,256	4.84%	5.16%
Sub Total	**118,115,367**	**92.70%**	**109,241,088**	**93.95%**	**112,056,373**	**93.18%**	**113,207,796**	**93.87%**	**93.42%**
Medium	5,114,020	4.01%	3,587,522	3.09%	4,374,851	3.64%	3,770,835	3.13%	3.47%
Big	4,194,051	3.29%	3,444,746	2.96%	3,828,953	3.18%	3,619,507	3.00%	3.11%
Sub Total	**9,308,071**	**7.30%**	**7,032,268**	**6.05%**	**8,203,804**	**6.82%**	**7,390,342**	**6.13%**	**6.58%**
Total	**127,423,438**	**100%**	**116,273,356**	**100%**	**120,260,177**	**100%**	**120,598,138**	**100%**	**100%**

Source: Kemenkop&UMKM, 2018.

Sustainability for MSEs is vital because most MSEs do not yet have the vision and mission to guide them in managing their business (Mori & Mersland, 2014). The purpose of MSEs is to build a business to meet the needs of their family life. Therefore, most MSEs do not have plans and strategies for developing their business (Agier & Szafarz, 2103). Furthermore, in running their business, MSEs tend to use their experience to say that decision-making related to their business's sustainability is done spontaneously. Also, the absence of financial reports is a weakness for MSEs, so that they cannot know and analyze the income and expenditure of money from this business properly. This weakness causes many external parties such as banks to identify that MSEs have a high risk (Hudon, 2009; Nugroho & Tamala, 2018).

On the other hand, MSEs have survived the era of the monetary crisis and contributed significantly to Indonesia's national economy. Therefore it is essential to be able to analyze the factors that influence the sustainability of these MSEs. MSEs is a business with a simple organizational structure so that the supervisory function of its staff's leadership will be affordable (Andi Wijayanto, 2013; Ayyagari et al., 2007). However, the owners of these MSEs have low education, so that they do not yet have a well-managed plan and strategy (Labie et al., 2017; Nugroho et al., 2019). The inherent supervision of employees is part of the internal control function of the company.

Meanwhile, related the preparation of plans and setting targets is part of implementing risk management mitigation. Thus, the formulation of the problem in this research includes: (i) Does internal control affect the sustainability of MSEs?; (ii) Does risk management affect the sustainability of MSEs?. Furthermore, this

study aims to analyze the role of internal control and I risk management on the sustainability of the performance of MSEs. Also, this research's novelty is that there has not been any research that analyzes internal control and risk management to the sustainability of MSEs in Indonesia. Therefore, this research aims to provide practitioners and the government knowledge to know the function of internal control and risk management in managing MSEs that can be used in making policies towards the development of MSEs. Furthermore, for academics, this research can be used as a reference in further research that has a topic and focuses on the development of MSEs.

2. Literature Review

Each business segment has different characteristics, including MSEs. Characteristics are typical characteristics of specific business segments inherent in the activities and different from other segments in running their respective business activities. The characteristics MSEs segments according to the World Bank, MSEs can be classified into two groups, namely: (i) micro enterprises is a business activity whose operations are supported by employees up to 10 people; and (ii) Small enterprises is a business where business activities have employees above 10 to 30 people (Mead & Liedholm, 1998). More detailed explanations related to the characteristics of micro and small businesses in Indonesia, according to Sarwono (2015), are as follows:

- ❖ **Micro enterprises:**
  - The types of goods/commodities sold are not permanently fixed, and they can be changed at any time;
  - The place of business is not always settled; at any time can move sites;
  - Not having a record of financial transactions;
  - Does not separate family finances from business finance;
  - Do not have an adequate entrepreneurial spirit;
  - The average level of education is relatively low;
  - Generally, there is no access to banking, but some have access to non-bank financial institutions;
  - Typically, do not have a business license or other legality requirements including tax;
  - Examples of micro-enterprises such as street vendors and traders in traditional markets.
- ❖ **Small enterprises:**
  - Location/place of business has typically settled and not moved;
  - In general, financial administration has been done even though it is still superficial;
  - Corporate finance has begun to be separated from family finance;
  - Already made a simple financial statement;
  - Already has an entrepreneur spirit;

- Already have a business license and other legal requirements, including paying tax obligations;
- Some have access to banks to meet capital needs;
- Most have not been able to make proper business management such as business planning;
- Example: Traders in the wholesale market (agents) and others.

Nevertheless, based on the Law governing Micro, Small and Medium Enterprises (MSMEs) is Law Number 20 of 2008, stating that asset and turnover of SMEs as follows:

Table 3: The Enterprises Size Based on the Asset and Turnover

Enterprises Size	Criteria	
	Asset	**Turnover**
Micro	Max. 50 million	Max. Rp300 million
Small	>Rp50 million-Rp500 million	>Rp300 million-Rp2.5 billion
Medium	>Rp500 million-Rp10 billion	>Rp2.5 billion-Rp50 billion
Big	>Rp10 billion	>Rp 50 billion

Source: Hardati, 2013.

The potential of business opportunities from MSEs also has a big prospect. As an archipelagic country, Indonesia still has many people living in rural areas, reaching 50% of the total population of Indonesia (Hardati, 2013). The following is the contribution of MSEs to the Indonesian community, which includes:

- MSEs contribute widely to provide economic services to the community, both in urban and rural areas, to help the process of equity and increase community income (Alkadafi, 2014);
- MSEs is a sector that can maintain national economic stability. That is because MSEs are one of the business players who survived during the 1997-1998 monetary crisis and the financial crisis during 2008-2009 (Ahmadun, 2015; Nugroho et al., 2020);
- MSEs also greatly help the government create new jobs that can support household income (Nursiah et al., 2017; Winanto, 2019);
- MSEs have a high degree of flexibility when compared to businesses with larger capacities, so MSEs need special attention supported by competencies so that there is a directed business synergy between micro and small businesses that aim to improve the competitiveness of their enterprises (Wiroto, 2016);
- MSEs in Indonesia are often associated with economic and social problems such as high poverty levels, unequal distribution of income, uneven development processes between urban and rural areas, and urbanization issues. Therefore the government must have a policy to protect MSEs from the competition with large business actors. Also, MSEs must be equipped with adequate knowledge and abilities so that they can improve their welfare. The better the condition of

MSEs, the more it can make a significant positive contribution to efforts to overcome these social problems (Tambunan, 2012);

▪ MSEs are the business sector that is dependent on low import components. This is because MSEs use raw materials and local resources easily found and available in the vicinity, thereby saving the country's foreign exchange (Kusuma & Mayasti, 2014).

The certainty of the sustainability of MSEs must be a concern of all stakeholders due to the vital role of MSEs in economic stability. However, MSEs, as a business with a small business scale and limited education, have several obstacles that need to be considered by stakeholders to find the solutions (Dewanti, 2010; Nugroho & Chowdhury, 2015; Sarwono, 2015). The barriers include internal and external factors that stick in the MSEs characteristic that include:

▪ Weaknesses in gaining opportunities (market access) and increasing market share;
▪ Lack of capital and limitations in accessing capital resources;
▪ Defects in the field of organization and management. The majority of MSEs do not yet have an appropriate financial administration and management system;
▪ Limited mastery of technology, especially applied technology. The majority of MSEs use traditional technology;
▪ Limited business networks and cooperation between entrepreneurs;
▪ Because MSE owners are still often involved in technical issues, so they don't think about the long-term goals or strategic plans of their business;
▪ The majority of MSEs do not yet have business legality.

Likewise, the organization's sustainability is vital with the continuity of MSEs, which is the backbone of the economy. The importance of sustainability in an organization or company aims to trust the community, investors, and stakeholders. The more the organization can be predicted its sustainability, the better the belief provided by external parties to the organization (Nugroho et al., 2018; Utami & Nugroho, 2019). According to Habib et al., (2013); Nugroho et al., (2018); and Suryo et al., (2019). Moreover, several indicators can be used as an assessment of the sustainability of an organization as follows:

▪ Huge business losses in a relatively long and continuous period (three years);
▪ Having a shortage of working capital in the current year and recurring;
▪ The profit deficit is held for a relatively long period (three years) before bankruptcy takes place;
▪ The company's inability to pay debts that are past due and short-term debt continuing;
▪ The loss of the main customers, which caused a significant decrease in sales turnover;
▪ Disasters, such as floods and earthquakes. Resulting in the cessation of business activities of the company;

- Some lawsuits and lawsuits threaten companies to stop their business activities.

If a company experiences the things mentioned above, it can be predicted that the company will soon go bankrupt. Furthermore, to maintain company performance and avoid conflicts of interest between agencies and principals, it is necessary to implement internal controls (Siallagan & Machfoedz, 2006). Thus, according to Arena & Azzone (2009) and Bruwer et al. (2019), the objectives of implementing internal control are as follows:

- Improve organizational performance through effectiveness and efficiency in business activities;
- There is compliance with internal and external regulations;
- Protect losses and maintain assets owned by the organization;
- Maintain employee integrity and transparency of financial information and non-financial information.

Also, MSEs can be classified into two groups, which include:

- Livelihood activities, which are MSEs used to earn a living, are more commonly known as the informal sector, for example, are street vendors;
- Home industries are MSEs that not only aim for a living but are also accompanied by skills.

Concerning the characteristics of MSEs with an informal organization and the maximum number of employees, reaching only 30 employees, internal controls in MSEs should be significant. Likewise, risk management at MSEs should be appropriately mitigated by owners who are also managers of MSE businesses. Experience and skills are the necessary foundation for managing MSEs. Therefore, with the best technical skills of the MSEs manager, it will prevent the occurrence of irregularities committed by its employees. Thus the hypothesis of this study includes:

- H1= Internal control has a significant effect on the sustainability of MSEs;
- H2= Risk management has a significant effect on the sustainability of MSEs.

3. Methodology

This study is designed using the quantitative approach, using a survey questionnaire filled in by the owner of MSEs. The mechanism for distributing the questionnaire was carried out from September 2019 to December 2019, located around Mercu Buana University, West Jakarta Province, Kembangan District, Meruya Selatan Village. The media used in the questionnaire is offline and uses questionnaire papers, which the respondents then fill in. Consideration of using the offline questionnaire is the object of our study. This study's object is MSEs with low educational characteristics, so if using the online questionnaire in the dissemination method, MSEs will find difficulties in answering the questionnaire. The number of respondents who filled out the questionnaire was 115 MSEs, but 54

MSEs had filled it. The questionnaire filled out by respondents used a Likert scale of 1 to 7, which means:

1= Strongly disagree;
2= Disagree;
3= Slightly disagree
4= Neutral;
5= Slightly agree;
6= Agree;
7= Strongly agree.

Also, following the research hypothesis, where this study aims to analyze the relationship between independent variables, namely internal control and risk management on the sustainability of MSEs businesses as the dependent variable, the statistical tests used are multiple regression with the following equations:

$$SP = a_0 + \sum_{n=1}^{p} IC + \sum_{n=1}^{p} RM + e \qquad (1)$$

Remark:
SP: Sustainable Performance;
a_0:   Constant;
IC: Internal Control;
RM: Risk Management;
e: Residual Vector.

4. Results and Discussion

This questionnaire was distributed to MSEs owners located around Mercu Buana University because it supported students' photocopy and stationary activities. The total distribution of 115 MSEs questionnaires, 54 respondents, filled out the questionnaire completely. Therefore, this section presents the results of analysis from characteristics of 54 respondents, showing the demography profile of respondents to describe the frequency and percentage of their status as MSEs. The characteristics of the respondents are as follows:

**Graph 1:** The Age of MSEs Owner
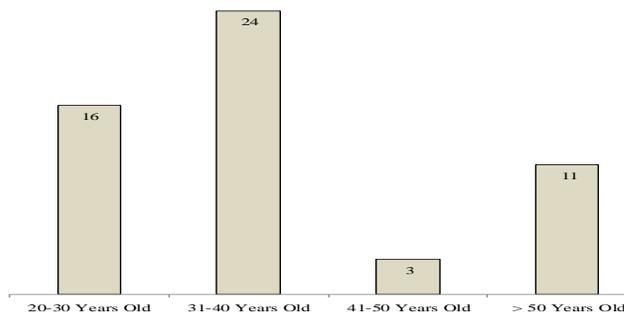
Graph 1 above shows that of the 54 respondents, most MSEs perpetrators were the younger generation, amounting to 40 MSEs with an age range of 20 years to 40 years, or 74.07% of MSEs actors dominated by the younger generation. Furthermore, MSEs, which are dominated by the young generation, have also used the internet network to sell their products and services so that it can contribute to increasing their sales turnover (Nugroho, 2020).

**Graph 2:** The Gender of MSEs Owner
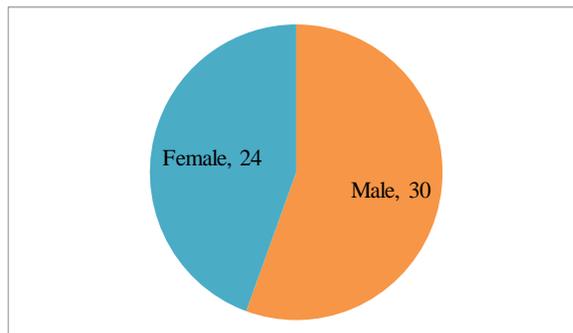
When viewed from the gender aspect, most MSEs are male entrepreneurs, while female entrepreneurs account for 44.44% of the total portion of MSEs or 24 female entrepreneurs (Graph 2). This shows that male entrepreneurs still dominate MSEs in Indonesia. From the total of MSEs, the male entrepreneur is 55.56% of the total MSEs or 30 male entrepreneurs. However, the achievement of the number of women entrepreneurs shows that the contribution of women entrepreneurs to the MSE sector needs special attention and has a vital role in family welfare (Guérin, Kumar, & Agier, 2013).

**Graph 3:** The Education Level of MSEs Owner
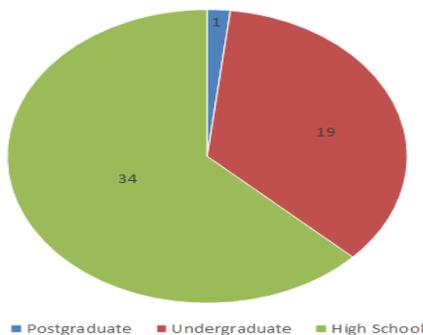
Several previous studies have stated that MSEs have a low education level (Cieslik et al., 2019; Hermes & Lensink, 2011; Nugroho & Chowdhury, 2015). The lack of education from MSEs is also shown in the results of this study. According to graph 3, the 54 respondents in this study, there were 34 MSEs with high school education. Therefore, the owners of MSE who have a bachelor's degree are only 37.04% of the total MSE respondents, and the rest of MSEs, 62.96%, have high school education (graph 3).

Graph 4: MSE's Turnover
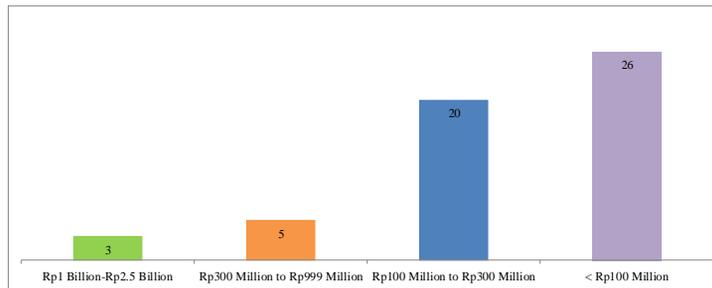
Respondents in this study were dominated by micro-entrepreneurs with a maximum sales turnover of Rp. 300 million. Furthermore, from a total of 54 respondents, there were 46 micro-businesses, or 85.19%. In comparison, the small-scale business respondents in this study were eight small businesses or 14.81% (Graph 4). Following these results, it can be classified that the majority of micro-businesses are informal sector businesses, so that the goal of micro-business owners is to meet their daily needs and meet the household costs of their families (Arafah & Nugroho, 2016; Mor et al., 2020). Furthermore, because most respondents are micro-businesses, it can also be classified that the company has a maximum of 10 employees (Dewanti, 2010; Sarwono, 2015).

Graph 5: The Business Duration of MSEs
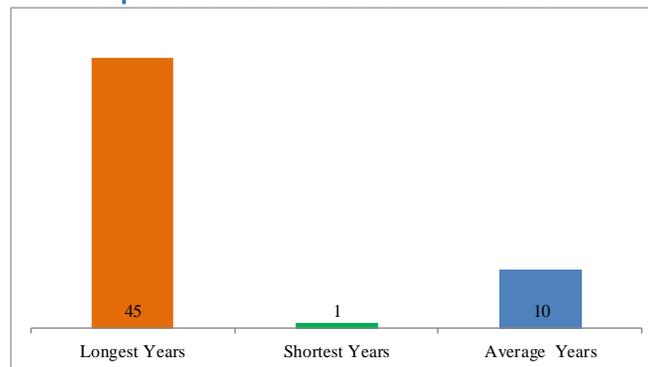
This study's results are known in graph 5, and the average length of MSEs operations is ten years. Furthermore, it is also known that the longest MSEs are operating for 45 years, and the shortest MSEs have only been running for one year. According to Pedchenko et al. (2018), the average business length of 10 years is classified at the establishment stage. At the establishment stage, it was stated that

the longer the business had been operating, the more experienced the owner of the MSEs managed his business. A company that long has increasingly loyal customers and already has proper customer relationship management (Setiaji & Fatuniah, 2018).

Furthermore, the results of the statistical test of the variables in this study, which include internal control, risk management as the independent variables, and the sustainability performance of MSEs as the dependent variable, then conducted tests on these variables which include:

4.1. Reliability Test

Table 4: Reliability Test

Variable	Reliability Coefficient	Critical Values	Conclusion
X1	0.946	0.600	Reliable
X2	0.959	0.600	Reliable
Y	0.918	0.600	Reliable

The reliability test results showed that all variables in this study had a reliability coefficient > 0.600, so all of the variables used in this research were reliable (table 4).

4.2. Normality Test

Normality Test is used to test whether, in a regression model, the dependent variable and the independent variable or both have normal distribution or not. The normality test results are also known as Sig above 0.05, then the data of all variables in this study have a normal distribution (Table 5).

Table 5: Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		54
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	6.09908684
Most Extreme Differences	Absolute	.097
	Positive	.097
	Negative	-.086
Kolmogorov-Smirnov Z		.714
Asymp. Sig. (2-tailed)		.689

a. Test distribution is Normal.
b. Calculated from data.

4.3. Multicollinearity Test

Table 6 above shows that the VIF value is less than ten. On the other hand, the Tolerance value is more than 0.01, and it can be concluded that there are no multicollinearity problems among the variables in this study.

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Table 6: Multicollinearity Test

		Collinearity Statistics	
Model		Tolerance	VIF
1	Internal Control (X1)	.192	5.202
	Risk Management (X2)	.192	5.202

a. Dependent Variable: Sustainability Performance (Y)

4.4. Heteroscedasticity Test

The independent variable used in this study, based on table 7 above, does not occur heteroskedasticity. The data where the Sig. of the internal control and risk management variables have values > 0.05. Thus, the data from these variables are feasible to do a statistical regression test.

Table 7: Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	8.051	2.085		3.862	.000
	Internal Control (X1)	.088	.132	.203	.661	.511
	Risk Management (X2)	-.197	.135	-.447	-1.459	.151

a. Dependent Variable: abs_res

4.5. Partial Correlation Test

A multiple linear regression test determines the effect of two or more variables on the dependent variable. In this study, multiple linear regression analysis is performed to determine the regression coefficient or the dependent variable's influence, namely the sustainability performance of MSEs (Y). Furthermore, the dependent variable is internal control of MSEs (X1) and risk management of MSEs (X2). Therefore, this study uses multiple linear regression analysis because it has more than one independent variable. Furthermore, based on table 7, the results of multiple linear regression can be arranged in the form of a regression equation as follows:

$$SP = 15.644 + 0.690IC + 0.126RM + e \qquad (2)$$

Table 8: Correlation Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	15.644	3.635		4.303	.000
	Internal Control (X1)	.690	.231	.639	2.988	.004
	Risk Management (X2)	.126	.235	.114	.533	.596

a. Dependent Variable: sustainability Performance (Y)

Furthermore, referring to table 7 above, internal control has a positive and significant influence on the survival of MSEs due to sig <0.05. However, the risk management variable has a positive effect, which remains insignificant to the sustainability of MSEs due to sig> 0.05. Internal control at MSEs has a vital role in sustainability performance in the micro and small business segments. Internal control's contribution is very significant due to crucial people's presence, namely business owners in the MSE business. The owner of the MSE is very dominant in the management, control, supervision, and improvement of his business. The leadership element of the MSEs in the success of the business. Several essential aspects of internal control are the success of MSEs in maintaining their sustainability. These essential elements include:

- There are examples of good leadership from MSE owners;
- Effective communication between MSE owners and all employees;
- Information transparency (transparency);
- There is a trust of all employees;
- Ability to handle customer complaints properly to maintain output quality;
- Financial transactions are carried out with the agreement and known by the owner;
- The owner conducts regular monitoring and monitoring.

Also, the characteristics of MSEs that have a simple organizational structure allow owners of MSEs to conduct more effective supervision and control. Span control from The owner is more accessible compared to companies with more than 30 employees. The span of control has a good impact on internal control that will improve the sustainability of the performance of MSEs. The sustainability of MSEs is indicated by several indicators, including:

- All employees are loyal;
- Employee orientation is working for a living;
- There is an increase in sales turnover;
- Products and services produced by consumers are in demand;
- MSEs have a quick response to the needs and desires of consumers.

Nevertheless, the variable of risk management has no significant effect on the sustainability of MSEs performance due to the following matters:

- MSEs does not yet have a clear division of tasks among employees;
- MSEs does not have a business plan and business targets to be achieved;
- Decision making is carried out centrally to the owners of MSEs;
- Education from the owners of MSEs is not following the line of business being carried out;
- There is no training and routine training for all employees.

Thus the sustainability of the MSEs is determined by the key person or owner of the MSEs (Jones et al., 2014; Miller et al., 2019). Therefore, MSEs are a business

entity that prioritizes skills gained from the experience of MSEs owners. Besides, MSEs are a business entity based on labor-intensive rather than capital-intensive, so MSEs' education is not focused (Hampel-Milagrosa et al., 2015; Rijkers et al., 2010). Furthermore, the weakness of MSEs is that they do not have business plans and targets. Their business goal is to maintain business continuity, not just to expand a business. Therefore the growth of assets and turnover of MSEs tends to be stagnant.

5. Conclusion

The existence of MSEs has an essential contribution to the Indonesian economy. Therefore, the sustainability of MSEs should be a concern for all stakeholders, especially the government. This study found that the main factor for the sustainability of MSEs was internal control, where critical people from MSEs had access to control, monitoring, and supervision. The key person of the MSE is the owner, where they have experience and skills in managing the MSEs. Therefore internal control has a significant influence on the sustainability of the performance of MSEs. Meanwhile, MSEs' risk management does not significantly affect the sustainability of MSEs' performance because most MSEs have not had adequate planning and do not have a vision and mission. Thus, the majority of the goals of MSEs are to meet operational costs and meet the needs of family life, not to expand a business.

The sustainability of MSEs is essential because the contribution of MSEs to the economy can drive the real sector and even survive the economic crisis. However, this research is limited by the factors that influence the sustainability of MSEs in terms of internal control and risk management. Therefore, for further research related to the sustainability of MSE, it can consider variables other than internal control and risk management. Simultaneously, this study's limitation is using a relatively small sample to use a more significant number of samples in future studies.

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