



The Influence of Financial Management on the Financial Management Performance Of MSMEs (Case Study in a Forest Café in Palu City)

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Article Info

Article history:

Received 8 March, 2024

Revised 19 June, 2024

Accepted 27 July, 2024

Keywords:

Planning;
Recording;
Reporting;
Evaluation;
Financial Management
Performance

ABSTRACT

The purpose of this study is to find out the Influence of Financial Management on the Financial Management Performance of MSMEs: A Case Study at the Palu City Forest Cafe. This study uses causal descriptive methods and simple Linear Regression analysis techniques. The sample withdrawal technique is a probability sampling technique or simple random sampling, which is with a sample number of 100 respondents. The results of this study show that the variables of planning, recording, reporting, and evaluation have a positive effect on financial management performance with a significance value of $F \alpha 0.000 < 0.05$. Then the planning variable also partially has a positive effect on Financial Management Performance with a significance value of $\alpha 0.006 < 0.05$ and the partial planning variable also has a positive influence on Financial Management Performance with a significance value of less than $\alpha 0.001 < 0.05$. The partial reporting variable also has a positive influence on Financial Management Performance with a significance value less than $\alpha 0.000 < 0.05$. The partial evaluation variable also has a positive influence on Financial Management Performance with a significance value less than $\alpha 0.00 < 0.05$.

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INTRODUCTION

In Indonesia, Micro, Small and Medium Enterprises are one of the businesses that have a very large and crucial contribution in supporting the economy. The law in Indonesia that regulates MSMEs is Law No. 20/2008, in which it is explained as: "a small business owned and managed by a person or owned by a small group of people with a certain amount of wealth and income."

In addition, these MSMEs are also able to increase creativity for people who have more income as well as become a characteristic of the identity of their production creations. In addition to this, MSMEs were able to stand firm during the crisis in 1997 – 1998, the global crisis in 2008, and during the economic crisis due to the Covid-19 Pandemic, even MSMEs became a sector that contributed greatly to the recovery of the economic recession after the Covid-19 Pandemic.

According to data from the Central Statistics Agency (BPS), MSMEs in Indonesia are experiencing growth every year. In 2010, the number of MSMEs was around 52.8 million and in 2018 it increased to 64.2 million businesses. This increase in number brings MSMEs as the largest contributor to gross

domestic product (GDP), which is 60.3 percent. Interestingly, launching data, MSMEs have absorbed 97% of the total workforce and 99% of total employment.

In 2010, as many as 98.89 percent of MSME businesses were small businesses. Although it decreased in 2015 and 2019, the percentage was not much different from 2010. The implication of the insignificant decrease in the portion of micro enterprises is the composition of small and medium enterprises which also did not experience significant changes. Thus, it can be concluded that there has been no significant upward shift in Indonesia's MSMEs in the last 10 years. The second challenge is that the portion of MSME exports to the total national non-oil and gas exports has decreased. In 2010, the contribution of MSME exports was 17.02 percent. Then in 2015 and 2019 it decreased, respectively to 15.73 percent and 15.65 percent (Adhi Prasetyo, et al. 2021).

Based on the above, it can be said that there is no optimal management for MSME actors to be able to maintain and even improve their business. As is known, MSMEs use a simple management system that still has many shortcomings, so it is necessary to improve the system, especially in the preparation of financial statements. Because in the MSME performance system, a financial report is needed to be used as material for evaluating the performance of MSMEs.

MSMEs that have not been able to manage their businesses properly, so that they have an impact on MSMEs that fail in their business. This failure is caused by the low knowledge of MSME owners about business management. Business management that needs to be considered is management in the financial sector.

Financial management is important to be applied to MSMEs According to Ediraras (2010), MSME businesses whose finances are managed and informed in a transparent and accurate manner will have a positive impact on financial management, which is a key factor in the success of MSMEs and can be used to maintain the sustainability of their businesses.

Financial management is basically the realization of goals that have been set, so effective and efficient management is needed. The benchmark of the effectiveness of financial management is the extent to which the company is able to achieve the predetermined target, while the assessment of the efficiency of financial management can be seen from the company's ability to optimize income (input) and expenditure (output) (Astuty, 2019).

MSME financial planning is important to determine overall goals and efforts to achieve a profit-oriented business. Financial records of MSME actors can follow the Financial Accounting Standards for entities without public accountability. The recording of MSME transactions includes the purchase of goods, fees, cash, supplies of goods, debts, sales, and receivables. Meanwhile, MSME financial reporting, according to Atik (2020), is one of the responsibilities of MSMEs even though it is still in the category of micro businesses. Financial statements are also a record of financial information of an entity that describes the performance of the MSME in an accounting period. Then the evaluation of the implementation of MSME activities is carried out at the beginning, current period and end of the period, the purpose is to control the activities that have been carried out in that period.

MSME financial management will be more optimal if it is supported by strengthening financial management within MSMEs. As is known, science towards management systems or management is often referred to as knowledge management. This is a strategy carried out by business actors about knowledge in the management of a company in order to improve the performance of MSMEs that have competence and competitiveness. However, after conducting research, it was found that knowledge management owned by MSMEs is still very low (Humaira & Sagoro, 2018). Therefore, there needs to be attention or empowerment for MSME actors to improve business management knowledge, one of which is financial management performance.

Socialization is a form of strengthening as research shows that most MSME actors in Indonesia have not recorded in accordance with the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) because there are obstacles in its implementation. The main obstacle is the low understanding of MSME actors related to SAK ETAP due to ineffective information and socialization (Rudiantoro and Siregar 2012).

As a direct observation at the Palu City Forest Cafe located on Jalan Rusdi Toana, Talise Village, Mantikulore District, Palu City, Central Sulawesi. Where the Palu City Forest Cafe is an MSME that contributes to the original income of Palu City. However, in financial management, it is still limited to recording expenses and income. Therefore, it is necessary to conduct more in-depth research related to financial management to strengthen financial management to achieve competent and competitive MSMEs.

METHODOLOGY

The type of research used is causal research. According to Istijanto (2008:21) causal research, "is a research (research) that mainly aims to prove the causal relationship or the relationship of influencing and influencing the variables studied". This type of research is to explain the causal relationship between financial managers and performance To test the hypothesis proposed, the researcher collects data using

documentation and questionnaires. The population in this study is all cafes located in the forest area of Palu City and Bukit Cinta which totals 147 in 2023. The sample in this study was a fraction of the population or representative of the managers of 147 researchers assigned 100 cafes. The analysis tool used in this researcher is multiple linear regression analysis. Ghozali (2018). It is revealed that multiple linear regression analysis aims to see the direction of the relationship between free variables and bound variables, and also to measure the strength of the relationship between variables.

RESULTS AND DISCUSSION

Research Instrument Test Results

This research was carried out using a data collection method, namely by distributing questionnaires at the Palu City Forest Cafe. The number of samples used in this study was 100 respondents. This test was conducted using *SPSS Release 23*.

Description of Respondent Characteristics

The questionnaire distributed in this study amounted to 100 respondents, with the research subject being employees of the Palu City Forest Cafe. Of the 100 respondents distributed to employees, all the answers were complete and suitable for analysis.

Based on the results of the research that has been carried out, it can be seen that the characteristics of the respondents are used to determine the diversity of respondents based on age, gender, last education, division/department of the company and length of work

Respondent Description By Age

Based on the results of the study conducted with 100 respondents, the distribution of respondent characteristics can be grouped by age, for more details can be seen in table 1 below:

Table 1. Frequency of Respondents' Ages

It	Age	Frequency (F)	Percentage (%)
1	15-25 Years	54	53.7
2	26-30 Years	31	31.3
3	> 31 Years	15	15.0
Total		100	100.0

Source : Primary Data Processed, 2023

Based on Table 1 above, the respondents in this study have various age levels, it can be seen that in this study the respondents aged 10-25 years were 54 respondents or 53.7%. Respondents aged 26-30 years were 31 respondents or 31.3%. respondents aged >31 years were 15 respondents or 15.0%.

Thus, it can be concluded that the frequency based on the age of the respondents who are dominant is 10-25 years old 54 respondents or 53.7%. This shows that the Palu City Forest Café has Financial Management Performance which is dominated by respondents aged 10-25 years.

Respondent Description by Gender

Based on the results of the study conducted with 100 respondents, the distribution of respondent characteristics can be grouped by gender, for more details can be seen in table 2 below in

Table 2. Frequency of Respondents' Gender

It	Gender	Frequency (F)	Percentage (%)
1	Woman	69	68,7
2	Male	31	31,3
Total		100	100.0

Source :D Primary Processed 2023

Based on Table 2 above, the respondents in this study have two genders, namely male and female, it can be seen that in this study the respondents who are female are 69 respondents or 68.7%. Male

respondents 31 respondents or 31.3%.

Thus, it can be concluded that the most dominant frequency based on gender is female 69 respondents or 68.7%. This shows that the Palu City Forest Cafe has Financial Management Performance which is dominated by female respondents.

Respondent Description Based on Last Education

Based on the results of the study conducted with 100 respondents, the distribution of respondent characteristics can be grouped based on the last education, for more details can be seen in table 3 below.

Table 3. Frequency of Respondent's Last Education

It	Last Education	Frequency (F)	Percentage (%)
1	SD	1	02,7
2	JUNIOR	25	22.7
3	SMA	68	59.0
4	D3	2	5.3
5	S1	4	10.3
Total		100	100.0

Source : Primary Data Processed, 2023

Based on Table 5.3 above, the respondents in this study have various levels of education, it can be seen that in this study the respondents who have an elementary education are 1 respondent or 02.7%. Respondents with junior high school education were 25 respondents or 22.7%. Respondents with high school education were 68 respondents or 59.0%. Thus, it can be concluded that the most dominant frequency based on education is high school education as many as 68 respondents or 59.0%. This shows that the Palu City Forest Cafe has Financial Management Performance which is dominated by high school education respondents.

Validity Test Results

Validation tests are carried out to determine the extent to which the instrument can be used to measure what should be measured in the study. Sugiyono (2016:218) said that if the correlation between items with the total score of all items of a variable > 0.30 , the instrument is declared valid. But on the other hand, if the correlation between items of a variable < 0.30 , the instrument is declared invalid. For more details, the results of the validity test can be seen in table 4 as follows:

Table 4. Results of the Research Validity Test

It	Variable	Research Indicators	Corrected Item-Total Correlation	r- critical	Ket
1	Planning (X1)	X11	0.503	0,3	Valid
		X12	0.424	0,3	Valid
		X13	0.637	0,3	Valid
		X14	0.518	0,3	Valid
2	Recording (X2)	X21	0.549	0,3	Valid
		X22	0.318	0,3	Valid
		X23	0.631	0,3	Valid
		X24	0.439	0,3	Valid

3	Reporting (X3)	X31	0.802	0,3	Valid
		X32	0.333	0,3	Valid
		X33	0.848	0,3	Valid
4	Evaluation (x4)	X41	0.846	0,3	Valid
		X42	0.795	0,3	Valid
		X43	0.722	0,3	Valid
5	Financial Management Performance (Y)	Y1	0.513	0,3	Valid
		Y2	0.765	0,3	Valid
		Y3	0.712	0,3	Valid
		Y4	0.764	0,3	Valid

Source : Processed Data, 2023

Based on the table above, it can be seen that the question items in this study are valid as a whole. So for all the variables of the question is suitable for use in future research. This is indicated by the value of *Corrected Item-Total Correlation* $\geq r\text{-Critical}$

Reliability Test Results

When a measuring instrument obtains consistent results, the researcher can conclude that the instrument is reliable. For more details, the results of the validation test can be seen in table 5 as follows:

Table 5. Results of the Research Reliability Test

It	Research Variables	Cronbach Alpha	Alpha Tolerance	Status Item
1	Planning (X1)	.708	0,6	Reliable
2	Logging (x2)	.671	0,6	Reliable
3	Reporting (x3)	.790	0,6	Reliable
4	Evaluation (x4)	.887	0,6	Reliable
5	Financial Management Performance (Y)	.832	0,6	Reliable

Source : Primary Data Processed 2023

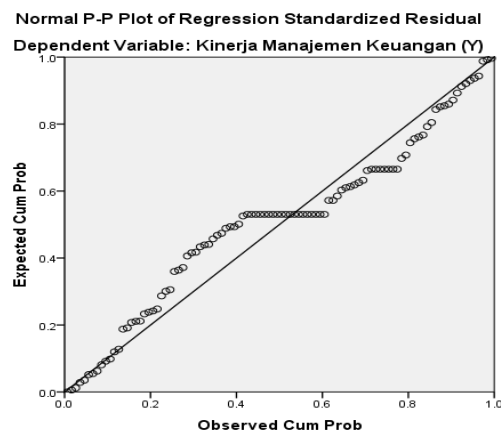
Based on the results of the reliability test above, it can be seen that all variables used in this study have met the reliability requirements of both independent and dependent variables. This is evidenced by the value of each variable having a *Cronbach Alpha* value greater than or equal to 0.6 ($\alpha \geq 0.6$). This means that all variables are used in the research.

Results of the Classic Assumption Test

A good regression model must satisfy the absence of classical assumption problems in its model. If there is still a classical assumption problem, then the regression model still has a bias. In this study, the classical assumption test was carried out with 3 conditions, which are as follows.

Normality Test Results

The normality test is used to test whether the regression model, dependent variables and independent variables have a norm distribution or not. The results of the data test in the normality test using the computer assistance of the SPSS 23 statistical program show that if the data is scattered and follows the direction of the diagonal line, then the regression model meets the assumption of normality. For more details, you can see in figure 1 which explains the results of the normality test as follows:



Based on Figure 1 above, it can be concluded that the data in this study meets the normal requirements, this is because the points on the graph are close to or close to and in the direction of the diagonal axis.

Multicollinearity Test Results

The multicollinearity test showed that there was a linear relationship between the independent variables X1 and X2 in the regression model used. To determine the existence of multicollinearity among independent variables, an approach was used to the values of Tolerance and Variance Inflation Factor (VIF). The results of the test in this study were carried out by looking at the values of the Variance Inflation Factor (VIF) and its Tolerance which can identify the existence and absence of multicollinearity problems. If the VIF value is ≤ 10 , then the regression model used in this study is considered to have no multicollinearity problem between independent variables. To support the test, the SPSS 23 program is used which obtains the following multicollinearity:

Table 6. Multicollinearity Test Results

Independent Variables	Collinearity Statistics		Information
	Tolerance	VIF	
Planning (X1)	0.617	1.622	Non Multicollinearity
Recording (X2)	0.475	2.106	Non Multicollinearity
Reporting (X3)	0.584	1.714	Non Multicollinearity
Evaluation (x4)	0.544	1.838	Non Multicollinearity

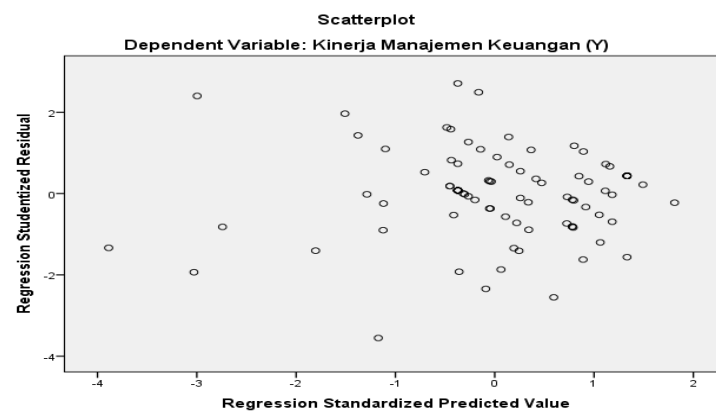
Source: Primary Data Processed, 2023

Based on Table 5.6 above, the results were obtained that all independent variables had a VIF value below 10, and the result was obtained that *the tolerance* value of all independent variables was above 0.1. Based on the results of the test, it can be concluded that there are no symptoms of multicollinearity between independent variables of planning (X1), recording (X2), reporting (X 3) and evaluation (X4) in the regression model.

Heterokedasticity Test Results

The heterokedasticity test is to see and test whether the variance data is not the same that needs to be avoided, because in regression analysis the desired is the similarity of the data variance (heterokedasticity). The heterokedasticity test can be carried out by plotting a graph between the predicted value of the bound

variable (ZPRED) and its residual (SRESID) where heterokedasticity disturbances will be seen with the presence of a certain pattern on the graph. To find out whether there is a heterokedasticity problem, namely with the graphic media, if there is no clear pattern, and the dots spread above and below the number 0 on the Y axis, then there is no heterokedasticity For more The results of heterokedasticity obtained through the SPSS 23 program can be seen in the following figure:



Heteroscedasticity Test Results

The results of the heterokedasticity test carried out in this study are plot graphs that if the points in the graph are scattered or do not form a certain pattern and the points spread above and below 0 on the Y axis, then heterokedasticity does not occur. It can be seen in the diagram above, that this research model does not have heterokedasticity disorders because there is no specific pattern on the graph. The dots on the graph are relatively spread out both above the zero axis and below the zero axis.

Multiple Linear Regression Analysis Results

This multiple linear regression analysis was carried out to determine the magnitude of simultaneous or partial influence between independent variables, namely work motivation and work discipline on dependent variables (work productivity). Based on the results of data processing using the help of SPSS 23. The results of multiple linear regression analysis from this study will be presented in table 7 as follows:

Table 7. Recapitulation of Multiple Linear Regression Analysis

Coefficientsa					
Independent Variables	Unstandardize d Coefficient		Standardize d Coefficient	T	Sig
	B	Std. Error	Beta		
(Constant)	2.031	1.529		1.329	0.187
Planning (X1)	0.162	0.102	0.123	2.586	0.006
Logging (x2)	0.352	0.101	0.307	3.475	0.001
Reporting (x3)	0.436	0.085	0.410	5.138	0.000
Evaluation (x4)	0.466	0.120	0.322	3.896	0.000

Multiple R = 0.805A

Significant F = 0.000

R square = 0.647

$\alpha = 0,05$

Adjusted R Square = 0.633

Source: Data processed, 2023

Based on the values in Table 5.7 above, the multiple linear regression equation model in this study is as follows:

$$Y = 2.031 + 0.162X_1 + 0.352X_2 + 0.436X_3 + 0.466X_4$$

Based on the form of regression elaboration above, it shows that the independent variables analyzed X_1 , X_2 , X_3 and X_4 have a positive influence on the dependent variable (Y) and the coefficient value can be explained as follows:

Constant (a), the value of the constant is 2.031, which means that without the independent variables X_1 , X_2 , X_3 and X_4 in this study, the value of the dependent variable (Financial Management Performance) is fixed at 2.031.

Planning (X_1), the value of the Planning variable coefficient (X_1) is 0.162. This means that there is a one-way (positive) relationship between the Planning variable and Financial Management Performance, where if the Planning variable (X_1) increases by 0.162, then the Financial Management Performance variable (Y) at the Palu City Forest Cafe will increase by 0.162.

Logging (x_2), the value of the Recording variable coefficient (X_2) is 0.352. This shows that the recording carried out by the Palu City Forest Café increased by 0.352, then the Financial Management Performance (Y) variable at the Palu City Forest Cafe will increase by 0.352.

Reporting (x_3), the value of the Reporting variable Coefficient (X_3) is 0.436. This shows that the reporting carried out at the Palu City Forest Cafe increased by 0.436. So the variable of Financial Management Performance (Y) at the Palu City Forest Cafe will experience an increase of 0.436.

Evaluation (x_4), the value of the Evaluation variable Coefficient (X_4) is 0.466. This shows that the evaluation carried out at the Palu City Forest Café increased to 0.466. So the Financial Management Performance (Y) variable at the Palu City Forest Cafe will experience an increase of 0.466.

The level of close relationship between the variables of Planning (X_1), Recording (X_2), Reporting (X_3), and Evaluation (X_4) and the Financial Management Performance variable (Y) can be seen through the value of the correlation coefficient (*multiple R*). From the results of the analysis, it was obtained that the *multiple R* value was 0.805 or 80.5%, which means that it has a very strong relationship level. The results show that overall the Planning, Recording, Reporting, and Evaluation variables are very strongly related to the Financial Management Performance variable.

Table 8. Correlation Coefficient Interpretation

Coefficient Interval	Relationship Level
0,00 - 0,199	Very low
0,20 - 0,399	Low
0,40 - 0,599	Keep
0,60 - 0,799	Strong
0,80 - 1,000	Very Strong

Source: Sugiyono, 2014

Based on the recapitulation table, it can also be seen the influence of the results of the R Square determination test which shows that all variables of Planning (X_1), Recording (X_2), Reporting (X_3) and Evaluation (X_4) in this study have a joint contribution of 0.647 or 64.7% to the Financial Management Performance variable (Y). While the rest ($100\% - 64.7\% = 35.3\%$) were influenced by other factors that were not studied. Furthermore, the value of the determination coefficient (*adjusted R. Square*) = 0.633 was also obtained. These results show that changes in the responsiveness of Planning, Recording, Reporting and Evaluation will affect 63.3% of Financial Management Performance, and the remaining 36.7% will be influenced by other variables, Capital/Cash.

Hypothesis Test Results

Hypothesis testing is a test that is carried out on a statement or indicator using a statistical method, so that the test results can be declared statistically significant. By statistical testing of hypotheses, we can decide whether a hypothesis is acceptable or rejectable.

Results of Simultaneous Significance Test (Statistical Test F)

The first hypothesis test or F-test in this study was used to see the simultaneous influence between independent variables consisting of planning, recording, reporting and evaluation on financial management performance. Based on table 5.6, the recapitulation of multiple linear regression above the significant value F shows the number 0.000, which means that the significance value is less than 0.05 (sig. $0.000 < 0.05$). Then the significance of $F = 0.000 < (\alpha) = 0.05$ or a confidence level of 95%. Thus, it can be concluded that all independent variables observed (X1, X2, X3, and X4) simultaneously have a significant effect on the dependent variable (Y). Thus, it can be concluded that the first hypothesis proposed states that the variables of Planning, Recording, Reporting, and Evaluation simultaneously have a significant effect on Financial Management Performance. The Palu City Forest Café is proven to be true. The magnitude of the influence of variables X 1, X2, X3, and X4 on variable Y is 0.647 or 64.7% and the remaining 0.353 or 35.3% outside the model that was not studied.

Individual Parameter Significance Test (Statistical Test t)

Uj-t functions to determine the influence of the independent variable (X) partially on the dependent variable (Y). If the significant t-value is less than 0.05 (sig. < 0.05), then it can be said that the independent variable (X) partially has a significant effect on the dependent variable (Y). Based on the results of SPSS 23 in table 5.13 of the multiple linear regression recapitulation above, it can be seen that the magnitude of the influence of each independent variable (X) partially on the dependent variable (Y). The explanation of the t-test results is described as follows:

Planning (X1)

The planning variable has a significant value of 0.006 or less than $(\alpha) 0.05$, in other words the planning variable (X1) has a significance value of 0.006, meaning that the value is less than the required significance level $(\alpha) 0.05$. Because the value of sig. $0.006 < 0.05$, then it can be concluded that H_a is accepted and H_0 is rejected. This means that the planning variable partially has a significant effect on the performance of financial management in the Palu City Forest Cafe This study is in line with Praditya 2016, which knows the significant planning variables.

Logging (X2)

The Recording variable has a significant value of 0.001 or less than $(\alpha) 0.05$, in other words the Planning variable (X2) has a significance value of 0.001, meaning that the value is less than the required significance level $(\alpha) 0.05$. Because the value of sig. $0.001 < 0.05$, then it can be concluded that H_a is accepted and H_0 is rejected. This means that the variable of Partial Recording has a significant effect on Financial Management Performance in Cafe Hutan Kota Palu, this study is in line with Praditya 2016, which knows the significant recording variable.

Reporting (x3)

The reporting variable has a significant value of 0.000 or less than $(\alpha) 0.05$, in other words the Reporting variable (X3) has a significance value of 0.000, meaning that the value is less than the required significance level $(\alpha) 0.05$. Because the value of sig. $0.000 < 0.05$, then it can be concluded that H_a is accepted and H_0 is rejected. This means that the variable of partial reporting has a significant effect on the Performance of Financial Management in the Palu City Forest Cafe in line with the 2016 praditya, which knows the significant reporting variable.

Evaluation (x4)

The Evaluation Variable has a Significance Value of 0.000 or less than $(\alpha) 0.05$, in other words the Evaluation variable (X4) has a significance value of 0.000, meaning that the value is less than the required significance level $(\alpha) 0.05$. Because the value of sig. $0.000 < 0.05$, then it can be concluded that H_a is accepted and H_0 is rejected. This means that the Partial Evaluation variable has a significant effect on Financial Management Performance in the Palu City Forest Cafe in line with the 2016 praditya, which knows the significant reporting variable.

CONCLUSION

Planning, recording, reporting, and evaluation simultaneously have a significant effect on the Financial Management Performance of MSME Cafe Hutan Palu City.

Planning partially has a significant effect on the Financial Management Performance of MSME Cafe Forest Palu City.

Partial recording has a significant effect on the Financial Management Performance of MSME Cafe Hutan Palu City

Partial evaluation has a significant effect on the Financial Management Performance of MSMEs Cafe Hutan Palu City

RECOMMENDATION

For MSME actors in the Palu City Forest Cafe to continue to improve in planning and recording in financial management properly so that the financial management performance of developing MSME capital/cash in the Palu City Forest Cafe MSMEs requires sufficient provisions, especially in the financial management component. So with this research, it is hoped that it can help MSME actors in the Palu City Forest café in achieving a better level of financial management, namely better planning and recording. MSME actors must have awareness, knowledge and skills to measure and know some of the limitations they have in running a business. Related to this research, it can help MSME actors see the importance of financial planning and recording.

For the government, the government's important role is expected in helping MSME owner groups, especially micro businesses, in improving financial literacy and financial management behavior.

This is useful for improving the basic and advanced components of finance and more broadly understanding various financial services, having the confidence to improve welfare through investment. The government can help increase sales turnover and slowly improve the regional economy by adding jobs for the community around Cafe Hutan Kota Palu.

For future researchers, it is hoped that this research can be used as a reference and comparison in conducting similar research in the future, especially about the influence of financial management on financial management performance.

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