



Relationship of financial literacy and financial inclusion in increasing the performance of angkringan SME in Bekasi

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ABSTRACT

The background of this research is that financial literacy and inclusion affect SME performance. Many SMEs experience obstacles in their growth due to the lack of knowledge about entrepreneurship and the ability to access financial services to obtain business capital. This quantitative study uses 60 respondents. This study collected data using a literature review, observations, and questionnaires to Bekasi angkringan SMEs. The research uses multiple linear regression analysis and hypothesis testing. This study found that financial literacy and inclusion improve the performance of angkringan SMEs in Bekasi.

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INTRODUCTION

The existence of SMEs significantly affects the Indonesian economy. This type of business also affects poverty alleviation and reduces the unemployment rate because it absorbs a lot of workers. Some SMEs can grow rapidly in Indonesia, but not a few also experience obstacles in their growth due to the lack of knowledge about entrepreneurship and the ability to access financial services in obtaining business capital. Of most SMEs in Indonesia, culinary has become one of the many types of businesses people are interested in and are growing rapidly today, such as angkringan SMEs.

The development of SMEs often experiences delays due to several unresolved problems, such as the availability of human resources, capital, marketing, and several cases in business management that make it difficult for SMEs to compete with large companies.

Especially with the covid-19 pandemic in Indonesia starting in 2020, SME owners feel an unpleasant impact on their business. Sales began to decline due to the implementation of PPKM (Enforcement of Restrictions on Community Activities) to reduce public movement at that time. Sunarso (President Director of Bank BRI) explained that the behavior of MSMEs in the third quarter of 2021 was declining compared to the previous quarter.

Therefore, based on several problems related to these SMEs, it is necessary to have practical ways to improve the sustainability and performance of SMEs themselves. One way to do this is by increasing the understanding of SMEs about finance so that management becomes better. There are many businesses in Indonesia, but Indonesia ranks below average in terms of financial

literacy compared to other countries, according to the Financial Services Authority (2020). (et al., 2021) Another way to improve the performance of SMEs is by implementing financial inclusion on how SMEs use bank financial services and obtain business capital.

According to (Jonathan & Setyawan, 2022), financial literacy includes several skills and understanding of finances from individuals to manage or use a certain amount of money to advance their welfare. (Putri, 2022), Financial literacy will greatly support business actors concerning budget management and planning in saving funds from business results. Financial inclusion is a banking instrument that has an essential role in maintaining the stability of an economic system through access and financial services (Mulasiwi & Julialevi, 2020).

The application of financial inclusion is one way to overcome the problems of SMEs related to capital, which is the main factor for most of these business actors (Amelia, 2019). Meanwhile, the performance of SMEs is the achievement of each person's work and adjustment to his role and position in the company related to the value of the company where he works (Anah, 2020). Insight and understanding of financial literacy and financial inclusion are essential to SMEs because these factors significantly affect the performance of the SMEs they run.

Because they are classified as small businesses, it is infrequent for angkringan SMEs to do financial accounting for their companies (Ningsih & Tasman, 2020). It is common for them to combine their funds with the proceeds from selling this angkringan stall. "So far, I have never made a financial report related to the angkringan business I run" – a direct expression from Mr. Nurdin. He is one of the angkringan business actors in Bekasi. From the interviews with Mr. Nurdin, the owner of one of the angkringan businesses in Bekasi, he has provided information regarding not conducting financial data collection or sales results due to a lack of understanding of the financial system and proper financial operations. The importance of understanding financial literacy and financial inclusion in running a business.

Based on this background, according to the graph and the results of interviews with one of the owners of angkringan SMEs in Bekasi, the authors are interested in conducting research in the Bekasi area entitled "Analysis of Financial Literacy and Financial Inclusion on the Performance of Angkringan SMEs in Bekasi."

RESEARCH METHOD

This research is quantitative because it obtains information in the form of numerical data from a questionnaire. According to (Sugiyono & Lestari, 2021) , quantitative research is a technique based on the teachings of belief, basically random sampling, collecting data using research indicators, and testing numerical or quantitative data with a focus on evaluating allegations.

There are 3 (three) variables in this study, namely two independent variables in the form of financial literacy (X1) and financial inclusion (X2) and one dependent variable, namely the performance of SMEs (Y).

This study uses a questionnaire technique by collecting data from a research sample of 60 respondents. The sampling technique in this study is accidental sampling. According to (Sugiyono & Lestari, 2021), the accidental sampling technique takes samples based on chance, so anyone who suddenly meets a researcher can become a sample. If someone abruptly completes by the researcher is indeed a suitable source of data by distributing questionnaires, then doing a multiple linear regression test. So, any angkringan SMEs in the Bekasi area that the researchers will meet will be the samples in this study.

According to Roscoe in (Sugiyono & Lestari, 2021), the determination of the number of samples is based on a reasonable sample size in a study, which is between 30 to 500. So, the researchers took a sample of 60 respondents in this study. The respondents were 60 angkringan SMEs from all angkringan SMEs in Bekasi.

Tabel 1. Overational Variables

Financial Literacy (X1)	General knowledge of finance	General knowledge of finance relates to managing finances owned personally by family or businesses that serve as the center in managing finances. A lack of financial knowledge can lead to mistakes in borrowing, saving, or investing decisions. This knowledge applies to individuals and is beneficial for companies and the economy.
	Savings and Loans	Savings is a person's savings in a bank that must be taken according to agreed terms. In contrast, a loan is a credit from a creditor given to someone whose repayment follows a specific period.
	Insurance	Insurance is a form of risk control that transfers risk from one party to another.
	Investation	Investment is the investment of a certain amount of money in a place where the money is expected to provide increased profits.
Financial Inclusion (X2)	Access Dimension	The access dimension is an element used in assessing the expertise in using financial services to see possible indicators that are obstacles in opening or using a bank account.
	Usage Dimension	The usage dimension is an element used in assessing financial services and goods, for example, duration of use, frequency, and regularity.
	Quality Dimension	The quality dimension is used to assess the availability of financial products and services that meet consumer needs.
	Dimensions of Welfare	The welfare dimension is used to assess financial services' effect on service users' life levels.
SME Performance (Y)	Capital Growth	Capital growth is the rate of change in the capital used in business activities compared to capital used in the past.
	Labor Growth	Workers are individuals who work for a business owner to carry out all activities in an organization or company. Business performance can be considered good if the growth of the workforce is high. The performance growth can be assessed based on the percentage of the previous workforce change with the current time.
	Sales Growth	Sales growth is a successful investment of past time and can be used to forecast future developments. The growth of good sales can increase a company's income, which will improve business performance.
	Market Growth	A high market growth rate makes a high rate of return on investment as well, and later the performance of a company will be even better.
	Profit Growth	Profit is the excess income outside the funds used by a company. A company's performance can be considered good if it has a reasonably high-profit growth—the percentage of profit growth from the past to the present.

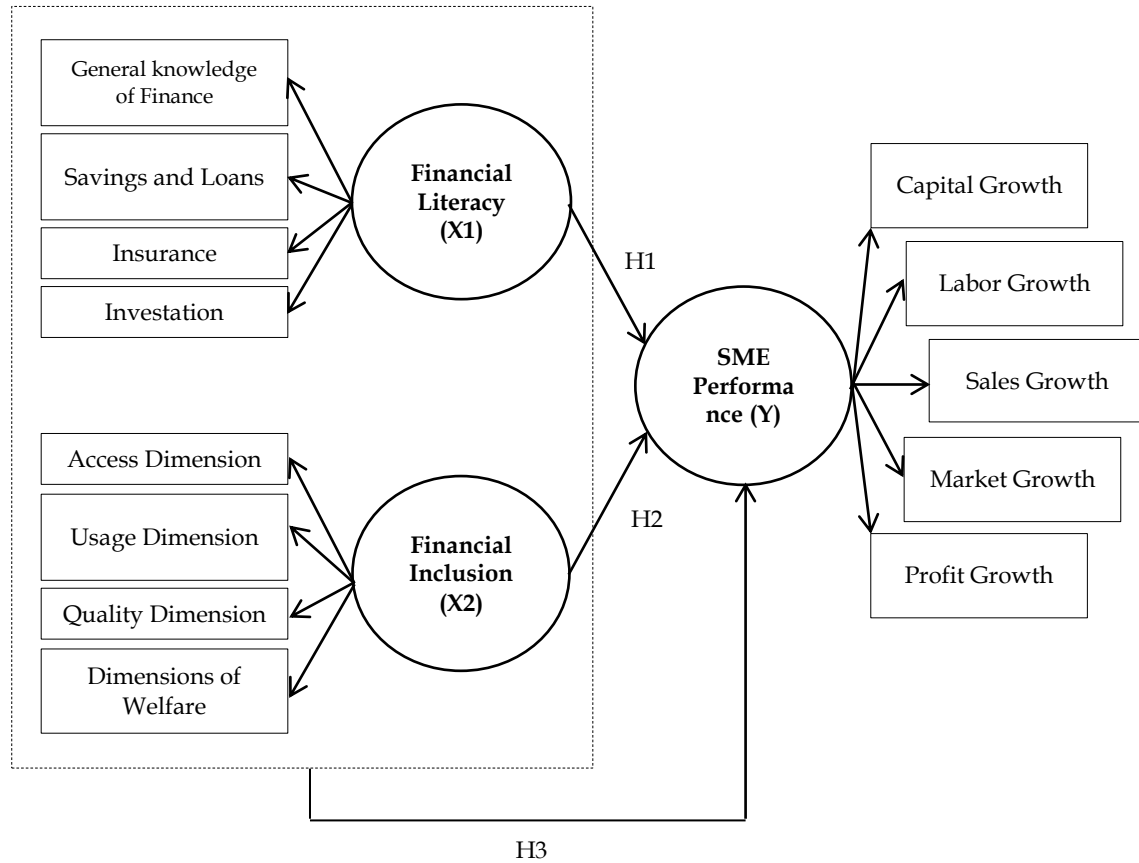


Figure 2. Research design

RESULTS AND DISCUSSIONS

Multiple linear regression analysis is a test to find out how the relationship or influence occurs between the dependent variable (variable Y) and two or more independent variables or variable X (*Metode Penelitian Kuantitatif - Adhi Kusumastuti, Ph, n.d.*). The formula for multiple linear regression in this study is as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Information:

- Y = SME Performance
- a = Constant
- X₁ = Financial Literacy
- X₂ = Financial Inclusion
- b₁ = Financial Literacy Coefficient
- b₂ = Financial Inclusion Coefficient
- e = error

This study used SPSS 26 for multiple linear regression analysis. Table 2 shows multiple linear regression results.

Table 2. Multiple linear regression analysis test results

Model		Coefficients ^a		T	Sig.
		Unstandardized Coefficients	Standardized Coefficients		
		B	Std. Error	Beta	
1	(Constant)	2,594	4,680		0,554

	Financial Literacy	0,317	0,115	0,288	2,759	0,008
	Financial Inclusion	0,575	0,111	0,541	5,191	0,000

a. Dependent Variable: SME Performance

Source: Processed Data (IBM SPSS Statistics 26)

The multiple linear regression equation is:

$$Y = 2,594 + 0,317X_1 + 0,575X_2 + e$$

The above equation has the following purposes:

- The constant is 2.594, meaning that without the financial literacy and inclusion variables, the MSME performance has a value of 2.594.

- The regression coefficient on the financial literacy variable is 0.317, indicating that each variable has grown, which can improve the performance of angkringan SMEs in Bekasi.

The regression coefficient on the financial inclusion variable is 0.575, indicating that each variable has increased, which may improve the performance of angkringan SMEs in Bekasi.

Determination test (R²) to find out how much the independent variable affects the dependent variable. The correlation or relationship becomes stronger if the value is close to 1, but the correlation can also become weaker if the value is close to 0 (Imam, 2016).

Table 3. Coefficient of determination test results (R²)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	0,727 ^a	0,529	0,512	3,876

a. Predictors: (Constant), Financial Inclusion, Financial Literacy

Source: Processed Data (IBM SPSS Statistics 26)

Based on the results of the coefficient of determination test in Table 3 above, the Adjusted R Square number shows the coefficient of determination or the role of variance (independent variable in the relationship of the dependent variable)(Darmalaksana, 2020). The amount of Adjusted R Square is 0.512, where the independent variable's ability to explain the dependent variable is 51.2%, and the remaining 48.8% is in other variables that are not in this study.

Partial test (t-test) to illustrate how much one independent variable (independent) affects the dependent variable, with a 0.05 (< 5%) level of significance.

- Reject H₀ and accept H_a if the significant value is <0.05 and the t-count value is > t-table.
- Accept H₀ and reject H_a if the significant value > 0.05 and t count < t-table.

Table 4 displays t-test findings.

Table 4. Partial test results (t-test)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,594	4,680		0,554	0,582
	Financial Literacy	0,317	0,115	0,288	2,759	0,008
	Financial Inclusion	0,575	0,111	0,541	5,191	0,000

a. Dependent Variable: SME Performance

Source: Processed Data (IBM SPSS Statistics 26)

Hypothesis testing findings are:

- Financial literacy has a positive coefficient of 0.288 and a significance of 0.008 <0.05. Then find t arithmetic value 2.759 > t table 2.00247. Thus, H₁ is accepted, and H₀ is rejected, indicating that financial literacy improves SME performance.

Financial inclusion has a positive coefficient of 0.541 and a significance of 0.000 < 0.05. $5.191 > t$ arithmetic was found. 2.00247. Accept H2, reject H0. Financial inclusion helps SMEs.

Simultaneous test (f-test) to show how the independent variables impact (dependent) and test whether the regression model is significant.

- Reject H0 and accept Ha if $F_{count} > F_{table}$ or significance < 0.05.
- Accept H0 and reject Ha if $F_{count} < F_{table}$ or significance > 0.05.

This study shows how financial literacy and financial inclusion influence *angkringan* SMEs simultaneously. Table showing f-test results:

Table 5. Simultaneous test results (f-test)

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	961,218	2	480,609	31,984	0,000 ^b
Residual	856,516	57	15,027		
Total	1817,733	59			

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Financial Inclusion, Financial literacy

Source: Processed Data (IBM SPSS Statistics 26)

Hypothesis testing accepts Ha and rejects H0 based on the simultaneous test (f-test) results in Table 16. The resulting F value is 31,984 > F_{table} or 31,984 > 3,16. 0.000 < 0.05. Thus, multiple regression models are feasible, and the independent variables (financial literacy and financial inclusion) simultaneously impact the dependent variable (SME performance).

Discussion

Based on the partial test results, financial literacy positively affects the performance of *angkringan* SMEs in Bekasi, which means that they accept H1. The increase in financial literacy can provide good results or impact the performance of SMEs. Based on this, good financial literacy of SME actors can also affect good SME performance. With good financial knowledge, SMEs can support their expertise in controlled financial management. In this case, when financial literacy increases, the performance of *angkringan* SMEs in Bekasi also increases. The results of this study are in line with research by (Lestari et al., 2022), (Wardani & Darmawan, 2020), and (Farida et al., 2019), which show that financial literacy has a positive effect on the performance of SMEs.

Based on the partial test results, financial inclusion positively affects the performance of *angkringan* SMEs in Bekasi, which means that they accept H2. Increased financial inclusion can provide good results or impact the performance of SMEs. Based on this, good financial inclusion affects SME performance and vice versa. Because with the addition or acquisition of business capital into financial inclusion, SME players can increase their business. When financial inclusion rises, the performance of *angkringan* SMEs in Bekasi also increases. The results of this study received support from the results of previous research by (Shihadeh, 2021) and (Jonathan & Setyawan, 2022), which showed that financial inclusion had a positive effect on the performance of SMEs.

Based on the simultaneous test results, financial literacy and financial inclusion positively affect the performance of *angkringan* SMEs in Bekasi so that they receive H3. The increase in financial literacy and financial inclusion has increased the performance of *angkringan* SMEs in Bekasi. (Sukma & Pradana, 2022), follows this study, which shows that financial literacy and financial inclusion positively affect SMEs' performance.

CONCLUSION

Financial literacy and inclusion help SMEs. Angkringan SMEs, especially in Bekasi, have thrived due to financial literacy and inclusion. Financial literacy and inclusion help SMEs. They are successfully implementing financial literacy and inclusion in angkringan MSMEs which have contributed to the survival and success of angkringan MSMEs, especially in Bekasi.

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