

The Effects of Financial Literacy, Education, and Technology on the Sustainability of Sawan District's Micro, Small, and Medium Enterprises (MSMEs)

Made Ary Meitriana^{1,*} Nyoman Trisna Herawati¹ I Nyoman Sujana¹

¹ Department of Economics and Accounting, Universitas Pendidikan Ganesha, Singaraja, Indonesia

*Corresponding author. Email: ary.meitriana@undiksha.ac.id

ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) are expected to be one of the important players in the pandemic conditions, especially for developing countries such as Indonesia. MSMEs have offered many entrepreneurial resources and employment possibilities for the community, and the MSME sector is often referred to as the primary driver of economic growth. Financial literacy, education level, and technology are all claimed to have an impact on the MSME business's long-term viability. The goal of this research is to study the effect of financial literacy, education level, and technology on the long-term sustainability of MSMEs, either separately or in combination. This is a causal study, and the data obtained will be examined using multiple linear regression analysis.

Keywords: Education, Financial Literacy, Technology.

1. INTRODUCTION

In the period of the AEC (Asian Economic Community), globalization of the international economy and free competition will bring in a slew of new participants. In these circumstances, Micro, Small and Medium Enterprises (MSMEs) are likely to be one of the most important actors, particularly in developing nations like Indonesia. MSMEs have offered many entrepreneurial resources and employment possibilities for the community, and the MSME sector is often referred to as the primary driver of economic growth. MSMEs also play a role in disseminating development outcomes, and they have been shown to be unaffected by the crisis.

Even though there are numerous competitors around it, a company that can continue is a business that can survive. This company can operate at a high level of competitiveness. Competitiveness is a term used frequently in economics to describe a dedication to market competitiveness in the case of businesses and success in international competition in the case of countries. Competitiveness, according to [1], is the ability to generate results faster and better than other businesses or competitors.

One of the issues that leads MSMEs to fail is a lack of capital. Finance challenges in the MSME sector result

in a lack of understanding of the various sources of capital available from financial institutions. According to the Financial Services Authority's (OJK) most recent data, the financial literacy index for MSME actors is only 27.7%. The financial literacy level of MSME players is lower than the Indonesian financial literacy index, as shown in this graph (www.republika.co.id). A number of financial instruments supplied by banking institutions are often misunderstood by MSME actors. As a result, MSME actors are forced to rely solely on manual and traditional banking financing. MSMEs, on the other hand, require capital to establish and grow their businesses. As a result, MSMEs are more likely to take advantage of their limited personal capital, which might negatively impact their performance. MSMEs' reliance on manual and traditional banking funding is insufficient to cover MSME output, posing a threat to their long-term viability.

Knowledge of MSME actors on access to capital sources available by financial institutions is called financial literacy. Financial literacy refers to a person's ability to manage money. According to Vitt, financial literacy is defined as follows: Personal financial literacy is the ability to read, analyze, manage and communicate about the personal financial condition that affect material well-being. It includes the ability to discern financial choices, discuss money and financial issues

without (or despite) discomfort, plan for the future and respond competently to life events that affect every day financial decisions, including events in the general economy. Individuals with financial literacy possess a set of skills and talents that enable them to use existing resources to attain their objectives.

Financial knowledge, according to Huston, is an inseparable part of financial literacy, but it has not been able to define financial literacy. Budgeting, savings, loans, and investing, according to [2], are the four most common aspects of financial literacy. Financial management is a method for effectively and efficiently managing financial tasks. Financial management, according to [3], is separated into three phases: financial planning (budgeting / financial planning), implementation, and evaluation.

Financial literacy, according to the Financial Services Authority, is the capacity to comprehend the knowledge and skills required to manage financial resources in order to achieve success. According to [4], financial literacy is a basic requirement for anyone in order to avoid financial difficulties. Financial issues do not always develop as a result of low income; they can also arise as a result of a financial management error (mismanagement), such as credit card usage or a lack of financial planning.

The low level of education is another aspect that has an impact on the sustainability of these MSMEs. The words level and education are made up of two syllables that have diverse meanings when combined. According to Presidential Instruction No. 15 of 1974, education is defined as all efforts to foster personality and develop Indonesian human abilities, both physically and spiritually, over the course of a lifetime, both inside and outside of school, in the context of fostering Indonesian unity and a just, prosperous society based on Pancasila.

Education is a type of human resource investment that contributes to economic progress. Because the benefits are only noticed after ten years, this is a long-term investment [5]. Meanwhile, [6] claims that education is a way of life. Education encompasses all learning experiences that occur in a variety of settings and over the course of one's life. Education encompasses all aspects of life that have an impact on an individual's development.

The employment of outdated technology is also mentioned as an issue that can impair a company's long-term viability. Technology is a tool used to boost a company's productivity. It is quite easy for workers to make items with this tool, and it will enhance worker productivity as well as product innovation and creativity, allowing them to compete with products from other businesses. Many variables influence the development of MSME technology, including human

resource capacity to develop technology, cash available for technology acquisition, the role of research institutions in supporting technology development, and monetary and fiscal policies [7]. According to [8] define technology as a shift in the production function that occurs in existing manufacturing procedures. As a result, technical advancements are always pursued in order to maximize efficiency.

Given the importance of MSMEs in ensuring the long-term viability of their businesses, each area should work to empower current MSMEs so that they can continue to expand and grow in order to boost regional revenue.

2. METHOD

The causal research approach was used in the research design. Causal research, according to [9], is a statistical correlation. There are independent (influence) factors and dependent (influenced) variables in this study. Financial literacy, education level, and technology were used as independent factors in this study. The sustainability of SMEs is the dependent variable.

To obtain primary data, the research was conducted on Micro, Small and Medium Enterprises (MSMEs) in Sawan District, Buleleng Regency, while secondary data was obtained at the Buleleng Regency Department of Trade, Industry, Cooperatives and SMEs, which is located at Jalan Melur No. 1 Banyuasri, Buleleng District. The participants in this study are all 2,365 formal MSMEs in Sawan District, Buleleng Regency. Purposive sampling was utilized as a sample approach in this investigation. The criteria used in this sampling are 1). Micro, Small and Medium Enterprises (MSMEs) in Sawan District., 2). properly registered with the Buleleng Regency's Department of Trade, Industry, Cooperatives, and SMEs, and 3). Engaged in trading business. The sample size was calculated using Slovin's formula, which resulted in 343 formal MSMEs being used in this study.

The data analysis approach is step-in research that is used to respond to the formulation of the problem with the goal of drawing conclusions from the study's findings. The t test and the F test were utilized in this study.

3. RESULTS & DISCUSSION

3.1. Research Result

The results of the test of the effect of financial literacy, education level, and technology on the sustainability of SMEs both partially can be seen in table 1 as follows

Table 1. T-Test Results The Effect of Financial Literacy on Business Sustainability

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	31,714	1,046		27,276	,000
	Financial literacy	,832	,066	,244	4,011	,000

a. Dependent Variable: Business Sustainability

Table 2. T-Test Results The Effect of Education Level on Business Continuity

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	30,504	1,321		26,905	,000
	Education Level	,263	,083	,196	3,595	,000

b. Dependent Variable: SME's Competitiveness

Table 3. T-Test Results the Effect of Technology on Business Continuity

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	32,615	1,054		27,726	,000
	Technology	,382	,068	,226	4,022	,000

c. Dependent Variable: SME's Competitiveness

Table 4. F Test Results The Effect of Financial Literacy, Education Level, and Technology on Business Sustainability

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.167	3	14.389	12.931	,000 ^a
	Residual	1664.168	339	4.909		
	Total	1707.335	342			

a. Predictors: (Constant), Technology, Education Level, Financial Literacy
 b. Dependent Variable: Business Sustainability

Based on table 1, it can be seen that the partial test results on the Financial Literacy variable (X1) obtained a significance value of 0.000 with a Cronbach Alpha of 0.05. So, $0.000 < 0.05$, then H_0 is rejected and H_a is accepted. So that there is a significant influence partially or individually between financial literacy variables on the sustainability of micro, small and medium enterprises (MSMEs) in Sawan District.

Based on table 3, it can be seen that the partial test results on the technology variable (X3) obtained a significance value of 0.000 with a Cronbach Alpha 0.05. So, $0.000 < 0.05$, then H_0 is rejected and H_a is accepted.

Based on table 4 ANOVA above, it can be seen that the test results simultaneously show that the significance

Based on table 2, it can be seen that the partial test results on the education level variable (X1) obtained a significance value of 0.000 with a Cronbach Alpha 0.05. So, $0.000 < 0.05$, then H_0 is rejected and H_a is accepted. So that there is a significant influence partially or individually between the variable level of education on the competitiveness of micro, small and medium enterprises (MSMEs) in Sawan District.

So that there is a partial influence between technology variables on the sustainability of micro, small and medium enterprises (MSMEs) in Sawan District.

value is 0.000 with Cronbach's Alpha 0.05. So, $0.000 < 0.05$, then H_0 is rejected. In accordance with the

decision-making criteria for the F test, there is a simultaneous significant influence between the level of education, capital and technology on the sustainability of micro, small and medium enterprises (MSMEs) in Sawan District.

3.2. Discussion

Based on the results in table 1, it shows that financial literacy affects the business sustainability of MSMEs. Financial literacy, as can be observed, refers to one's grasp of financial concepts and is critical in making financial decisions that can help MSME owners enhance their financial stability and well-being. MSME actors who obtained good financial education would be better at managing and managing their money than their counterparts who did not acquire financial education.

In Sawan District, the level of education has an impact on the viability of MSMEs. MSME actors with a high degree of education are more responsive when it comes to running their businesses, such as serving customers, reacting to requests, resolving complaints, and constantly attempting to innovate. This is consistent with [1] who claim that educational attainment has a strong favorable influence on business sustainability.

Consumers are more likely to shop at MSMEs that are equipped with advanced technology, such as computers, cash registers, and Electronic Data Capture (EDC) machines as payment instruments. Because a practical and quick payment system can cut down on long lines while making payments and lower the rate of calculation errors. This finding is consistent with the notion of [1], which claims that technology is one of the five criteria that entrepreneurs must possess in order to boost their business's competitiveness and ensure its long-term viability.

4. CONCLUSION

Based on the findings of the study, it can be stated that financial literacy, education level, and technology all have an impact on the sustainability of MSME enterprises in Sawan District, both partially and simultaneously. The best recommendation is for the government to pay more attention to existing MSMEs by giving socialization, coaching, or training to business actors so that they can focus on growing their businesses.

REFERENCES

- [1] T. Tambunan, *Usaha Mikro, Kecil, dan Menengah*. Jakarta: Ghalia Indonesia, 2017.
- [2] D. L. Remund, "Financial literacy explicated: The case for a clearer definition in an increasingly complex economy," *J. Consum. Aff.*, vol. 44, no. 2, pp. 276–295, 2010, doi: 10.1111/j.1745-6606.2010.01169.x.
- [3] E. Mulyasa, *Kurikulum Berbasis Kompetensi, Cetakan Pe. Bandung: PT. Remaja Rosdakarya*, 2002.
- [4] K. Bhandari, *Internationalization and Organizational Ambidexterity for Sustainable Performance: Moderating Effects of Firm-specific Advantages and Competitive Strategies*, *Acta Wasaensia* 379. Vaasan yliopisto: University of Va, 2017.
- [5] H. D. Atmanti, *Investasi Sumber Daya Manusia Melalui Pendidikan*. *Dinamika Pembangunan*, 2005.
- [6] R. Mudyahardjo, *Pengantar Pendidikan*. Jakarta: PT. Raja Grafindo Persada, 2012.
- [7] Suharyadi and Purwanto, *Metodelogi Penelitian*. Jakarta: Gramedia Pustaka Utama, 2004.
- [8] Suparmoko and Irawan, *Ekonomika Pembangunan*. Edisi keenam. Yogyakarta: BPFE.UGM, 2003.
- [9] Sugiyono, *Metodelogi Penelitian Bisnis*. Bandung: Alfabeta, 2016.