

Original Article

Analysis of the Impact of Financial Literacy and the Use of Information Technology for MSME in Sungai Jawi Luar

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Abstract: Micro, Small, and Medium-Sized Enterprises (MSMEs) are critical to the Indonesian economy since they generate jobs and economic growth for the nation's workforce. The fast economic expansion is making MSME participants realize how important financial literacy and the use of accounting information technology are. The purpose of this study is to investigate how information technology use and financial literacy affect MSMEs' performance in Sungai Jawi Luar village. In west Kalimantan's kelurahan sungai jawi luar Pontianak City, the research was carried out at MSME. The research is of the quantitative kind. The methods of gathering data that are employed are observation, surveys, and literature reviews. The study population consists of 145 MSME actors who operate in Pontianak City's outer river, Jawi hamlet. These actors work in a variety of sectors and already use digital payment systems and social media to conduct their businesses. Sampling using a sample of sixty respondents using the Slovin formula. SPSS statistical techniques are used in the analysis process. The results of this study show that utilization of information technology and financial literacy both have an impact on MSME performance. The application of information technology and financial literacy have a simultaneous impact on MSME performance.

Keywords: Financial Literacy, Application of Information Technology, MSME Performance.

I. INTRODUCTION

According to Law No.20/2008, micro, small and medium enterprises (MSMEs) are productive businesses owned by individuals or individual business entities that meet the requirements of a micro-enterprise. MSMEs are expected to be the main productive and competitive actors in the national economy. MSMEs are one of the sectors that play an important role in improving a country's economy. MSMEs are categorized as follows: (1) micro businesses are those that have resources with a limit of Rp.50 million rupiah or maximum sales of Rp.300 million rupiah, (2) small businesses are businesses that have resources between Rp.50 million and Rp.500 million rupiah, with sales ranging from Rp.300 million rupiah to Rp.2.5 billion rupiahs, and (3) medium businesses are those that have assets between Rp.500 million rupiahs and Rp.10 billion rupiahs with sales of Rp.2.5 billion rupiahs to Rp.50 billion rupiahs. (Saputra, 2022).

Among the many variables that influence the degree of economic success and sustainability, financial literacy is one of the most significant (Ratnasari, 2020). Financial literacy is more about how to manage finances and make accurate decisions that will support a business in the long run than it is about understanding financial principles. Business actors with a high degree of financial literacy are more likely to be able to recognize and seize opportunities to keep their company sustainable, as well as handle money in their company more skillfully. (Affandi, 2018). Income can rise with strong financial literacy; therefore, MSMEs must think carefully about how to handle their money. The performance of MSMEs can be impacted by solid financial governance, which is backed by strong financial capabilities. It can also change lifestyles and pay levels. (Susanti, 2018.) Entrepreneurs who possess strong financial literacy are capable of utilizing their financial acumen to make well-informed decisions for their businesses. (Muraga and John, 2015).

Information technology is a tool used to analyze data in many ways to generate high-quality information that is useful to different stakeholders and serves as strategic data for making decisions (Sutabri 2016). Information technology is helpful for MSME participants because, in addition to competing with other MSMEs, their operations must contend with the influx of goods from outside that are of higher quality (Lubis 2016). It can successfully use information and communication technology to have a direct impact on MSMEs in an endeavour to boost their production and efficiency. Using information and communication technology can have a number of positive effects on MSMEs. Where MSMEs may connect to worldwide networks with international reach, boost productivity, create new business prospects, and communicate swiftly. At the moment, technology and communication play a crucial role, especially for MSME players. Technology is becoming more sophisticated, which has made communication easier and faster—especially in business. This gives MSME players more chances to extend their networks and quicken the pace of their business growth. Thanks to the ever-improving state of technology, particularly in the field of telecommunications, business associates, clients, and investors can now communicate and collaborate virtually.



These days, there are a ton of online tools available to facilitate communication, like WhatsApp, telegram, Facebook, Instagram, Blackberry Messenger, and Twitter. You can even use these tools to hold online meetings or teleconferences using video calls, like Google Meet, Zoom, Skype, Microsoft Team, Webex, and many more. (Aswandy Edy, 2022).

This research was conducted on MSME units in Sungai Jawi Luar urban village, Pontianak city, West Kalimantan. This is because of the unique location where the kelurahan sungai jawi luar is the main container port of West Kalimantan province, which makes the diversity of types of MSMEs found in this area. Of course, this is crucial considering that the container port is one of the main factors in the economy of a region, opening access to various trade commodities from outside the region. This makes competition between MSME businesses in the outer Jawi River area very high. MSME actors are required to adjust and improve their performance for the sustainability of their business. Financial literacy, as important knowledge in doing business, is needed to improve the performance of the MSME business for the continuity and sustainability of the MSME being undertaken. On the other hand, the use of information technology is also very important to increase the exposure of MSME businesses in the Sungai Jawi Luar area so that the business being run gets the attention or introduction of more consumers or potential consumers and builds a good reputation for MSME. This can certainly increase the competitiveness of MSME in the Sungai Jawi Luar area as the driving force of the economy in the Sungai Jawi Luar village.

II. THEORETICAL FOUNDATION

A) *RBV (Resource Based View) Theory*

In 1950, the Resource Base View (RBV) idea was created as a model for a business development plan. Organizational resources are analyzed and interpreted using the Resource Based View (RBV) to help understand how businesses gain a sustained competitive advantage. The core idea of RBV is that competitive advantage and higher performance can be derived from hard-to-copy company features (Miller, 2019). Resources that are difficult for rivals to copy are more likely to be exclusive to the company and difficult to transfer or buy. Examples of these resources include those that demand a steep learning curve, significant organizational climate and cultural changes, or both. As stated by Collins (2021). The application of RBV theory to MSMEs may imply that internal resources like managerial experience, owned business networks, or brand reputation, as well as external elements like the market and competition, also play a role in an MSME's success or failure. MSMEs might obtain a long-lasting competitive advantage in a cutthroat industry by effectively comprehending and controlling these resources. Because of this, the RBV theory provides a suitable framework for understanding how information technology and financial literacy can boost MSMEs' competitiveness and performance growth.

B) *MSME Performance*

(Moeheriono 2012) defines performance as the degree to which the goals, objectives, vision, and mission of an organization—as stated in its strategic planning—are realized through the implementation of an activity program or policy. According to Tambunan (2013), MSMEs are autonomous, profitable businesses operated by people or organizations across all economic sectors. Micro, small, and Medium-Sized Enterprises (MSMEs) are profitable companies owned by individuals or by individual business entities that satisfy the criteria to be classified as micro-enterprises, according to Law No. 20 of 2008. MSMEs are expected to be the main productive and competitive actors in the national economy. MSMEs are among the industries that contribute significantly to the development of a nation's economy. MSMEs fall into the following categories: The three types of businesses are as follows: (1) micro-businesses, which have resources up to 50 million rupiah and maximum sales of 300 million rupiahs; (2) small businesses, which have resources between 50 million and 500 million rupiah and sales between 300 million and 2.5 billion rupiahs; and (3) medium businesses, which have assets between 500 million rupiah and 10 billion rupiah and sales between 2.5 billion and 50 billion rupiahs. (Saputra, 2022).

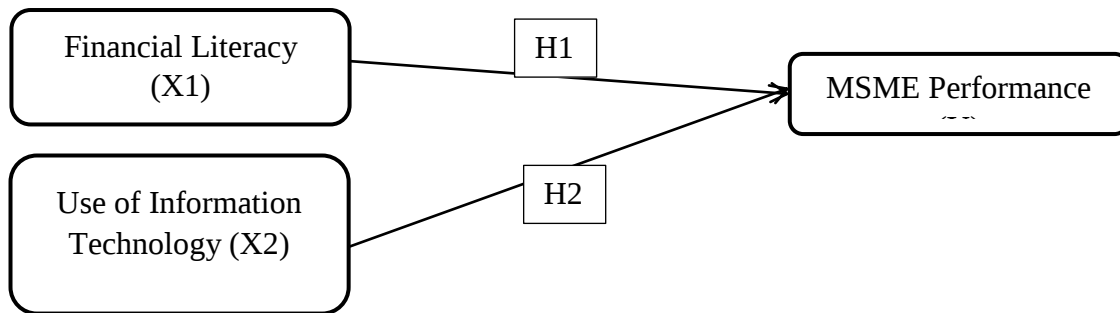
C) *Financial Literacy*

According to Vidovicova and Wicaksono Survey (2015), financial literacy is the capacity to recognize and comprehend financial risks in order to make well-informed financial decisions, as well as the knowledge of financial goods and concepts with the aid of information and assistance. Definition of financial literacy: the ability to make financial decisions with the intention of becoming wealthy (Lusardi & Mitchell (Yushita 2017)). Mason & Wilson's definition of financial literacy (Krisna, 2010) is the capacity of people to find, comprehend, and assess information pertinent to making decisions by being aware of pertinent financial ramifications.

D) *Information Technology Utilization*

Information technology gathers, organizes, and analyzes data in a variety of ways to generate fast, accurate, and high-quality information for private, public, and corporate use. Technologies for data processing, including modification and storage.

The following diagram is the framework of this research:



III. RESEARCH METHODOLOGY

A) Objects of Research

From March 2014 to May 2024, the research was carried out at MSMEs in the West Kalimantan kelurahan sungai jawi luar pontianak city. Quantitative research is the methodology employed. In order to evaluate preconceived hypotheses, quantitative research involves the study of specific populations or samples, data collection with the aid of research instruments, and statistical or quantitative data analysis. It is a positivist-minded research methodology (Sugiyono, 2019). The dependent MSME performance is one of the three variables in this study. The use of information technology and financial literacy are the other two independent variables.

B) Data Collection Methods

The data for this study is gathered through surveys, observations, and a review of the literature. The reference material is drawn from earlier pertinent research books and periodicals. Direct interviews with respondents were used to administer the questionnaire, and direct evaluation and statement of the observable facts of the article under study—that is, MSMEs in Sungai Jawi Luar village—was used to carry out observation.

C) Population and Sample

According to Sugiyono (2019), a population is a hypothetical group of items and persons that researchers choose to examine and ultimately make inferences from. MSMEs in Pontianak City's Sungai Jawi Luar urban village region made up the study's population. According to data gathered from the labor office, cooperative, and MSMEs in Pontianak City, there were 145 MSMEs registered in 2024, operating in a variety of industries. The sampling technique known as "purposeful sampling" involves specific considerations. Sugiyono (2016). This purposive sampling strategy is employed because it is appropriate for use in non-generalizable studies or quantitative research. Sugiyono (2016). The following formula can be used to figure out the number of samples that will be utilized for this investigation using statistical calculations:

$$n = \frac{N}{1 + N e^2}$$

Description:

n = sample size

N = population size

e = allowance for error, as testing error can be borne, taken at 10%

$$n = \frac{145}{1 + 145(0,10)^2} = 59.2 \text{ rounded to } 60$$

The sample size in this study was 60 respondents.

IV. RESULTS AND DISCUSSION

This study conducted a classical assumption test before conducting the regression test. The Kolmogorov-Smirnov (K-S) test was used to conduct a normality test.

The normality test is used to determine whether the processed data is normally distributed. The decision criteria if the p value > 0.05, then the data distribution is normally distributed. The results of the normality test are as follows:

Table 1. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.89798335
Most Extreme Differences	Absolute Positive	.048
		.045
	Negative	-.048
Test Statistic		.048
Asymp. Sig. (2-tailed)		.183

The results of the normality test state that the p-value is $0.183 > 0.05$, so the data is normally distributed.

A) Multiple Linear Regression

Table 2. Multiple Linear Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.028	2.320		1.737	.079
literacy	.190	.064	.309	2.615	.014
IT utilization	.540	.168	.340	3.099	.004

The equation of multiple linear regression is as follows:

$$Y = 4.028 + 0.190 X_1 + 0.540 X_2$$

Because the constant value (a) = 4.028 is positive and shows that accounting information systems, information technology use, and financial literacy are all considered constants, the performance of MSMEs is 4.056.

Under the premise that other factors stay constant, the performance of MSMEs increases as financial literacy increases, according to the regression coefficient value of financial literacy (β_1) = 0.190, which is positive.

Assuming all other factors remain constant, the positive regression coefficient value (β_2) = 0.540 for information technology use shows that MSMEs perform better the more effectively they use technology.

Table 6: Results of the t-test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.028	2.320		1.737	.079
financial literacy	.190	.064	.309	2.615	.014
IT utilization	.540	.168	.340	3.099	.004

The significance level of financial literacy is $0.014 < 0.05$, which is shown from the t-test results.

The first hypothesis (H1) is accepted because it shows that MSME performance is influenced by financial literacy variables.

The t-test shows the significance level of information technology utilization of 0.004, less than 0.05.

This means that the information technology utilization factor affects the performance of MSMEs, so the following hypothesis (H2) is accepted.

B) Discussion

a. The effect of financial literacy on MSME performance

The performance of MSMEs is significantly impacted by financial literacy. A corporation will perform better and have a competitive edge if it can manage its resources to be more valuable, uncommon, and uncopyable, according to RBV theory. Businesses can acquire financial resources (as resources) through high financial literacy, which can then be handled effectively to boost corporate success (Utomo and Kaujan, 2019). This validates the research of Febriana (2021). Suardana (2020) MSMEs' performance is impacted by financial literacy.

b. The effect of information technology utilization on MSME performance

The results demonstrate that MSMEs' performance is significantly impacted by their use of information technology. According to the resource-based view (RBV), organizations that manage both tangible and intangible strategic assets, such as more technology resources, can raise their revenues and obtain a competitive advantage. These findings corroborate Farina's research (2022), which found that MSME players who effectively use information technology can work more quickly and easily, which can have an impact on their performance.

V. CONCLUSION AND SUGGESTIONS

The study's findings demonstrate that information technology use and financial literacy significantly and favorably impact MSMEs' performance in Sungai Jawi Luar, an urban village in Pontianak City. This study suggests that, in order for MSME players in Sungai Jawi Luar urban village to improve their performance, local governments and related agencies should really offer training on financial literacy and information technology use. This will undoubtedly have a positive impact on the welfare of the community, especially MSME players in Sungai Jawi Luar urban village.

VI. LITERATURE

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