

**The Influence Of Financial Literacy On The Financial Performance Of Small
Businesses In Makassar City****Windi Citra¹⁾ Sultan Sarda²⁾ Nasrullah³⁾**
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This research aims to determine the effect of financial literacy on the financial performance of small businesses in the city of Makassar. The population in this research is all small businesses recorded in the Makassar City Cooperatives and SMEs Department in 2022, namely 136 businesses. The type of data used in this research is quantitative data obtained from questionnaires distributed to 58 samples related to the problem being researched. Data were analyzed using a simple regression analysis method with the help of SPSS data processing to prove the hypothesis. The t test shows that the t-count > t-table value is 6.681 > 1.6725. Meanwhile, the significance value of the financial literacy variable is 0.000 < 0.05. So it can be concluded that financial literacy has a positive and significant effect on business financial performance. The better the level of financial literacy of business actors, the better the resulting performance will be.

Keywords: Financial Literacy, Financial Performance**INTRODUCTION**

Makassar City is one of the metropolitan areas in South Sulawesi. Most of the people in this city are involved in the business sector. This is due to the increase in population every year which makes people's needs also increase. With conditions like these, people are taking the opportunity to open various kinds of businesses ranging from micro to medium scale in the hope of being able to help improve the economy both personally and in the local area. It has been proven in recent years that MSMEs (Micro, Small and Medium Enterprises) have a very important role in economic development in a country. MSMEs have a huge contribution to the economy starting from providing jobs, stabilizing and growing the local economy and by carrying out export activities, business people are also able to increase economic growth significantly in this country. In fact, MSMEs are also one of the forerunners to the creation of a large company, namely by utilizing and developing all the creativity possessed by each group or individual business actor.

According to data from the Ministry of Cooperatives, Small and Medium Enterprises (KUKM) in 2018, the number of MSMEs was 64.2 million or 99.99% of the number of business actors in Indonesia. The workforce absorption capacity of MSMEs is 117 million workers or 97% of the workforce absorption capacity of the business world. Meanwhile, the contribution of MSMEs to the national economy (GDP) was 61.1%, and the remaining 38.9%

was contributed by large business actors, whose number was only 5,550 or 0.01% of the total number of business actors.

MSMEs are dominated by micro business actors, numbering 98.68% with a labor absorption capacity of around 89%. Meanwhile, the contribution of micro businesses to GDP is only around 37.8%.

From the data above, Indonesia has the potential for a strong national economic base because the number of MSMEs, especially micro businesses, is very large and the labor absorption capacity is very large. The government and business actors must raise the 'class' of micro businesses to medium businesses. This business base has also proven strong in facing the economic crisis. Micro businesses also have fast transaction turnover, use domestic production and are in touch with the community's primary needs. The government is aware of the potential of MSMEs, therefore, in recent years, the Government has taken policies to increase the capacity of micro and small businesses so that they can be upgraded to medium-sized businesses.

RESEARCH METHODS

According to Sugiyono (2017), population is a generalized area consisting of: objects/subjects that have certain qualities or characteristics determined by researchers to be studied and then conclusions drawn. The population in this study were small businesses spread across the city of Makassar, namely 136 businesses.

According to Sekaran and Bougie (2017) a sample is a group of the population. In this research, the sampling technique that will be used is purposive sampling. According to Sugiyono (2017) purposive sampling is a data sampling technique that is based on certain considerations. Therefore, the sample criteria that will be used are as follows:

Small businesses that have been operating for more than 2 years. Business actors with a minimum education level of high school/high school. Operational variables are a description of the research variables, dimensions and indicators used to measure these variables.

The data collection technique that will be carried out in this research is by using a survey method. The author will conduct a survey directly at the research location and then ask questions in the form of a questionnaire. The questionnaire that will be used in this research is a closed questionnaire where questions will be given to several micro business actors who meet the criteria in this research sample. This questionnaire consists of a number of questions which are available on the Google Form link which will be given directly. In this questionnaire, researchers have also provided answer options to respondents regarding matters related to the problem they are experiencing.

Descriptive analysis is a description of each variable from the respondent's perception in a particular category. This analysis is used to analyze data by describing or illustrating the data that has been collected as is without making generalizations or conclusions from the research results. To find out the level of financial literacy possessed by respondents, divide

them into 3 categories. This category division was carried out by multiplying the number of samples (58) by the highest score (5) and the lowest score (1), then the results of the multiplication were subtracted and divided by 3 which produced a range with a value of 77 in each category. So the division into categories is that respondents with a low level of financial literacy knowledge are in the range of 58-135. The second category is respondents with a moderate level of financial literacy knowledge in the range of 136-212. And finally, respondents with a high level of financial literacy knowledge were in the range of 213-290.

Table 3.1. Operational Variables

Indicator Definition Variables	Indicator Definition Variables	Indicator Definition Variables
Literacy Kfinance (X)	Financial literacy is the ability of business actors to understand and apply financial skills effectively.	PIvestment knowledge Ririsks and benefits Pcredit management Psavings management
KiFinancial performance (Y)	KiFinancial performance is the result obtained from managing small business finances in a certain period.	PGross Profit management (<i>Gross Profit Margin</i>) Net Profit Management (Net Profit Margin) Rate of Return on Assets (ROA) Rate of Return on Equit (ROE)

Variable Measurement

In measuring the opinions obtained from respondents, researchers will use a Likert scale by determining the score for each answer with the following example:

Qable 3.2. Likert Scale

Pquestion	Answer	Score
Positive	SStrongly Agree (SS)	5
	Sagree (S)	4
	Disagree (KS)	3
	Disagree (TS)	2
	Strongly Disagree (STS)	1

RESULTS AND DISCUSSION

Research result

The results of this research were obtained from data collected from a total of 58 small business respondents spread across the city of Makassar. Then the data is analyzed descriptively and processed statistically based on instrument tests and classical assumptions as follows:

Descriptive Analysis

From several questions given by researchers to respondents through a questionnaire, various answers were obtained which can be seen in the table below.

Information : 1 = Strongly Disagree

2 = Disagree

3 = Disagree

4 = Agree

5 = Strongly Agree

Financial Literacy Variable (X)

QAbel. 4.1. Descriptive Research Variables (X)

Pstatement	Qpresumption					Amount
	1	2	3	4	5	
X1	0	0	0	28	30	262
X2	0	0	0	9	49	281
X3	0	0	0	5	53	285
X4	0	0	0	3	55	287
X5	0	0	0	15	43	275
X6	0	0	0	20	38	270
X7	0	0	0	39	19	251
X8	0	0	0	39	19	251
X9	0	0	0	11	47	279
X10	0	0	0	2	56	288

X11	0	0	0	17	41	273
X12	0	0	0	27	31	263
Average						272.08

In the table above, it can be seen that the average answer to each statement given to respondents regarding the financial literacy variable is 272.08. This indicates that the level of financial literacy knowledge of small business actors in the city of Makassar is in the high category because it is in the range 213-290. Where the lowest value of the statement given is 251 and is in the Credit Management indicators, namely (X7) and (X8). Meanwhile, the highest score is 288 which is in the Savings Management indicator, namely (X10).

Financial Performance (Y)

QAbel. 4.2. Descriptive Research Variables (Y)

Statement	Qpresumption					Amount
	1	2	3	4	5	
Y1	0	0	0	19	39	271
Y2	0	0	0	34	24	256
Y3	0	0	0	24	34	266
Y4	0	0	0	22	36	268
Y5	0	0	0	31	27	259
Y6	0	0	0	22	36	268
Y7	0	0	0	38	20	252
Y8	0	0	0	31	27	259
Y9	0	0	0	26	32	264

Y10	0	0	0	39	19	251
Y11	0	0	4	24	30	258
Y12	0	0	4	24	30	258
Raverage						260.83

From the table above it can be seen that the average answer to each statement given to respondents regarding the financial performance variable is 260.83. This indicates that the financial performance of small businesses in the city of Makassar is fairly good because it is in the range 213-290. Where the lowest value of the statement given is 251 which is in the Return On Equity indicator, namely (Y10). Meanwhile, the highest value is 271 which is in the Gross Profit Margin indicator, namely (Y1).

Classic assumption test

Normality test

The Normality Test is a test that is useful for assessing whether the distribution of data in a group of data or variables is normally distributed or not. A regression equation is declared normally distributed if the significance value of the Kolmogorov-Smirnov test is greater than 0.05.

Heteroscedasticity Test

The heteroscedasticity test is carried out to find out whether in a regression model there is a difference in the variance of the residuals in one observation compared to other observations. Heteroscedasticity does not occur if the significance value is > 0.05 .

Linearity Test

The Linearity Test aims to find out whether two variables have a linear relationship or not significantly. This test looks at how the variable (X) affects the variable (Y), whether the influence is directly proportional or inversely proportional. This test is usually used as a prerequisite in correlation analysis or linear regression.

Discussion

Based on the research results, it is known that financial literacy has a positive and significant effect on the financial performance of small businesses in Makassar City. This is proven based on the results of descriptive analysis which shows that the financial literacy level of small business actors in Makassar City is in the high category with the most important indicator being savings management. In this way, it can be seen that small business actors in the city of Makassar focus more on managing funds for short-term and long-term needs in developing their business by setting aside a portion of their income or profits for savings.

However, overall all indicators of the financial literacy variable consisting of investment knowledge, risks and profits and credit management are also classified as high, which means that the understanding of financial literacy of small business actors in Makassar City, measured based on these four indicators, is considered very good. The results of the descriptive analysis for the level of financial performance of small business actors in the city of Makassar are also in the high category with the most important indicator being gross profit management (Gross Profit Margin). This means that the financial performance of small business actors in the city of Makassar is more prominent in the gross profit income generated. However, overall all the indicators in the financial performance variable consist of net profit management (Net Profit Margin), the level of Return on Assets and the level of Return on Equity is also classified as high, which means that the financial performance of small businesses in Makassar City, measured using these four indicators, is considered very good.

In this way, it can be stated that the high level of financial literacy knowledge of small business actors in Makassar City will be followed by the resulting high financial performance. Likewise, if the level of financial literacy knowledge of small business actors in Makassar City is still relatively low, the resulting financial performance will be less than optimal. So, these two variables are in the same direction or related to each other, and it is stated that there is an influence between the financial literacy variable on the financial performance variable. The research results also show that the financial literacy of small business actors in Makassar City has quite a large influence on the financial performance of the resulting business.

This is reinforced by the opinion of Lusardi and Schresberg (2013), who state that financial literacy has a positive relationship with company business performance. This is shown by companies that have a high level of literacy tend to have good performance. Furthermore, the theory of planned behavior (Lee & Kotler, 2011: 199) shows that background such as experience and knowledge possessed by business actors, especially in the financial sector, will have an impact on confidence to take the right steps so that in the end it will influence the behavior of business actors in make decisions regarding financial management.

Financial literacy has a significant impact on the resulting financial performance. Especially for small business actors who are facing various kinds of challenges today, to survive and develop they need an adequate understanding of financial literacy to overcome all kinds of obstacles so that it can facilitate the process of achieving both short and long term goals.

The results of this research are strengthened by previous research conducted by Ratnasari (2020) which stated that financial literacy has a positive effect on the sustainability of MSME businesses in the city of Makassar. Likewise, the results of this research show that good financial literacy will also improve the level of sustainability of micro, small and medium enterprises in the city of Makassar.

The level of financial literacy knowledge and financial performance of small business actors in Makassar City is relatively good. Where all respondents in this study were included in the category of high levels of financial literacy and financial performance. This means that

financial literacy plays an important role in improving the financial performance of small businesses.

Good financial literacy can improve financial performance. This is proven based on research conducted by Ardiansyah et al (2020) which shows that financial literacy partially has a positive and significant effect on the financial management of MSMEs in Makassar City. This means that financial literacy plays an important role in improving financial management. If the financial literacy level of MSME owners is good, their MSME financial management will also be better. This is because MSME owners already have financial literacy skills have knowledge in planning and carrying out financial management plans, with the aim of avoiding the risk of errors in financial management so that financial prosperity can be achieved.

CONCLUSION

This research aims to determine the effect of financial literacy of small business actors on business financial performance. So the conclusion obtained from this research is that financial literacy has a positive and significant effect on the financial performance of small businesses in the city of Makassar. The research results show that financial literacy has quite a big influence on the resulting performance, so the better the level of financial literacy knowledge of small business actors, the better the resulting financial performance. Likewise, if the poorer the level of financial literacy knowledge of small business actors, the worse the resulting performance will be. The level of knowledge of small business actors in Makassar is also in the high category so that they are able to produce good performance. Knowledge of adequate financial literacy will also make it easier to face all kinds of challenges and obstacles in business management and development so that short-term and long-term goals can be achieved well.

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