

The Influence of Financial Literacy and E-Commerce on MSME Performance in Makassar City

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Abstract: This research aims to examine the influence of financial literacy and e-commerce on the performance of MSMEs in Makassar City. The type of research used in this research is a quantitative survey method. The MSME sample consisted of 100 samples selected using the purposive sampling method. The data in the sample uses primary data obtained using a distributed questionnaire. The data analysis methods used are validation tests, reliability tests, multiple linear regression tests and hypothesis tests using the SPSS 26 analysis tool. The research results show that financial literacy and e-commerce have a positive and significant effect on the performance of MSMEs in Makassar City.

Keywords: financial literacy; e-commerce; MSME performance

INTRODUCTION

The performance of Micro, Small and Medium Enterprises (MSMEs) in all corners of the country is a priority concern for entrepreneurs, government, venture capital companies, investors and financial institutions as well as non-governmental organizations. This is because MSMEs play a significant role and have a large contribution to the economy in a country, especially in Indonesia [1]. The progress of MSMEs in our country really depends on our MSMEs [2].

According to Rusnawati at all [3], financial literacy is a person's level of knowledge and ability in managing finances for making financial decisions. Financial literacy in MSMEs will help entrepreneurs how to manage businesses starting from funds, business, savings planning, and basic knowledge to achieve their goals [4].

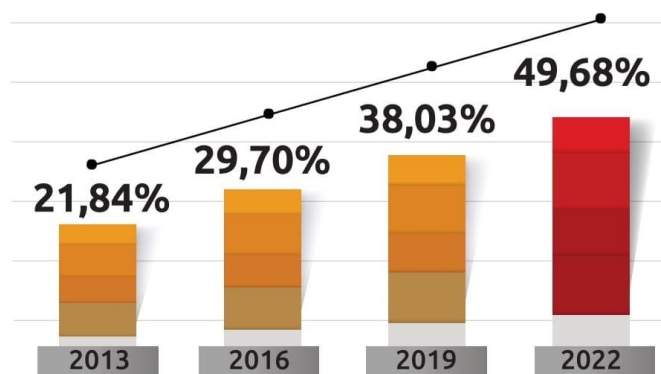


Figure 1. National Financial Literacy Index

Based on a survey conducted by the Financial Services Authority (OJK) in 2019-2022, the level of financial literacy in Indonesia has increased compared to the previous year, namely from 38.03% in 2019 to

49.68% in 2022. Knowledge of financial literacy is really needed by society, especially in Indonesia. This shows that there will be an increase in the level of financial literacy in 2022 compared to 2019. Indonesia has succeeded in exceeding the target set by the government in Presidential Regulation No. 50 of 2017 concerning the National Strategy for Consumer Protection by 35%.

One thing that is currently developing among society is e-commerce (electronic commerce). According to Trianda et al [5] E-commerce is a form of implementing technological developments to market products (goods or services) to all places and segments, both in physical and digital form, both on a national and international scale. E-commerce as a form of information technology progress provides many changes, reduces costs, makes promotion easier, opportunities to expand market share without having to have large capital. For optimal results, marketing strategies must be implemented as closely as possible because there is increasing competition both in terms of price, service and product quality [6]. Seeing the conditions in Makassar City, internet use is increasing rapidly without age restrictions. Thus, people can take advantage of these conditions to conduct business or trade online. Based on the background explanation above, the researcher was interested in conducting research with the title "The Influence of Financial Literacy and E-Commerce on the Performance of Micro, Small and Medium Enterprises (MSMEs) in Makassar City".

METHOD

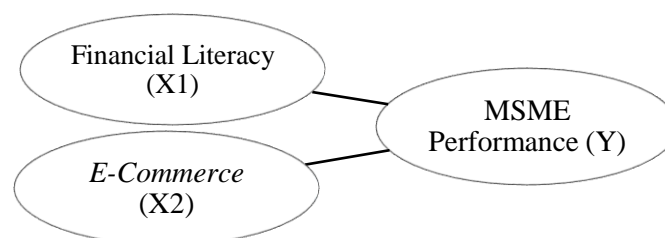
Types of research

This research uses a quantitative survey method by processing primary data obtained from respondents' answers to questionnaire questions and statements distributed to respondents.

Conceptual Framework

Based on the description provided in the conceptual framework below, the independent variables in this research are Financial Literacy (X1) and E-Commerce Use (X2) and the dependent variable in this research is MSME Performance (Y).

Figure 2. Conceptual Framework



Population and Sample

The population in this study were all MSME actors in Makassar City. Based on data from the Makassar City MSME service, the number of MSMEs in Makassar City is 19,000 MSMEs. Sampling was carried out using the Slovin formula, so the sample obtained was 100 respondents. The collection method is using a purposive sampling method.

Research instrument

Answer selection uses a Likert scale, namely a strongly agree answer is worth 5, an agree answer is worth 4, a neutral answer is worth 3, a disagree answer is worth 2 and a strongly disagree answer is worth 1.

Data analysis method

The data analysis methods used are validation tests, reliability tests, multiple linear regression tests and hypothesis tests using the SPSS 26 analysis tool.

RESULTS AND DISCUSSION

RESULTS

Validity test

Validity testing in this research was carried out with 100 respondents with a significance level of 5% and using the SPSS 26 application. Decision making was based on $r_{count} > r_{table}$ of 0.1986 with an explanation as in the table below:

Table 1. Validity Test Results

Question Items	r_{count}	r_{table}	Information
x1.1	.865**	0,1986	Valid
x1.2	.866**	0,1986	Valid
x1.3	.849**	0,1986	Valid
x1.4	.884**	0,1986	Valid
x1.5	.853**	0,1986	Valid
x1.6	.817**	0,1986	Valid
x1.7	.801**	0,1986	Valid
x2.1	.670**	0,1986	Valid
x2.2	.684**	0,1986	Valid
x2.3	.722**	0,1986	Valid
x2.4	.723**	0,1986	Valid
x2.5	.672**	0,1986	Valid
x2.6	.706**	0,1986	Valid
x2.7	.688**	0,1986	Valid
x2.8	.801**	0,1986	Valid
x2.9	.547**	0,1986	Valid
x2.10	.541**	0,1986	Valid
x2.11	.578**	0,1986	Valid
x2.12	.555**	0,1986	Valid
y.1	.866**	0,1986	Valid
y.2	.745**	0,1986	Valid
y.3	.809**	0,1986	Valid
y.4	.824**	0,1986	Valid
y.5	.784**	0,1986	Valid
y.6	.847**	0,1986	Valid

Source: Data processed by SPSS 26, 2023

Based on table 1 above, it can be concluded that the total score for each statement for variables X1, Thus, all research variable statement items are valid.

Reliability Test

Reliability testing was carried out by looking at the Cronbach Alpha coefficient. Cronbach Alpha is considered reliable if it is > 0.6. The closer the Cronbach Alpha is to a value of 1, the higher the level of reliability. The results of reliability testing on this research variable are as follows:

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	Information
Financial Literacy	0.800	Reable
E-Commerce	0.680	Reable
MSME performance	0.801	Reable

Source: Data processed by SPSS 26, 2023

Based on table 2 above, it can be concluded that all variables have a fairly large alpha coefficient, namely above 0.60, so it can be said that all variables from the questionnaire are reliable. all statements in the questionnaire were considered reliable because the Cronbach's Alpha value for each variable was > 0.60.

Multiple Linear Regression Analysis

Table 3. Results of Multiple Linear Analysis

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.599	1.465		7.915	.000
	x1	.286	.056	.423	5.080	.000
	x2	.106	.023	.379	4.548	.000

a. Dependent Variable: y

Source: Data processed by SPSS 26, 2023

Based on table 3 above, the regression equation is obtained, namely:

$$Y = \alpha + b_1X_1 + b_2X_2 + e$$

$$Y = 11.599 + 0.286 X_1 + 0.106 X_2 + e$$

A constant value of 11.599 indicates that if the dependent variable, namely MSME Performance, is zero, then MSME Performance is a constant of 11.599%. The financial literacy coefficient value of 0.286 indicates that an increase in financial literacy in one numerical unit will result in an increase in MSME performance of 0.286% assuming other variables are constant. The E-Commerce coefficient value of 0.106 indicates that an increase in E-Commerce in one numerical unit will result in an increase in MSME performance of 0.106% assuming other variables are constant.

T Test (Partial Test)

The T test is used to determine the partial influence of the independent variable or financial literacy and e-commerce variables on the dependent variable or MSME performance variable. The basis for decision making in this test is that if the significant value is <0.05 then the alternative hypothesis is valid and vice versa. Another basis for decision making is by comparing the tcount and ttable values. If tcount > ttable then the alternative hypothesis is accepted. In this study, the sample numbered 100, with an error rate of 0.05 with degrees of freedom = (df = n-k) = (100-3=97) so that a ttable value of 1.9847 (1.99) was obtained.

Table 4. T Test Results

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.599	1.465		7.915	.000
	x1	.286	.056	.423	5.080	.000
	x2	.106	.023	.379	4.548	.000

a. Dependent Variable: y

Source: Data processed by SPSS 26, 2023

Based on table 4 in variable X1, it shows that based on the probability value of the financial literacy variable it is 0.00 < 0.05. Then, if based on the comparison, 5,080 > 1.99 is obtained, it can be concluded that financial literacy has a significant effect on the performance of MSMEs. The variable X2 shows that based on the probability value of the e-commerce variable it is 0.00 < 0.05. Then, if based on the comparison, 4,548 > 1.99 is obtained, it can be concluded that e-commerce has a significant effect on the performance of MSMEs.

Determination Coefficient Test (R2)

Table 5. Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.687 ^a	.472	.462	2.66552
a. Predictors: (Constant), x2, x1				

Source: Data processed by SPSS 26, 2023

Based on table 5 above, it shows that the R Square value is 0.687. This indicates that the contribution of variables X1 and X2 in variable Y is 68.7%, while the remaining 31.3% is determined by other factors outside the model which were not detected in this research.

DISCUSSION

The Influence of Financial Literacy on MSME Performance

Based on the results of multiple linear regression analysis which shows that the coefficient value of the financial literacy variable (X1) is 0.286, indicating that the financial literacy variable (X1) has positive results on the performance of MSMEs (Y). So, if there is an increase in the financial literacy variable with the assumption that other variables are constant, then the performance of MSMEs will also increase.

Based on the results of the t test (partial test), it shows that the probability value for the financial literacy variable is $0.00 < 0.05$. Then, if based on the comparison, $5,080 > 1.99$ is obtained, it can be concluded that financial literacy has a significant effect on the performance of MSMEs.

The results of the tests that have been carried out can be concluded that financial literacy has a positive and significant effect on the performance of MSMEs. The research results show that financial literacy has a direct relationship with MSME performance. If MSME actors know and are able to manage their finances, then MSME actors can directly manage the finances of their business so that they can improve the performance of the MSMEs concerned. The results of this research are supported by research conducted by Wismanjaya et al [7] which states that financial literacy has a positive and significant effect on the performance of MSMEs. Research conducted by Nu Hamidah et al [8] also states that financial literacy has a positive and significant effect on the performance of MSMEs. Based on research [9] also states that financial literacy has a positive and significant effect on the performance of MSMEs.

The Influence of E-Commerce on MSME Performance

Based on the results of multiple linear regression analysis which shows that the coefficient value of the variable interest in using e-commerce (X2) is 0.106, indicating that the variable interest in using e-commerce (X2) has positive results on the performance of MSMEs (Y). So, if there is an increase in e-commerce with the assumption that other variables are constant, then the performance of MSMEs will also increase.

Based on the results of the t test (partial test), it shows that the probability value for the e-commerce variable is $0.00 < 0.05$. Then, if based on the comparison, $4,548 > 1.99$ is obtained, it can be concluded that e-commerce has a significant effect on the performance of MSMEs.

The results of the tests that have been carried out can be concluded that e-commerce has a positive and significant effect on the performance of MSMEs. The research results show that e-commerce has a unidirectional relationship with MSME performance. The results of this research are supported by research conducted Ayu Ladya et al [9]. Research conducted by Oniela et al [10] also states that e-commerce has a positive and significant effect on the performance of MSMEs.

CONCLUSION

Based on the results of data analysis and discussion regarding the influence of financial literacy and e-commerce on the performance of MSMEs in Makassar City, it can be concluded that financial literacy has a positive and significant effect on the performance of MSMEs in Makassar City and e-commerce has a positive and significant effect on the performance of MSMEs in Makassar City. Suggestions for future researchers are to expand or add other variables not covered in this

research. Variables that can be considered for further research are accounting information systems, access to capital, e-payment and variables that can influence the performance of MSMEs.

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