

THE INFLUENCE OF FINANCIAL LITERACY AND ENTREPRENEURIAL ORIENTATION ON THE PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES IN BANYUMAS REGENCY

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ABSTRACT

MSMEs often experience delays in their development. This is due to various conventional problems that are not resolved completely, such as human resource capacity problems, ownership, financing, marketing and various other problems related to business management, making it difficult for MSMEs to compete with large companies (Abor & Quartey, 2010). The condition of MSMEs in Banyumas itself can be said to have been established and able to survive various conditions, one of which was from the Covid-19 Pandemic, according to news and information obtained by the author the condition of MSMEs in Banyumas has been able to survive until now, but some have to stop due to internal and external factors. The efforts of the government in saving MSME actors in Banyumas are proven by holding the Banyumas Micro, Small and Medium Entrepreneurs Association. Apart from that, the condition of MSME actors needs to be considered in terms of entrepreneurial orientation and financial literacy, these two fields have an important role in the performance of MSME actors in Banyumas. The importance of enriching the knowledge of MSME actors on financial literacy and entrepreneurial orientation so that the management and development of MSMEs can be better accounted for as large companies. problem formula How entrepreneurial orientation affects MSME Performance in Banyumas How financial literacy affects MSME Performance in Banyumas Research objective To determine the effect of entrepreneurial orientation on MSME Performance in Banyumas. Knowing the influence of financial literacy on MSME Performance in Banyumas. D. Method 1. The material used in this study is micro, small and medium enterprises (MSMEs) owned by students of Jenderal Soedirman University. 2. The analysis tool used in this study is the SPSS application. 3. Data collection techniques and data analysis The techniques used in this study use questionnaires while data analysis uses multiple regression models with several tests, namely hypotheses including validity tests, reliability and classical assumption tests (normality, multicollinearity, heteroscedasticity). Based on the results obtained, it shows that t count is 13,794 t, the table is 2,622 so that Ha is accepted, which means that the first hypothesis "There is a positive influence between Financial Literacy on MSME performance" is proven. While the entrepreneurial orientation t calculated at 3,024 t table of 2,622 so that Ha is accepted, which means that the first hypothesis "There is a

positive influence between Financial Orientation on MSME performance" is proven. From the results of this study it can be concluded that: Variables (X1) financial literacy and (X2) Entrepreneurial Orientation affect Variable (Y) performance of micro, small and medium enterprises in Banyumas Regency. In testing the design of this research model, two hypotheses were proposed as follows: X1: Financial literacy has a significant influence on MSME performance while X2: Entrepreneurial orientation has a significant influence on MSME sustainability.

Keywords: Financial Literacy, Entrepreneurial Orientation, and Performance.

1. Introduction

1.1 Background

MSMEs often experience delays in their development. This is due to various conventional problems that are not resolved completely, such as human resource capacity problems, ownership, financing, marketing and various other problems related to business management, making it difficult for MSMEs to compete with large companies (Abor & Quartey, 2010). Manurung & Barlian, (2012) argue that MSMEs in the creative industry tend to have a short-term orientation in decision making in their business. This can be seen from the absence of the concept of sustainable innovation and inconsistent core business activities. In the end, the development of the long-term performance of MSMEs engaged in the creative industry tends to be stagnant and not well directed. Therefore, strategic efforts are needed to improve the performance and sustainability of MSMEs.

The condition of MSMEs in Banyumas itself can be said to have been established and able to survive various conditions, one of which was from the Covid-19 Pandemic, according to news and information obtained by the author the condition of MSMEs in Banyumas has been able to survive until now, but some have to stop due to internal and external factors. The efforts of the government in saving MSME actors in Banyumas are proven by holding Banyumas Micro, Small and Medium Entrepreneurs Association, this organization was inaugurated on Tuesday, July 28, 2020 and houses a number of MSME associations with a vision to make MSMEs in Banyumas Regency have national competitiveness through networks; excellent products, and programs run. Apart from that, the condition of MSME actors needs to be considered in terms of entrepreneurial orientation and financial literacy, these two fields have an important role in the performance of MSME actors in Banyumas.

The importance of enriching the knowledge of MSME actors on financial literacy and entrepreneurial orientation so that the management and development of MSMEs can be better accounted for as large companies. According to several previous studies, it was explained that entrepreneurial orientation and financial literacy have an influence on the performance and sustainability of an MSME, one of the studies conducted by (Dess & Lumpkin *deep* Hindarwati *et al.*, 2021) explained that, entrepreneurial orientation has a positive influence on organizational performance because agents drive excellence and take advantage of emerging opportunities, the company's key to gaining competitive advantage.

Not only in entrepreneurial orientation but financial literacy also affects the performance and sustainability of MSMEs, Research conducted by Butor, (2021) explained that the influence of financial literacy on the performance and sustainability of creative MSME businesses in Central Java. This has implications that with good financial literacy, it is expected that MSMEs will be able to make the right management and financial decisions for improving business performance and sustainability.

According to the two studies above, the author concludes that financial literacy and entrepreneurial orientation should be researched and improved for MSME actors in the Banyumas area, so that MSME actors in Banyumas have an understanding and information about these two things for the advancement of performance and business continuity or the field being pursued. The two studies above are of course a reference for the author to write this research proposal, but there are some similarities and differences contained in this study, namely, the object or place of research chosen, as well as the variables used by the author for future research, namely Entrepreneurial Orientation and Financial Literacy, while the two studies above only bring one variable.

Based on some of the explanations above, the author is interested in discussing the influence of entrepreneurial orientation and financial literacy on MSME Performance in Banyumas, this is also in line with the condition of MSMEs in Banyumas where there is still a lack of information and data regarding the role of entrepreneurial orientation and financial literacy in the scope of MSME actors in Banyumas. As well as finding out about the role of these two factors for MSME actors in Banyumas.

2. Literature Review

2.1 Literature Review

2.1.1. Djamila Abbas uses variables and methods Analysis of the effect of business capital, market orientation, and entrepreneurial orientation on the performance of SMEs in Makassar City and This study tests validation, data reliability, classical assumption testing, and multiple regression analysis, the results are Business capital, market orientation, and entrepreneurial orientation affect the performance of SMEs in the Makassar City Food and Beverage Industry. The business capital affects the performance of SMEs in the Food and Beverage Industry in Makassar City. Market orientation was also found to affect the performance of SMEs in the Food and Beverage Industry in Makassar City. and Entrepreneurial orientation affects the performance of SMEs in the Food and Beverage Industry in Makassar City.

2.1.2. Dwitya Aribawa uses variables and methods Analysis of the effect of financial literacy on the performance and sustainability of MSMEs in Central Java with the sampling method is purposive sampling, the primary data collection method is carried out by online and face-to-face questionnaires, The collected data is analyzed using a structural equation model based on partial least square. Smart PLS 3.0 software is used to analyze relationships between variables. Descriptive analysis is used for the interpretation of respondent data, structural equation models to test hypotheses. With the results of this research is still ongoing so the conclusions are very partial. It is generally known that there is an influence of financial literacy on business performance and sustainability in creative MSMEs in Central Java. With a tendency to overcome their

limitations, MSMEs have cooperative characteristics in running their business to complement each other's limitations and gain specific competitive advantages to compete in the global environment.

2.1.3. Ferry Ardiansyah¹, Anwar Rauf², Nurman³ used variables and methods of Analysis of the Effect of Financial Literacy on MSME Financial Management in Makassar City with instrument tests consisting of validity tests and reliability tests. The hypothesis test consists of a simple regression, a partial test (t-test) and a partial coefficient of determination (r^2). The results of this study show that financial literacy partially has a positive and significant effect on the financial management of MSMEs in Makassar City.

2.1.4. Enny Noegraheni Hindarwati, Agus Rahayu, Lili Adi Wibowo using Variables and methods of Entrepreneurship Orientation Analysis in MSME Performance in Jember, This study is an explanatory study, which explains the influence between variables and the relationship between the variables studied, the Slovin formula with a margin of error (e) of 5%, to calculate the minimum sample size of a population survey, To analyze the relationship between variables using variance Based Structural Equation Modeling (SEM-PLS), with the results of the study showing that from the entrepreneurial orientation that has an influence on the performance of MSMEs, only the autonomous dimension. While other dimensions of entrepreneurial orientation: innovation, proactivity and risk do not have a significant effect on the performance of MSMEs.

3. Research Methodology

The research method used to research the influence of financial literacy and entrepreneurial orientation on the performance of micro, small and medium enterprises in banyumas regency that is:

3.1. Material

The material used in this study is micro, small and medium enterprises (MSMEs) owned by students of Jenderal Soedirman University.

3.2. Tool

The analysis tool used in this study is the SPSS application.

3.3. Data collection techniques and Data Analysis

The data collection technique used in this study used questionnaires while data analysis used multiple regression models with several tests, namely hypotheses including validity tests, reliability and classical assumption tests (normality, multicollinearity, heteroscedasticity).

4. Results

Based on the results of the analysis conducted by this study, the t- static value of a causality relationship is as follows.

Table t count

Type	Unstandardize	Standardize		Collineari		
	d Coefficients	Std.	Beta	t	Itself	BRIGH
	B	Error			Tolerance	T
(Constant)	,091	1,864		,049	,961	
Financial literacy	1,278	,093	,783	13,794	,000	,505
Authoritativ e orientation	,125	,041	,172	3,024	,003	,505

Source: Data processed (2023)

5. Discussion

Based on table 1 shows that t count is 13.794 > t table is 2.622 so that Ha is accepted, which means that the first hypothesis "There is a positive influence between Financial Literacy on MSME performance" is proven.

While the entrepreneurial orientation t calculated at 3,024 > t table of 2,622 so that Ha is accepted, which means that the first hypothesis "There is a positive influence between Financial Orientation on MSME performance" is proven.

6. Conclusion

From the results of this study it can be concluded that:

Variables (X1) financial literacy and (X2) Entrepreneurial Orientation affect the Variable (Y) performance of micro, small and medium enterprises in Banyumas Regency. In testing the design of this research model, two hypotheses were proposed as follows: X1: Financial literacy has a significant influence on MSME performance while X2: Entrepreneurial orientation has a significant influence on MSME sustainability.

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