

Financial Literacy As An Effort To Sustain Small And Medium Enterprises In Denpasar

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ABSTRACT

Financial literacy is an individual's knowledge of finance and an individual's ability to make effective financial decisions in terms of financial management, selection of funding sources and choosing where to allocate funds for investment. The resilience of Micro, Small and Medium Enterprises to the crisis makes Micro, Small and Medium Enterprises an important asset for the sustainability of a country's economy. This study aims to analyze the level of financial literacy in micro, small and medium enterprises in Denpasar City Micro, Small and Medium Enterprises through five main variables, namely financial knowledge, financial ability, financial behavior, financial attitudes and financial performance. The method used in this research is descriptive quantitative using data obtained from the Denpasar City Cooperative Service. The results showed that the level of financial literacy in the Micro, Small and Medium Enterprises of Denpasar City, Micro, Small and Medium Enterprises of Denpasar City was in medium criteria. A high level of financial literacy will potentially provide a higher productivity value in business sustainability.

Keywords: Financial Literacy, Micro, Small and Medium Enterprises

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1. INTRODUCTION

Indonesia is one of the many developing countries in the Asian region (Komin & Sedana, 2019). Indonesia experienced a fairly large monetary crisis in 1998, and the sector that has survived is the Micro, Small and Medium Enterprises sector. The resilience of Micro, Small and Medium Enterprises to the crisis has made Micro, Small and Medium Enterprises an important asset for the sustainability of the country's economy, both during the crisis years and at this time. A survey conducted by the Ministry of Cooperatives proves that the competitiveness of Micro, Small and Medium Enterprises in Indonesia is quite good, but the second National Financial Literacy and Inclusion Survey conducted in 2013 by the Financial

Services Authority in 2016 was only 29.66 percent, while the index financial inclusion of 67.82 percent of the total population of Indonesia. This means that of the millions of Indonesians, only 29.66 percent understand financial literacy. Similar results were also revealed by Bank Indonesia, that Micro, Small and Medium Enterprises in Indonesia have low knowledge of business management capabilities, especially in the financial aspect.

Now that the ASEAN Economic Community has been declared to be taking place, it is important for Indonesian Micro, Small and Medium Enterprises to improve their capabilities and strategies related to financial management. In the current era of the global economy, it is not only strategic capabilities related to competition that

must be developed. Ability in financial management, selection of funding sources and selection of places to allocate funds for investment also needs to be improved. According to research conducted by Fatoki (Fatoki, 2014), financial literacy has a positive effect on the ability to make financial decisions and the welfare of corporate households and the sustainability of the company. Fatoki's statement indicates that financial literacy is indispensable for every business organization, especially Micro, Small and Medium Enterprises in Indonesia in order to improve their ability to compete in global competition.

One of the most important elements of literacy is economic literacy or financial literacy. People with a high level of financial literacy have the potential to provide higher productivity values, financial literacy needs to be applied more broadly to form a society that has higher competitiveness in realizing financial prosperity. so that many countries place financial literacy as a priority (Duval R., 2000). According to (Messey, 2012), states that most countries use financial literacy because financial literacy is a combination of awareness, knowledge, skills, attitudes, and healthy financial behavior. Financial literacy is an individual's knowledge of finance and an individual's ability to make effective financial decisions. (Remund, 2010) states that there are four most common things in financial literacy, namely budgeting, savings, loans, and investment. Financial literacy involves not only knowledge and ability to deal with financial problems but also non-cognitive attributes. According to the Financial Services Authority (Otoritas Jasa Keuangan, 2013), literacy is defined as the ability to understand, so financial literacy is the ability to manage funds owned so

that they develop and live more prosperously in the future by being able to manage finances intelligently, so that knowledge about the industry is low. finances can be overcome and people are not easily fooled into investment products that offer high returns in the short term without considering the risks.

The subject of this research was the perpetrators or owners of micro, small and medium enterprises, especially the perpetrators of Micro, Small and Medium Enterprises in Denpasar City. Therefore the ability to manage the finances of Micro, Small and Medium Enterprises in Denpasar City is still at an average level. Even though their success will have an impact not only on the progress of their own business but also can reduce unemployment and can increase regional and national income. Based on Aribawa's research (Arimbawa, 2016) regarding business actors, it is still found that the level of financial literacy is low so that with good financial knowledge, Micro, Small and Medium Enterprises actors on business financial management can develop optimally. The development of Micro, Small and Medium Enterprises in Denpasar City is not matched by the development of their level of financial literacy. Before being able to find this method, it is necessary to first know the factors that affect the level of financial literacy (Hapsari, 2012). Several previous studies on factors that affect financial literacy have also been carried out both in Indonesia and abroad.

The development of the number of Micro, Small and Medium Enterprises in Denpasar City in 2015-2020 every year has increased in the fields of Micro, Small and Medium Enterprises processing, services, trade, animal husbandry and agriculture.

According to the Office of Cooperatives, Small and Medium Enterprises of Bali Province (2020), the number of owners of Micro, Small and Medium Enterprises in Denpasar City in detail is that in 2015 there were 55 units, in 2016 there were 75 units, in 2017 there were 97 units. , in 2018 there were 120 units, and in 2019 there were 145 units. This shows that the number of Micro, Small and Medium Enterprises each year has increased quite rapidly with a total value of 492 units spread across Denpasar City. Based on these data, the development of Micro, Small and Medium Enterprises is expected to make a positive contribution in solving problems related to the high rate of poverty, the large number of unemployed, and inequality in income distribution. Based on this explanation, it is necessary to study further about financial literacy based on the factors that influence financial literacy which consists of financial knowledge, financial skills, financial behavior, financial attitude and financial performance in the perpetrators of Micro, Small and Medium Enterprises in Denpasar City.

2. METHODS

The research method used in this research was a survey method using a questionnaire. Furthermore, a descriptive analysis was conducted to describe the level of financial literacy of Micro, Small and Medium Enterprises players categorized into low (<60%), moderate

(60-80%), and high (>80%). Meanwhile, to see whether financial knowledge, financial skills, financial behavior, financial attitude and financial performance are related to the level of financial literacy of Micro, Small and Medium Enterprises actors using quantitative descriptive.

The object of research is the perpetrators of Micro, Small and Medium Enterprises in Denpasar City. This includes looking at financial knowledge, financial skills, financial behavior, financial attitudes and financial performance related to financial literacy. The research population is 492 Micro, Small and Medium Enterprises at the Denpasar City Cooperatives Service 2020. The sampling technique refers to the purposive technique (deliberately) a total of 100 people with the consideration that Micro, Small and Medium Enterprises already have assets of at least Rp. 100,000,000.00 in the last five years and continues to this day.

3. RESULT AND DISCUSSION

This research was conducted in the city of Denpasar with the object of research is the perpetrators of Micro, Small and Medium Enterprises as many as 100 people. Measurement of financial literacy with 5 (five) variables on Micro, Small and Medium Enterprises in Denpasar City, namely financial knowledge, financial skills, financial behavior, financial attitude and financial performance. The following data was from 5 (five) variables that can be seen in detail.

TABLE I
Financial Knowledge of Denpasar City Micro, Small and Medium Enterprises

Variable	Indicator	Financial Literacy Level		
		Low (<60%)	Medium (60-80%)	High (>80%)
Financial	1. Financial statement knowledge		62%	

knowledge	2.Knowledge of expenditure and income	77%
	3.Personal budget knowledge	61%
	4.Investment knowledge	59%
Average Value		64,75%

Based on table 1, the financial knowledge variable in Denpasar City Micro, Small and Medium Enterprises has a value of 64,75% which is in the medium criteria. This assessment is measured by four variables, including: financial statement knowledge, knowledge of expenditure and income, personal budget knowledge, investment knowledge. In the first variable, financial statement knowledge has a value of 62% with medium criteria. In the second variable, knowledge of expenditure and income has

a value of 77% with medium criteria. In the third variable, personal budget knowledge has a value of 61% with high medium. In the fourth variable, investment knowledge has a value of 59% with low criteria. By having poor financial knowledge, the financial condition of running a business becomes less than optimal. (Chen & Volpe, 2000) the importance of knowledge possessed by business actors in terms of good financial management will optimally apply financial literacy.

TABLE II
Financial Skill of Denpasar City Micro, Small and Medium Enterprises

Variable	Indicator	Financial Literacy Level		
		Low (<60%)	Medium (60-80%)	High (>80%)
Financial Skill	1.Budged skill		65%	
	2.Investment skill	59%		
Average Value				62%

Based on table 2, the financial skill variable in Denpasar City Micro, Small and Medium Enterprises has a value of 62% which is in the medium criteria. This assessment is measured by two variables, namely: budget skills and investment skills. In the first variable, budget skill has a value of 65% with moderate criteria. In the second variable, investment skill has a value of 59% with low criteria. By having

good financial skills, making it easier to implement financial literacy is able to stabilize financial conditions in running an optimal business (Santika & Suastika, 2022). Financial skill is a technique for making decisions in one's finances. In terms of preparing a budget, choosing investments, choosing insurance plans, and using credit are examples of financial skills (Kholilah & Iramani, 2013).

TABLE III
Financial Behavior of Denpasar City Micro, Small and Medium Enterprises

Variable	Indicator	Financial Literacy Level		
		Low (<60%)	Medium (60-80%)	High (>80%)
Financial Behaviour	1.Behavior financial statement			83%
	2.Expenditure reports			80%
	3.Saving behavior		77%	
	4.Tax behavior		76%	
Average Value				79%

Based on table 3, the financial behavior variable in Micro, Small and Medium Enterprises in Denpasar City has a value of 79% which is in the medium criteria. This assessment is measured by four variables, including: financial statement behavior, expenditure reports, saving behavior, and tax behavior. In the first variable, the financial statement behavior has a value of 83% with high criteria. In the second variable, expenditure reports have a value of 80% with high criteria. In the third variable, saving

behavior has a value of 77% with moderate criteria. In the fourth variable, tax behavior has a value of 76% with low criteria. By having good financial behavior through saving, paying taxes, and investing, making it easier to implement financial literacy is able to stabilize financial conditions in running an optimal business. Financial behavior is a person's ability to organize, plan, budget, examine, manage, control, search and store daily financial funds (Kholilah and Iramani, 2013).

TABLE IV
Financial Attitude of Denpasar City Micro, Small and Medium Enterprises

Variable	Indicator	Financial Literacy Level		
		Low (<60%)	Medium (60-80%)	High (>80%)
Financial Attitude	1. Financial attitude		63%	
	2. Attitude to manage financial	51%		
Average Value			57%	

Based on table 4, the financial attitude variable in Denpasar City Micro, Small and Medium Enterprises has a value of 57% which is in the low criteria. This assessment is measured by two variables, namely: financial attitude and attitude to manage money. In the first variable, financial attitude has a value of 63% with medium criteria. In the second variable, attitude to manage money has a value of 51% with high low. By having a good financial attitude, it will facilitate the implementation of financial literacy and

can stabilize financial conditions in running an optimal business. Attitude refers to how a person feels about personal financial matters, which is measured by the response to a statement or opinion (Marsha, 2006). (Pankow. K, 2003) defines financial attitudes as a state of mind, opinion and judgment about finances. Having a financially responsible attitude in handling finances will be able to take effective risks for optimal business sustainability.

TABLE V
Financial Performance of Denpasar City Micro, Small and Medium Enterprises

Variable	Indicator	Financial Literacy Level		
		Low (<60%)	Medium (60-80%)	High (>80%)
Financial Performance	1. Financial Performance	67%		
	2. Performance to manage financial	63%		
Average Value		66%		

Based on table 5, the financial performance variable in Denpasar City Micro, Small and Medium Enterprises has a value of 55% which is in the medium criteria. This assessment is measured by two variables, including: financial performance and how to manage financial performance. In the first variable, financial performance has a value of 67% with medium criteria. In the second variable, how to manage financial performance has a value of 63% with medium criteria. By having good financial performance, it will facilitate the implementation of financial literacy and can stabilize financial conditions in running an optimal business.

Financial performance is the operational effectiveness of an organization and its employees based on the goals, standards, and criteria that have been set previously (Mulyadi, 2002). Micro, Small and Medium Enterprises tend to have resilience or stable performance against changes in the business and economic climate, this is evidenced in research conducted by Aribawa (2016) that with good financial literacy it is hoped that Micro, Small and Medium Enterprises will be able to make management decisions and appropriate finance for performance improvement and business sustainability.

TABLE VI
Financial Literacy Level of Denpasar City Micro, Small and Medium Enterprises

Variable	Financial Literacy Level	
	Value	Criteria
1. Financial Knowledge	64,75%	Medium
2. Financial Skill	62%	Medium
3. Financial Behaviour	79%	Medium
4. Financial Attitude	57%	Low
5. Financial Performance	66%	Medium
Average Value	65,75%	Medium

Based on table 6. it can be seen that the financial literacy level in the Denpasar City Micro, Small and Medium Enterprises has a value of 65,75% which is in the medium criteria. This assessment is measured by five variables, including: level of financial knowledge, financial skills, financial behavior, financial attitude, and financial performance. In the first variable, financial knowledge has a value of 64,75% with medium criteria. In the

second variable, financial skill has a value of 62% with medium criteria. In the third variable, financial behavior has a value of 79% with medium criteria. In the fourth variable, financial attitude has a value of 57% with low criteria. And finally, in the fifth variable, financial performance has a value of 66% with medium criteria. This shows that these five variables have a relationship between one variable and another, the better the value of financial

knowledge, financial skills, financial behavior, financial attitude and financial performance, the higher the value of the level of financial literacy owned by Micro, Small and Medium Enterprises in Denpasar City. Denpasar City Micro, Small and Medium Enterprises.

Therefore, in the optimal use of financial literacy for continuous business development, it must be applied every time you carry out business activities. According to the Financial Services Authority (2013) financial literacy is the ability to manage funds owned so that they

4. CONCLUSIONS

Based on the results of the research that has been carried out, it can be concluded that the level of financial literacy in Denpasar City Micro, Small and Medium Enterprises is in medium criteria. High level of financial literacy. This assessment is measured by five variables, including: level of financial knowledge, financial skills, financial behavior, financial attitude, and financial performance. This means that the higher the level of financial literacy owned by Micro, Small and Medium Enterprises in Denpasar City, the higher the productivity value in business sustainability will be. Thus, the application of financial literacy must be applied to every activity in an effort to produce more optimal profits continuously.

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can develop and live more prosperously in the future by being able to manage finances intelligently, with the aim of anticipating low knowledge of the financial industry that is easily deceived in products. investment that offers high returns in the short term without considering the risks. Fatoki's statement (2014) indicates that financial literacy is very much needed by every business organization, especially Micro, Small and Medium Enterprises in Indonesia in order to improve their ability to compete in global competition.

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