

The Influence of Financial Literacy and the Quality of Financial Reporting Performance on the Sustainability of Micro, Small, and Medium Enterprises in Pereng Village, Prambanan District

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ABSTRAK

Data pengamatan yang menyoroti pentingnya pelaporan keuangan untuk bisnis terutama sebagai cara untuk memperhitungkan transaksi keuangan yang terjadi di dalamnya adalah kekuatan pendorong untuk penelitian ini. Tujuan dari penelitian ini adalah untuk memastikan bagaimana literasi keuangan dan kualitas kinerja laporan keuangan mempengaruhi keberlangsungan usaha di Usaha Mikro, Kecil dan Menengah di Desa Pereng. Kesinambungan usaha merupakan variabel dependen yang bersifat kuantitatif, sedangkan literasi keuangan dan efektivitas kualitas laporan keuangan merupakan variabel independen. Dalam penelitian ini, populasi yang menjadi subjek penelitian secara keseluruhan digunakan sebagai sampel dalam pendekatan sampling jenuh, memiliki ukuran sampel responden 50. Data primer digunakan untuk membuat data penelitian. Teknik pengumpulan data ini adalah wawancara dan menyebarkan kuesioner. Data dari beberapa studi analisis linier ditampilkan menggunakan aplikasi Paket Statistik untuk Ilmu Sosial (SPSS) versi 25. Temuan menunjukkan bahwa tingkat kinerja laporan keuangan memiliki pengaruh yang baik dan substansial terhadap kelangsungan usaha sementara literasi keuangan tidak ada hubungannya dengan hal tersebut. Dengan temuan ini, diharapkan pemerintah yang berperan sebagai regulator, akademisi, swasta berperan sebagai katalisator, dan masyarakat berperan sebagai enabler akan berkontribusi signifikan terhadap pertumbuhan literasi keuangan UMKM di Desa Pereng, Kabupaten Prambanan.

ABSTRACT

The observational data that highlights the significance of financial reporting for businesses especially as a way to account for the financial transactions that occur within them was the driving force for this study. The goal of this study is to ascertain how financial literacy and the performance quality of financial reports affect business sustainability in Micro, Small and Medium Enterprises in Pereng Village. Business continuity is the dependent variable that is quantitative study, whereas financial literacy and the effectiveness of financial statement quality are the independent variables. In this study, the population that became the subject of research as a whole was used as a sample in a saturated sampling approach, having a 50 responder sample size. Primary data were used to create the study's data. This data collection technique is an interview and distributes questionnaires. Data from multiple linear analysis studies were displayed using the Statistical Package for the Social Sciences (SPSS) version 25 application. The findings indicated that the level of financial statement performance has a favorable and substantial effect on business continuity while financial literacy has no bearing on it. With these findings, it is expected that the government, acting as a regulator, academia, the private sector, acting as a catalyst, and the community, acting as an enabler, will contribute significantly to the growth of financial literacy in MSMEs in Pereng Village, Prambanan District.

INTRODUCTION

MSMEs are one of the industries in Indonesia that contribute to the nation's economic growth. One of the key elements in improving and fortifying the Indonesian economy for most of its citizens is the empowerment of MSMEs, which also helps reduce poverty and create jobs. Indonesia, one of which is in reducing poverty and creating jobs (Merdekawati & Rosyanti, 2020).

In addition, sustainability can also generate prosperity in this situation, but to do so, one must be able to create a plan that will keep the company sustainable. This requires hard work and skills to develop a plan in order to maintain the company's survival (Ratnasari, 2020). Furthermore, business sustainability is a prerequisite for business actors to be able to continue operational activities while increasing

company revenue consistently (Zumaroh, 2021). In addition to being able to continue business activities in a sustainable manner, the business will continue to grow rapidly. In this study, Going Concern Theory-a prerequisite for the ability of a corporate entity to survive in the future-is used to support the concept of business sustainability. a prerequisite that ensures the ability of a corporate entity to survive and grow for an indefinite period of time in the future (Ginting & Tarihoran, 2017). From the observations made by researchers, it is known that the understanding of financial literacy and the quality of financial reports of MSME actors in Pereng Village is still low. In addition, in Pereng Village, it can be seen that there are still many MSME players who lack an understanding of financial literacy and the quality of financial reporting performance. This is because MSME actors have not been able to use accounting data in decision making. As a result, people's consumption lifestyle has become uncontrollable, as shown by behaviors such as excessive impulse buying. Financial literacy is a fundamental requirement for making wise financial decisions and preventing financial problems. The ability to make wise decisions about the use and management of money can also be considered a sign of financial literacy (Widyati, 2012). Micro, Small and Medium Enterprises (MSMEs) will greatly benefit from the accuracy of financial statement information in terms of business continuity and ease of capital acquisition. In order for MSMEs to engage in responsible financial behavior, it is imperative for them to have strong financial literacy. As a result, individuals may become more vulnerable to financial crises, and businesses may face threats to the continuity of their operations.

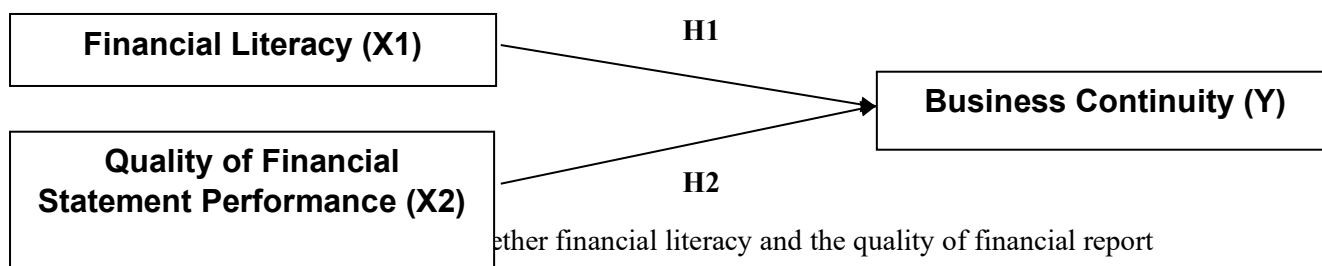
There will be challenges if MSME actors do not understand the importance of financial literacy in different business contexts, especially in terms of business operations managed by business actors. Therefore, the objective of this study is to assess financial literacy and the quality of financial statement performance. Aiming to increase sustainability and success in efforts to improve financial literacy related to business performance that has been carried out while opening a business, MSME players will sensitize Pereng Village residents to further improve their knowledge and skills in managing their assets and income.

RESEARCH METHODS

This study will test the general hypotheses listed below:

Table 1

Thinking Framework



Whether financial literacy and the quality of financial report performance have an impact on the sustainability of MSME businesses in Pereng Village.

RESEARCH METHODS

In this study, quantitative research methodology was applied. The strategy in this study, sampling, known as the Saturated Sampling Technique according to (Sugiyono, 2019) states that saturated every person in the population is taken as a sample using the sampling technique. included in the sample. The sampling strategy in this study, involves sampling from each research population. With a total sample and population of 50 MSME respondents in Pereng Village, Prambanan District, where the type of MSME business is the basis for sampling criteria in this study culinary, trade, building, transportation and communication, and other services. The research instrument uses Partial Test, and Linear Regression Analysis is used in analyzing data collected from primary data sources using a Likert scale questionnaire containing relevant statements. This research uses SPSS as its analysis tool, or Statistical Program for Social Science.

METHOD OF DATA ANALYSIS

The impact of the independent elements influencing the dependent element, business continuity (Y), was tested using several linear regressions in this investigation of financial literacy and financial statement performance quality (X) as the data examination approach. The application of multiple linear regression analysis ascertains whether the dependent variable (Y) and the independent variables (X) interact.

$$Y = a + b_1x_1 + b_2x_2 + e$$

Where:

Y = Business Sustainability

a = Constant value

b = Regression coefficient

X₁ = Financial Literacy

X₂ = Quality of Financial Statement Performance

e = Error

Hypothesis Testing

Partial Test (T Test) is used for hypothesis testing. If the significance value of $t < 0.05$ then H₀ is rejected which indicates that one independent variable has a significant effect on the one that is dependent. If $t > 0.05$, then H₀, which denotes that one independent variable has no discernible impact on the dependent variable, is accepted.

RESULTS AND DISCUSSION

The multiple linear regression's outcomes analysis research were displayed using the SPSS version 25 statistical program. Based on the purposive sampling method, the number of samples processed in this study were 50 respondents. This research was conducted on the object of MSME actors in Pereng Village, Prambanan District, Klaten Regency.

Table 2

Characteristics of MSMEs in Pereng Village

Characteristics	Description	Total	Percentage %
Business Type	Culinary	26	52%
	Trade	11	22%
	Building	4	8%
	Transportation and Communication	1	2%
	Other Services	8	16%
	Grand Total	50	100%

Source: Analysis Results

The data above shows that the majority of MSME respondents in Pereng Village have businesses in the culinary sector, at 52%

Validity and Reliability Test

The loading factor value of each item in an indicator is used to conduct a validity test. Tables 2 and 3 below display the findings from the reliability and validity tests

Table 3
Validity Test Results

Variables	Question	rcount	rtabel	Description
Financial Literacy (X1)	X _{1.1}	0,383	0,278	Valid
	X _{1.2}	0,537	0,278	Valid
	X _{1.3}	0,896	0,278	Valid
	X _{1.4}	0,573	0,278	Valid
	X _{1.5}	0,821	0,278	Valid
	X _{1.6}	0,744	0,278	Valid
	X _{1.7}	0,896	0,278	Valid
	X _{1.8}	0,829	0,278	Valid
	X _{1.9}	0,789	0,278	Valid
	X _{1.10}	0,759	0,278	Valid
	X _{1.11}	0,785	0,278	Valid
	X _{1.12}	0,885	0,278	Valid
Quality of Financial Statement Performance (X2)	X _{2.1}	0,524	0,278	Valid
	X _{2.2}	0,619	0,278	Valid
	X _{2.3}	0,42	0,278	Valid
	X _{2.4}	0,398	0,278	Valid
	X _{2.5}	0,841	0,278	Valid
	X _{2.6}	0,706	0,278	Valid
	X _{2.7}	0,684	0,278	Valid
	X _{2.8}	0,807	0,278	Valid
	X _{2.9}	0,837	0,278	Valid
	X _{2.10}	0,598	0,278	Valid
Business Continuity (Y)	Y _{.1}	0,635	0,278	Valid
	Y _{.2}	0,787	0,278	Valid
	Y _{.3}	0,769	0,278	Valid
	Y _{.4}	0,594	0,278	Valid
	Y _{.5}	0,545	0,278	Valid
	Y _{.6}	0,638	0,278	Valid

Source: Primary data processed, 2023

Since Table 3 above shows that all test items have been considered valid and can be used in hypothesis testing because the calculated r value is greater than 0.22, the data can be used to assess the accuracy and accuracy of the measuring instrument in performing its measuring function.

Table 4
Reliability Test Results

NO	VARIABLES	Koefisien Alpha Crobach's	Limit minimum	Description
1	Financial Literacy	0,929	0,6	Reliabel
2	Quality of Financial Statement Performance	0,854	0,6	Reliabel
3	Business Continuity	0,732	0,6	Reliabel

Source: Data Processing, 2023

All research variables are reliable, based on reliability testing, which shows that the Cronbach's Alpha coefficients are all more than 0.6.

Multiple Linear Regression Analysis Test

In this study, multiple linear regression analysis was used to show the extent to which financial statement performance and financial literacy affect business continuity.

Table 5
Multiple Linear Regression Analysis

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	
1	(Constant)	8,876	3,743		2,371
	FINANCIAL LITERACY (X1)	,122	,087	,212	1,405
	QUALITY OF FINANCIAL STATEMENT PERFORMANCE (X2)	,230	,086	,403	2,675

a. Dependent Variable: BUSINESS CONTINUITY (Y)

Primary data processed, 2023

The following equation is used the model used in this study for multiple linear regression. The following is the explanation multiple linear regression equation:

$$Y = 8.876 + 0.122 + 0.230 + e$$

$$Y = a + B1X1 + B2X2 = e$$

In the presence of quality financial statement performance and the absence of variables related to financial literacy, the profitability value is 8.876 indicated by a positive constant value.

a. Financial Literacy Coefficient X1

Based on the X1 regression coefficient of 0.122, profitability will increase by 0.122 for every one unit increase in financial literacy. Therefore, the relationship between financial literacy and business continuity is good.

b. Coefficient of Financial Statement Performance Quality X2

Based on the regression coefficient X2 which has a value of 0.230, profitability will increase by 0.230 for every one unit increase in Financial Statement Performance Quality. Furthermore, there is a positive correlation between business continuity and the Quality of Financial Statement

Partial Hypothesis Test (t test)

The degree to which one independent variable influences the dependent variable is tested using the t test (Ghozali, 2016). One independent variable has a substantial impact on the dependent variable if the significance value of $t < 0.05$, which means that H_0 is rejected. If the significance value of $t > 0.05$, the hypothesis H_0 —which states that there is no significant influence of one independent variable on the dependent variable—is accepted.

- a. Given that the t value is $1.405 > 0.2816$ and the sign value is $0.167 > 0.05$, it is possible to deduce that H_1 is rejected, indicating that variable X1 has no effect on variable Y.

b. t value of 2.675 and t table of 0.2816, indicating that the variable Quality of Financial Planning is supported and H_0 is not, with t count being more than t table ($2.675 < 0.2816$) and a significant value of 0.010 less than 0.05. Statement Performance (X2) has a significant effect on Business Continuity.

Discussion

Effect of Financial Literacy on Business Sustainability

The findings of the multiple linear regression analysis hypothesis test on the financial literacy variable show that financial literacy has a sig. value of 0.122 and a coefficient value of 0.167, indicating that there is no beneficial effect of financial literacy on MSME financing. Thus, it can be said that there is no beneficial or negligible impact of financial literacy on business continuity, as evidenced by the rejection of H_1 or the first hypothesis.

Effect of Financial Statement Performance Quality on Business Continuity

It can be concluded that the the Financial Statement Performance's Quality has a important and positive effect on Business Continuity based on the coefficient value of the Quality of Financial Statement Performance of 0.230 and sig. value of 0.010. This indicates the acceptance of hypothesis H_2 , or the second hypothesis, which leads to the conclusion that the standard of finance report performance has a significant and beneficial effect on Business Continuity.

CONCLUSION

Considering the outcomes of the data analysis and conversation in the previous chapters, it can be concluded that the level of achievement shown in financial statements affects business continuity compared to financial literacy. The study expects that business actors must continue to be able to increase their knowledge of financial literacy and the quality of financial statement performance in order to carry out good and correct financial management so as to improve their business.

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