



FINANCIAL LITERACY ON THE SUSTAINABILITY OF SMEs IN GOWA DISTRICT

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Abstract

This research is a qualitative research that aims to find out how the level of financial literacy affects the sustainability of SMEs in Gowa Regency. The sample in this study consisted of 8 informants from small and medium enterprises. The research data analysis technique uses the help of Atlas.ti 9. The results of the analysis show that small businesses are classified as sufficient literate (62.5%) and medium businesses are classified as well literate (37.5%). Based on the financial literacy of SMEs, it can be concluded that small businesses have potential and medium businesses have great potential for sustainability.

Keywords: **Financial Literacy, Business Sustainability, SMEs**

1. INTRODUCTION

UKM stands for Small and Medium Enterprises. In essence, UKM are businesses that are run individually, in groups, small businesses and households. SMEs are quite a large business sector, several types of fields that can be entered by SMEs, such as the food, furniture, clothing, cosmetics, and so on. Indonesia as a country that is in the developing category, SMEs are the main thing in the community's economic sector, this is implemented so that there is the possibility of developing community skills, especially in the economic sector.

In recent years, SMEs have experienced setbacks in business development. This is due to various unresolved problems such as financial management, utilization of human resources, marketing and others that are experienced by SMEs. Therefore, an increase in performance is needed for the sustainability of SMEs. One of the steps to achieve this is to increase the literacy of UKM members regarding business operations, such as knowledge in finance.

The higher the financial literacy of an SME owner, it is hoped that it will further influence the performance and sustainability of the SME. With financial knowledge will increase the ability to manage business operations. This can be seen in the structure of work, the lack of work errors, sales growth and the ability to predict output when demand increases. With financial literacy, business owners can also use their financial capabilities to make the

right decisions for their business. Through effective financial decision-making, SMEs will succeed in achieving their goals and be able to maintain the continuity of their business.

Table 1. Data for SMEs in Gowa Regency for 2017-2021

No	Information	Year (Units)				
		2017	2018	2019	2020	2021
1	Small	2,882	2,896	2,944	3,179	3,179
2	Intermediate	259	260	261	266	266
Amount		3.141	3.156	3.205	3,445	3,445

Source: Gowa District Office of Cooperatives and SMEs

Based on Table 1 above, the number of SMEs in 2017-2021 has increased. The subject of this study is the community that runs Small and Medium Enterprises (SMEs), especially SMEs in Gowa Regency. The existence of efficient financial literacy will certainly increase opportunities for SMEs in Gowa Regency to access financial services and services, so that they can grow and develop. Therefore, MSME members need to be financially literate so that they can better master the basics of finance, design and manage finances that are more profitable for the sake of business continuity.

Having financial literacy is the most important thing for a successful life. With good financial control supported by a supportive level of financial literacy, it is hoped that people's living standards will improve, because regardless of one's income, without effective financial control it is certainly difficult to achieve financial prosperity. According to Safryani et al (2020: 322) financial literacy is financial knowledge, financial institutions and financial concepts in general, as well as the ability to use financial products and manage personal finances to make short-term and long-term steps. According to the Ministry of Education and Culture (2017: 5) Financial literacy is knowledge and skills to apply concepts and insights about threats, skills to make effective provisions in economic matters.

According to the Financial Services Authority (2017), the level of public financial literacy is:

1. *Well literate* namely having knowledge and beliefs about financial service institutions and financial service products, including features, benefits and risks, rights and obligations related to financial products and services, as well as skills in using financial products and services
2. *Sufficient literate* namely having knowledge and confidence about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services.
3. *Less literate* that is, they only have knowledge about financial service institutions, financial products and services.
4. *Not literate* namely not having knowledge and confidence in financial service institutions and financial products and services, and not having skills in using financial products and services.



According to Rumini (2020: 55) business continuity in MSMEs is seen from the company's success in innovating, managing employees and customers and returning their initial capital. According to Aulia et al (2021: 117) business continuity is a condition when a company has sufficient funds to run and develop its business. The existence of a sustainable business besides helping to answer today's challenges, implementing a sustainable business will also affect success. A new business can be said to be sustainable if it can achieve its business goals, add long-term value, and can maintain something consistently. A sustainable business encourages a business to try hard to be able to maintain business continuity. This can include efficient financial management.

Business continuity includes various things that encourage businesses to survive such as business plans, innovation and financial management which also affect business success. When this is done, the reputation of the business will improve, especially in the eyes of the general public as consumers. This further increases the profit potential. Without ongoing management, a business can actually continue to do business and generate profits. However, this will not last long without environmental value, support for local enterprises and businesses will be compromised. According to Ardila & Christiana (2020: 159) indicators of business sustainability are financial management, increasing promotions, improving quality, and managing human resources.

Those who understand the basics of finance are likely to have better retirement planning, more growing assets, and better consumer debt avoidance. Because they can use money properly so that it has an impact on increasing their economic benefits. As with investing, individuals must have proper financial knowledge to determine the direction and steps to determine the financial will they want to achieve. With sufficient financial knowledge, individuals can choose between different investment products and consider the investment that will bring them profit. According to Kusuma et al (2021: 67) companies with financial skills are more likely to implement good financial management practices to increase the efficiency and sustainability of their operations.

UKM is a form of business carried out by individuals, households or small businesses. SMEs as the main drivers of the informal sector with the largest number of workers in Indonesia, play an important contribution to the economic system. SMEs are a common form of small-scale economic activity and fit the criteria of net worth or annual turnover and legal ownership. In accordance with the provisions of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises. SMEs are defined as follows:

a. Small business

Small business is a productive economic activity that stands alone, which is carried out by individuals or business entities that are not subsidiaries or affiliates of companies that are owned, controlled, or directly or indirectly from the medium or large business segment. Based on the criteria for Small Business as referred to in the Law.

b. Medium Business

Medium Enterprises are production activities and economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries, branch companies that are owned, controlled or directly or indirectly by a small or large part of the business with total net worth or annual sales. as required by law.

In accordance with the provisions of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises. The criteria for SMEs are:

Small business benchmarks are:

- a. Have a net worth of more than IDR 50,000,000 (Fifty Million Rupiah) up to a maximum of IDR 500,000,000 (Five Hundred Million Rupiah) excluding land and commercial buildings;
- b. Have an annual turnover of more than IDR 300,000,000.00 (three hundred million rupiahs) up to a maximum of IDR 2,500,000,000.00 (two billion five hundred million rupiahs).

The benchmarks for medium-sized businesses are as follows:

- a) Have a net worth of more than IDR 500,000,000 (five hundred million rupiah) up to a maximum of IDR 10,000,000,000.00 (ten billion rupiah) excluding land and buildings as residences;
- b) Have an annual turnover of more than IDR 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of IDR 500,000,000,000.00 (fifty billion rupiah).

According to Sabilla and Wijayaangka (2019: 146) the problems currently being faced by MSMEs are business growth problems, lack of understanding of good financial management, and low management quality. In addition, MSMEs also have weaknesses, namely that it is difficult to grow and develop because their businesses are always stagnant, the market is limited, and their business is difficult to grow. Many MSMEs do not understand administrative discipline. Apart from not knowing how to make financial reports, they even mix up personal and company expenses so that the business they run does not grow but only stagnates.

2. IMPLEMENTATION METHOD

Based on the issues reviewed, the type of research used is qualitative research. Qualitative research is a study related to thoughts, perceptions, opinions, and beliefs of research subjects and cannot be measured numerically. Qualitative research is also used to answer questions by deeply understanding the facts without cheating, depending on the context of the time or the problem situation. In order to obtain complete and valid information for this research activity and to achieve research objectives, the time to conduct this study is approximately two months from May-June 2022. The location of this research is UKM located in Gowa Regency.



In qualitative research, informants are an alternative to the population in qualitative research. Informants are individuals who can convey information based on the situation and circumstances of the research site. Identification of informants in this study applies the snowball sampling technique. Snowball sampling is known as a referral chain process or also known as a network to reach other informants. Data collection techniques used in this study are observation, interviews and documentation.

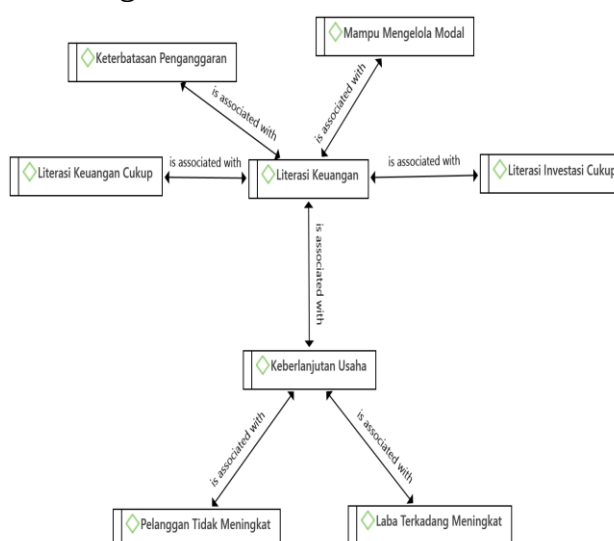
This research is a qualitative research that emphasizes field observation methods and data are analyzed non-statistically. This data analysis can facilitate researchers when the process of collecting data from all informants has been completed. ATLAS.ti 9 was used in the data analysis of this study. 9. ATLAS.ti 9 is software for collectively analyzing qualitative data in text, graphic, audio, and video formats. According to Rahmawati and Maika (2021: 4) the process of analyzing data in research uses assistance from the ALAS.ti 9 application which will later produce an overview in the form of a network that connects the results of the analysis to each existing category.

3. RESULTS AND DISCUSSION

3.1. Results

This research is aimed at SMEs in the mixed goods trading sector. In qualitative analysis, data received through interviews with research informants were analyzed using ATLAS.ti. 9 to facilitate data processing. Atlas.ti 9 software makes it easy to organize, organize, code, and analyze research materials and information in a precise and highly structured manner. Based on the research conducted, network knowledge can be developed for small businesses by analyzing qualitative materials and information using ATLAS.ti 9, as shown in the following figure:

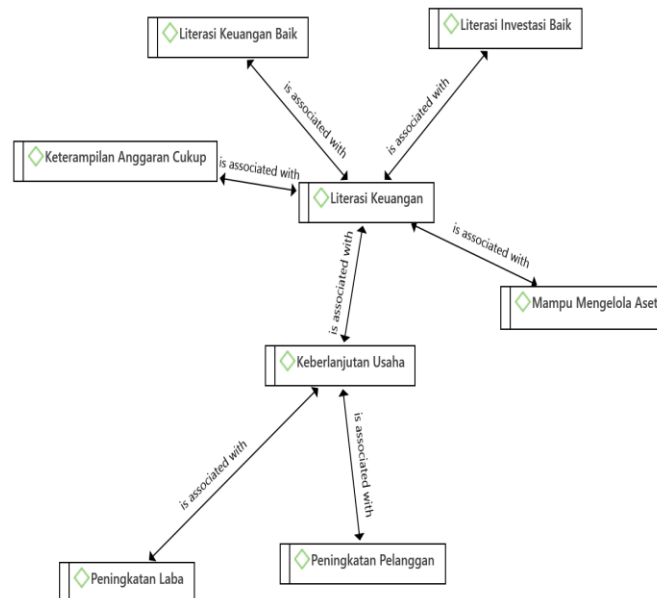
Figure 1.1 Small Business Network



Source: Primary data processed, 2022

In addition, based on this research, network knowledge can also be developed for medium-sized businesses by analyzing qualitative materials and information using ATLAS.ti 9, as shown in the following figure:

Figure 1.2 Medium Business Network



Source: *Primary data processed, 2022*

The results of mapping and reducing the responses of small businesses asked about this research are presented as follows:

Table 1.1 Results of Mapping Small Business Informants' Answers

Coding	Indicator
Enough understanding of financial control	Knowledge
Enough Revenue Management Planning	
Lack of Business Budgeting Skills	Skills
Using Business Capital For Business Interests	Behavior
Know Investment	Investation
Not Investing	
There is an Investment Plan	
Sometimes There Is An Increase in Profits	Economic Business Sustainability
No Customer Increase	Business Growth

Source: *Processed data, 2022.*

Based on the small business network and the small business response mapping interviewed above, obtained from an analysis using ATLAS.ti 9, conclusions can be drawn, namely:

a. Financial Literacy

Small business actors are classified as Sufficient Literate (62.5%) related to financial literacy. Small business actors already understand managing business finances and have the



potential to develop their business. Small business actors already know and understand investment but have not yet made an investment. In addition, these small business actors have an investment plan if the business they are running continues to grow.

b. Business Sustainability

Small business actors have obstacles, namely business competition in developing what they run. Small business actors must implement strategies to be able to develop for the sake of their business sustainability. Even though there is no increase in customers, sometimes there is an increase in profits for small businesses. So that small business actors have enough potential to continue their business because they have a strategy to continue to develop their business. The actors are able to see business opportunities in order to continue and be able to survive in the midst of booming competition.

The results of mapping and reducing the responses of medium-sized businesses asked about this research are presented as follows:

Table 1.2 Results of Mapping Medium Enterprise Informants' Answers

coding	Indicator
Understand financial control Well Good Income Management Planning	Knowledge
Enough to Have Business Budgeting Skills	Skills
Using Assets For Business Development	Behavior
Know Investment Making Investments Get Investment Benefits	Investation
There is an Increase in Profit	Economic Business Sustainability
There's an Increase in Customers	Business Growth

Source: *Processed data, 2022.*

Based on the medium business network and the mapping of medium business responses interviewed above, obtained from an analysis using ATLAS.ti 9, conclusions can be drawn, namely:

a. Financial Literacy

Medium business actors are considered to have well literate business financial knowledge (37.5%). This business has good business financial management and can see its business growth. Medium business actors know how to invest, this is based on an understanding of medium business actors' investment and how medium business actors carry out investments.

b. Business Sustainability

MSME actors in medium-sized businesses do not have obstacles in running a business. This can have a major impact on the sustainability of this business. This medium business has the potential to continue to grow in the future. Medium business actors have the potential to have business continuity with an increase in consumers and also the ability of medium business actors to set long-term strategies for business continuity.

3.2. Discussion

a. Level of Financial Literacy on Small Business Sustainability

Based on the study conducted, the financial literacy of small business actors is still classified as sufficient literacy (62.5%). Small business actors have sufficient knowledge

regarding financial literacy, especially regarding investment. Even though they haven't made an investment yet, small business actors are already planning to invest in the future, especially if their business is growing. There is an understanding of the importance of investing, meaning that micro-entrepreneurs have good planning for the future of their business.

Good knowledge of small business finance, skills in managing finances and attitude of micro business actors who use business money only for the benefit of the business. This financial literacy for small business actors allows for business growth. Even though there was no increase in customers, there was an increase in profits that sometimes occurred while running the business. Management of business finances that is quite good and the planning that is carried out for the development of its business makes small businesses quite potential to have business continuity.

b. Level of Financial Literacy on Medium Enterprise Sustainability

Based on the studies conducted, the financial literacy of medium-sized businesses is classified as well literate (37.5%). Medium business actors have knowledge related to financial literacy, especially regarding investment. Medium business actors have made investments and have also felt the benefits of their investments. The investment decisions made have an impact on the development of medium-sized businesses and increase their ability to compete and also to provide sustainability to these medium-sized businesses.

Medium business financial literacy is quite good, there are financial management skills and the attitude of micro business actors who use business money to develop the business. This medium-sized business knowledge which is already classified as very good is able to make business development increase. There was an increase in profits and an increase in customers in medium-sized businesses. Planning to develop new businesses that will be carried out by medium-sized businesses is a driving force for business growth. Based on the discussion above, it shows that the level of financial knowledge of SME implementers greatly impacts business sustainability. Small business actors tend to have business constraints because there is a lot of competition, while medium business actors tend not to experience business barriers. This difference is because small businesses already understand enough and medium businesses really understand the importance of financial literacy for future business development. There are also differences in the strategies of SMEs for the sustainability of their business. Small businesses already understand the strategy so that their business continues, namely by developing their business so they are not eliminated from increasingly fierce business competition. Medium-sized businesses already have plans to create new businesses that have the potential to be in the surrounding area with the aim of increasing business profits so as to prevent future financial risks. The higher the level of financial knowledge of SMEs so that they have the opportunity to continue their business. As the difference between the level of financial knowledge of Small and Medium Enterprises has an impact on the potential for sustainability of their business. Small businesses have a sufficient level of financial knowledge so that they have the potential to have business continuity. Medium-sized businesses have a very good level of financial knowledge, as a result, they have great potential for business continuity As the difference between the level



of financial knowledge of Small and Medium Enterprises has an impact on the potential for sustainability of their business. Small businesses have a sufficient level of financial knowledge so that they have the potential to have business continuity. Medium-sized businesses have a very good level of financial knowledge, as a result, they have great potential for business continuity. As the difference between the level of financial knowledge of Small and Medium Enterprises has an impact on the potential for sustainability of their business. Small businesses have a sufficient level of financial knowledge so that they have the potential to have business continuity. Medium-sized businesses have a very good level of financial knowledge, as a result, they have great potential for business continuity.

4. CONCLUSION

Based on the discussion of this study, indicators of knowledge, skills, behavior, investment, economic business sustainability, business growth in small and medium enterprises have significant differences. Small businesses need to develop these various indicators so they can survive in the future, while medium-sized businesses also need to maintain and continue to innovate considering that competition in the business world continues to increase.

In terms of financial literacy, small businesses are classified as sufficiently literate (62.5%), which means that they have good financial knowledge and are quite capable of running and developing their business. The relatively good financial literacy of small businesses makes small businesses quite potential to have business continuity. In terms of financial literacy, medium-sized businesses are classified as well literate (37.5%), which means that they have very good financial knowledge and are able to run a business and develop the business. Medium business financial literacy which is already classified as very good makes medium businesses have the potential to have business continuity. Suggested ke for small and medium business actors in Gowa Regency to be able to understand more deeply about financial knowledge and be able to increase the application of investment in their business. For future researchers to conduct research on SMEs related to financial literacy other than investment and conduct research in different places so that the financial literacy of SMEs can be known about the sustainability of their business in depth.

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