

# The Influence of Entrepreneurship Character, Technology, and Financial Literacy on MSME Business Performance in Central Java and Yogyakarta

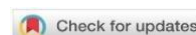
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## Abstract

### Keywords:

Entrepreneurship  
Character;  
Technology;  
Financial  
Literacy, Business  
Performance

This study examines the effect of entrepreneurial characteristics, use of technology, and accounting literacy on the business performance of Micro, Small, and Medium Enterprises (MSMEs) in Central Java and the Special Region of Yogyakarta (DIY). This study used 2,684 respondents from owners and managers of MSMEs in seven regencies and cities in Central Java and Yogyakarta. The data that has been collected is analyzed using WarpPLS. The result shows that entrepreneurial characteristics, use of technology, and accounting literacy positively and significantly impact business performance. These results have positive implications that MSMEs are able to achieve business performance by optimizing these three things.

## Abstrak

### Kata kunci:

Entrepreneurship  
Character;  
Technology;  
Financial Literacy,  
Business  
Performance

Penelitian ini bertujuan untuk menguji pengaruh karakteristik wirausaha, penggunaan teknologi dan literasi akuntansi pada kinerja bisnis Usaha Mikro Kecil dan Menengah (UMKM) di wilayah Jawa Tengah dan Daerah Istimewa Yogyakarta (DIY). Penelitian ini menggunakan 2.684 responden yang merupakan pemilik dan pengelola UMKM di tujuh kabupaten dan kota di Jateng dan DIY. Data yang telah dikumpulkan dianalisis dengan menggunakan WarpPLS. Hasil analisis menunjukkan bahwa karakteristik wirausaha, penggunaan teknologi, dan literasi akuntansi memiliki pengaruh positif dan signifikan terhadap kinerja bisnis. Hasil ini memberikan implikasi positif bahwa UMKM mampu mencapai kinerja bisnis dengan mengoptimalkan ketiga hal tersebut.

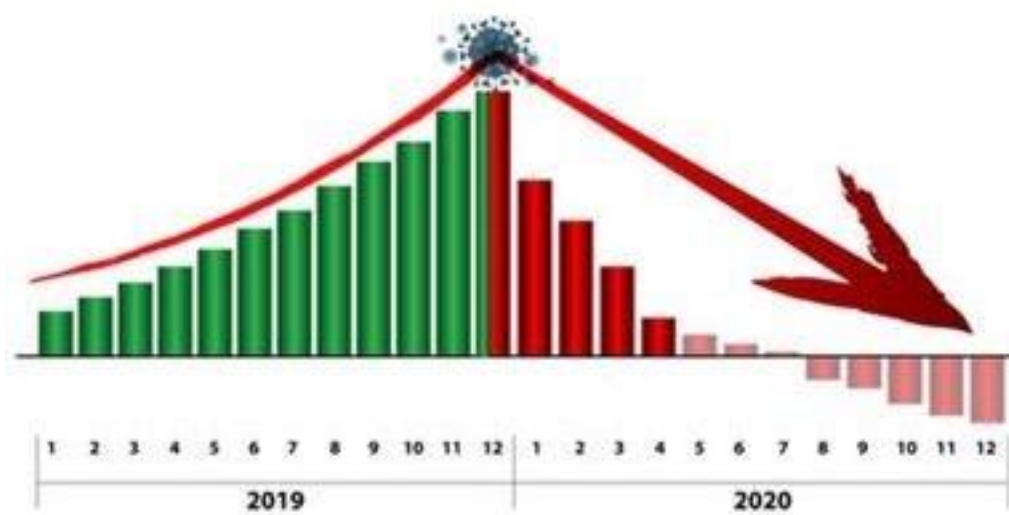
## 1. Introduction

Economic growth is currently becoming the focus of the Indonesian government because of fluctuations that occur all the time. Economic growth is a representation of the development of a country's economic activities and the prosperity of society in the long term. A country's gross domestic product (GDP) is the country's projected economic development every year. Small and medium-sized enterprises (MSMEs) in developing countries are almost always the most significant economic activity regarding the number and ability to absorb labour (Indrawati, 2017). Recently, there has been a global financial crisis caused by the COVID-19 virus outbreak. The COVID-19 virus began as an epidemic in Wuhan, China, in December 2019, then spread throughout the province. COVID-19 started to spread in Asia, America, Europe, Australia, and Africa. This epidemic has exacerbated the situation because it has penetrated all sectors of countries' economies worldwide, including the MSMEs sectors. Figure 1 reveals the contribution of MSMEs to GDP before the COVID-19 outbreak, and Figure 2 presents the economic decline in 2020.



**Figure 1. Contribution of MSMEs to Indonesia's GDP (2015-2019)**

Figure 1 presents MSMEs' development and growth and impact on GDP before the COVID-19 pandemic outbreak. According to Jayani (2021) Micro, Small, and Medium Enterprises (MSMEs) will continue to contribute to the gross domestic product (GDP) from year to year. The contribution of MSMEs to GDP at constant prices was IDR 7,034.1 trillion in 2019, up 22.9% from the previous year, IDR 5,721.1 trillion. Meanwhile, the contribution of MSMEs to GDP based on current prices is IDR 9,580.8 trillion. It rose 5.7% from the previous year, which amounted to Rp 9,062.6 trillion. In addition, MSMEs in Indonesia are able to employ 119.6 million, or 96.92% of the total workforce in Indonesian business units.



**Figure 2. Indonesia's Economic Decline in 2019-2020**

Figure 2 shows the economic growth decline caused by the COVID-19 outbreak. The government imposed a lockdown system to suppress the spread of the COVID-19 virus.

Business activities, particularly MSMEs, have become one of the most suffering areas from these restrictions. Fortunately, the MSME sector was able to withstand the economic downturn during the COVID-19 pandemic. One of the critical policies held by the government, known as the National Economic Recovery (PEN) program in 2020 and continued in 2021, could help the MSMEs to survive. As a result, some informal sectors and MSMEs can still exist during the COVID-19 pandemic and the crisis they are experiencing, though not as well as some large industries.

Business performance is the ability of the business to implement its strategy and attain its aims. In the MSME sector, business performance can be used as a benchmark or reference for a company's success (Nasikh et al., 2022). The strategy that is carried out has to be mature and, of course, under existing conditions, or, in other words, realistic. Choosing the right approach can prevent business performance from declining; on the other hand, an inappropriate strategy can make performance stick or even put the business out of business. Business performance must be considered when developing strategies, given that market conditions are rapidly changing or dynamic. This condition forces owners to follow existing developments, especially in the technology field, considering that now is the Industrial Era 4.0, or IoT.

Entrepreneurial characteristics are an entrepreneur's attitude or behaviour in carrying out entrepreneurial activities (Rizeki, 2022). In running a business, business owners have to pay attention to several indicators of their business performance, e.g., risk-taking, collaboration, discipline, honesty, open-mindedness, optimism, persistence, confidence, hard work, and creativity. Business owners can adapt to the challenges of an increasingly advanced era by having the abovementioned traits. In the past, business activities were offline and transformed into online or technology based. This phenomenon is very related considering that the entrepreneur's character plays a role in decision-making, or this case, how the entrepreneur responds to technology as a new challenge in Industry 4.0 as it is today.

In the current era, technology is no longer a stranger to society, considering that the development of the period is very rapid, causing people to inevitably have to switch to adopting digital-based businesses. Technology is all the means needed to provide the necessary goods for the continuity and comfort of human life (Aeni, 2022). This situation proves that the decision to adopt technology is very instrumental to the success of a business. This condition strengthened considering that in 2020 or during a pandemic, the government issued a policy that people were not allowed to leave their homes, which disrupted their activities to fulfil their needs, including shopping. Facts prove that people's behaviour in shopping is now also moving towards digital. It can be used by businesspeople in choosing a technology-based business field, given the current market conditions that are very supportive. Of course, it could be the right decision if business actors realized this condition earlier. In addition, technology can also assist operations related to systemic financial Literacy, which can also be a priority in managing a business.

Financial Literacy in Indonesia, especially in the MSME sector, may not have adopted technology, which can also help fulfil the provision of financial reports useful in future evaluation. Financial Literacy is the knowledge and skills people need to manage and make the most of their finances. Financial Literacy will give the community the qualified financial education to take a stand and make wise financial decisions (NISP, 2021). Business actors must also be sensitive about finances, which can increase their business performance.

In running a business, there are many risks, one of which is the COVID-19 pandemic in Indonesia in 2020, which impacted all economic sectors in Indonesia. During the pandemic, there was a change in the consumption pattern of people's goods and services from offline to online. MSME actors must have difficulty achieving the targets when the economy disrupts. This change in practice is followed by micro, small, and medium enterprises (MSMEs) to survive and develop so that they can face new normal conditions (Ramdhani, 2020). Digitization has become a critical need, as evidenced by the Large-Scale Social Restriction Period (PSBB), which has increased the use of e-learning, e-commerce, digital Literacy, delivery requests, and the need for medical and cleaning equipment. However, it cannot be denied that there are problems with the digitization of MSMEs. Sometimes there is difficulty with signal problems in remote areas, resulting in disrupted access. MSME actors' understanding of technology, limited online marketing, production processes, and online market access are still deemed inadequate. Furthermore, consumers still feel insecure conducting digital-based transactions because of the many fraud cases committed by several business actors. Based on the description above, this study aims to determine whether technology can help all access in maintaining business during a pandemic and whether entrepreneurial characteristics and financial Literacy can affect business performance.

In previous studies, research conducted by Putri et al. (2022) found that financial Literacy (X1) has a positive influence but is not significant to the performance of SMEs. Meanwhile, according to Prastian et al. (2022), the sustainability of MSMEs is associated with resilience and growth. Meanwhile, a quantitative approach used in the City of Magelang states that digital business models harm business continuity. Research conducted by Yani et al. (2021) in Mataram District explained that using information technology positively and significantly affected MSME performance. Furthermore, Suardana & Musmini (2020) found that access to capital and interest in using e-commerce on the performance of MSMEs using the SPSS method in Buleleng District explained that financial Literacy has results, namely a positive and significant effect on MSME performance.

In addition, regarding the characteristics of entrepreneurs, Bachtiar (2019) found that in Agats-Asmat, Papua, characteristics are not the main factor in business sustainability, but community motives do. Suhaeli & Bachtiar (2019) reveals why women entrepreneurs avoid technology in their businesses. This study stated that the main challenges women entrepreneurs faced were the lack of proper financial support, no support from family, and pressure to comply with socio-cultural norms. Afterwards, regarding the characteristics of entrepreneurship on business performance examined, Sari et al. (2016) explained that entrepreneurial characteristics, both individual and psychological characteristics, have a positive and significant effect on business performance. Therefore, it is crucial to build entrepreneurial characteristics because they determine business success.

The paper proceeds as follows. The next sections provide a literature review, hypothesis development, and a description of the research approach. Then, the research findings are discussed regarding the reviewed studies and the identified trends in the literature. The concluding section discusses the study's findings and proposes for future research.

## 2. Literature Review

### Contribution Theory

Contribution is behaviour carried out by individuals with positive and negative impacts on other parties. For example, someone might do community service in their home area to create a beautiful atmosphere in the place where they live to impact residents and immigrants positively. [Zurriyati & Mudjiran \(2002\)](#) found the individual is trying to improve the efficiency and effectiveness of his life. It is conducted by sharpening the position of the role, which later becomes a specialist field so that it is more appropriate according to competence. Contributions can be made in various areas: thinking, leadership, professionalism, finance, etc. According to the concept of contribution, the contribution theory of business performance includes entrepreneurial character, technology, and financial Literacy for business performance to continue well in a business ([Zurriyati & Mudjiran, 2002](#)).

### **Hypothesis Development**

The contribution theory suggests that humans and business actors contribute to creating sound business performance. Entrepreneurs usually have supporting characters that make a business successful. The extent to which this character is attached to an entrepreneur and its influence on the business performance ([Suhartini, 2021](#)). Research conducted by [Sari et al. \(2016\)](#) in West Lombok Regency explained that entrepreneurial characteristics, both individual elements and psychological features, positively and significantly affect business performance. It shows the importance of building entrepreneurial characteristics because they determine business success. [Suhartini \(2021\)](#) found that entrepreneurial traits positively and significantly impact the success of a grocery shop business in Kasihan Bantul, Yogyakarta.

#### **H1: Entrepreneurial Characteristics Have a Positive and Significant Effect on Business Performance**

Technological sophistication, including technical, information, functional, and managerial sophistication ([Al-Eqab & Adel, 2013](#)), does not affect MSME performance. Technological sophistication refers to using modern technology to facilitate MSME business owners in the production process and obtain information related to market share. [Mukoffi & As'adi \(2021\)](#) state that many business owners still stutter using technology, so business owners in Pasuruan Regency have not benefited from technological sophistication. In addition, using technology also requires substantial costs, so business owners do not consider technological sophistication as an effort to improve performance. It means that if e-commerce adoption increases, the version of MSMEs will increase. This study's results align with the research conducted by [Hanum & Sinarasri \(2018\)](#). Because e-commerce adoption has a positive and significant influence on the performance of MSMEs from this description, the researcher takes the hypothesis that technology has a positive effect on business performance ([Hanum & Sinarasri, 2018](#)).

#### **H2: Technology has a positive effect on business performance.**

According to contribution theory, financial Literacy influences business performance, and entrepreneurs must manage their finances well to make the right decisions.

It is related to the technology used to create automated financial reports. According to [Hilmawati & Kusumaningtyas \(2021\)](#), the resources of business actors in the form of financial Literacy can be a practical value for businesses to achieve performance excellence and competitive advantage. So in this study, the level of financial Literacy significantly influenced the MSME sector's business performance. It is relevant to research by [Aribawa \(2016\)](#) and [Rahayu \(2017\)](#), which says that the performance of MSMEs will increase along with increased financial Literacy

**H3: Financial Literacy has a positive effect on business performance.**

### 3. Method

The population in this study are MSME owners in Central Java and DIY. The sampling used was a stratified random sampling technique to determine the residency in Central Java, then selected from each residency area with the highest number of MSMEs. There are (6) six residencies in Central Java, i.e. Semarang, Banyumas, Kedu, Pati, Pekalongan, and Surakarta. [Table 1](#) presents the number of MSMEs in whole regencies and municipalities in Central Java and Yogyakarta, and [Table 2](#) reveals selected regencies/municipalities with the highest MSMEs from each residency.

**Table 1. Number of MSMEs in cities/regencies in Central Java and Yogyakarta**

Regencies/ Municipalities	Amount	Regencies/ Municipalities	Amount
Magelang Municipalities	3,488	Kudus	988
Magelang Regency	1,074	Jepara	1,910
Temanggung Wonosobo	3,074	Pati	1,821
Purwokerto	1,439	Rembang	931
Purworejo	7,987	Blora	3,466
Kebumen	1,250	Cepu	2,064
Semarang Municipalities	11,901	Banyumas	8,530
Semarang Regency	2,652	Banjarnegara	2,861
Salatiga	823	Cilacap	2,095
Demak	13,009	Purbalingga	2,597
Kendal	3,957	Pemalang	6,428
Sukoharjo	2,654	Pekalongan Municipalities	1,644
Surakarta	17,964	Pekalongan Regency	1,905
Boyolali	939	Batang	886
Klaten	1,473	Brebes	8,376
Wonogiri	1,718	Tegal Municipalities	1,005
Sragen	1,976	Tegal Regency	1,833
Yogyakarta	1,850		

**Table 2. Selected Regencies/Municipalities**

Residency	Selected Regencies/ Municipalities	Amount
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Kedu	Purworejo	7,987
Semarang	Demak	13,009
Surakarta	Surakarta	17,964
Pati	Blora	3,466
Banyumas	Banyumas	8,530
Pekalongan	Brebes	8,376
Yogyakarta	Yogyakarta	1,850

The next step is to use the Slovin formula to determine the sample for each region with the most significant number of MSMEs. The number of samples used in the research is presented in [Table 3](#).

**Table 3. Number of Samples**

Selected Regencies/ Municipalities	Number of Samples
Purworejo	381
Demak	389
Surakarta	391
Blora	359
Banyumas	382
Brebes	382
DIY	400

Based on calculations, the number of samples in this study was 2,684. Data collection was carried out by visiting respondents directly to obtain data.

### Data collection technique

The data collection technique used in this study was distributing questionnaires to MSMEs. Collecting data with a questionnaire involves submitting several statements related to the characteristics of entrepreneurship, technology, and innovation as indicators in strategies to avoid decline. The measurement scale in this questionnaire uses a Likert scale with five categories, including strongly disagree (STS), disagree (DS), neutral (N), agree (S), and strongly agree (SS).

### Data analysis technique

#### Partial Least Square (PLS)

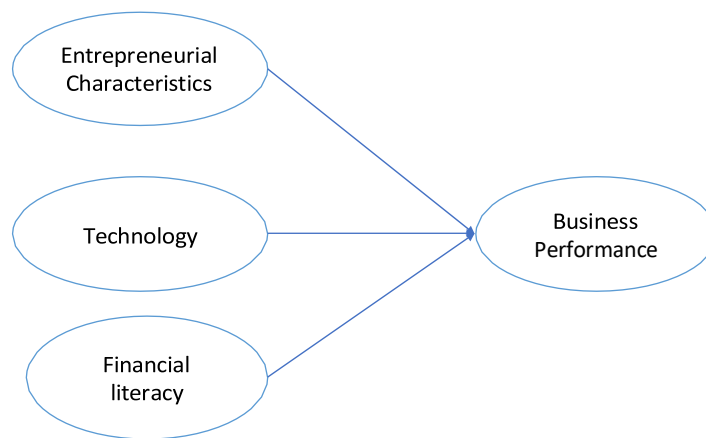
This study uses the Structural Equation Model-Partial Least Square (SEM-PLS) with the help of WarpPLS 8.0 to analyze data and test hypotheses. The main reason for using SEM-PLS as an analytical tool is that SEM can examine variables that cannot be measured directly. In addition, SEM is also able to simultaneously test complex research models ([Ansori, 2015](#)).

### Hypothesis testing

Hypothesis testing in this study uses path analysis. With this tool, it is possible to test a variable's simultaneous effect (direct and indirect effects) on other variables, namely company characteristics, CSR disclosure area, and firm value. The first hypothesis of the second hypothesis is accepted if it has the appropriate influence and direction of effect. The following are the criteria for accepting the hypothesis:

1. The significance value, or p-value, is 5%. The hypothesis in this study is one-tailed, so the resulting significance value must be divided by two because the significance value, according to the Warp PLS results, is the result of testing the two-tailed hypothesis.

2. Look at the direction of the beta coefficient, which is positive or negative.



**Figure 3. Research Model**

#### 4. Result and Discussion

Data was obtained by distributing questionnaires to participants directly. There were 2,684 questionnaires distributed. The total number of returned questionnaires was 2,684, and after checking, all questionnaire forms could be processed, totalling up to 2,038 questionnaires. The respondents' questionnaire responses were then processed for data analysis. The questionnaire included four variables: entrepreneurial character (seven statements), technology maximization (two opinions), Financial Literacy (one statement), and business performance (three statements). Research indicators are presented in [Table 4](#):



**Table 4. Research Indicators**

Business Performance	Entrepreneurship characteristics	Technology	Financial Literacy
Financial Report	Dare to take risks	Use of Technology	Financial Knowledge
Consumer Enhancement	Collaboration	Technology Media Diversity	Distribution of Financial Management Roles
Welfare Improvement	Discipline		Types of Financial Statements
	Honest		
	Open-Minded		
	Optimistic		
	Not easily give up		
	Creative		
	Growth Mindset		
	Independent		

### 1. Evaluation of the Measurement Model (Outter Model)

Convergent Validity Results.

Convergent validity is a correlation between reflexive indicator scores and latent variable scores, while discriminant validity is a measure of reflexive indicators with latent variable scores ([Solimun et al., 2017](#))

**Table 5. Discriminant Validity Results**

Item	Loading	Min. Requirement	Note
Entrepreneurial Characteristics 1	0.736	0.5	Valid
Entrepreneurial Characteristics 2	0.782	0.5	Valid
Entrepreneurial Characteristics 3	0.788	0.5	Valid
Entrepreneurial Characteristics 4	0.774	0.5	Valid
Entrepreneurial Characteristics 5	0.720	0.5	Valid
Entrepreneurial Characteristics 6	0.734	0.5	Valid
Entrepreneurial Characteristics 7	0.585	0.5	Valid
Technology 1	0.894	0.5	Valid
Technology 2	0.894	0.5	Valid
Financial Literacy 1	0.749	0.5	Valid
Financial Literacy 2	0.681	0.5	Valid
Financial Literacy 3	0.729	0.5	Valid
Financial Literacy 4	0.759	0.5	Valid
Business Performance 1	0.810	0.5	Valid
Business Performance 2	0.734	0.5	Valid
Business Performance 3	0.845	0.5	Valid

Based on Table 5, all items have a cross-loading value greater than  $r(0.5)$ . Therefore, it can be concluded that all items in the variables have a high level of validity and can be used in research.

**Table 6. Discriminant Validity Results**

Variables	Entr. Character	Technology	Financial Literacy	Business Performance
Entr. Character	<b>0.734</b>	0.121	0.326	0.247
Technology	0.121	<b>0.894</b>	0.300	0.225
Financial Literacy	0.326	0.300	<b>0.730</b>	0.479
Business Performance	0.247	0.225	0.479	<b>0.798</b>

Based on Table 6, it can be seen that the value of the combined loading view on the Entrepreneurial Characteristics variable is 0.734, which is greater than the loading value in the other constructs, namely 0.121, 0.326, and 0.247. Likewise, with the values of other variables where the value of each variable is greater than the value of the other variables. Therefore, the discriminant variable is fulfilled and can be said to be valid.

**Table 7. Composite Reliability Result**

	Entr. Character	Technology	Financial Literacy	Business Performance
Composite Reliability	0.890	0.888	0.820	0.840
Cronbach's Alpha	0.855	0.748	0.707	0.713

*Sumber: Data Olahan WarpPLS 8.0*

Based on Table 7, it can be seen that the value of Cronbach's alpha on each variable meets the criteria of greater than 0.7 and composite reliability, according to which it can be said to be reliable in the sense that all respondents' answers are not targeted at specific solutions so that if similar research is carried out at a different time, the respondent will give the same answer as the current research.

## 2. Evaluasi Model Struktural

A fit test is performed in the structural model evaluation step to determine whether a model matches the available data. The value in this test is accepted under the condition that the p-value is less than 0.05 for two of the three tests, the average path coefficient and average R-squared. The intermediate variance factor test follows, where the value must be less than five to pass this test. The following table shows the fit test results that were obtained:

**Table 8. Fit Test Results**

Index	p-values	
Average Path Coefficient	0.202	0.001
Average R-squared	0.246	0.001
AVIF	1.144	

The results AVIF value is 1.144, less than 5, while the APC value is 0.202 with a p-value of 0.001, and the ARS value is 0.246 with a p-value of 0.001. With these findings, the model used in this investigation is consistent with the data. The test is then employed in the structural model evaluation to quantify the impact of independent factors on the dependent

variable by examining the coefficient of determination ( $R^2$ ). The following table shows the coefficient of determination results:

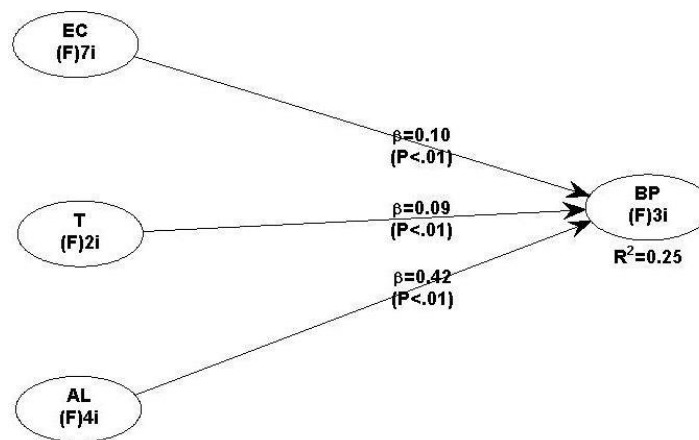
**Table 9. Coefficient of Determination**

	R-square
Entr. Character → Business Performance	0.246
Technology → Business Performance	
Financial Literacy → Business Performance	

The R-square value for the preceding table, which is 0.246, indicates that the variables of entrepreneurial traits, technology, and financial Literacy can explain firm performance by 24.6%, whereas 75.4% are defined by other objects or elements not addressed in this research.

### 3. Path Analysis

Path analysis result



**Table 10 Path Analysis Description**

	$\beta$	p-values	Keterangan
Entr. Character → Business Performance	0.10	0.01	Positif
Technology → Business Performance	0.09	0.01	Positif
Financial Literacy → Business Performance	0.42	0.01	Positif

Based on the results of the path analysis, it can be explained as follows:

#### 1. The Influence of Entrepreneurial Personality Variables on Business Performance

Based on the results of the path analysis, the entrepreneurial characteristics variable has a positive effect on business performance. This can be seen from the results showing the path coefficient ( $\beta$ ) of 0.10 with a p-value of 0.001, where the value is less than 0.05. Thus, it can be said that entrepreneurial characteristics positively and significantly affect business performance.

## 2. Effect of Technology Use on Business Performance

Based on the results of the path analysis, the variable use of technology has a positive effect on business performance. This can be seen from the results showing the path coefficient ( $\beta$ ) of 0.09 with a p-value of 0.001, where the value is less than 0.05. Thus, it can be said that technology has a positive and significant effect on business performance.

## 3. The Effect of Financial Literacy on Business Performance

Based on the results of the path analysis, the financial literacy variable has a positive effect on business performance. This can be seen from the results showing the path coefficient ( $\beta$ ) of 0.42 with a p-value of 0.001, where the value is less than 0.05. Thus, it can be said that financial Literacy has a positive and significant effect on business performance.

## Discussion

### The Influence of Entrepreneurial Characteristics on Business Performance

Assessing how entrepreneurial traits affect business performance is deemed acceptable in the first hypothesis. Based on these findings, it is clear that whether the entrepreneurial character of MSMEs in Central Java and DIY is low or high, it impacts their business performance. The entrepreneurial characteristics are the courage to take risks, collaboration, discipline, honesty, openness, optimism, not giving up easily, creativity, a growth mindset for businesses, and independence. These findings are consistent with [Sari et al. \(2016\)](#) on the performance of Sugar Palm Micro, Small, and Medium Enterprises (MSMEs), which explains that entrepreneurial characteristics are good. Personal and psychological traits have a favourable and significant impact on business performance. It is also consistent with the contribution hypothesis put forth by [Zurriyati & Mudjiran \(2021\)](#), which holds that a strong sense of entrepreneurial spirit will enhance company performance.

### Effect of Technology Use on Business Performance

Assessing how technology affects corporate performance is deemed appropriate in the second hypothesis. Based on these findings, it is clear that whether the use of technology by MSME actors in Central Java and DIY is low or high will impact MSMEs' business performance. The variety of technological media used by MSME actors demonstrates the use of technology. Research by [Yani et al. \(2021\)](#) on the use of accounting data, the use of information technology, and training on the performance of MSMEs using the SPSS software analysis tool in Mataram District support these findings, demonstrating that the use of information technology has a favourable and significant impact on MSME performance. It is also consistent with Anne Ahira's contribution thesis, which states that applying technology in business will improve corporate performance ([Zurriyati & Mudjiran, 2021](#)).

### The Effect of Financial Literacy Variables on Business Performance

Assessing how accounting literacy affects corporate success is deemed acceptable in the third hypothesis. Based on these findings, it is clear that the level of financial literacy is known by MSME actors in Central Java and DIY, which will have an impact on MSMEs' business performance. Understanding the distribution of financial management roles and

types of financial reports demonstrates financial literacy. Dari hasil ini terlihat tinggi rendahnya literasi keuangan yang diketahui para pelaku UMKM di Jawa Tengah dan DIY, maka akan berpengaruh terhadap kinerja usaha/kinerja umkm. Literasi keuangan dapat terlihat dari pemahaman tentang pembagian peran pengurusan keuangan dan jenis-jenis laporan keuangan. Using the SPSS method in the Buleleng District, [Suardana & Musmini \(2020\)](#) conducted research on the effects of financial literacy, access to capital, and interest in using e-commerce on the performance of MSMEs. The results show that financial literacy has results, specifically a positive and significant effect on MSME performance. This is also consistent with the contribution idea put forward by [Zurriyati & Mudjiran \(2021\)](#), which holds that business actors' ability to manage their finances effectively will enhance their ability to conduct business.

Based on the findings of this study, additional research can be carried out throughout Indonesia, including in Central Java, DIY, and some other provinces. The next goal is to have a broader perspective on entrepreneurial traits, technological utilization, and the application of financial Literacy to business performance. In addition, you can include other elements like business funding, brand recognition, expertise, and entrepreneurial prowess ([Megracia, 2021](#)). Entrepreneurs can boost their ability to innovate products through the creative use of social media, sales tools, and services they provide to customers. Examples include responding promptly and effectively to inquiries about product specifications, promoting special offers, and keeping accurate financial records. It may give one more bravery to take on unforeseen risks like having unsold items.

## 5. Conclusion

MSMEs perform better when they have an entrepreneurial personality. MSME owners' characteristics (willingness to take risks, confidence, and innovation) are critical to achieving good business performance. Furthermore, the use of technology has a positive impact on MSMEs' performance. An MSME's performance benefits from qualified information technology assistance. E-commerce during the Large-Scale Social Restrictions Period (PSBB) has increased the marketing process. It helped fulfil the community's daily needs, resulting in an effective and efficient level in the MSME sector. Finally, financial Literacy improves the performance of SMEs. According to the findings, the greater the level of financial Literacy, the better the performance of MSMEs in Central Java and DIY. As a result, financial Literacy is critical for developing such a business because a good business requires sound financial management. According to the study's findings, entrepreneurial character, technology, and financial Literacy positively impact business performance. Although this research has been carried out and tested on many samples, additional comparative studies with other regions are required for future studies to make the findings more stable.

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