American Journal of Humanities and Social Sciences Research (AJHSSR)
e-ISSN : 2378-703X
Volume-6, Issue-4, pp-203-216
www.ajhssr.com
Research Paper Open Access

The Relevance of Working Capital, Financial Literacy and Financial Inclusion on Financial Performance and Sustainability of Micro, Small and Medium-Sized Enterprises (MSMEs)

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ABSTRACT : The development of the number of micro and small business actors in Indonesia is very fast, but currently Micro, Small and Medium-Sized Enterprises are still in the small business zone and have limitations to be developed. This research is oriented towards examining the relevance of working capital, literacy and financial inclusion in explaining the financial performance and business sustainability of Micro, Small and Medium-Sized Enterprises. A total of 310 MSMEs spread across 26 business groups were used as the unit of analysis of the 1,382 MSMEs in Makassar City. The results of the analysis of structural equation modeling with AMOS show that effective and efficient working capital management makes a real contribution to efforts to improve financial performance. On the other hand, it is an interesting fact that business actors' financial literacy and inclusion have an impact on their low financial performance. Culinary business actors in their implementation have high working capital so that it has an impact on the high level of business sustainability. In a direct relationship, it is also found that business actors have financial literacy so that it is not able to increase business sustainability. This condition is also found in financial inclusion. MSMEs are proven to be able to produce high financial performance so that it has an impact on a high level of business sustainability. Relevance does not directly provide evidence if high working capital is proven as a trigger for business sustainability through financial performance. Different results are shown in the relevance of financial literacy and financial inclusion which based on the findings are not proven as a driver of business sustainability through financial performance.

KEYWORDS - *Financial literacy, inclusion, performance, sustainability, working capital*

I. INTRODUCTION

The direction of a economic growth country's is influenced by various sectors. One sector that affects the economic growth of various countries, including Indonesia is the micro, small and medium enterprises (MSMEs) sector. When the economic crisis began to hit the world, the condition of the Indonesian economy was getting worse and only the MSMEs sector was able to stay strong. The Indonesian Central Statistics Agency reported that after the economic crisis that occurred the number of MSMEs in Indonesia did not decrease, instead it increased and was even able to absorb 85 million to 107 million workers by 2012. In 2012 the number of entrepreneurs in Indonesia was known to be 56,539,560, and from The number is MSMEs as many as 56,534,592 units or almost 99.99% and large businesses only around 0.01% as many as 4,968 (Suci, 2017).

This phenomenon explains that MSMEs are a very productive business to continue to be developed in order to support macro and micro economic development in Indonesia. The business sector in MSMEs is a source of livelihood for many people and is able to provide jobs for those who are educated and low-skilled and able to reduce poverty. So far, MSMEs have shown several strategic positions in supporting economic growth, namely (1) their position as supporting economic activities in various sectors, (2) as the largest provider of employment opportunities, (3) being able to become actors in developing regional economic activities and community empowerment, and (4) as a creator of new markets and a source of innovation (Agyapong, 2010).

The development of the number of MSMEs in Indonesia can be said to be very rapid, but currently MSMEs are still in the small business zone and it is difficult to become a big business. However, the development of MSMEs is still hampered by a number of problems when viewed from internal and external factors. Internal factors are weak in terms of capital, production, marketing, and human resources. Meanwhile, external factors are in the form of problems that arise from the developers and supervisors of MSMEs (Putra, 2016). MSMEs are creative industries that tend to have a short-term orientation in making business decisions. This can be seen from the absence of the concept of continuous innovation and inconsistent core business activities. In the end, the long-term performance of MSMEs engaged in the creative industry tends to be stagnant and not well-directed (Manurung & Barlian, 2012).

MSMEs in Indonesia are the backbone of the populist economic system which is not only aimed at reducing the problem of inequality between income groups and between business actors, or poverty alleviation and employment. More than that, its development is able to expand the economic base and can make a significant contribution in accelerating structural changes, namely increasing the regional economy and national economic resilience (Sudiarta et al., 2014). Related problems experienced by MSMEs in Makassar City include (1) lack of capital, (2) difficulties in marketing, (3) intense business competition, (4) difficulties in raw materials, (5) lack of skill production techniques, (6) lack of business managerial skills and quality of human resource management, (7) lack of financial management, (8) less conducive business climate (licenses, laws and regulations). Other constraints and problems for small and informal businesses are also due to the difficulty of accessing information and productive resources such as capital and technology, which results in the limited ability of small businesses to develop (Kurniawan & Fauziah, 2014).

The problem with MSMEs is that most business MSMEs ideas to expand their business, but have to stop because there is no additional capital, especially for working capital needs. If traced back, many MSMEs have difficulty obtaining additional capital from financial institutions due to the many requirements that have not been met. That as many as 74% of SMEs in Indonesia did not have access to financing (Price water house Coopers, 2019). Therefore, MSMEs are required to always improve their work efficiency so that they can achieve the goals expected by MSMEs, namely achieving optimal profit. This is supported by Sugiono (2015) which shows that operating profit always increases which is influenced by the results of its production. The higher the production, the higher the business capital so that it can increase its operating profit. However, holding working capital costs money, for example if inventory is too large the company will have assets that yield zero or negative returns if storage and breakdown costs are high. In addition, companies must obtain capital to purchase assets, such as inventory, and this capital has costs, so that profits can be reduced due to excess assets (inventory, receivables or even cash). So there is pressure to hold working capital at a minimum amount sufficient to support smooth business operations (Brigham & Houston, 2019).

Empirical facts show that proportional working capital management will have a positive effect on improving financial performance and sustainability of MSMEs, as found in previous research that analyzed the effect of working capital on financial performance (Yakubu et al., 2017; Wachira , 2018; Rajindra et al., 2018; Mwirigi et al., 2018; Ali & Razieh, 2019; Cyprian, 2019). Then on the causality of working capital on the sustainability of MSMEs (Wachira, 2018; Mwirigi et al., 2018; Ali & Razieh, 2019).

In addition to good working capital management, strategic efforts are needed to increase MSMEs growth, including by enriching MSMEs players' knowledge of financial knowledge so that business financial management can develop properly (Aribawa, 2016). Dahmen & Rodriguez (2014) stated that it is important for business owners to understand financial knowledge in order to have better company performance, thus enabling MSMEs to obtain high business growth, many MSMEs have not paid attention to the financial management of their business by combining their personal capital with their business capital so that it becomes an obstacle for MSMEs to move forward. Financial literacy is an understanding of money and financial products that a person can apply to their financial choices to make informed decisions about how to handle their finances (Amisi, 2012). Having financial literacy skills allows individuals to make informed decisions about the capital they have and minimize the occurrence of financial failure (Garg & Singh, 2018). The higher the level of financial knowledge, the management of the business will also improve. Financial literacy affects a person's way of thinking about financial conditions and influences better strategic decision making for business owners (Anggraeni, 2016). Financial literacy causes individuals to make financial reports of their businesses more often. Entrepreneurs who more often produce better financial reports will have a high level of profitability from loan payments and to ensure the continuity of their business (Wise, 2013).

Financial inclusion is all efforts made to remove all obstacles that hinder people from using financial services, where financial inclusion is also a national strategy to encourage economic growth by reducing poverty, income distribution and financial system stability. Anwar (2015) said that several studies conducted by world banks in various countries found that the involvement of financial inclusion plays an important role in alleviating poverty and encouraging economic growth. These conditions make the implementation of financial inclusion important (Nengsih, 2015).

Financial inclusion involves expanding people's access to the financial system at an affordable cost. The importance of financial inclusion stems from various factors, (Shankar, 2013), namely: (a) the inability to access financial services may result in the exclusion of financial entities from obtaining capital; (b) lack of access to safe and formal savings can reduce their incentive to save. on several occasions these sources apply high interest rates. high interest rates will increase the risk, making it difficult for borrowers to repay debt; (c) lack of credit products means the inability to invest and improve their livelihoods. as a result, small entrepreneurs will lack a form of enabling environment for finance to grow, (d) lack of remittance products makes money transfer difficult and high risk; and (e) lack of insurance products means less opportunities for risk management and leveling welfare.

The financial literacy index in South Sulawesi in 2020 reached 32.46%, and in 2016 it was 28.36%, and in 2013 it was 14.36%. This means that the financial literacy index in South Sulawesi in 2020 increased by 4.10% from 2016, and increased by 18.10% from 2013. However, when compared with the national average index, the financial literacy index and financial inclusion in South Sulawesi is still categorized as low. Similarly, the financial literacy index and financial inclusion index in Makassar City. Based on data from the Financial Services Authority in 2020, only about 200,000 people understand financial literacy or 14.2% of the total population of Makassar which reaches 1.4 million people. Meanwhile, in terms of financial inclusion, only around 734,000 people or 52.4% of the total population of Makassar have utilized the products and services of financial institutions. This condition shows that the level of understanding of the people in Makassar City towards financial literacy and financial inclusion is still low (Indonesian Bank, 2014).

In general, this is due to the lack of information for the public regarding the financial services sector and the unavailability of products or services that meet their needs. In addition, the low level of financial inclusion is also influenced by the fact that financial products and services tend to be expensive, making it difficult for the masses to reach them. The results of the survey are supported by research conducted by Indah (2020) in Makassar City which shows that the level of financial literacy of MSMEs in Makassar is in the low category, mainly regarding basic knowledge of finance, investment, and insurance.

This study has several differences with previous research, which can be mentioned as follows:

a. The indicators used in the business sustainability construct are business expansion, achievement of break even points, production growth, growing market share, rapid response to market demand, fast confirmation of customer orders, and customer satisfaction. customer.
b. The indicators used in financial performance, previous research used sales growth, capital growth, labor growth, market growth, and profit growth. This study adds by using the reduction of fixed costs.
c. Indicators on working capital which in previous studies only used cash, receivables, and inventories. However, in this study, 3 (three) indicators were developed by adding cash availability, cash ability to pay off short-term debt, excess cash, receivables turnover, amount of receivables, inventory adequacy, and ending inventory valuation.
d. Indicators on financial literacy, previous research only used financial behavior, financial knowledge, financial skills, and financial attitudes. In this study, the addition of financial experience was carried out.
e. Financial inclusion, this study combines based on previous studies using indicators of Access of financial services, usage of financial services, cost of financial services, welfare, and Quality (Bongomin et al., 2017; Sanistasya et al., 2019; Ningsih, 2020; Ikram & Lohdi, 2015).
f. Previous researchers only tested direct effects, but in this research, indirect effects were also tested.

Referring to field facts and empirical phenomena, this study aims to examine the contribution of working capital, literacy, financial inclusion to financial performance and sustainability of culinary MSMEs in Makassar City.

II. LITERATURE REVIEW

Micro, small and medium-zised enterprises (MSMEs)

The Central Statistics Agency (BPS) provides a definition of MSMEs based on the quantity of labor. Small businesses are businesses that have a workforce of 5 to 19 people, while medium-sized businesses are businesses that have a workforce of 20 to 99 people. Based on the Decree of the Indonesian Minister of Finance. Number 316/KMK 016/1994 dated 27 June 1994 that Small Businesses as individuals and or business entities that have carried out activities or businesses that have sales/turnover per year of a maximum of 600 million Rupiah and or assets of a maximum of 600 million rupiah (excluding land and buildings occupied) (Septiani, & Wuryani, 2020).There are several MSMEs business fields which include: (a) culinary business, (b) fashion business, (c) agribusiness business, (d) technology business, (e) education business (such as courses and training venues), (f) electronic business, (g). furniture business, (h) service business (such as service) (i). automotive sector business, (j) tour & travel business, (k) creative product business, and finally (l) cleaning service business.

Working Capital Management

Working capital to carry out daily operational activities of the company, for example to buy raw materials, pay employee salaries, pay direct labor wages, pay debts and so on. A number of funds that have been spent to finance the company's operations are expected to be able to return to the company in the short term through the sale of merchandise or their products. The money that comes in from the sale of these goods will be reissued to finance the company's further operations. Thus, the money or funds will rotate continuously every period throughout the life of the company (Rustagi, 2019: 264).

Working capital is traditionally defined as funds available to finance the company's daily operational activities, such as buying raw materials, paying direct wages, paying employee salaries, paying debts, and so on. Indah, (2020). provides an understanding of working capital as a company investment in the form of cash, securities, receivables and inventories, minus current liabilities used to finance current assets. Based on the description above, it can be explained that working capital is a number of funds invested by the company in the form of current assets such as cash, securities, receivables, and inventories minus current liabilities which are used to finance the company's daily operations (Susanti, & Ardyan, 2019).

Working capital, based on its function, can be explained (Cui, et al., 2010): (1) protecting the company against a working capital crisis due to a decrease in current asset value, (2) enable the company to be able to pay all obligations on time, (3) guarantee the credit standing of a growing business and allow the company to be able to face the dangers or financial difficulties that may occur, (4) enable the company to be able to have inventory in large quantities which is sufficient to serve its customers, (5) allows the company to provide more favorable credit terms to its customers, and in the last function working capital allows the company to operate more efficiently because there is no difficulty in obtaining the goods or services needed. Elements or components of working capital can be seen on each company's balance sheet, namely on all estimates of current assets and current liabilities. The differences that exist usually involve estimates or items or their types, which are caused by different types of companies. Based on the type, working capital consists of several types (Brigham & Ehrhardt, 2019), namely: permanent working capital.

Financial literacy

Financial literacy is a person's skill to use the abilities and skills possessed in his life (Mujip, 2016). Financial literacy is knowledge of all basics about finance, being able to understand financial concepts, and utilizing this financial knowledge as decision making for individuals or individuals or companies (Remund, 2010). Financial literacy is explicitly stated as a set of skills and knowledge that allows an individual to make decisions and be effective with all their financial resources (Manurung & Barlian, 2012). Chen & Volpe (1998) also define financial literacy as knowledge to manage finances so that they can live more prosperously in the future. Lusardi & Mitchell. (2014) suggests that financial literacy is a person's ability to process economic information obtained and make decisions to make financial planning, financial accumulation, pensions and debt.

Based on its function, financial literacy consists of a number of abilities and knowledge about finances owned by a person to be able to manage or use a certain amount of money to improve his standard of living and aim to achieve prosperity. Financial literacy is closely related to behavior, habits and the influence of external factors (Remund 2010; Lusardi & Mitchell, 2014). Research conducted by Chen & Volpe (1998) that the financial literacy can be measured using 4 (four) indicators, namely: (a) basic knowledge of financial management, (b) credit management, (c) savings and investment management, (d) risk management . Meanwhile, Dasman & Maulani (2021), divide financial literacy into 4 (four) dimensions, namely: (a) financial knowledge, (b) financial skills, the indicators of which include technical skills, management skills, and entrepreneur skills, (c) financial attitudes, which are translated into several indicators, namely obsession, power, effort, inadequacy, retention, and security. (d) financial behavior

Financial inclusion

Financial inclusion is defined as the availability of access to various financial institutions, products and services according to the needs and capabilities of the community in order to improve the welfare of the community (Yar, 2019). Financial inclusion as a condition when every member of the community has access to various quality formal financial services in a timely, smooth and safe manner at affordable costs according to their needs and abilities in order to improve community welfare (Das et al., 2020**).** Measurement of the level of financial inclusion is key in determining the level of financial access, use of financial products and services, as well as identifying barriers that prevent a person from using formal financial products and services (Yar, 2019). Several types of indicators to measure financial inclusion include: (a) access, (b) use, and (c) Quality. Other inclusion measures, consist of: (a) access, (b) quality, and (c) usage (Yar, 2019).

Business Sustainability

Business sustainability is a stability of business conditions, where sustainability is a business continuity system that includes additions, continuations and approaches to protect business continuity and business expansion (Chang, A & Cheng, Y., 2019). There are four main instruments in optimizing business continuity, capital, human resources, production, and marketing. Criado-Gomis, et al., (2018) argues that business sustainability is a form of consistency of the condition of a business, where this sustainability is a process of ongoing business both including growth, development, strategies to maintain business continuity and business development, all of which lead to business continuity and existence.

A similar view is expressed by Yanti et al, (2018) if business sustainability is a business to prevent negative effects on the environment and society so that future generations will have adequate resources to meet their needs. This statement is relevant to the statement (Rahayu, 2017) that business continuity can be interpreted as a form of consistency of business conditions, where sustainability is a business continuity process including growth, development, strategy or planning to maintain business continuity.

Financial performance

Financial performance is based on the financial statements of the company/business entity concerned and it is reflected in the information obtained on the balance sheet,income statement, and cash flow statement along with other matters reinforcement financial performance (Fahmi Irham, 2014: 2). Financial performance is needed to know and evaluate to what extent the company's success rate is based on the financial activities that have been carried out. The company's financial performance is an achievement achieved by the company in a certain period that reflects the company's health level (Sutrisno, 2014: 53).

Financial performance on MSMEs can be analyzed using an approach based on three assumptions (Aribawa, 2016:4), namely: (1) quantitatively, due to limited resources (financial understanding and labor), (2) complex financial indicators, so this does not completely show the actual conditions that occur in the business, and (3) is relatively only appropriate when used for large companies with a structured management company. MSMEs' measured by three financial indicators (Destiana, 2016:96), namely: (1) assets, (2) sales turnover (volume), and (3) net profit.

Conceptual Framework

The era of global competition requires MSMEs at the time of operation to be able to generate more added value in the goods/services offered either in quality (better) or efficiently (more efficiently) compared to competitors. This condition is specifically difficult to do because of limited capabilities and limited working capital management. Despite these limitations, MSMEs tend to have resilience (stable performance) to changes in the business and economic climate. This study analyzes the effect of working capital, financial literacy and financial inclusion on the financial performance and sustainability of MSMEs in Makassar City. Lin & Lin (2016) suggests that the performance of MSMEs can be analyzed using the actual condition approach, therefore a non-cost performance measures through perceptions that are expected to be able to show the actual conditions of MSMEs. This needs to be done so that every MSMES actor can better and more regularly account for his finances like a big company.

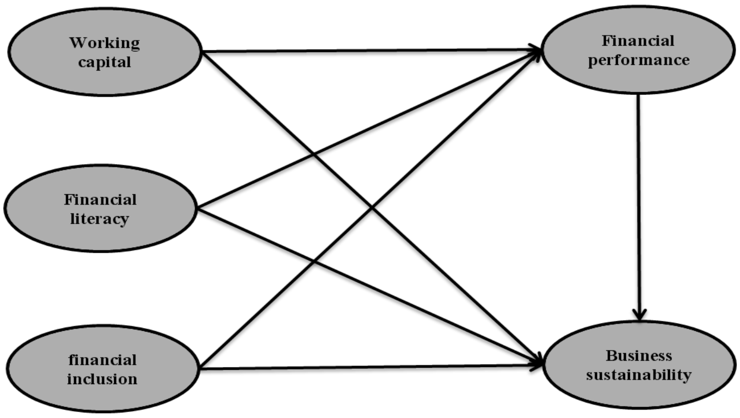

Fig. 1. Conceptual Framework

III. RESEARCH METHODS

This research uses a descriptive approach and an explanatory research. This research was conducted on 1,382 MSMEs in Makassar City. The sample selection used the Slovin formulation at a precision of 0.05% to obtain 310 MSMEs spread over 26 business groups. We analyzed the data within Analysis of Moment Structures Version 21 to analyze respondents' responses in this study, respondents gave perceptions that were determined by their assessment, starting from a score of 1 (to disagree) to a score of 5 (to strongly agree).

IV. RESULTS

Table 1 shows that based on gender, the majority of respondents are male, this shows that in the management of MSMEs, stamina and enthusiasm for work are very much needed and the desire to always work optimally and these parameters are generally owned by men.

TABLE I: RESPONDENTS

Criteria	Participants' (N=310)	Percentage (%)
Genders		
Men	203	65,48
Woman	107	34,52
Ages (Years)		
≤ 25	5	1,61
26-35	52	16,77
36-45	102	32,9
46-55	103	33,23
≥ 55	48	15,48
Marital Status		
Married	280	90,32
Singles	30	9,68
Educational level		
Junior high school	12	3,87
Senior high school	235	75,81
Graduate	63	20,32
Operating time (Years)		
≤ 2	51	16,45
2,01 – 4,00	118	38,06
4,01 – 6,00	88	28,39
6,01 – 8,00	33	10,65
8,01 – 10,00	3	0,97
> 10	17	5,48
Work experience		
≤ 3	77	24,84
4 – 6	205	66,13
7 – 9	21	6,77
> 9	7	2,26

Referring to the age level, respondents are dominated by the age of 46-55 years. This fact explains that MSMEs have the skills gained from their experience so far in managing their business activities. This ability can also be explained through marital status, where the majority of respondents are married so that in order to meet the economic needs of their families, MSME actors are required to be wise and have greater ability to take financial actions and decisions as one of the main aspects in advancing their business. Although based on education level, respondents are generally only able to complete their education up to the general high school level. Then when referring to the period of business operation since its establishment, which still survive and act as respondents, generally MSMEs in Makassar City are relatively new, namely in the business age range from 2.01 to 4.00 years with a composition of around 4 to 6 workers. for every MSME.

TABLE II: Descriptive statistics for the research instruments

Construct	*Mean*	Cronbach's alpha
Working capital (WoC)		0.873
Cash Availability	4.33	
Ability	4.17	
Accounts Receivable Turnover	4.38	
Inventory Adequacy	4.23	
Financial literacy (FL)		0.926
Financial Behavior	2.73	
Skills	2.76	
Knowledge	2.75	
Financial Attitude	2.93	
Financial Experience	2.91	
Financial inclusion (FI)		0.866
Access	2.66	
Quality	2.85	
Use	2.89	
Welfare	3.2	
Financial performance (FP)		0.851
Profit Growth	3.94	
Total Asset	3.98	
Capital Growth	3.99	
Fixed Cost Decline	4.10	
Business sustainability (BS)		
Business Expansion	3.93	
Achieving BEP	3.86	
Market Share Growth	3.74	0.809
Rapid Response to Consumer Demand	3.91	
Increasing Customer Loyalty	3.98	

*Cronbach's alpha ≥ 0,60

The model is evaluated based on goodness of fit indices by presenting the model criteria and critical values that have data suitability.

TABLE III. EVALUATION OF CRITERIA (GOF)

Goodness of fit index	Cut-off Value	Results Model * (Good)
c^2 – Chi-square	Small expected	167.256
Probability	≥ 0,05	0.669
RMSEA	≤ 0,08	0,000
GFI	≥ 0,90	0.954
AGFI	≥ 0,90	0.933
TLI	≥ 0,95	1.012
CFI	≥ 0,95	1,000
CMIN/DF	≤ 2,00	0.950

The evaluation of the model shows that of the eight goodness of fit indices criteria, overall it can be said that it is in accordance with the data and can be analyzed further.

TABLE IV. CFA

Indicator variable	Loading factors	critical ratio	p-value
WoC_1	1,000	-	-
WoC_2	1,426	1,847	0,000
WoC_3	1,683	1,644	0,000
WoC_4	1,458	1,634	0,000
FL_1	1,929	3,632	0,000
FL_2	2,740	3,804	0,000
FL_3	2,704	3,804	0,000
FL_4	1,458	1,634	0,000
FL_5	1,000	-	-
FI_1	2,327	3,579	0,000
FI_2	2,819	3,276	0,000
FI_3	1,000	-	-
FI_4	2,637	2,140	0,000
FP_1	1,000	-	-
FP_2	0,906	0,905	0,000
FP_3	0,612	0,768	0,000
FP_4	0,386	0,593	0,000
BS_1	1,000	-	-
BS_2	12,413	1,834	0,000
BS_3	2,398	2,111	0,000
BS_4	3,250	1,451	0,000
BS_5	1,284	1,696	0,000

The results of confirmatory factor analysis show that the entire construct has a loading factor value of > 0.60 except for the indicator of a decrease in fixed costs (financial performance). However, because it is supported by a p-value < 0.60, the indicator is still maintained in analyzing research problems.

TABLE V. HIPOTESIS TESTING

Causality	DE	IE	TE	Prob.
WoC → FP	0,071	0,000	0,071	0,006
FL → FP	-0,315	0,000	-0,315	0,074
FI → FP	-0,236	0,000	-0,236	0,069
WoC → BS	0,687	0,000	0,687	0,000
FL → BS	-0,435	0,000	-0,435	0,084
FI → BS	-0,120	0,000	-0,120	0,073
FP → BS	0,023	0,000	0,227	0,048
WoC → FP → BS	0,687	0,002	0,689	0,046
FL → FP → BS	-0,435	0,047	-0,388	0,513
FI → FP → BS	-0,120	0,015	-0,105	0,499

Working capital on financial performance

The high of working capital as a representation of operating activities, this condition can be seen from the increase in sales volume. The higher the profit earned by the MSMEs. The findings of this research indicate that the working capital has a significant positive effect on financial performance, as evidenced by the positive regression coefficient value = 0.071 and p = 0.006 <0.05. These results explain if the increased availability of cash has an impact on increasing the ability of cash to pay off short-term debt, faster receivables turnover, and the better valuation of ending inventory will have an effect on increasing financial performance. This shows that MSMEs in Makassar City have managed working capital well, so that they are able to increase profit growth, increase growth in total assets, increase capital growth, and are able to reduce fixed costs in carrying out their operational activities. This finding supports previous studies (Cyprian, 2014; Ali Asghar, 2019) that working capital has a significant positive effect on the financial performance of MSMEs. The inconsistency of the findings is shown in Abimbola (2021) that working capital has no significant positive effect on the financial performance of MSMEs.

Financial literacy on financial performance

High financial literacy makes it possible to make business decisions based on financial information and minimize the possibility of financial losses and or problems (Hasan et al., 2021). Financial literacy has a positive relationship to company performance. The relationship between financial literacy and company performance is implemented in companies that have adequate financial knowledge that will be able to respond to all issues, changes, or a constantly changing business climate. In the end, the best decision was taken to improve company performance and company sustainability (Dahmen & Rodriguez, 2014).

This research provides different evidence that financial literacy has no significant negative effect on financial performance, the regression coefficient value = -0.315 (p = 0.074 > 0.05). This fact shows that the financial literacy possessed by MSMEs actors is at a low level so that it cannot improve financial performance. This condition is caused because respondents as evidenced by respondents' responses have not optimized their behavior, skills, knowledge, attitudes, and financial experience that should be they have in managing their business, as indicated by the majority of MSME actors not being able to separate personal assets from business assets, thus causing difficulties in calculating the results of business activities accurately and correctly. The low level of financial literacy of MSME actors in Makassar City has resulted in the importance of increasing individual abilities to utilize technology and financial digitization. The relevance of this research finding is shown in the study Saini & Singh (2021) that financial literacy has an insignificant negative effect on the performance of culinary MSMEs. The results of this study are different from the findings of Aribawa (2016) that financial literacy has a positive and significant effect on financial performance.

Financial inclusion on financial performance

Financial inclusion aims to eliminate all barriers to access of business actors (individuals; communities) in utilizing financial services at affordable costs.performance MSMEs can be created through the support of financial institutions, such as banks. The results of this research show that financial inclusion has no significant negative effect on financial performance, indicated by the value of the regression coefficient = -0.236 (p = 0.069> 0.05). This fact provides evidence that the financial inclusion obtained by MSMEs in Makassar City is still low, so it cannot function properly in improving financial performance, as a result of limited access to finance in the management of MSMEs.

This study strengthen the research argument put forward by Ismawati et al., (2016) that there are still many MSMEs who are not familiar with formal financial institutions, especially their products and services. The maximum use of financial inclusion (business actors and banking) has an impact on changing the mindset of business actors about how to see money and profits, with this mindset it will change economic actors to be responsive. The use of bank and non-bank financial institutions can help MSMEs in competing in the global economy. This research has similarities with the results of the study of Chimucheka & Rungani (2011) that MSMEs still have difficulty accessing banking financial services, banks are more interested in lending their funds to small and unorganized business actors, while not for MSMEs actors so that it has an impact that hinders the sustainability and success of MSMEs. This research is different from the findings Septiani & Wuryani (2020) that financial inclusion has a positive and significant effect on financial performance.

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Working capital on business sustainability

Working capital is very important as a driving force in the company's operational and financial systems. Proper management of working capital effectively and efficiently can increase the company's profit, because the greater the amount of working capital and the higher the working capital turnover, the higher the profit earned by the company. The test results show that working capital has a significant positive effect on business sustainability, indicated by the regression coefficient value = 0.687 (prob. = 0.000). This fact can be demonstrated through the cash capacity of MSMEs actors and is used to pay off short-term debt so that receivables turnover is very high (fast).

This condition shows that MSMEs in Makassar City have managed their working capital well which in turn has an impact on business expansion, achieving break even points, increasing market share growth, increasing rapid response to consumer demand, and increasing customer loyalty. The results of this study support the findings of Mwirigi et al (2018); Ali & Razieh et al., 2018; (2019) that working capital has a positive and significant effect on business sustainability.

Financial literacy on business sustainability

The test results show that financial literacy has no significant negative effect on business sustainability, shown by the value of the regression coefficient = -0.435 (prob. = 0.084). The inability of financial literacy to support business continuity is caused by the poor financial behavior of business actors in operating their businesses. It is indicated by the absence of financial activity reports from the businesses they run. This research has not been able to confirm the Resource Based View theory that a business can achieve growth must be supported by superior resources of high value. Resources that can be utilized in this case are financial literacy owned by business actors. This research supports the findings by Kaban & Safitry (2020), that financial literacy has a negative and insignificant effect on the sustainability of culinary MSMEs. The results of this study are different from the findings of other researchers by Aribawa, (2016) that financial literacy has a positive effect. and significant to business sustainability.

Financial inclusion on business sustainability

The higher financial inclusion can be increase financial stability. Business Sustainability can be known by looking at the level of success of a business in innovating, realizing the welfare of employees and customers. It shows how business opportunities develop. The effect of financial inclusion on business sustainability is negative and not significant. Regression coefficient value = -0.120 (prob. = 0.073). This fact shows that financial inclusion for MSMEs is in the low category, so it cannot improve business sustainability. This is evidenced by the unavailability of sufficient access for MSMEs in Makassar City to manage their business and the limited number of business actors who utilize various financial products and services. This condition is caused because the majority of business actors have low formal education so that they do not know the usefulness of banking services and or the like. Business actors have difficulty utilizing financial technology (fintech) properly so that financial inclusion no longer has a significant influence on the development of business continuity. This condition is also influenced by the management pattern used, that all business activities are determined from the mindset of business actors (including decision making that is determined directly by the business owner). The results of this study support the findings of Hilmawati, & Kusumaningtias (2021) that financial inclusion has no significant negative effect on business sustainability. On the other hand, the results of this study are different from those Yang & Zhang (2020) that financial inclusion has a positive and significant effect on business sustainability.

Financial performance on business sustainability

The successful of business performance depends on good economic performance, and the methods used by business actors and the support of employees who have the ability to work together in a coordinated manner in achieving business goals. The test results show that financial performance has a positive and significant effect on the business sustainability of MSMEs in Makassar City. The results of the analysis are evidenced by the regression coefficient value = 0.023 (prob. = 0.048), that the higher the financial performance, the higher the impact on increasing business sustainability. This study supports the findings of Mwirigi et al., (2018); Ali & Razieh (2019) that financial performance has a significant positive effect on business sustainability.

Working capital on business sustainability : Mediates financial performance

Business MSMEs is an important element that must be maintained for its continuity, because every MSMEs definitely wants a sustainable business. Of the various limitations faced by MSMEs, the biggest problem is limited capital. One of the conditions for borrowing capital is that MSMEs have financial reports in accordance with applicable standards. This research provides new evidence that working capital has a significant positive effect on business sustainability through financial performance. The indirect effect test results showed positive results = 0.002 with probability = 0.046. These results are inseparable from high financial performance based on respondents' perceptions. The study results are relevant to previous studies (Mwirigi et al., 2018; Ali & Raziah, 2019) that working capital has a significant positive effect on business sustainability through financial performance.

Financial literacy on business sustainability : Mediates financial performance

Financial literacy that is well applied by business actors can be used to make strategic decisions (Muraga & John, 2015). Financial decisions from complex situations as well as the right strategy to maintain business continuity. Financial literacy can be seen from attitudes and behavior in planning investments, savings, and consumption in managing finances. Financial literacy attitudes are shown how to manage financial problems as measured by responses that generate opinions to solve these problems. The results of data analysis provide evidence that financial literacy has no significant positive effect on business sustainability through financial performance, as evidenced by the results on the indirect effect = 0.047 with probability = 0.513.

This research supports the findings Kaban & Safitry (2020) that financial literacy has an insignificant positive effect on the sustainability of MSMEs through the performance of culinary MSMEs. The study is inconsistent with the findings of Aribawa (2016); Idawati & Pratama (2020) that financial literacy has a significant positive effect on business sustainability through the financial performance of MSMEs. This research confirms that if business actors have adequate financial literacy skills, then the business decisions that are created will lead to improved development from time to time, increase the ability of businesses to survive in the midst of a crisis and in the end will make the business have long term sustainability. If every MSMEs in Makassar City implements financial literacy well, is able to strategically identify and respond to changes in the business, economic and financial climate, then the decisions taken will create innovative and well-directed solutions to improve their business performance and sustainability.

Financial inclusion on business sustainability : Mediates financial performance

Business sustainability is the ongoing process of a business that includes development and growth as well as ways to maintain the sustainability and development of a business. Business sustainability in MSMEs can be explained through going concern theory that the business activities carried out do not have a period of time (unlimited) and in the future the business can continue (Ginting & Tarihoran, 2017). The test results show that the indirect effect value is in the positive direction = 0.015 with p-value = 0.499 > 0.05. This means that financial inclusion has a positive and insignificant effect on business sustainability through financial performance on MSMEs in Makassar City.

The results of this study provide evidence that the role of financial performance cannot function properly in increasing the effect of financial inclusion on business sustainability. This condition is due to limited access to the use of financial products and services in managing business, not optimally utilizing banking products and services, asset growth and low MSMEs capital. The results of this study are in line with the findings of Hilmawati & Kusumaningtias (2021) that financial inclusion indirectly has a positive and insignificant effect on business sustainability through the performance of MSMEs.

V. CONCLUSION

High working capital has proven to be able to improve financial performance and business sustainability of MSMEs, that increasing working capital requirements in the form of cash availability, ability to pay off short-term debt, receivables turnover, and adequacy of inventories are determinants of improving financial performance and business sustainability. A different effect was found on the other hand, that low financial literacy in its implementation could not improve financial performance and business sustainability. This situation shows that the low understanding of MSME actors on financial behavior, financial skills, financial knowledge, financial attitudes, and financial experience has proven to have no significant contribution to improving financial performance and business sustainability.

The low financial inclusion of MSMEs causes financial performance and business sustainability cannot be improved, that business actors have low access to managing business finances, have not used financial products or services, have not utilized various financial products and services, and have not received access to financial services. welfare as the impact of a financial product or service in managing a business cannot support improving financial performance and business sustainability. The achievement of high financial performance by MSMEs has resulted in better business sustainability, that increased profit growth, increased growth in total assets, increased capital growth, and increased fixed costs have an impact on increasing business sustainability.

Working capital available in proportionate amounts is proven to improve business sustainability through financial performance. These conditions indicate that either directly or indirectly (mediated by financial performance), the availability of cash, the ability of cash to pay off short-term debt, the speed of receivables turnover, and the adequacy of inventory will increase business sustainability. Financial literacy possessed by MSMEs actors cannot have a significant effect on business sustainability through financial performance, this situation indicates that indirectly financial behavior, financial skills, financial knowledge, financial attitudes, and financial experience will indirectly increase business sustainability.

Good financial inclusion cannot increase the business sustainability of MSME actors through financial performance, that indirectly access in managing finances, using financial products or services, utilizing various financial products and services, and getting welfare as a result of a product or service. financial management in managing the business cannot increase the business sustainability of MSME actors. Increasing by financial inclusion of MSMES carried out by improving access to financial management, using financial products or services properly, making good use of various financial products and services, and continuously improving welfare as a result of a financial product or service. High financial performance and maximum business continuity can be obtained by MSMEs through financial technology so that financial performance and business sustainability can be improved. Stakeholders, particularly the government represented by the Financial Services Authority, are expected to offer programs that support increasing access to financial services and products for MSMES actors. the local government through related agencies and educational institutions and the Financial Services Authority (OJK) to create a program of mentoring and continuous development of MSMEs, namely in the form of socialization and financial literacy assistance from theoretical, practical and technological aspects to MSMEs actors in Makassar City.

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