

The Influence Of Financial Inclusion And Income On The Financial Behavior Of Msmes

Putridiani^{1*}, Jumawan Jasman², Asriany³

¹Departement of Management, Muhammadiyah University of Palopo, 91922, Indonesia

²Departement of Management, Muhammadiyah University of Palopo, 91922, Indonesia

³Departement of Management, Muhammadiyah University of Palopo, 91922, Indonesia

Corresponding Author Email: putridiani@student.umpalopo.ac.id

Abstract

This research aims to determine the effect of financial inclusion and income on the financial behavior of Micro, Small and Medium Enterprises (MSMEs) in Palopo City. This research uses quantitative methods. The sampling technique uses non-probability sampling with accidental sampling. Data was obtained by distributing 105 questionnaires to MSMEs in Palopo City. Data analysis used multiple linear regression analysis using IBM SPSS software. The results of the research show that financial inclusion and income have a positive and significant effect on the financial behavior of MSMEs in Palopo City. The test results show that the Fcount value is 409.074 > Ftable 3.08 and the significance value in the F test is 0.001 < 0.05, which means that financial inclusion and income together have a positive and significant effect on financial behavior. In the research there is also an Adjusted R Square value of 0.887 which means that the level of influence of financial inclusion and income on financial behavior is 88.7%. This indicates that financial inclusion and income are able to influence the financial behavior of MSMEs while the remaining 11.3% is influenced by other variables outside the variables in this research.

Keywords: Financial Inclusion, Income, Financial Behavior, MSMEs

1. Introduction

MSMEs are principal main in Indonesian economic growth . This indicates that MSMEs have that role dominant in the growth of the Indonesian economy , and Strengthening MSMEs is important in efforts to encourage Indonesia's economic growth [1]. MSMEs are also part of government programs aimed at strengthening the economy [2]. In improving the regional economy, micro, small and medium enterprises are considered to have an important role so that regional income can continue to grow [3]. It's just that every MSME definitely faces obstacles in developing its business. A common obstacle encountered is financial problems. These obstacles are caused by low MSME financing, high microcredit interest rates, inadequate MSME management capacity, and limited financial service channels.

One area in Indonesia that has benefited from the contribution of MSMEs is Palopo City. The development of micro, small and medium enterprises (MSMEs) in this area is quite rapid. Managed businesses find it difficult to develop due to a lack of capital to maintain business operations and a lack of understanding of financial management. Most MSMEs face obstacles in accessing financial service institutions. Thus, financial inclusion was launched to eliminate all obstacles faced by society in using financial services, where financial inclusion is one of the national strategies to reduce poverty, equalize income and stabilize the financial system to encourage economic growth [4]. MSME actors often still _ _ Not yet understand method management Moreover, company finances in matter knowledge behavior Company finances. Poor management of business income , makes business actors do not do it budgeting well, so it's difficult to see developments in business [5].

Many MSME players pay little attention to financial management in the businesses they run. According to Bodie *et al.* (2014) behavioral finance is a theory about ordinary finance that ignores how people behave in the real world in making decisions and making a difference. With good financial behavior, the business you run will definitely experience an increase because you can utilize the capital obtained and can manage the income obtained from the business. Good financial behavior is necessary for every MSME player because it can help in making financial decisions and can help get out of financial problems. Financial difficulties are not only caused by reduced income but also due to poor financial management, such as misuse of credit and lack of financial planning [6]. Individuals who have ability For arrange his finances with Good so can said individual the responsible answer on the funds owned. Entire man must own ability in arrange finances for smoothness and sustainability life for self Alone nor family in the future come [7].

Financial inclusion is needed because it can overcome financial problems, with financial inclusion obstacles such as financing can be overcome because MSME players can get capital financing from financial institutions. With financing, MSMEs are expected to be able to manage business finances well. With good financial behavior, MSMEs are expected to be able to manage the finances of the business they run so that the business can survive and experience growth. One factor that can influence financial behavior is financial inclusion. Based on research conducted [8]and [9] argue that financial inclusion has a significant effect on financial behavior.

With high income, MSMEs must have responsible financial behavior. Responsible financial behavior is able to manage finances generated from business. The income generated can be utilized by MSMEs according to business needs. With good financial behavior, business actors can make financial budgeting and financial planning. And can make financial records so that you can manage the income generated. This financial recording can provide information about the business whether the income generated has increased. Based on research conducted [10]and [11]suggest that income has a significant effect on financial behavior.

In this research, the object is Micro, Small and Medium Enterprises (MSMEs) in Palopo City. The variables raised are financial inclusion and income as independent variables and financial behavior as the dependent variable. The aim of this research is to find out whether financial inclusion and income influence the financial behavior of MSMEs in Palopo City.

2. Methodology

Research uses the method quantitative approach . With population _ all over perpetrator MSMEs in Palopo City. The sampling technique uses *non- probability sampling* , with technique *accidental sampling* , ie based sampling technique coincidentally , where Who just that _ as it happens meet with researcher can used as sample , if the person saw as it happens suitable as data [12]. On research This amount population No know with Certain so that count amount minimum sample required with use formula *lemeshow* . For formula *lemeshow* can seen as following :

$$n = \frac{z^2 p(1 - p)}{d^2}$$

Information :

n = number sample

z = value *standard* = 1.96

p = maximum estimate = 50% = 0.5

d = *alpha* (0.10) or *sampling error* = 10%

Based on results from formula *lemeshow* obtained amount samples required _ For study This at least or a minimum of 96 respondents . However in study This researcher get A total of 105 respondents were used as sample , with time study carried out in October – November 2023. Instruments used in study This is questionnaire with using a 5 level Likert scale , namely: 1 (strongly disagree), 2 (disagree), 3 (disagree), 4 (agree) and 5 (strongly agree). The data analysis used in this research is multiple linear regression analysis, where the analysis tool uses IBM SPSS *software* version 29 . The purpose of this analysis is to predict the relationship between constructs by determining whether the constructs have a relationship or influence.

3. Result and Discussion

3.1. Result

3.1.1. Instrument Test

1. Validity Test

The validity test is used to check whether the statements contained in a questionnaire are valid . Based on validity test results it was concluded that all questionnaire statements were declared valid because $R_{\text{was calculated}}$ greater than R_{table} .

2. Reliability Test

In reliability testing variable financial inclusion, income and financial behavior show *Cronbach's Alpha* > 0.6 so that all variables can be declared reliable.

3.1.2. Multiple Linear Regression Analysis

Table 1 . Multiple Linear Regression Analysis Test Results

	B	Std. Error	t	Sig.
Constant	14,030	1,044	13.44	<.001
Inclusion	0.307	0.023	13,207	<.001
Finance (X1)				
Income(X2)	0.558	0.038	14,608	<.001
N	105			
F	409,074			<.001
R Square	0.889			
Adjusted R Square	0.887			

Source: SPSS processed data (2023)

Based on table 3, you can see the regression equation, in column B the constant (a) value is 14,030, while the regression coefficient value for variable X1 (financial inclusion) is 0.307 and variable X2 (income) is 0.558.

So the multiple linear regression equation can be written:

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

$$Y = 14,030 + 0.307 \text{ Financial Inclusion}(X1) + 0.558 \text{ Income } (X2) + e$$

The interpretation of this equation can be seen as follows:

- a) The constant value (a) of 14,030 can be interpreted if financial inclusion and income values are constant (do not change), so financial behavior in MSMEs is worth 14,030.
- b) The financial inclusion regression coefficient value (X1) of 0.307 means that for every additional value of 1 unit in financial inclusion (X1), the value of financial behavior (Y) in MSMEs will increase by 0.307
- c) The income regression coefficient (X2) value of 0.558 means that for every additional value of 1 unit in income (X2), the value financial behavior (Y) in MSMEs will increase by 0.558

3.1.3. Hypothesis testing

1. Partial Test (T Test)

Based on table 3, the results of the T Test can be interpreted as follows:

- a. Known sig value. for variable X1 against Y it is $0.001 < 0.05$ and the calculated T value is $13,440 > T_{\text{table}} 1.986$. This shows that financial inclusion (X1) has a positive and significant effect on financial behavior (Y) in MSMEs in Palopo City.
- b. Known sig value. X2 against Y is $0.001 < 0.05$ and the calculated T value is $14.608 > T_{\text{table}} 1.986$. This shows that income (X2) has a positive and significant effect on financial behavior (Y) in MSMEs in Palopo City.

2. Simultaneous Test (F Test)

Based on table 3, it can be seen that the significant value of the F test is $0.001 < 0.05$ and calculated F is $409.074 > F_{\text{table}} 3.08$. This shows that the independent variables in this research simultaneously influence the dependent variable.

3. Coefficient of Determination Test

Based on table 3, it can be seen that the R Square value is 0.889 and the Adjusted R Square is 0.887. This shows that the level of influence of the independent variable on the dependent variable is 88.7% and the remaining 11.3% is influenced by external variables from this research.

3.2. Discussion

3.2.1. The Influence of Financial Inclusion on the Financial Behavior of MSMEs

The research results show that financial inclusion has a significant positive effect on financial behavior. This is indicated by a significance value of $0.001 < 0.05$ and a calculated T value of $13,440 > T_{\text{table}} 1.986$, which means that there is an influence of financial inclusion on the financial behavior of Micro, Small and Medium Enterprises (MSMEs) in Palopo City. This means that if financial inclusion is increased, the financial behavior of MSMEs also needs to improve. It can also be interpreted that financial inclusion indicators such as access, use, quality and welfare can influence the financial behavior of MSMEs in Palopo City.

This also shows that financial inclusion influences financial behavior Because give opportunity for MSMEs For access financial services . With this opportunity to access financial services, MSMEs can get additional capital to run their business. In utilizing this capital is necessary good financial behavior so that the capital obtained can be used as intended, including in improving the business being run.

This research is in line with research conducted by [8] which states that financial inclusion is the process of providing access to financial institutions that are very easily accessible for the welfare of society based on the ease of accessibility and financial services mentioned by individuals who are more interested in using financial products and services. It can be interpreted that individuals who have a high level of financial inclusion will have a good effect on their financial behavior. And research [9] states that financial inclusion provides the ability to access financial services so that it influences financial behavior. What increases financial inclusion is the ability to gain access to various financial products and services.

3.2.2. The Influence of Income on the Financial Behavior of MSMEs

The research results show that income has a positive and significant effect on financial behavior. This is indicated by a significance value of $0.001 < 0.05$ and a calculated T value of $14,608 > T_{table} 1.986$, which means that there is an influence of income on the financial behavior of MSMEs in Palopo City. This means that if income increases, the financial behavior of MSMEs will also increase. It can be interpreted that indicators on income such as increasing results, adequacy of results and being able to develop influence the financial behavior of MSMEs in Palopo City.

This also shows that every income generated by MSMEs requires good financial behavior such as budgeting and future financial planning so that the managed business can grow and survive amidst the many competitors in the business. Indicators of increasing results are efforts made so that the business being run can increase turnover, profits and market share, in this case good budgeting and financial planning is needed so that the results previously obtained can be used to achieve this, including increasing market share.

This research is in line with research conducted by [10] which states that there is an influence of income on the financial behavior of MSMEs, where many MSME actors save individually not in banking institutions and minimal income means MSMEs do not have savings so they allocate income for daily needs. And in research [11] which states that an increase or decrease in income has an impact on the rise and fall of financial management behavior, in research [13] also states that income is used to measure whether MSME actors are able to manage their finances correctly from the income they receive. obtained.

3.2.3. The Effect of Financial Inclusion and Income on Financial Behavior

The research results show that financial inclusion and income have a positive and significant effect on financial behavior both partially and simultaneously. The research results show a significant F test value of $0.001 < 0.05$ and a calculated F value of $409.074 > F_{table} 3.08$. This shows that the financial inclusion and income variables together have a positive and significant influence on the financial behavior of MSMEs in Palopo City. In line with research conducted by [10] where in this research financial inclusion and income have a positive effect on financial behavior. Research [9] states that there is an influence of financial inclusion and income on financial behavior.

In research [7] it is stated that financial inclusion has no effect on financial behavior. This is because the majority of MSMEs do not have savings accounts at banks so they are unable to access ATM machines. This is due to their lack of concern about having savings in the bank, they think having personal savings is enough without having to save in the bank.

And research [14] shows that income has no influence on financial behavior. He states that this phenomenon can be explained by the fact that individuals with high levels of income are not always able to manage their expenses in a good way, because they are irresponsible in their financial behavior and tend to think short.

4. Conclusion

Based on the results of research and discussions that have been carried out regarding the influence of financial inclusion and income on the financial behavior of MSMEs in Palopo City, the following results were obtained:

1. Financial inclusion has a positive and significant effect on the financial behavior of MSMEs in Palopo City .
2. Income has a positive and significant effect on the financial behavior of MSMEs in Palopo City.
3. Financial inclusion and income simultaneously influence the financial behavior of MSMEs in Palopo City.

5. Acknowledgement

I would like to thank my supervisor, Mr. Jumawan Jasman, S.E.,M.M. and Mrs. Asriany, S.E., M.M., who have guided me in writing this journal. I also want to thank my family and friends who have provided moral and material support during the process of writing this journal.

6. Reference

- [1] D. A. Putri, "Faktor - Faktor Yang Mempengaruhi Perilaku Manajemen Keuangan Pelaku UMKM," *J. Prism. (Platform Ris. Mhs. Akuntansi)*, vol. 1, no. 4, pp. 62–73, 2020.
- [2] Y. Yusnia and J. Jubaedah, "Pengaruh Pendapatan, lokus Pengendalian dan Pengetahuan Keuangan Terhadap Perilaku Keuangan UMKM Kecamatan Cinere," *Ekon. dan Bisnis*, vol. 4, no. 2, 2017, doi: 10.35590/jeb.v4i2.743.
- [3] S. Martono and R. Febriyanti, "Pengaruh Inklusi Keuangan, Literasi Keuangan dan Pengelolaan Keuangan Terhadap Kinerja UMKM di Kota Salatiga," *Ekon. Pendidik. dan Kewirausahaan*, vol. 11, no. 2, pp. 153–168, 2023, doi: 10.26740/jepk.v11n2.p153-168.
- [4] W. iko putri Yanti, "Pengaruh Inklusi Keuangan Dan Literasi Keuangan Terhadap Kinerja Umkm Di Kecamatan Moyo Utara," *J. Manaj. dan Bisnis*, vol. 2, no. 1, 2019, doi: 10.37673/jmb.v2i1.305.
- [5] N. Yucha, D. Arif, S. Mahmudah, Y. Ervina, and R. . N. Yuniati, "Penerapan Perilaku Manajemen Keuangan Pada UMKM Desa Ketapanrame," *Among J. Pengabd. Masy.*, vol. 3, no. 2, p. 7, 2021, doi: 10.51804/ajpm.v3i2.1555.
- [6] P. Andriyani and A. Sulistyowati, "Analisis Pengaruh Literasi Keuangan, Inklusi Keuangan, Dan Tingkat Pendidikan Terhadap Perilaku Keuangan Pelaku Umkm Kedai/Warung Makanan Di Desa Bahagia Kabupaten Bekasi," *Aliansi J. Manaj. dan Bisnis*, vol. 16, no. 2, pp. 61–70, 2021, doi: 10.46975/aliansi.v16i2.100.

- [7] E. N. Anisyah, D. Pinem, and S. Hidayati, “Pengaruh literasi keuangan, inklusi keuangan dan financial technology terhadap perilaku keuangan pelaku UMKM di Kecamatan Sekupang,” *Manag. Bus. Rev.*, vol. 5, no. 2, 2021, doi: 10.21067/mbr.v5i2.6083.
- [8] S. HS and A. Lestari, “The Effect of Financial Literacy, Financial Inclusion and Lifestyle on Financial Behavior in Millennial Generation,” *J. Multidisiplin Madani*, vol. 2, no. 5, 2022.
- [9] M. Jannah, M. Fuad, and M. Dewi, “Pengaruh Literasi Keuangan, Inklusi Keuangan dan Pendapatan Terhadap Perilaku Keuangan Pelaku UMKM di Langsa Kota,” *J. Ekon. Utama*, vol. 2, no. 3, pp. 298–306, 2023, doi: 10.55903/juria.v2i3.132.
- [10] D. Pinem and B. D. Mardiatmi, “Analisis Literasi Keuangan, Inklusi Keuangan dan Pendapatan terhadap Perilaku Pelaku UMKM Di Depok Jawa Barat,” *Syntax Lit. ; J. Ilm. Indones.*, vol. 6, no. 1, p. 104, 2021, doi: 10.36418/syntax-literate.v6i1.1650.
- [11] N. Khoirini, R. M. Mardani, and B. Wahono, “Pengaruh Financial Literacy, Financial Attitude Dan Pendapatan Terhadap Perilaku Pengelolaan Keuangan Pada UMKM Fashion Di Kota Malang,” *J. Ris. Manaj.*, vol. 1, 2021.
- [12] F. Siswadhi, “Analisa Pengaruh Kualitas Pelayanan Dan Kinerja Karyawan Badan Pertanahan Nasional Kabupaten Kerinci Terhadap Kepuasan Masyarakat,” *J. Benefita*, vol. 1, no. 3, p. 177, 2016, doi: 10.22216/jbe.v1i3.720.
- [13] I. W. Sari, J. Susyanti, and M. A. Salim, “Pengaruh Financial Literacy, Financial Attitude dan Pendapatan terhadap Perilaku Pengelolaan Keuangan pada Pelaku UMKM Fashion di Kota Batu,” *e – J. Ris. Manaj.*, vol. 9, no. 5, pp. 17–31, 2020.
- [14] A. Z. Arifin, “The influence of financial knowledge, control and income on individual financial behavior,” *Eur. Res. Stud. J.*, vol. 20, no. 3, pp. 635–648, 2017.
- [15] Firlianti, J. Jumawan, and Asriany, “Pengaruh Financial Technology (Fintech), Sikap Keuangan Dan Pengetahuan Keuangan Terhadap Perilaku Keuangan Generasi Milenial,” *Manag. Stud. Entrep. J.*, vol. 4, no. 2, 2023.