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THE EFFECT OF FINANCIAL LITERACY AND INCLUSION ON THE PERFORMANCE AND SUSTAINABILITY OF GROCERY STORES IN PROBOLINGGO REGENCY.

Titin Krisnawati¹, Tatik Amani², Umi Habibah³

Abstrak

Background: The challenges faced by Micro Enterprises (Grocery Stores) in Dringu District in their business activities include a lack of knowledge in financial management, where personal and business finances are still mixed together, making it difficult to determine the profits or losses incurred, access to capital which is still hard to reach for business actors, technology-based licensing processes, product marketing using technology (digital) that can affect the growth and development of the business, many Grocery Stores still offer their products using traditional methods because it is considered easier, and there are competitors offering lower prices, discounts, and the ability to shop via apps quickly and easily like Indomaret, Alfamart, Shopee, and many others.

Objective: This study aims to test the influence of financial literacy and financial inclusion on the performance and sustainability of Micro Enterprises (Grocery Stores) registered with the DKUPP of Probolinggo Regency.

Research Methods The method used in this study uses a quantitative correlational approach, because the main focus of the study lies in testing the relationship or influence between two independent variables, namely financial literacy and financial inclusion on two dependent variables, namely the performance and sustainability of Micro Businesses. The sample in this study was 44 micro businesses registered with the DKUPP of Probolinggo Regency. Data collection was carried out by asking questions to respondents, questionnaires, and documentation. The data obtained were described using the SmartPLS 4.0 application.

Research Results: The results of the data analysis illustrate that the financial literacy variable has an effect on the performance and sustainability of Micro Enterprises (Grocery Stores), while the financial inclusion variable does not have an effect on the performance and sustainability of Micro Enterprises (Grocery Stores) registered with the DKUPP of Probolinggo Regency.

Originality/Novelty of Research: This research focuses on Micro Enterprises (Grocery Stores) in Dringu District that have been registered with the Probolinggo Regency Cooperatives, Micro Enterprises, Trade and Industry Office regarding the influence of financial literacy and financial inclusion on their business performance and sustainability.

Keywords: Financial Literacy, Financial Inclusion, Performance, Sustainability, Micro Enterprises (Grocery Stores)

Introduction

The government's steps to develop and equalize the income of the Indonesian people are assisted by MSMEs which play a role in minimizing unemployment rates through businesses or businesses that are

managed so as to generate income. According to Rahmansyah et al., (2024: 302) Businesses in the MSME sector play a very significant role in regional economic growth and job creation. MSMEs also provide extensive economic services to the community, support the growth of Indonesian trade, and contribute to achieving national stability. The MSME sector makes a significant contribution to the dynamics of the national economy, not only as a driving force for economic activity, but also as a strategy for increasing job opportunities and equalizing the benefits of development in various levels of society. In the period 1997 to 1999 Indonesia experienced a monetary crisis, but MSMEs were able to survive and even help maintain the stability of the national economy. MSMEs are known as a business sector that is resilient to economic shocks and crises. This resilience is reflected in official statistical information from BPS which reveals that in 1997-1998, 99.9% of the total entities in Indonesia were mostly MSMEs, while large-scale businesses only contributed 0.01% of the total. Referring to the available information, it can be said that MSMEs in Indonesia have great potential and play a significant role in the national economy, one of which is by contributing to reducing unemployment (Sudrartono et al., 2022: 20).

2020 was a year of economic contraction of 2.07% in Indonesia due to the Covid-19 pandemic. In this condition, MSMEs are in the spotlight as a sector that requires extra support from the government through policies such as PEN for MSMEs and the implementation of Gernas BBI., the plan to form an ultra-micro BUMN holding, credit restructuring and vaccination programs. Through these efforts, as well as the decreasing number of Covid-19 transmissions, it is hoped that the MSME sector can immediately recover and recover (Bahtiar, 2021: 23). In 2021, the Indonesian economy grew by 3.70 percent and 5.31 percent in 2022. The Indonesian economy continues to show impressive resilience and growth, making it one of the best among the ten G20 member countries. Indonesia is ranked second with a growth rate of 5.72% annually (YoY).

Various obstacles faced by MSMEs in their operations, one of which is their financial condition, according to Bahri (2022, 3) financial condition is an important thing in the development of MSMEs, the capital owned must be sufficient for business activities if there are constraints in capital, the development of MSMEs will be hampered. Understanding finance makes it easier for individuals to manage finances to minimize losses that will be experienced in the future, make financial decisions in the business world (business) and provide a boost to a country's economic growth (Rahajeng et al., 2024: 174). One of the strategic efforts that the government can make to improve the performance and sustainability of MSMEs is to broaden the horizons of MSME actors regarding how crucial financial inclusion and financial literacy are. Thus, their business management and financial accountability can be carried out more professionally and responsibly, like large companies (Aribawa, 2016: 2).

Accessibility to the organized financial sector can provide opportunities for business owners to obtain business capital, manage financial risks, and utilize technology to improve operational efficiency. Business actors who have a good understanding of finance inclusion find it easier to access financial services and find out financial information that can be useful for maintaining their business (Widiawati & Wulandari, 2023: 503). Grocery stores as a form of micro-business located in the midst of society, provide various daily community needs such as basic necessities, dish soap, laundry soap, toiletries and other community needs (Edward et al., 2018: 13).

According to the Cooperatives, Micro Enterprises, Trade and Industry Service of Probolinggo Regency, in Dringu District there are 44 Micro Enterprises (Grocery Stores) that have been registered with the requirement to have an Online Single Submission, as an electronic-based business licensing service, is issued by the OSS Institution through an interconnected system. OSS is issued by the OSS Institution through an integrated electronic system. OSS aims to help business actors to obtain business legality more quickly and practically (Economy, 2018: 2). Micro Enterprises (Grocery Stores) in Dringu District in their business activities include minimal knowledge of financial management, one of which is that personal and business finances are still mixed together so that the profits or losses obtained are not known, access to capital that is still difficult for business actors to reach, technology-based licensing processes, product marketing using technology (digital) which can affect business growth and development, there are still many Grocery Stores that offer their products using traditional methods because they are considered easier and there are competitors who offer cheaper product prices, there are discounts, you can shop via applications quickly and easily such as Indomaret, Alfamart, Shopee and many others.

Literature Review

Financial Literacy

Financial Planning, both at the individual and organizational level, has a very strong relationship with financial literacy. A high understanding of financial literacy is directly proportional to increased ability in financial management. At the individual level, one of the relevant applications of financial management concepts is personal financial management. This process, which includes financial planning, management, and control, has a significant role in efforts to achieve sustainable financial well-being. Financial literacy is so crucial for a person's needs, besides that financial literacy also Supporting the development of the economic sector and business development of a country. Thus, the increase in the National progress is often accompanied by high public Critical understanding of financial literacy in financial management (Choerudin et al., 2022: 5).

Financial Inclusion

Accessibility of financial services is present as a solution to the limitations of poverty alleviation strategies as well as an effort to realize equitable economic growth. Financial facilities play a key role in driving development and poverty reduction through support for investment in the health, education, business development, and financial management sectors. The rapid development of Accessibility of financial services at the global level has also been driven by advances in technology and digital innovation, especially through the use of mobile phones, which make access to financial services easier, broader, and more inclusive for all levels of society (Wardhono et al., 2017: 28). Accessibility of financial services is a process that ensures that all levels of society, Covering weak groups such as low-income citizens or those with limited access, can obtain Financial facilities according to their needs. Such access must be available at an affordable cost, easy procedures, and the principles of fairness and transparency guaranteed by major financial institutions (Kurniawan & Vaulia, 2022: 1).

Grocery Store

A grocery store is a store that sells basic necessities, daily necessities, snacks for children to the elderly, sells gasoline and other supplies. Grocery stores can be found both in rural and urban areas, where the stores are usually located close together.

Performance

Business performance refers to the extent to which the results achieved by an organization through the implementation of various managerial activities, and reflects the implementation of tasks and responsibilities that have been carried out. Meanwhile, organizational performance refers to the assessment of the operational performance of an organization, including its units and human resources, based on objectives, criteria, and standards that have been set systematically and continuously (Susilowati et al., 2022: 149). Thus, performance is the result or achievement achieved by an organization or company in a certain accounting period, which is measured based on a comparison with a number of predetermined criteria. Evaluate organizational performance through three main perspectives, namely financial, customer, and learning and growth perspectives. These three perspectives are used to provide a comprehensive picture of the organization's achievements, and help improve the quality of strategic decision-making, especially in the context of managing (MSMEs) (Susilowati et al., 2022: 167).

Sustainability

The success rate of a business in innovating, realizing welfare for employees, increasing customer satisfaction, and related to the return on equity of its business, is a factor that greatly determines the sustainability of its business (Hilmawati Ninin Mei Ruli & Rohmawati, 2021: 138). To survive, (MSMEs) need to increase creativity, innovation, financial literacy and optimize access to capital support in financial institutions as well as improve business relationships and networks to expand the business that is traded.

To survive, (MSMEs) need to increase creativity, innovation, financial literacy and optimize access to capital support in banking and non-banking financial institutions as well as improve business relations and networks to expand the business that is traded, Sustainability indicators according to Yanti et al (2018: 140) are income, business growth and product quality.

Framework of Thinking

A framework of thinking is a conceptual model that explains the relationship between theory and the variables studied, thus providing a systematic basis in the research process. A comprehensive understanding of scientific theories is the main basis for compiling systematic arguments to build a framework of thinking in a research activity (Akhmad, 2019: 39). The framework of thought created by the researcher in accordance with the theory above is as follows:

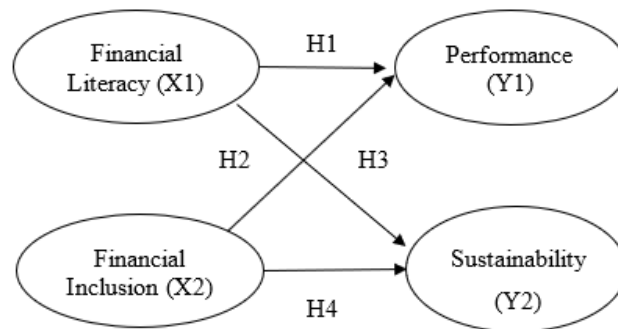


Figure 1 Conceptual Framework

Research Hypothesis

According to Karimudin Abdullah et al., (2021: 49) A temporary assumption or answer to the formulation of a problem in a study is a hypothesis. This answer is based on relevant theories and rational thinking logic, but is not yet supported by empirical evidence. In this study, the following hypotheses have been established:

- H1: There is an influence of Financial Literacy on the Performance of Micro Businesses (Grocery Stores) in Dringu District registered with the Cooperatives, Micro Business, Trade and Industry Service of Probolinggo Regency.
- H2: There is an influence of Financial Inclusion on the Performance of Micro Businesses (Grocery Stores) in Dringu District registered with the Cooperatives, Micro Business, Trade and Industry Service of Probolinggo Regency.
- H3: There is an influence of Financial Literacy on the Sustainability of Micro Businesses (Grocery Stores) in Dringu District registered with the Cooperatives, Micro Business, Trade and Industry Service of Probolinggo Regency.

H4: There is an influence of Financial Inclusion on the Sustainability of Micro Businesses (Grocery Stores) in Dringu District registered with the Cooperatives, Micro Business, Trade and Industry Service of Probolinggo Regency.

Research Methods

This study was conducted using quantitative techniques, because the main focus of the study lies in testing the relationship or influence between two independent variables, namely financial literacy and financial inclusion, on two dependent variables, namely the performance and sustainability of Micro Enterprises. The research data used in this study came from the results of distributing questionnaires, interviews and documentation on Micro Enterprises (Grocery Stores) which were used as research samples. The measurement scale used in this study was the Likert Scale which was arranged with the following responses: strongly agree (SS), agree (S), neutral (N), disagree (TS), and strongly disagree (STS). Subjects in this study in this study was Micro Enterprises (Grocery Stores) in Dringu District collected based on the business sector, namely trade (grocery stores), having OSS (Online Single Submission) and registered with the Cooperatives and Micro Enterprises, Trade, Industry Service, namely 44 Micro Enterprises (Grocery Stores). The sampling method applied is saturation sampling, which is a technique that involves all members of the population as samples of 44 Micro Enterprises (Grocery Stores). Data analysis in this study used the structural equation modeling software (Structural Equation Modeling) SMARTPLS version 4.0 which consists of Outner Model and Inner Model.

Results and Discussion

In this study, the respondents were owners of Micro Businesses (Grocery Stores) in Dringu District and registered with the Cooperatives, Micro Businesses, Trade and Industry Service of Probolinggo Regency totaling 44 Micro Businesses (Grocery Stores). Respondent identity is explained through analysis based on gender, age, last education and length of business. Respondent statistics by gender category with male gender totaling 21 or 48% and female respondents totaling 23 or 52%. The total number of respondents is 44. Respondent data based on age is divided into 4, namely respondents aged 15-25 years totaling 5 or 11%, 26-35 years totaling 21 or 48%, 36-45 years 16 respondents or 36% and <45 there are 2 respondents or 5% of the total respondents. Respondent data based on last education is junior high school there is 1 respondent and high school / vocational high school there are 43 respondents. Respondents according to the time period of the business being run, namely there are 34 respondents according to the time period of the business of 1-5 years, 8 respondents with a business duration of 6-10 years and 2 respondents with a business duration of <10 years.

Data analysis

The questionnaire responses that have been collected from that has been distributed to 44 respondents, namely Micro Business actors (Grocery Stores) in Dringu District registered with the Cooperatives, Micro Business, Trade and Industry Service of Probolinggo Regency, the following are the scores of each variable including financial literacy, financial inclusion, performance and business sustainability.

a) Descriptive Analysis of Financial Literacy Variables

The recapitulation of the results of the financial literacy variable questionnaire was obtained by respondents with a very agreeable answer of 52%, 32% of the answer agreed, 9% of neutral answers, 7% of the answer disagreed, and the answer of 0% strongly disagreed. It can be interpreted that 44 respondents already have good financial literacy in managing their business finances.

b) Descriptive Analysis of Financial Inclusion Variables

The recapitulation of the results of the Financial Inclusion Variable Questionnaire obtained answers from respondents strongly agreeing as much as 47%, agreeing with 24%, neutral 15%, disagreeing with 9% and respondents who answered strongly disagree as much as 5% because respondents were still hesitant to access the services of financial institutions and the number of cases of fraud on behalf of financial institutions.

c) Descriptive Analysis of Performance Variables

The recapitulation of the results of the performance variable questionnaire obtained respondents strongly agreed with 62%, agreed 30%, neutral 9%, disagreed with 1% and strongly disagreed with 0%. The answer strongly agrees dominates the statement of the financial performance variable questionnaire, it can be said that micro business actors are able to manage their business to support business performance and growth, provide quality services and products so that customers feel satisfied and respondents are able to learn new things to improve their skills in managing their business.

d) Descriptive Analysis of Business Sustainability Variables

The results of the assessment of the business continuity variable questionnaire with a percentage of 60% of the answer strongly agreed, 30% of the answer was yes, 8% of the neutral answer, the answer was 2% disagree and the answer was 0% strongly disagree. The answer strongly agrees dominates in the statement of business continuity questionnaire, it can be said that respondents are able to meet store operations with the income earned, are able to meet customer needs, ensure that the products sold are safe and good for consumption, can use Mobile Banking (QRIS) in sales and purchases, have a strategic store so that it is easy to reach by buyers.

Test Outer Model (Measurement Model)

a. Convergent Validity Testing

Variabel	Cronbach's alpha	Composite (rho_a)	Composite (rho_c)	AVE
X1	0,975	0,976	0,980	0,891
X2	0,950	0,951	0,965	0,872
Y1	0,873	0,875	0,922	0,797
Y2	0,980	0,980	0,985	0,943

Table 1 Convergent Validity Testing

The results of the assessment of the business continuity variable questionnaire with a percentage of 60% of the answer strongly agreed, 30% of the answer was yes, 8% of the neutral answer, the answer was 2% disagree and the answer was 0% strongly disagree. The answer strongly agrees dominates in the statement of business continuity questionnaire, it can be said that respondents are able to meet store operations with the income earned, are able to meet customer needs, ensure that the products sold are safe and good for consumption, can use Mobile Banking (QRIS) in sales and purchases, have a strategic store so that it is easy to reach by buyers.

b. Composite Reability Testing

Based on tabel 1, the Composite Reliability (rho_c) value for all variables has a value above 0.9, namely (X1 = 0.980, X2 = 0.965, Y1 = 0.922, Y2 = 0.985). Indicates consistency between indicators.

c. Average Variance Extracted (AVE) Testing

Based on table 1, the Average Variance Extracted (AVE) value for all variables is more than 0.5 (X1 = 0.891, X2 = 0.872, Y1 = 0.797, Y2 = 0.943), which means that this research instrument has adequate convergent validity.

d. Discriminant Validity Testing

Variabel	Heterotrait - monotrait ratio (HTMT)
Y1 <-> X1	0.790
Y1 <-> X2	0.708
Y2 <-> X1	0.801
Y2 <-> X2	0.690

table 2 Discriminant Validity Testing

Based on the results of the Heterotrait - monotrait ratio (HTMT) the value between the Performance variable (Y1) and Financial Literacy (X1) is 0.790, Business Sustainability (Y2) and Financial Literacy (X1) is 0.801, Performance Variable (Y1) and Financial Inclusion (X2) is 0.708, Business Sustainability (Y2) and Financial Inclusion (X2) is 0.690. All HTMT values are below the limit of 0.9 which indicates that each variable has good discriminant validity. Thus there is no problem of multicollinearity between variables in this study in addition, discriminant validity can be seen from the Outer Loading value, the following are the results of the outer loading:

Indikator	Outer Loading
X1.1 <- X1	0.938
X1.2 <- X1	0.952
X1.3 <- X1	0.928
X1.4 <- X1	0.977
X1.5 <- X1	0.953
X1.6 <- X1	0.913
X2.1 <- X1	0.961
X2.2 <- X2	0.963
X2.3 <- X2	0.975
X2.4 <- X2	0.829
Y1.1 <- Y1	0.920
Y1.2 <- Y1	0.852
Y1.3 <- Y1	0.906
Y2.1 <- Y2	0.973
Y2.2 <- Y2	0.973
Y2.3 <- Y3	0.984
Y2.4 <- Y4	0.954
X1.1 <- X1	0.938

Table 3 Outer Loading value

Outer Loading results from the questionnaire distributed to 44 Micro Business actors (Grocery Stores) in Dringu District and registered with the Cooperatives, Micro Business, Trade and Industry Service of Probolinggo Regency, all indicators have values above 0.7 which indicates good validity. The Financial Literacy Indicator (X1) has an outer loading between 0.913 - 0.977, Financial Inclusion has an outer loading between 0.829 - 0.975, Performance (Y1) has an outer loading between 0.852 - 0.920 and Business Sustainability has an outer loading between 0.954 - 0.984. These results indicate that all Functions in assessing the relationship between various variables.

Inner Model Test (Structural Model)

a. Variance Inflation Faktor (VIF)

Variabel	VIF
X1 -> Y1	1.946
X1 -> Y2	1.946
X2 -> Y1	1.946
X2 -> Y2	1.946

Table 4 Variance Inflation Faktor (VIF)

Based on the results of the Variance Inflation Factor (VIF), the VIF value for the relationship between X1 and Y1 and Y2, X2 and Y1 and Y2 is 1.946. All VIF values are below the limit of 5,

indicating that there is no multicollinearity problem between independent variables. Thus, this regression model is suitable for further use.

b. R-square

Variabel	R-square	R-square adjusted
Y1	0.576	0.556
Y2	0.642	0.625

Table 5 R-square

Based on the R-square value, variable Y1 has a figure of 0.576, indicating that 57.6% of the variation in Micro Business Performance (Grocery Store) is influenced by Financial Literacy (X1) and Financial Inclusion (X2). Meanwhile, the R-square value of variable Y2 is 0.642, meaning that 64.2% of the variation in Micro Business Sustainability can be explained by these two variables. Adjusted R-square which is close to R-square indicates that this model has a high level of prediction accuracy.

c. Effect Size f^2

Variabel	F-square
X1 -> Y1	0.377
X1 -> Y2	0.556
X2 -> Y1	0.080
X2 -> Y2	0.007

Table 6 Effect Size f^2

Based on the results of the Inner model data analysis, the F-square of the influence of financial literacy (X1) on performance (Y1) has a value of 0.377 which indicates a large effect, the influence of financial literacy (X1) on business sustainability has a value of 0.556 which indicates a large effect, the influence of financial inclusion (X2) on performance (Y1) has a value of 0.080 indicating a medium effect and the influence of financial inclusion (X2) on business sustainability (Y2) has a value of 0.007 indicating a small effect. These results illustrate the contribution of each independent variable (Financial literacy and financial inclusion) to the dependent variable (Performance and business sustainability) in the research model.

Hypothesis Test

Hypothesis testing is conducted to determine the relationship between independent variables and dependent variables whether it can be accepted or rejected. A hypothesis can be said to be accepted if the p values < 0.05. The results of the hypothesis test obtained through bootstrapping on the SmartPLS 4.0 application are presented in the following table.

Variabel	Original Sample (O)	T statistik (O/STDEV)	P Values	Ketentuan	Keterangan
X1 -> Y1	0.557	0.173	0.001	< 0,05	Diterima
X1 -> Y2	0.622	0.145	0.000	< 0,05	Diterima
X2 -> Y1	0.257	0.200	0.199	> 0,05	Ditolak
X2 -> Y2	0.232	0.166	0.164	> 0,05	Ditolak

Table 8 Path Coefficients Results

Based on table 8, the explanation of the results of the hypothesis test analysis is as follows:

1. The Influence of Financial Literacy on the Performance of Micro Businesses (Grocery Stores)

The results of the first hypothesis show the influence of financial literacy on the performance of Micro Businesses (Grocery Stores) with a p-value of 0.001 < 0.05. So the results of the hypothesis test state that financial literacy has an effect on the performance of Micro Businesses (Grocery Stores).

2. The Effect of Financial Inclusion on the Performance of Micro Enterprises (Grocery Stores)

The results of the second hypothesis show the effect of financial inclusion on the performance of Micro Enterprises (Grocery Stores) with a p-value of 0.199 > 0.05. So the results of the hypothesis test state that financial inclusion does not affect the performance of Micro Enterprises (Grocery Stores).

3. The Influence of Financial Literacy on the Sustainability of Micro Businesses (Grocery Stores)

The results of the third hypothesis show the influence of financial literacy on the sustainability of Micro Businesses (Grocery Stores) with a p-value of 0.000 < 0.05. So the results of the hypothesis test state that financial literacy has an effect on the sustainability of Micro Businesses (Grocery Stores).

4. The Influence of Financial Inclusion on the Sustainability of Micro Enterprises (Grocery Stores)

The results of the fourth hypothesis show the influence of financial inclusion on the sustainability of Micro Enterprises (Grocery Stores) with a p-value of 0.164 > 0.05. So the results of the hypothesis test state that financial inclusion does not affect the sustainability of Micro Enterprises (Grocery Stores).

Research Framework Results

The framework of thinking that is in accordance with the results of the research data and tested using the SmartPLS 4.0 application is as follows:

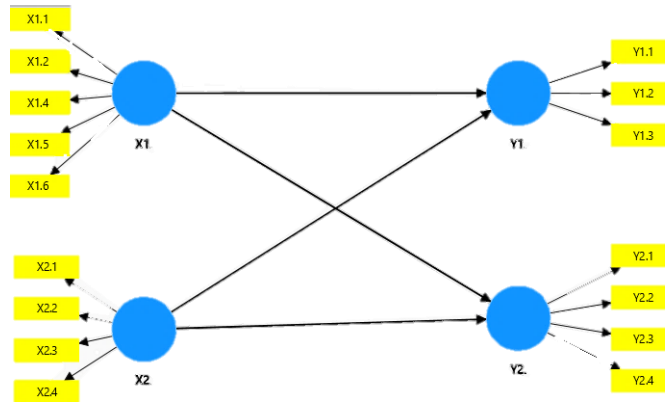


Figure 2 Research Framework Results

Discussion

1. The Influence of Financial Literacy on the Performance of Micro Enterprises (Grocery Stores)

Testing of the financial literacy variable shows an influence on the performance of Micro Enterprises (Grocery Stores) in Dringu District. Tests conducted by researchers prove that there is a major contribution of financial literacy in improving the performance of Micro Enterprises (Grocery Stores) in Dringu District. Basic knowledge of good personal finance, one of which is by distinguishing between personal and business money, recording business income and expenses, having debt according to ability to be used as business capital, setting aside profits for savings and investment and having a strategy in dealing with financial risks can help Micro Enterprises (Grocery Stores) in Dringu District in improving and increasing their business performance, with a good understanding of the financial aspects, business actors can optimize the resources they have, reduce the risk of loss due to financial mismanagement, and increase operational efficiency. Therefore, good financial literacy is one of the main factors in encouraging increased performance of micro enterprises, which in the end can contribute to the growth and sustainability of the business in the long term. Based on the results of the questionnaire and data processing, Micro Enterprises (Grocery Stores) in Dringu District already have good financial literacy. Increasing financial understanding (well literate) among Micro Enterprises (Grocery Stores) in Dringu District and managing business finances are important to improve the performance of Micro Enterprises (Grocery Stores) in Dringu District. This is relevant to research by (Hilmawati NininMei Ruli & Rohmawati, 2021) which states that the performance of MSME sector businesses is greatly influenced by the level of financial literacy they have, in addition,

research conducted by (Idawati et al., 2023) states that the higher the level of financial literacy possessed by MSME actors, the more the performance of the MSME will increase.

2. The Effect of Financial Inclusion on the Performance of Micro Businesses (Grocery Stores)

The results of the tests that have been carried out indicate that the financial inclusion variable has no effect on the performance of Micro Businesses (Grocery Stores) in Dringu District, based on the results of the questionnaire and data processing on increasing access to banking and non-banking financial institutions, ease of use of services, use of products and quality from banking and non-banking financial institutions that can facilitate Micro Businesses (Grocery Stores) in Dringu District in their operational activities do not affect the improvement of their business performance, Micro Business actors (Grocery Stores) have not fully utilized the products and services provided by financial institutions. The low level of utilization is caused by a sense of distrust of financial institutions, which is triggered by concerns about the risk of fraud, ignorance of the mechanisms of financial products, and limited understanding of digital financial services. This condition reflects that the availability of access alone is not enough to encourage increased business performance, if it is not balanced with the readiness and trust of business actors in using these services. Thus, financial inclusion has not been able to provide an optimal contribution to improving the performance of micro businesses. This is relevant to research (Hilmawati NininMei Ruli & Rohmawati, 2021) which states that ease of access, quality and use of financial institution services do not affect the performance of MSME businesses.

3. The Influence of Financial Literacy on the Sustainability of Micro Businesses (Grocery Stores)

The research that has been conducted shows that financial literacy has an influence on the sustainability of Micro Businesses (Grocery Stores) in Dringu District. This shows that the level of understanding of Micro Business actors (Grocery Stores) in Dringu District regarding basic financial concepts, namely financial planning, cash flow management, financial records, savings and investments, and making the right financial decisions, plays an important role in maintaining the sustainability of the business being run. Business actors who have good financial literacy tend to be more able to manage financial resources efficiently, anticipate financial risks, and design long-term oriented business strategies. Thus, adequate financial literacy is one of the key factors in increasing the resilience of micro businesses to changes in economic conditions and other business challenges. Therefore, increasing financial literacy among micro business actors needs to be continuously encouraged as part of a strategy to strengthen the sustainability of the micro business sector. This is relevant to research (Aribawa, 2016) and (Hilmawati NininMei Ruli & Rohmawati, 2021) which states that financial literacy influences the sustainability of MSME businesses.

4. The Influence of Financial Inclusion on the Sustainability of Micro Enterprises (Grocery Stores)

The test conducted showed that financial inclusion did not affect the sustainability of Micro Enterprises (Grocery Stores) in Dringu District, the results of this study mean that the existence of access to formal financial products and services has not been able to encourage optimal business sustainability. This happens because Micro Enterprises (Grocery Stores) in Dringu District have not fully utilized the facilities provided by financial institutions. This low level of utilization can be caused by various factors, including low levels of understanding of financial products, concerns about the risk of fraud, and lack of trust in financial institutions. In addition, limited financial literacy and obstacles in accessing digital financial services also become obstacles in the process of utilizing financial inclusion as a whole. Therefore, even though access to financial services is available, it has not made a real contribution to the sustainability of Micro Enterprises (Grocery Stores) in Dringu District. Thus, more comprehensive efforts are needed, not only in expanding access, but also in increasing the capacity and understanding of micro-entrepreneurs regarding the benefits of using formal financial services. This is relevant to research conducted by (Hilmawati NininMei Ruli & Rohmawati, 2021) which states that financial inclusion has no influence on the development of business sustainability.

Conclusion

Based on the results of data analysis and discussion that researchers have conducted in the previous chapter, the following conclusions were obtained:

Financial Literacy Affects the Performance and Sustainability of Micro Businesses (Grocery Stores) in Dringu District registered with the Cooperatives, Micro Business, Trade and Industry Service of Probolinggo Regency. This shows that Micro Business actors (Grocery Stores) already have good financial literacy, the higher the level of financial literacy possessed by business actors, the better their ability to manage business finances, make the right financial decisions, and plan sustainable business strategies. Adequate financial literacy is one of the factors or keys in increasing the effectiveness of business operations and strengthening the resilience of Micro Businesses (Grocery Stores) amidst economic dynamics.

Financial Inclusion Has No Impact on the Performance and Sustainability of Micro Enterprises (Grocery Stores) in Dringu District registered with the Cooperatives, Micro Enterprises, Trade and Industry Service of Probolinggo Regency. Although access to financial services is available, Micro Enterprises (Grocery Stores) in Dringu District have not fully utilized financial products and services optimally. The low level of utilization is driven by various factors, such as lack of understanding of financial services, concerns about the risk of fraud, and limited digital literacy and trust in financial institutions. Therefore, efforts are needed to improve financial literacy as a whole as a strategic step to encourage more optimal

utilization of financial inclusion, so that it can support the improvement of performance and sustainability of micro enterprises in a sustainable manner.

Based on the research results and conclusions above, the suggestions that researchers can provide are as follows:

For the Cooperatives, Micro Enterprises, Trade and Industry Service of Probolinggo Regency, it is important to develop training and mentoring programs to improve the skills and knowledge of Micro Enterprises (Grocery Stores) regarding the ease of accessing services and products from financial institutions.

This study still has limitations in each process, so that for further researchers can develop research concepts related to financial literacy, financial inclusion, business performance and sustainability, and can expand the scope of the sample by involving Micro Enterprises (Grocery Stores) registered with the Cooperatives, Micro Enterprises, Trade and Industry Service of Probolinggo Regency in locations other than Dringu District so that the research results are more representative. For Micro Enterprises (Grocery Stores) in Dringu District to improve performance and sustainability, abilities and skills are needed in financial management, products sold and marketing strategies.

Appendix

Appendix 1 Questionnaire Statement

FOREWORD OF RESEARCH QUESTIONNAIRE

Dear Respondents

I am Umi Habibah NIM 216420010, a student of the Accounting Study Program, Faculty of Economics and Business, Panca Marga University, currently conducting a research entitled "The Influence of Financial Literacy and Financial Inclusion on the Performance and Sustainability of Micro Businesses (Grocery Stores) registered with the DKUPP of Probolinggo Regency".

In order to fulfill one of the academic requirements for undergraduate level (S1). With all humility, I request the availability of you to fill out the questionnaire that has been provided completely. The data collected will later be analyzed and presented in the form of a whole (not individual). The answers given will not be judged right or wrong, but as information that is very useful for determining the results of the research I am doing. In accordance with research ethics, the answers you provide will be guaranteed confidentiality and will not be published. Finally, I would like to express my deepest gratitude for your willingness to fill out this questionnaire.

A. Respondent Identity:

Name :

Gender :

Age :
 Last Education :
 Name of Micro Grocery Store Business :
 Duration of Micro Grocery Store Business :

B. Filling Instructions

- 1) Fill in the identity that has been provided
- 2) Read each statement carefully
- 3) Fill in all the numbers by choosing one of the 5 alternative answers by giving a check mark (☐) in the alternative answer column that you consider appropriate

4) The alternative answers are as follows:

SS : Strongly Agree (Score 5)

S : Agree (Score 4)

CS : Quite Agree (Score 3)

TS : Disagree (Score 2)

STS : Strongly Disagree (Score 1)

1. Financial Literacy (X1)

No	Statement	STS 1	TS 2	CS 3	S 4	SS 5
A.	Basic Personal Finance Knowledge					
	1. I differentiate between personal money and business money.					
B.	Money Management					
	2. I record business income and expenses					
C.	Credit and Debt Management					
	3. I have debt according to my ability for my business.					
D.	Saving					
	4. I always set aside some of my profits to save.					
E.	Investment					
	5. I buy real assets such as land, property, gold or other financial assets.					
F.	Risk Management					
	6. I have a strategy to deal with financial risks such as declining sales or rising prices of goods.					

2. Financial Inclusion (X2)

No	Statement	STS 1	TS 2	CS 3	S 4	SS 5
A.	Increasing Access to Financial Services Institutions, Products or Services					
	1. I know and understand financial products, services and institutions (examples: Banks, Cooperatives, Pawnshops).					
B.	Increasing the Availability of Financial Services Products or Services					
	2. I use a savings account from a bank.					
C.	Increased Use of Financial Services Products or Services					
	3. I use Mobile Banking (QRIS) for business.					
D.	Improving the Quality of Use of Financial Services Products or Services					
	4. I feel safe and comfortable using Mobile banking (QRIS)					

3. Micro Business Performance (Grocery Store) (Y1)

No	Statement	STS 1	TS 2	CS 3	S 4	SS 5
A.	Financial Perspective					
	5. I am able to manage business finances effectively to support business growth.					
B.	Customer Perspective					
	6. My customers are satisfied with the products or services I offer.					
C.	Learning and Growth Perspective					

	7. I keep learning new things to improve my skills in managing a business.					
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4. Sustainability of Micro Businesses (Grocery Stores) (Y3)

No	Statement	STS 1	TS 2	CS 3	S 4	SS 5
A.	Income					
	8. I am able to meet the operational needs of the store with the income I earn.					
B.	Business Growth					
	9. I expanded the types of products sold to meet customer needs.					
C.	Product Quality					
	10. I ensure that the products sold are always in good condition and safe for consumption.					
D.	Competitiveness					
	11. I use technology (examples: social media, QRIS) to increase business competitiveness.					
E.	Business Environment Conditions					
	12. My shop location is strategic and easy to reach by customers.					

Appendix 2 SmartPLS 4.0 Output Results

1. Outer Model Test Results (Measurement Model)

a. Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_...)	Composite reliability (rho_c)	Average variance extracte...
X1.	0.973	0.973	0.979	0.902
X2.	0.950	0.951	0.965	0.872
Y1.	0.873	0.874	0.922	0.797
Y2.	0.980	0.980	0.985	0.943

b. Diskriminan Validity

	X1.	X2.
X1.		
X2.	0.727	
Y1.	0.797	0.708
Y2.	0.801	0.690

c. Outer Loading

Outer loadings - List	
	Outer loadings
X1.1 <- X1.	0.945
X1.2 <- X1.	0.953
X1.4 <- X1.	0.974
X1.5 <- X1.	0.959
X1.6 <- X1.	0.917
X2.1 <- X2.	0.961
X2.2 <- X2.	0.963
X2.3 <- X2.	0.975
X2.4 <- X2.	0.829
Y1.1 <- Y1.	0.919
Y1.2 <- Y1.	0.851
Y1.3 <- Y1.	0.907
Y2.1 <- Y2.	0.973
Y2.2 <- Y2.	0.973
Y2.3 <- Y2.	0.984
Y2.4 <- Y2.	0.955

2. Inner Model Test Results (Structural Model)

a. Variance Inflation Faktor (VIF)

Collinearity statistics (VIF) - Inner model - List	
	VIF
X1. -> Y1.	1.965
X1. -> Y2.	1.965
X2. -> Y1.	1.965
X2. -> Y2.	1.965

b. R-square

R-square - Overview		
	R-square	R-square adjusted
Y1.	0.580	0.560
Y2.	0.640	0.623

c. F-square

f-square - List	
	f-square
X1. -> Y1.	0.390
X1. -> Y2.	0.547
X2. -> Y1.	0.075
X2. -> Y2.	0.075

d. Model Fit

Model fit		
	Saturated model	Estimated model
SRMR	0.072	0.095

Hypothesis Test Results

Path Coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X1. -> Y1.	0.567	0.580	0.176	3.219	0.001
X1. -> Y2.	0.622	0.625	0.143	4.345	0.000
X2. -> Y1.	0.248	0.241	0.202	1.232	0.218
X2. -> Y2.	0.230	0.226	0.166	1.381	0.167

