

The Influence of Business Risk, Financial Literacy and Financial Inclusion on Financial Performance and Business Sustainability in the Micro, Small and Medium Enterprises Sector in Palopo City

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Abstract: This study aims to analyze and describe: 1) The effect of business risk on financial performance; 2) The effect of financial literacy on financial performance; 3) The effect of financial inclusion on financial performance; 4) The effect of business risk on business continuity; 5) The influence of financial literacy on business continuity; 6) The effect of financial inclusion on business continuity; 7) The influence of financial performance on business continuity; 8) The effect of business risk on business continuity through financial performance; 9) The influence of financial literacy on business continuity through financial performance; and 10) The effect of financial inclusion on business sustainability through financial performance in the micro, small and medium enterprises sector in Palopo City. This research is an ex post facto quantitative research with an exploratory approach which was carried out on micro, small and medium enterprises in Palopo City in January-March 2022 with a sample of 386 from 11,022 population. Data collection techniques through observation, questionnaires, and interviews. The collected data was then analyzed using descriptive analysis to describe the research variables, and inferential analysis through Structural Equation Modeling (SEM) to explain the contribution of exogenous variables to endogenous variables through hypothesis testing. The results of this study indicate that: (1) Business risk has a significant positive effect on financial performance; (2) Financial literacy has a significant positive effect on financial performance; (3) Financial inclusion has a significant positive effect on financial performance; (4) Business risk has a significant positive effect on business continuity; (5) Financial literacy has a significant positive effect on business continuity; (6) Financial inclusion has no significant positive effect on business continuity; (7) Financial performance has a significant positive effect on business continuity; (8) Business risk has no significant positive effect on business continuity through financial performance; (9) Financial literacy has a significant positive effect on business continuity through financial performance; and (10) Financial inclusion has a significant positive effect on business sustainability through financial performance in the micro, small and medium business sector in Palopo City..

Keywords: Business Risk, Financial Literacy, Financial Inclusion, Financial Performance, Business Continuity

Date of Submission: 26-09-2022

Date of Acceptance: 11-10-2022

I. INTRODUCTION

Growth of a country cannot be separated from the role of Micro, Small and Medium Enterprises (MSMEs) which have an important and crucial role. The purpose of MSMEs according to Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs) is to grow and develop businesses in the context of building a national economy based on equitable economic democracy. MSMEs in Indonesia themselves have a significant contribution or role in the expansion and absorption of new workers, the formation of Gross Domestic Product (GDP) and a business safety net for low-income people in carrying out productive economic activities.

Micro, Small and Medium Enterprises (MSMEs) are one of the main pillars of the national economy with an insight of independence that has great potential to improve welfare. This is because the MSME market has reached international or foreign markets. Thus, MSMEs can create an even distribution of the economy of the small people, alleviate poverty

Poverty, as well as a contributor to foreign exchange for the country. The Ministry of Cooperatives and Small and Medium Enterprises noted that MSMEs in Indonesia continued to increase. It was recorded that in 2019 the number of Micro, Small and Medium Enterprises (MSMEs) was 65.1 million or 99.99% of the total

number of business actors in Indonesia, although it was dominated by micro-enterprises which were 64.2 million or 98.65% with labour absorption is about 89.1%. Meanwhile, the contribution of micro-enterprises to the national economy (GDP) is only around 37.8% (Central Statistics Agency, 2020).

The growth of Micro, Small and Medium Enterprises (MSMEs) from year to year reaches

9% to 15% of the total operating Micro, Small and Medium Enterprises (MSMEs). The existence of Micro, Small and Medium Enterprises (MSMEs) so far has been able to contribute to the national economy (GDP) by 61.1%, and the remaining 38.9% was contributed by large business actors, which amounted to only 5,640 or 0.01% of the number of entrepreneurs. Of course, this has a positive impact on the Indonesian economy (Central Statistics Agency, 2020).

Indonesia has the potential for a strong national economic base because of the large number of Micro, Small and Medium Enterprises (MSMEs), especially micro-enterprises and the very large absorption of labour. The government and business actors must raise the 'class' of micro-enterprises to small businesses, and small businesses to become medium-sized businesses. This business base has also proven strong in the face of the economic crisis. Micro-enterprises also have a fast transaction turnover, use domestic products and are in contact with the primary needs of the community.

Micro, small and medium enterprises (MSMEs) play an important role in Indonesia's economic growth, including the economy in Palopo City. Palopo City is one of the areas in South Sulawesi Province which is quite rapidly growing in Indonesia. In Palopo City itself, referring to data from the Office of Cooperatives and MSMEs in Palopo City, the number of Micro, Small and Medium Enterprises (MSMEs) is 11,022 units. This is a very large asset that supports economic growth in Palopo City. This is also the responsibility of the government or other stakeholders in seeking the sustainability and development of MSMEs. Micro, small and medium enterprises (MSMEs) in Palopo City continue to grow rapidly and significantly. The development of MSMEs according to BPS data in 2020 can be seen in the table below:

Nationally, the number of MSMEs recorded has reached 11,022 business units that exist in the city of Palopo throughout 2020 or about 50 per cent of the total businesses in Palopo. In addition to being a driving force for the national economy, MSMEs are also effective in absorbing labour with an absorption reaching

97.22 per cent. thereby reducing the unemployment rate. On the investment side, the role of MSMEs is also high at 50 per cent of the total value of a direct investment. Seeing how important the role of MSMEs is for the community and also their contribution to the economy in Indonesia, especially in the absorption of labour, the sustainability of MSME businesses deserves attention. The growth of MSMEs as one of the supporters of the creative economy tends to be massive. However, this does not mean that MSMEs do not have risks. MSMEs in many developing countries have a risk, namely the lack of raw materials so that their availability is met from imports, marketing, capital, energy availability, infrastructure, and information. Other problems that are often experienced by MSMEs in ASEAN member countries including Indonesia are related to the problem of high inflation, expertise, and labour regulations. Carrying out good risk management must be equipped with sufficient risk management literacy as well. Meanwhile, we all know that on average, MSME actors have a low level of literacy and understanding of business risk management. Therefore, it must always be improved to support the sustainability of the business carried out by MSME actors.

In carrying out business activities, SMEs must pay more attention to and improve their business risk management. The application or implementation of risk management in MSME business activities certainly does not have to be as complex as risk management in large companies that we know a lot about. The application of risk management in business activities in MSMEs can be done from the basic things first. Not too many micro, small and medium enterprises (MSMEs) have knowledge and concern about risk management. The results of the study (Safi'i et al., 2020), reveal that there are at least 3 risks that are included at a high level. The three risks are a decrease in revenue (revenue), a decrease in production, and an increase in raw material prices. At moderate risk, MSMEs will experience delays in the delivery of raw materials. Strategies that can be carried out by MSME actors are financial, resizing, and looking for new markets. Searching for new markets with the help of social media and government policies is not easy to do. However, in the midst of a pandemic, changing marketing strategies is common (Santoso et al., 2020).

The development of micro, small and medium enterprises (MSMEs) in Palopo City is faced with several problems. The obstacles or problems faced by micro, small and medium enterprises (MSMEs) in Palopo City such as inadequate human resources, business management, low levels of public purchasing power and lack of attention from the department. Micro, small and medium enterprises (MSMEs) in Palopo City often experience a decline in performance caused by the low level of people's purchasing power which results in decreased sales and profits from previous years. In addition, the factor that causes the financial performance of MSMEs to increase is the role of financial institutions in providing loans to MSME actors to improve MSME performance and also the growth of MSMEs that are being undertaken. Yanti (2019) states that financial inclusion and financial literacy influence the performance of MSMEs. This is also supported by research conducted by Sanistasya, Raharjo, and Iqbal (2019) which states that financial inclusion and financial literacy

have a significant influence on the performance of small businesses in East Kalimantan. Research conducted by Nur Indriyata (2020) also states that the variables of financial inclusion and financial literacy have a positive influence on the performance of Batik SMEs in the Tegal District. Research conducted by Risa and Eni (2020) also states that financial literacy and financial inclusion are factors that influence the development of MSME performance in Sidoarjo.

Based on the results of the third National Financial Literacy and Inclusion Survey (SNLIK) conducted by the Financial Services Authority (OJK) in 2019, the financial literacy index only reached 38.03% and the financial inclusion index 76.19%. This figure is an increase compared to the results of the 2016 OJK survey, namely the financial literacy index of 29.7% and the financial inclusion index of 67.8%. Thus, in the last 3 years there has been an increase in public financial understanding (literacy) by 8.33%, and an increase in access to financial products and services (financial inclusion) by 8.39% (OJK, 2020). With this percentage value, it can provide pleasure, because with the increase in the percentage, it has succeeded in exceeding the target set by the government in presidential regulation no. 82 of 2016 which contains the National Strategy for Financial Inclusiveness (SNKI), the regulation has been set with a target percentage value on Financial Inclusion of 75%, while the target percentage value on Financial Literacy which has been determined in presidential regulation no. 50 of 2017 which contains the National Strategy for Consumer Protection with a target of 35% has also been exceeded with a predetermined target. Based on the results of a survey conducted by OJK which involved 12,773 respondents from 34 provinces and 67 regencies/cities covering all financial service sectors under the supervision of PJK, starting from the Capital Market sector, Banking sector, to the Non-Bank Financial Industry (IKNB) such as Financial Institutions, Pension Funds, Pawnshops, Insurance, and other formal LJK. Based on the measurement of the National Survey of Financial Literacy and Financial Literacy (SNLIK) in 2019 using the same indicators as the previous 2 surveys in 2013 and 2016. Based on the level of financial inclusion using parameters for the use of financial products or services in the past year. As for the level of financial literacy with indicators of skills, beliefs, attitudes and behaviour, as well as knowledge

Understanding and knowledge of financial inclusion and literacy are very important for MSME actors. This is because financial inclusion and literacy affect financial management which will have an impact on the performance and sustainability of MSMEs (Hilmawati & Kusumaningtias, 2021). Therefore, MSMEs require strategic efforts to achieve superior performance and sustainable business. In general, MSMEs often experience delays in their development because MSMEs tend to have a short-term orientation, there is no concept of sustainable innovation, inconsistent core business activities, and an unstructured financial management system. In addition, the difficulty of accessing financing due to the non-fulfilment of the requirements for financing applications is also a problem.

In general, MSMEs often experience delays in their development. This is due to various conventional problems that have not been completely resolved, such as problems of human resource capacity, ownership, financing, marketing and various other problems related to business management, making it difficult for MSMEs to compete with large companies (Abor & Quartey, 2010). Based on research conducted by (Manurung & Barlian, 2012), MSMEs in the creative industry tend to have a short-term orientation in making decisions in their business. This can be seen from the absence of the concept of continuous innovation and inconsistent core business activities. In the end, the development of the long-term performance of MSMEs engaged in the creative industry tends to be stagnant and not well-directed. Therefore, strategic efforts are needed to improve the performance and sustainability of MSMEs. One way that can be done is to enrich the knowledge of MSME actors on financial knowledge so that their management and accountability can be better accounted for as befits a large company. Much literature has confirmed that the company's ability to recognize and access financial resources will have an impact on the company's growth rate (Adomako et al., 2016). In facing the 2016 ASEAN Economic Community (AEC), MSMEs that are "mature" in management and "strong" in financial management are expected to be Indonesia's main key in competing in the global market. Financial transactions have actually been listed in the holy book of the Qur'an. Even the verse that mentions the issue of financial transactions is the longest verse, exceeding the length of the commandments for prayer and zakat though.

Financial transactions are an important part of the teachings of the Qur'an. So that one of the prayers of the Prophet to be avoided is the domination of debt, conducting financial transactions unwisely, and developing an exploitative financial system, where maybe one and some parties beyond their capabilities are entangled in the system so that at a certain point there are people who find it difficult to develop. Therefore, sharia finance Insha Allah is one side of Islamic teachings that teach mercy for all mankind because it will not only open up space for justice for Muslims but also justice for all mankind.

Based on the background exposure, the authors are interested in conducting research entitled *The Effect of Business Risk, Financial Literacy and Financial Inclusion on Financial Performance and Business Sustainability in the Micro, Small and Medium Enterprises Sector in Palopo City.*

II. RESEARCH METHOD

The approach of this research is explanatory research, which is a study to confirm and test the relationship between variables (causal research), specifically to test the hypothesis in the structural equation. This research was conducted in Palopo City. The time of the research is three months starting from December 2021 to February 2022. The type of data used in this study is primary data obtained from observations and questionnaires. The population in this study are all micro, small and medium enterprises that are located and registered with the Office of Cooperatives and SMEs of Palopo City, totalling 11,022 businesses recorded in 2020. In this study, the sample used was the non-probability sampling technique. According to (Sugiyono, 2017) non-probability sampling technique, namely, the sampling technique does not provide equal opportunities or opportunities for each member element (population) to be selected as a sample member. This technique was used because the population was too large and the researchers had limited time. The samples taken in this study were 386 SMEs.

III. RESEARCH RESULTS

Based on the proposed empirical model, hypothesis testing was carried out by testing the path coefficients on the structural equation model.

Hip	Variable			Direct	Indirect	Total	P-Value	Note
	Independent	Intervining	Dependent					
1	Business Risk (X1)	-	Financial Performance (Y1)	0.149	-	0.149	0.049	(+) Significant
2	Financial Literacy (X2)	-	Financial Performance (Y1)	0.501	-	0.501	0.000	(+) Significant
3	Financial Inclusion (X3)	-	Financial Performance (Y1)	0.235	-	0.235	0.000	(+) Significant
4	Business Risks (X1)	-	Sustainability (Y2)	0.153	-	0.153	0.048	(+) Significant
5	Financial Literacy (X2)	-	Sustainability (Y2)	0.191	-	0.191	0.047	(+) Significant
6	Financial Inclusion (X3)	-	Sustainability MSME	0.050	-	0.050	0.431	(+) Not Significant
7	Financial Performance (Y1)	-	Sustainability MSME	0.351	-	0.351	0.000	(+) Significant
8	Business Risks (X1)	Financial Performance (Y1)	Sustainability (Y2)	0.153	0.052	0.205	0.077	(+) Not Significant
9	Financial Literacy (X2)	Financial Performance (Y1)	Sustainability (Y2)	0.191	0.176	0.367	0.001	(+) Significant
10	Financial Inclusion (X3)	Financial Performance (Y1)	Sustainability (Y2)	0.050	0.082	0.132	0.008	(+) Significant

Source: 2022 Data Processing

Table 10 is a hypothesis testing by looking at the p-value, if the p-value is less than 0.05 then the influence between the variables is significant. From the whole model, there are seven direct paths and three indirect paths which are hypothesized with the result that there are six significant direct paths, one insignificant direct path, and two significant indirect paths, one insignificant indirect path. The interpretation is explained as follows.

1. The coefficient value of the business risk variable on financial performance is 0.149 with $P = 0.049 < 0.05$. The data shows that business risk has a significant positive effect on financial performance, it can be explained that a good business risk implementation will make financial performance better. Thus, the first hypothesis which reads "business risk has a negative and significant effect on financial performance in micro, small and medium enterprises in Palopo City" is rejected.
2. The coefficient value of the financial literacy variable on financial performance is 0.501 with $P = 0.000 < 0.05$. These data indicate that financial literacy has a significant positive effect on financial performance, it can be explained that the implementation of good financial literacy will affect improving financial performance as well. Thus, the second hypothesis which reads "Financial literacy has a positive

and significant effect on financial performance in micro, small and medium enterprises in Palopo City" is accepted.

3. The coefficient value of the financial inclusion variable on financial performance is 0.235 with $P = 0.000 < 0.05$. These data indicate that financial inclusion has a significant positive effect on better financial performance, so the third hypothesis which reads "Inclusion"finance has a positive and significant impact on the financial performance of micro, small and medium enterprises in Palopo City" Accepted.
4. The coefficient value of the business risk variable on business continuity is 0.153 with $P = 0.048 < 0.05$. The data shows that business risk has a significant positive effect on better business continuity. Thus, the fourth hypothesis which reads "Business risk has a negative and significant effect on business continuity in micro, small and medium enterprises in Palopo City" is rejected.
5. The coefficient value of the financial literacy variable on business continuity is 0.191 with $P = 0.047 < 0.05$. These data indicate that financial literacy has a significant positive effect on business continuity. Thus, the fifth hypothesis which reads "Financial literacy has a positive and significant effect on business continuity in micro, small and medium enterprises in Palopo City" is accepted.
6. The coefficient value of the financial inclusion variable on business continuity is 0.050 with $P = 0.431 > 0.05$. These data indicate that financial inclusion has no significant positive effect on business continuity. Thus, the sixth hypothesis which reads "Financial inclusion has a positive and significant effect on business continuity in micro, small and medium enterprises in Palopo City" is rejected.
7. The coefficient value of the financial performance variable on business continuity is 0.351 with $P = 0.000 < 0.05$. The data shows that financial performance has a significant positive effect on business continuity, it can be explained that good financial performance, can maintain business continuity. Thus, the seventh hypothesis which reads "Financial performance has a positive and significant effect on business continuity in micro, small and medium enterprises in Palopo City" is accepted.
8. The coefficient value of the business risk variable on business continuity through financial performance is 0.205 with $P = 0.077 > 0.05$. The data shows that business risk has an insignificant positive effect on business continuity through financial performance. Thus, the eighth hypothesis which reads "Business risk has a negative and significant effect on business continuity through financial performance in micro, small and medium enterprises in Palopo City" is rejected.
9. The coefficient value of the financial literacy variable on business continuity through financial performance is 0.367 with $P = 0.001 < 0.05$. These data indicate that financial literacy has a significant positive effect on business continuity through financial performance. The data shows that good financial literacy owned by business actors will encourage financial performance so that it has an impact on business sustainability, hence the ninth hypothesis which reads "Financial literacy has a positive and significant effect on business sustainability through financial performance on micro, small and medium enterprises in Palopo City" Accepted.
10. The coefficient value of the financial inclusion variable on business continuity through financial performance is 0.132 with $P = 0.008 < 0.05$. The data shows that financial inclusion has a significant positive effect on business continuity through financial performance, it can be explained that financial inclusion owned by business actors can increase and encourage good financial performance so that it has an impact on business sustainability. Thus, the tenth hypothesis which reads "Financial inclusion has a positive and significant effect on business sustainability through financial performance in micro, small and medium enterprises in Palopo City" is accepted.

IV. DISCUSSION

Based on the results of the data analysis that has been carried out, the discussion of the research results is described as follows:

1. The Effect of Business Risk on Financial Performance

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the business risk variable on the financial performance of 0.149 with $P = 0.049 < 0.05$. The data shows that business risk has a significant positive effect on financial performance, which can mean that good business risk management will make financial performance better. Business risk will describe a company failure that result in unforeseen losses and the failure of management to ensure returns to the company. The positive and significant influence in this study shows that if the business risk is high, the financial performance can increase. The high business risk is due to the high operational costs that need to be paid by business actors, so entrepreneurs need to prepare a special budget to overcome this. However, this does not cause a decrease in financial performance because when a company wants to achieve a high rate of return, it will be faced with high business risk. Within the company, there will always be operational problems that are ready to approach. Therefore, every company is required to continuously strive to manage and reduce business risks, such as improving existing systems and providing training for employees and others. Self-evaluation or self-assessment can also be done by superiors to see how much

business risk is faced by the company. The results of testing the first hypothesis state that business risk has a positive and significant effect on the financial performance of micro, small and medium enterprises (MSMEs) which in Palopo City has been proven. This means that there is a match between the hypothesis and the existing data as well as strengthening the view of the opinion that business risk will have a positive impact on financial performance. According to signalling theory, an increase in the company's business risk is considered a negative signal or bad news for investors so investors' interest in investing will decrease and affect the decline in stock prices and company value. The high risk to the company's business indicates that the company will experience difficulties in funding its operational activities, thus affecting the productivity and financial performance of the company.

In the Islamic perspective, risk management is an attempt to maintain Allah's trust in wealth for the benefit of mankind. Various sources of the Qur'anic verses have given humans the importance of managing this risk, such as in Surah Yusuf verses 46-49, Surah Al Hasyr verse 18 and Surah Luqman verse 34. Human success in managing risk can bring better benefits. With the emergence of this benefit, it can be interpreted as human success in maintaining the trust of Allah. The Islamic perspective in managing the risk of an organization can be studied from the story of Yusuf in interpreting the dream of the king at that time. This story is contained in the Qur'an. Yusuf applied the risk management process through the stages of risk understanding, evaluation and measurement, and risk management. Thus it is clear, Islam gives a signal to manage the risk position as well as possible, as the Qur'an and Hadith teach us to carry out activities with very mature calculations in facing risks. The results of this study are in line with research conducted by Kaptiana and Asandimitra (2013) which strengthens the conclusion that business risk has a positive effect on financial performance. Likewise, research conducted by (Fitriah, 2017) shows that the application of risk management will be able to have a positive and significant impact on the financial performance of a business. In addition, (Ahmad Suhaimi, 2020) also mentions that risk management knowledge has a positive and significant impact on small business business performance.

2. The Effect of Financial Literacy on MSME Financial Performance.

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the financial literacy variable on the financial performance of 0.501 with $P = 0.000 < 0.05$. The data shows that financial literacy has a significant positive effect on the financial performance of MSMEs, it can be explained that if the level of financial literacy of an entrepreneur or manager of an MSME is higher, the financial performance will be better as well. Financial literacy is needed by MSME actors, especially in the process of preparing their business financial statements. A business owner needs financial knowledge to make it easier to control finances so that business performance will be more optimal (Dahmen & Rodríguez, 2014).

Financial literacy itself is used to measure how well business actors understand the basic knowledge of finance where researchers use statements to measure understanding of general knowledge about finance, financial skills, financial behaviour, financial attitudes, and financial experience. So, increasing financial literacy will have a good impact on the financial performance of MSMEs. The results of testing the second hypothesis state that financial literacy has a positive and significant effect on the financial performance of micro, small and medium enterprises (MSMEs) which in Palopo City has been proven. This means that there is a match between the hypothesis and the existing data as well as strengthening the view that a fairly good level of financial literacy will help business actors to achieve good financial performance. This means that if the level of financial literacy of an owner or manager of an MSME is higher, the performance that can be achieved by the MSME will increase. The success or failure of a small business is strongly influenced by the skills and abilities of business actors and in an entrepreneurial process, three basic categories of capital are needed that contribute to a successful business, namely human capital, social capital and financial capital. One category that is expected to contribute is financial capital, so every MSME needs to pay attention to the knowledge of the relevant human resources related to financial management. These results are in line with research (Ratnawati, 2016) and (Aribawa, 2016) which state that financial literacy is able to show a positive influence on business performance. Financial literacy helps small businesses to acquire the knowledge, skills and ability to strategize financially to make financial decisions and service choices. Financial literacy helps business owners to acquire the financial knowledge and skills necessary for them to make business plans, initiate financial plans and make strategic investment decisions.

The results of this test are also in line with research conducted by (Hilmawati & Kusumaningias, 2021) which found that financial literacy has a positive and significant influence on performance and business continuity in the MSME sector. The research conducted by (Septiani & Wuryani, 2020) said that the performance of MSMEs will increase along with the increase in financial literacy of the perpetrators. A high/good literacy level makes business people more careful in their operations and easier to manage so

that business performance can be optimized. (Aribawa, 2016) also said that decisions taken by MSME actors related to finance must be accompanied by good financial literacy. A business will develop in a better direction from time to time with the right decision-making. However, the results of the study differ from the results of research from (Eresia-Eke & Raath, 2013), (Kusumadewi, 2017) and (Anggraeni, 2016) which state that there is no relationship between financial literacy and business growth and performance of SMEs.

3. The Effect of Financial Inclusion on MSME Financial Performance.

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the financial inclusion variable on the financial performance of 0.235 with $P = 0.000 < 0.05$. These data indicate that financial inclusion has a significant positive effect on better financial performance. Financial inclusion in the form of ease of access, quality, welfare and use of financial institution services by MSMEs. These four things affect the business performance of MSMEs. Other data also shows that people who have a higher education background such as the 2016 National Financial Literacy Survey (SNLKI) by the OJK show that respondents with a university education level have the highest financial inclusion index with 88% compared to other educational backgrounds. Financial inclusion is needed by MSME actors to get convenience in every business process. One of the supporting factors of a business is capital. (Hilmawati & Kusumaningtias, 2021) mentions that the problems often faced by MSME actors are related to capital and the marketing process. These problems can be overcome by facilitating access to financial services. Ease of access to financial institution services will make it easier for the public and business people to obtain capital to carry out each of their business processes.

This research was conducted in Palopo City which is a service city and one of the cities with a fairly large MSME growth rate in South Sulawesi Province. MSME actors in Palopo City in their daily life have a broad mindset and are aware of the importance of using the facilities of financial institutions so that they can better take advantage of existing opportunities to improve their business performance. Communities that play an active role in financial inclusion also help to achieve financial inclusion so that it can be a solution to the problem of poverty. This is as in the Qur'an letter Ar-Ra'd which means "Indeed Allah does not change the condition of a people until they change the situation that is in themselves". So it is clear that Islam signals the importance of financial inclusion, as the Qur'an and Hadith teach us to carry out activities with very careful calculations and take advantage of financial access, especially Islamic financial inclusion in improving people's welfare.

The results of this study are in line with the research that has been conducted by History (2013) under the research title " Financial Inclusion of Business players in Mediating the Success of Small and Medium Enterprises in Indonesia". The results of this study indicate that financial inclusion is able to increase the growth of MSME performance. In this study, the success of MSMEs is influenced by external and internal factors, where internal factors include human, financial and technical aspects. Financial inclusion is a way for MSME actors to gain access to decent financial services so that it will have an impact on sales growth, capital, and employment which is expected to increase the profits of MSME actors (Sanistasya et al., 2019). Another study conducted by (Wulandari, 2019) shows that if financial inclusion is increased, then financial inclusion will be able to have a positive and significant impact on the financial performance of a business. In addition, (Febriana, 2021) also mentions that financial inclusion has a positive and significant impact on small business performance. Research conducted by Bongomin (2017) shows that financial inclusion has a significant effect on the financial performance of MSMEs.

4. The Influence of Business Risk on the Sustainability of MSMEs.

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the business risk variable on business continuity of 0.153 with $P = 0.048 < 0.05$. The data shows that business risk has a significant positive effect on better business continuity. The results of testing the fourth hypothesis stating that business risk has a positive and significant effect on business continuity in the micro, small and medium enterprise (MSME) sector in Palopo City have been proven. This means that there is a match between the hypothesis and the existing data while at the same time strengthening the view that the implementation and knowledge of good business risks will help business actors in creating better business continuity. This means that if the level of understanding of the business risks of an owner and manager of an MSME is higher, the level of business continuity that can be achieved by the MSME will increase. Sustainability or sustainability of a business is strongly influenced by the ability of the owners/managers to face or minimize possible risks that may occur in the future.

Islam gives teachings to manage the risk position as well as possible, as the Qur'an and Hadith teach to carry out activities with very careful calculations in dealing with risks. In his effort to earn a living, a Muslim is faced with conditions of uncertainty about what is happening. We may plan a business activity

or investment, but we cannot be sure what we will get from the investment, whether it is profit or loss. This is a sunnatullah or Allah's provisions as conveyed to the Prophet Muhammad. In the Qur'an Surah Lukman verse 34 explicitly Allah SWT states that no one in this universe can know for sure what he will try tomorrow or what he will get so with this teaching all humans are ordered to invest as stock. the world and the hereafter. As well as being required to try so that unexpected events do not have an impact on fatal damage to them (mitigating risks).

Basically, Allah SWT reminds humans or a society, that there are times whenin certain situations they have strong assets and capital, but one day they will experience difficulties. It's just that how to overcome it in the face of difficulties, we must prepare for calculations and broad views. This is in line with research conducted by (Swari, 2015) which states the importance of implementing risk management in business. With the implementation of risk management, it is possible for the continuity of a business. In addition, the research (Nicola, 2018) also states that almost all companies that implement risk management have a large enough opportunity to meet the going concern and achieve company goals.

5. The Effect of Financial Literacy on the Sustainability of MSMEs.

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the financial literacy variable on business continuity of 0.191 with $P = 0.047 < 0.05$. These data indicate that financial literacy has a significant positive effect on business continuity. Financial literacy includes knowledge, skills, behaviour, attitudes and financial experience. The results of testing the fifth hypothesis which states that financial literacy has a positive and significant effect on business continuity in the micro, small and medium business sector in Palopo city are proven. This means that there is a match between the hypothesis and the existing data while at the same time strengthening the view that financial literacy owned by business actors will help them in managing the company's operations and productivity which in turn has an impact on a very good level of business continuity. Terms of the relationship and influence of financial literacy on business continuity can be explained from each indicator, namely financial knowledge, financial skills, financial behaviour, financial attitudes and financial experience. The financial knowledge possessed by business owners will assist them in making decisions related to business operations and productivity that can help them create business continuity. The ability to manage finances according to good financial reporting standards will create effectiveness in managing a business, which in turn will create fairly good business continuity.

Islam signals the importance of financial literacy, as the Qur'an and Hadith teach us to carry out activities with very careful calculations and strongly criticize wasteful behaviour, in the sense of spending inappropriately. Effectiveness in financial management will have a good impact on creating business continuity.

The principles that underlie Islamic finance include the prohibition of usury (interest), the prohibition of may sir (gambling), and the prohibition of gharar (uncertainty) as the word of God in Surah Al-Baqarah verse 275. Accordance with the main objective of financial management which is in accordance with Islamic law was to achieve the benefit of the world and the hereafter so that it will be our provision in the hereafter if we apply the sharia financial management into daily life, as the word of Allah in Surah Al-Isra verses 26-27 and Surah Al-Furqan verse 67. The verse above explains that Allah SWT loves his people who are looking for halal fortune, being frugal in managing and spending their wealth both for themselves and for their business and saving the excess for future needs. And it was emphasized that Muslims must be good at managing their finances. Islam does not hate wealth, but rather regulates human behaviour in managing it as well as possible.

6. The Effect of Financial Inclusion on the Sustainability of MSMEs.

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the financial inclusion variable on business continuity of 0.050 with $P = 0.431 > 0.05$. These data indicate that financial inclusion has no significant positive effect on business continuity. The business sustainability of an MSME can be known by looking at the level of success of a business in innovating, realizing the welfare of employees and customers, and regarding the return on equity in its business. This will show how companies have the opportunity to develop and be able to innovate in a sustainable manner (Hudson, M., Smart, A., & Bourne, 2001).

In terms of the relationship and influence of financial inclusion on business continuity in the micro, small and medium business sector in Palopo City, it can be explained from each indicator in measuring financial inclusion, namely access, use, welfare and service quality of financial institutions. The ease of access to products and services of financial institutions has been able to be utilized optimally by MSME business actors in Palopo City. MSME actors

Palopo City on average has a high school education level of 17.9%, a diploma level of 47.7%, an undergraduate education level of 31.3% and a master's degree education level of 3.1%. This data illustrates that the education level of MSME business actors who are respondents is dominated by Diploma education levels reaching 47.7%. This makes it easy for them to take advantage of fintech properly so that financial inclusion no longer has a significant influence on the development of business continuity.

The results of this study are relevant to research by Dermawan (2019) who stated the same thing that the level of financial inclusion of micro business actors has no effect on business continuity because it all depends on the mindset of the business owner. Several studies have shown that the ease of access to finance has an influence and plays an important role in the sustainable growth of MSMEs. (Yanti, 2019) said that financial inclusion allows MSME players to develop businesses and implement more productive investments, utilizing the latest technology that will increase competitiveness and create innovation. In addition, research (Davidsson et al., 2010) also states that an organization that does not have sufficient access to financial institution services has a large enough opportunity to experience a decline in performance. From the Islamic perspective, it signals the importance of financial inclusion, as the Qur'an and Hadith teach us to carry out activities with very careful calculations and take advantage of financial access, especially Islamic financial inclusion in improving people's welfare. Various sources in the Qur'an have given humans the importance of utilizing financial access, especially sharia financial inclusion as a society that plays an active role in financial inclusion also helps to achieve financial inclusion so that it can be a solution to the problem of poverty. This is as in the Qur'an letter Ar-Ra'd which means "Verily Allah does not change the condition of a people until they change the situation that is in themselves".

7. The Effect of Financial Performance on the Sustainability of MSMEs.

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the financial performance variable on business continuity of 0.351 with $P = 0.000 < 0.05$. These data indicate that financial performance has a significant positive effect on business continuity. The results of testing the hypothesis of financial performance on business continuity have a positive and significant effect on business sustainability in the micro, small and medium business sector in Palopo City. This means that there is a match between the hypothesis and the existing data as well as strengthening the view that good financial management with maximum financial performance results will be able to create a level of business continuity.

Good financial performance will able to increase business growth. Businesses will grow and develop, of course, need components that support each other and improving financial performance is one of the efforts to improve MSME finances. Management capability is an important factor in improving the company's financial performance because management determines where the company is going and what strategies will be implemented to achieve company goals. In order to achieve the company's goals to be effective and efficient, 4 (four) good management skills and business principles are needed. A leader should be able to carry out the main management functions well for the survival of his business and to achieve company targets. Another factor that is no less important is business strategy. Business strategy is the entrepreneur's ability to analyze the company's external and internal environment, formulate strategies, implement plans designed to achieve company goals and evaluate the strategies that have been carried out to develop new strategies that will be used in the coming period. This factor is important because the chosen strategy will determine the level of the company's income through sales each period, then it will affect the company's financial performance which can be seen from the profit (profit) obtained.

These results are in line with research by Dwitya (2016) which states that there is a significant positive influence on the performance of MSMEs on business sustainability. With the conclusion that financial knowledge has a positive impact on the ability to make good financial decisions for the sustainability of the business, which means that the performance of MSMEs in terms of financial reporting or production is what makes a very simple important thing for MSME actors for their business continuity to run well. This shows that the lower the performance level of MSMEs, the worse business continuity is. The Qur'an guides humans to make honest and balanced records in the form of financial statements. Allah says Surah Al-Ahqaaf verse 19. From that verse, Allah will surely repay every human action based on what they have done. This means that if someone does a good job and shows good performance for his organization, he will also get good results from his work and will provide benefits for his organization.

8. The Influence of Business Risk on MSME Sustainability through Financial Performance.

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the business risk variable on business continuity through a financial performance of 0.205 with $P = 0.077 > 0.05$. The data shows that business risk has an insignificant positive effect on business continuity through financial performance, it can be explained that business risk has not been able to improve financial

performance so it has no impact on business continuity. The results of this analysis illustrate that the influence of business risk through financial performance is not able to have a better impact on business continuity, compared to the direct impact of business risk on business sustainability. This is also supported by the results of the mediation test using the Sobel test with a z-count value of $1.765 < z \text{ table } (1.96)$ which means that financial performance is not a mediating variable between business risk and business continuity. The results of testing the eighth hypothesis which states that business risk has a negative and significant effect on business continuity through financial performance on MSMEs in the city of Palopo are not proven. This means that there is a difference between the hypothesis and the existing data.

In this study, it was found that business risk has a positive effect on business continuity, either directly or indirectly, but the effect is not significant, which means that it does not have a large or strong influence and impact. This indicates that business risk has not been maximized to improve financial performance and business continuity. Financial performance is not a condition for increasing the level of sustainability of a business in relation to business risk. This shows that good or bad financial performance is not a determinant of a business in managing business risk. Agency theory says that financial performance must have the capacity to mediate between business risk and business continuity. The financial performance proxies in this study have not reflected significant changes in business risk management activities for micro, small and medium enterprises in the city of Palopo. Thus, financial performance does not have the capacity to mediate the effect of business risk on the sustainability of a business. There are several factors that cause business risk to have not been able to have an effect, but it is not significant, including that the understanding of MSME actors in Palopo City regarding the importance of understanding business risk is still low and not maximized. The difficulties experienced by MSME actors, especially in conducting financial management, are due to a lack of understanding of business risks and this has an impact on performance less than the maximum financial and business continuity level. This condition is what the researchers encountered in MSMEs in the city of Palopo.

9. The Effect of Financial Literacy on the Sustainability of MSMEs through Financial Performance.

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the financial literacy variable on business continuity through the financial performance of 0.367 with $P = 0.001 < 0.05$. These data indicate that financial literacy has a significant positive effect on business continuity through financial performance. This shows that a good understanding of financial literacy by business owners will lead to good financial performance that has an impact on business continuity.

The results of testing the ninth hypothesis which states that financial literacy has a positive and significant effect on business sustainability through financial performance on MSMEs in Palopo city have been proven. This means that there is a match between the hypothesis and the existing data. From the research results obtained, it can be revealed that financial literacy is very important in MSME business because it includes knowledge of financial concepts, skills in managing business finances and the ability to make the right decisions for business interests in certain situations. In various market shares, business owners are expected to be able to provide higher value to the products produced. Management of the household sector will provide benefits and advantages. Increased financial literacy will be able to measure all expenses so that it will avoid excessive spending, manage and utilize decision-making abilities and hope that in the future the financial potential in an industry can run optimally. When making business activities, financial literacy will help to maintain a sustainable business so that in its application existing businesses can be maintained and can be managed properly.

In this study, it was found that financial literacy has a positive and significant effect on business continuity, either directly or indirectly. This indicates that financial literacy has been maximally able to improve business continuity and financial performance. The findings in the field show that business owners consider financial literacy to be important to master or understand so that they can make decisions that can maintain their business so that they will be further away from losses that can occur because the money they have can be optimized for productive purposes.

The results of this study are in line with research conducted by Idawati & Pratama (2020) which was conducted in Denpasar City by using 100 MSMEs as respondents. The results of this study are that there is a significant influence between financial literacy on the performance and sustainability of MSMEs. The interpretation in this study is that with a good understanding of financial literacy, it is hoped that MSME actors can make appropriate financial decisions and financial management so that they can affect improving performance and business continuity. In accordance with the research of Dwitya (2016) and Apristi (2017) on the influence of financial literacy on the performance and sustainability of MSMEs in their respective cities, it is stated that if entrepreneurs in the MSME sector have adequate financial literacy skills, the business and financial decisions created will lead towards development that improves from time to time, increases the ability of the business to survive in the midst of a crisis and the end will make the

business have long-term sustainability. With good financial literacy skills, MSME actors can maintain their business so that it continues from time to time with all forms of decisions and considers all existing aspects in accordance with the knowledge possessed by MSME actors. By itself, MSME actors will be able to improve the performance of MSMEs in both financial and non-financial aspects for business continuity. So the higher the level of financial literacy of the business owner, the better the sustainability of a good business which is also influenced by the good performance of MSMEs.

10. The Effect of Financial Inclusion on the Sustainability of MSMEs through Financial Performance.

The results of the research by testing the hypothesis described in table 26 obtained the coefficient value of the financial inclusion variable on business continuity through the financial performance of 0.132 with $P = 0.008 < 0.05$. These data indicate that financial inclusion has a significant positive effect on business continuity through financial performance. This indicates that a good level of financial inclusion owned by MSME actors will also encourage good financial performance so that it has an impact on business continuity. The results of testing the tenth hypothesis which states that financial inclusion has a positive and significant effect on business sustainability through financial performance on MSMEs in the city of Palopo have been proven. This means that there is a match between the hypothesis and the existing data. Access to finance is considered very important for MSME actors because the ease of obtaining loans or utilizing financial products and services also supports the performance and sustainability of a business. From the data above, it can also be concluded that the high level of financial inclusion of MSME business actors has a significant effect on the performance and sustainability of a business because it depends on the mindset of the business owner. The theory put forward by Lusardi and Mitchell (2011) also supports the above analysis where when a person wants to make financial decisions based on two ways of thinking, in the results of this analysis the way of thinking used is an intuitive way where emotional factors are prioritized in deciding without going through various analyses, manage related information and don't even want to look for more information at all. Previous research by Dahmen and Rodriguez (2014) is also in accordance with the results of this study where the study found the fact that the survival of MSMEs lies in the hands of business owners, when business actors cannot optimally take advantage of access and convenience to obtain financial services to develop their business properly then the potential for these businesses to experience setbacks is very open. Therefore, MSME owners are advised to master finances, including terms of ratios and financial reports so that their business performance can be monitored properly. From the Islamic perspective, it signals the importance of financial inclusion, as the Qur'an and Hadith teach us to carry out activities with very careful calculations and take advantage of financial access, especially Islamic financial inclusion in improving people's welfare. Various sources in the Qur'an have given humans the importance of utilizing financial access, especially sharia financial inclusion as a society that plays an active role in financial inclusion also helps to achieve financial inclusion so that it can be a solution to the problem of poverty. This is as in the Qur'an letter Ar-Ra'd which means "Verily Allah does not change the condition of a people until they change the situation that is in themselves".

V. CONCLUSION

1. Business risk has a positive and significant effect on financial performance is accepted, because the significant value is less than five per cent. This means that if the business risk is good, the financial performance will increase.
2. Financial literacy has a positive and significant effect on financial performance because the significant value is less than five per cent. This means that if financial literacy is good, financial performance will increase.
3. Financial inclusion has a positive and significant effect on financial performance because the significant value is less than five per cent. This can be interpreted that if financial inclusion is good then financial performance will increase.
4. The risk of having a positive and significant impact on business continuity is accepted because the significant value is less than five per cent. This can be interpreted as if the business risk is good then business continuity will be achieved.
5. Financial literacy has a positive and significant effect on business continuity, it is accepted because the significant value is less than five per cent. This can be interpreted that if financial literacy is good then business continuity will be achieved.
6. Financial inclusion has a positive and insignificant effect on business continuity because the results of the study show that the significant value is greater than five per cent. This can be interpreted as financial inclusion contributing to business continuity but is not significant.

7. Financial performance has a positive and significant effect on business continuity, it is accepted because the significant value is less than five per cent. This can be interpreted as if the financial performance is good then business continuity will be achieved.
8. Business risk has a positive and insignificant effect on business continuity through financial performance because the results of the study show that the significant value is greater than five per cent. This can be interpreted that business risk contributes to business continuity through financial performance but is not significant.
9. Financial literacy has a positive and significant effect on business sustainability through financial performance, it is accepted because the significant value is less than five per cent. This means that if financial literacy is good, business continuity will be achieved through good financial performance.
10. Financial inclusion has a positive and significant impact on business continuity through financial performance, which is accepted because the significant value is less than five per cent. This can be interpreted that if financial inclusion is good then business continuity will be achieved through good financial performance.

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Muhammad Haekal Yunus, et. al. "The Influence of Business Risk, Financial Literacy and Financial Inclusion on Financial Performance and Business Sustainability in the Micro, Small and Medium Enterprises Sector in Palopo City." *IOSR Journal of Business and Management (IOSR-JBM)*, 24(10), 2022, pp. 28-39.