The Influence of the Ability to Prepare Financial Reports, Financial Literacy, and Financial Technology on the Performance of MSMEs

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ABSTRACT

Purpose: Another element that influences the profitability of MSMEs is financial awareness. Consumers frequently use financial technology because they value seamless and rapid transactions. If MSMEs can provide accurate financial reports and follow financial accounting rules, they will be more cautious in how they use funds to grow their operations.

Design / Methodology / Approach: In this paper, quantitative approaches are used. A questionnaire serves as the primary data source of the study. This study focusses on MSMEs that are registered with the East Jakarta Small and Medium Industrial Cooperatives (PPMSMEPKM) Sub-Department and are located in the Matraman District. For this investigation, 59 MSMEs were acquired using the Roscoe approach. In the data, multiple linear regression was used. This was completed using SPSS version 26 software.

Finding: Numerous inferences can be drawn from the data study, including the fact that financial literacy, financial technology, or report generation skills have little or no impact on the success of MSMEs.

Conclusions MSMEs may benefit from the research's standards-based approach to performance improvement. Although the research was conducted in the most ethical and scientifically sound manner possible, mistakes could still exist. A questionnaire and more representative comments could be used in future research to identify the component associated with the ability to prepare reports.

Keywords: *ability to prepare financial reports, financial literacy, financial technology.*

1. INTRODUCTION

MSMEs have significantly boosted people's sense of security, encouraged them to respect work, and assisted them in establishing daily routines that support a country's economic success. The results of the survey show that 64.2 million Indonesians, or 99.9% of the population, are engaged in business through MSMEs, which employ 119.6 million people, or 96.92% of the labour force, and account for all of the GDP of the nation (Muhamad Lutfi Ramdhani et al., 2022). A 2019 study by Khoirina Farina on MSMEs in the East Jakarta Region lends evidence to this. Few MSMEs in this region preserved records of their reports, according to the survey, indicating that most of them do not consistently record or keep books. The East Jakarta Cooperatives, MSMEs, and Trade Sub-Department claims that the Jakpreneur project is to blame for the annual entry of 12,000 MSMEs. MSMEs will be more shrewd in how they allocate the resources they have to expand their operations if they can efficiently and accurately prepare financial reports. They can also be used to calculate how much money needs to be invested and how much profit will be made (Rostikawati & Pirmaningsih, 2019). Financial Accounting Standards for Micro, Small, and Medium Entities (MSMEs) were developed by the Indonesian Accountants Association to help the country's MSMEs become more accountable, transparent, and efficient. This problem has been the biggest obstacle to Indonesian MSMEs obtaining finance from financial institutions up to this point, which has limited their capacity to develop and assist the nation's economy moving forward (Ikatan Akuntan Indonesia, 2020).

Financial literacy is a factor that affects the success of small and medium-sized businesses (MSMEs), along with the ability to produce financial reports. Indicators of financial inclusion in 2022 will include an increase in the literacy rate and effective collaboration between OJK, relevant ministries and agencies, the financial services sector, and many other stakeholders (Ilarrahmah & -, 2021). A solid grasp of finance has a big impact on decision

making when it comes to financial planning and management (Rika Candraningrat et al., 2022). Numerous technological developments will occur during Industrial Revolution 4.0, especially in the banking and finance industries. With the release of Financial Services Authority Regulation Number 77/POJK, the Financial Services Authority is currently concentrating on financial technology. This legislation also considers the emergence of numerous business models in the financial services sector. Digital payment services and financial regulators are two other industries in which financial technology can enter. A company called Financial Technology offers financial services utilising cutting-edge software and technology (Salsabila, 2021). Financial technology is a type of payment that allows people to utilise financial technology services effectively, quickly, easily, and securely at costs that are suitable for their requirements and skills (Artika & Shara, 2021).

2. LITERATURE REVIEW

2.1. The Ability to Prepare Reports Influences the Performance of MSMEs

Businesspeople will be more wise in how they spend their resources to expand their company if they can accurately produce financial reports that comply with financial accounting rules. To calculate how much money and profit they will need to invest, they will also be used as computation data (Rostikawati & Pirmaningsih, 2019). Therefore, a company owner will gradually see an improvement in the success of their business if they publish accurate financial reports (Ilarrahmah & -, 2021). Business actors must be able to prepare financial reports to produce accurate and reliable financial data that can be used for planning, judgment, and evaluation in the present and future. This ability could be used to keep MSMEs running more effectively, resulting in MSMEs being more developed and growing (Suhendra Winarso & Kurniawati, n.d.). It will be challenging to evaluate and demonstrate the development of MSMEs if they are unable to furnish financial records. Anyone starting a firm in this industry must be able to document every transaction scrupulously and in line with financial standards in order to estimate their potential profits. The operational success of small and medium companies (MSMEs) is significantly impacted by their ability to create financial reports (Jehan Ahsha Kamilan & Nurcholisah, 2022). The ability to generate financial reports shows that MSME owners who are skilled in doing so and complying with relevant regulations are capable of evaluating the state of their business, making informed decisions, comprehending what profit or loss means, and conducting performance reviews that can improve operational performance (Rinofah et al., 2022). The level of education and accounting understanding helps MSMEs overcome difficulties in preparing financial statements according to the standards (Nurohmah, 2023). Recording financial statements requires MSME managers to record business activities, business income and expenses, business profitability, and other performance-related topics. Recording financial statements requires MSME managers to record business activities, business income and expenses, business profitability, and other performance-related topics (Gunawan et al., 2023). The first hypothesis in this investigation, which is based on justifications from earlier studies, is the following.

H1: The ability to prepare financial reports influences the performance of MSMEs

2.2. Financial literacy

High levels of literacy among businesspeople will boost the performance of MSMEs (Ilarrahmah & -, 2021). High levels of literacy among businesspeople will boost the performance of MSMEs (Ruli et al., 2021). A company performs better when its owners are more financially literate. When making decisions, having a solid grasp of finance is quite beneficial (Rika Candraningrat et al., 2022). It is suggested that MSMEs continue to improve their grasp and aptitude for using financial literacy to maximise predicted performance. It has become clear that financial literacy is necessary to uphold the organisation's standards for accountability, efficiency, accuracy, and transparency. However, MSMEs face problems with their financial viability (Lestari & Hwinahus, 2023). If members run their businesses with more financial acumen, the performance of their MSME will increase (Azizah & Zulvia, 2023). An increased level of understanding of financial literacy can change the pattern of business implementation that is more profitable and measurable. Financial literacy needs to be carried out so that all business sectors can face new threats and challenges in the digitalization era (Dharma & Churiyah, 2023). Understanding various financial products, financial institutions, regulations, and other financial industries can help MSME owners select and use the right FinTech services and avoid illicit ones (Utami, 2023). Financial literacy affects a person's style of thinking about financial conditions and influences business owners' strategic financial decision-making and management. The ability of business owners to handle funds is important for business performance and continuity. It is essential that business owners acquire

financial knowledge to improve their business performance (Gunawan et al., 2023). It is therefore recommended that MSMEs should generate owners' knowledge, skill, and behaviour on financial management solutions to improve their performance (Graha et al., 2023). MSME performance, where when the implementation of financial literacy is carried out very well it will increase as well as the ability of the owner in the performance of his business (Ruhmi & Tanjung, 2023). Financial literacy facilitates MSME businesses to expand and increase profit growth (Nugroho & Hwihanus, 2023). Financial literacy plays the role of MSMEs in performance to control the future by adapting to rapid economic changes in the business environment in making more protective decisions (Hamidah et al., 2020). Good financial literacy can minimize financial risks that occur in corporate organizations because the financial risk attitude allows entrepreneurs to identify opportunities and risks associated with business and financial decisions (Buchdadi et al., 2020). The second hypothesis in this investigation, which is based on justifications from earlier studies, is the following.

H2: Financial Literacy Influences MSME Performance

2.3. Financial technology

When utilised as a payment system, financial technology makes it simple to access premium, quick, easy, secure, and fairly priced financial technology services that are tailored to each person's needs and talents (Artika & Shara, 2021). Development technology that is currently happening is experiencing rapid development which will provide convenience in accessing information as well as convenience in managing resources effectively and efficiently (Rahadjeng et al., 2023).A company that offers financial services through the use of cutting-edge software and technology is called financial technology. Financial technology goes beyond just digital payments to simplify interactions between MSME members and customers or suppliers (Salsabila, 2021). Financial technology is used effectively by businesspeople, allowing them to make investments and profit from the value of time. They are also aware of the existence of financial institutions that might be able to support them in boosting their revenue. Therefore, we could conclude that the access of MSMEs to financial technology increases their income (Sularsih & As adi, 2022). When using financial applications, users can conveniently perform financial transactions thanks to financial technology, which combines financial service systems with technology (Yuningsih et al., 2022). This might happen because MSME participants have a solid understanding of financial technology and are required to understand how to manage their company's finances. Moreover, FinTech helps MSMEs secure specific agreeable amounts of capital easily, even without collateral. They no longer need to take out bank loans and, therefore, can avoid the time-consuming loan-making process that often requires them to provide collateral. FinTech can help business owners with no access to banks to expand their market and reach new customers through practical and easy digital financial transaction services (Utami, 2023). Financial technology has helped MSMEs that lack access to banking gain financing (Gunawan et al., 2023). Fintech is considered to provide convenience for business support because it is more effective and efficient and the application is easy to obtain. Besides, the adoption of fintech can consumers with various promotions and delivery services that have an increasing impact on their business (Hamidah et al., 2020). if business actors implement a non-cash payment system in their businesses is that the business can run well because providing non-cash payment instruments makes it easier for people to transact more quickly and easily (Pratama et al., 2023). MSMEs that utilize more than one type of fintech on average experience an increase in sales results every month. This is because the more fintech applications provided by MSMEs, the more fintech users or in this case consumers who can be reached become MSME customers (Astari & Candraningrat, 2022). The third hypothesis in this investigation, which is based on justifications from earlier studies, is the following.

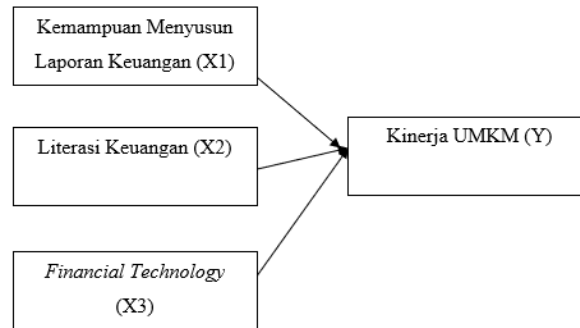*H3: Financial Technology Influences MSME Performance.*

Figure 1. Research Design

3. RESEARCH METHOD

The research was carried out in April 2023. The Sudin PPMSMEPKM, an East Jakarta Small and Medium Enterprises Cooperative Trade Industry Subdept, contributed the research data. Two components make up a questionnaire. The first section contains the demographics of the respondents, as seen in Table 1. The four typical signals for each variable in the second part are shown in Table 2. The Statistical Package for Social Sciences (SPSS) version 26 application was used to analyse the data after the questionnaires were distributed and completed by 59 respondents. The profiles of the respondents are shown in the following table:

Table 1. Description of the respondent's profile

Category	Subcategory	Percentage
Gender	Male	13,6%
	Female	86,4%
Age	<25 years	3,4%
	26-30 years old	0%
	31-40 years old	27,11%
	>40 years	64,9%
Earlier Education	Elementary School	3,4%
	Junior High School	10,2%
	Senior High School	40,7%
	Diploma	13,6%
	Bachelor	28,8%
	Masters	1,7%
Business Type	Culinary	86,4%
	Fashion	8,47%
	Groceries	1,67%
	Craft	3,38

Table 2. Development of instruments.

No.	Variable	Indicators
1	Ability to prepare financial reports (X1) Rostikawati & Pirmaningsih, 2019 Hidayatullah, 2023	Ability to calculate/note Perceptual Speed Verbal comprehension Deductive and Inductive Reasoning Space Visualisation Memory
2	Financial literacy (X2) Ilarrahmah & -, 2021	Financial knowledge Financial skills

	R. et al., 2022	Financial attitude
3	Financial technology (X3) R. et al., 2022	Perception of benefits Perceived ease of use Perception of risk
4	MSME performance (Y) Jaya, 2021	Financial perspective Consumer perspective Internal Business Process Perspective Perspectives on learning and growth

According to Table 1, the findings definitely show that most of the respondents were female, most of the respondents were between the ages of 31 and 40, and most of the respondents were older than 40 years. The data also show that the majority of the respondents owned and operated restaurants and had at least a high school diploma or a bachelor's degree. Six MSMEs who were not in the sample were used in a pilot test to ensure uniformity. use the sources of information listed in Table 2 of the survey.

4. RESULT AND DISCUSSION

It is important to display and communicate data quantity information, such as the mean, standard deviation, minimum, and maximum values for the independent and dependent variables. The dependent variable in this study is MSME performance (Y), and the independent factors are financial technology (X3), financial knowledge (X2), and the ability to create financial reports (X1). Table 4 will display the findings of the descriptive statistical analysis in the following ways.

Table 4 Results of the descriptive statistical analysis

Descriptive statistics							
	N	Minimum	Maximum	Sum	Mean	Std. Deviation	Variance
Ability to Prepare Financial Reports (X1)		24	60	2882	48.85	9,776	95,580
Financial literacy (X2)		22	45	2008	34.03	6,117	37,413
Financial Technology (X3)	59	16	40	1815	30.76	5,488	30,115
MSME performance (Y)		21	40	1859	31.51	5,015	25,151
Valid N (listwise)	59						

Source: Processed by researchers

The results of the descriptive statistical analysis for each variable are shown in Table 4. Below is an explanation of the descriptive statistical investigation's findings.
1. Ability to Prepare Financial Reports (X1)
   The standard deviation score of 9.776 represents the variability of the variable data of 59 respondents using the Ability to Prepare Financial Reports (APFR) as a variable for their future efforts.
2. Financial literacy (X2)
   Being financially knowledgeable could play a role. The difference of 6.117 shows how spread the variable data of 59 respondents are.
3. *Financial Technology* (X3)
   In the distribution of the variable data from 59 respondents, financial technology is a variable.
4. MSME performance (Y)
   Financial technology responses from 59 respondents as a diverse distribution of variable data.

4.1. Data Quality Test

In any quantitative study that uses questionnaires, confirming the accuracy of the data comes first. Using a sample of 59 respondents, the validity test and the reliability test comprise the data quality test:

a. **Validity Test**

The validity of the research instrument is evaluated using the validity test to see if each item is reliable in describing a variable. The claim is accepted as true if the projected r value is higher than the table r. The table below shows the findings of the research's validity checks:

Table 4.1 Points to validation test results

Variable	Statement Items	Calculated r-value	Table r value	Information
Ability to Prepare Financial Reports (X1)	X1.1	0.851		
	X1.2	0.815		
	X1.3	0.908		
	X1.4	0.909		
	X1.5	0.903		
	X1.6	0.932		
	X1.7	0.930		
	X1.8	0.947		
	X1.9	0.948		
	X1.10	0.883		
	X1.11	0.873		
	X1.12	0.912		
Financial Literacy (X2)	X2.1	0.822		
	X2.2	0.796		
	X2.3	0.842		
	X2.4	0.868		
	X2.5	0.742		
	X2.6	0.864		
	X2.7	0.701	0,2564	Valid
	X2.8	0.668		
	X2.9	0.739		
Financial Technology (X3)	X3.1	0.640		
	X3.2	0.753		
	X3.3	0.757		
	X3.4	0.859		
	X3.5	0.853		
	X3.6	0.836		
	X3.7	0.836		
	X3.8	0.868		
MSME Performance (Y)	Y.1	0.839		
	Y.2	0.847		
	Y.3	0.859		
	Y.4	0.648		
	Y.5	0.783		
	Y.6	0.788		
	Y.7	0.746		
	Y.8	0.656		

The findings of the validity test performed on the statement items for each variable are shown in Table 4.1, point a. The study's table value r is 0.2564, with a sample size of 59 and a 5% level of significance. The results of the validity test table allow the conclusion to be drawn that

1. Ability to Prepare Financial Reports (X1)

   According to the results of the validity tests conducted, X1.1 has a calculated r value of 0.851 > 0.2564, X1.4 has a calculated r value of 0.909 > 0.2564, X1.7 has a calculated r value of 0.930 > 0.2564, X1.11 has a calculated r value of 0.873 > 0.2564, and X1.12 has a calculated r value of 0.912 > 0.2564. The details below show how more research can substantiate the statements made below.

2. Financial Literacy (X2)

   According to the findings of the validity test that was performed, there are nine items in the valid statement instrument. These include instrument X2.1, with a calculated r value of 0.822 > 0.2564, instrument X2.4, with a calculated r value of 0.868 > 0.2564, instrument X2.7, with a

calculated r value of 0.701 > 0.2564, and instrument X2.8, with a calculated r value of 0.668 > 0.256.

3. *Financial Technology* (X3)

There are eight items in the legitimate statement instrument, according to the validity test results. The computed r values for Instrument X3.1, Instrument X3.4, and Instrument X3.7 are 0.640 > 0.2564, 0.859 > 0.2564, and 0.868 > 0.2564, respectively. The following information demonstrates how additional research can support the claims made in the following.

4. MSME performance (Y)

The term "instrument" refers to eight items in the valid statement instrument, according to the findings of the validity tests that have been performed. The computed r values are all more than 0.2564, including for Y.1, 0.839 > 0.2564, Y.2, 0.847, Y.3, 0.859 > 0.2564, Y.4, 0.648 > 0.2564, Y.5, 0.783 > 0.2564, Y.6, 0.788 > 0.2564, Y.7, 0.746 > 0.2564, and Y.8, 0.656 > 0.2564. The following information demonstrates how additional research can support the claims made in the following.

b. **Reliability Test**

Reliability tests are used to assess whether each statement instrument is still consistent, stable, and reliable. If the Cronbach's Alpha value is greater than 0.60, the questionnaire is considered to be reliable or consistent; however, the opposite is true if the result is less than 0.60. The table below displays the results of this study's reliability test:

Table 4.1 Point b Results of Reliability Tests

Variable	The quantity of statement items	Value of Cronbach's Alpha	Information
Ability to Prepare Financial Reports (X1)	12	0.978	
Financial Literacy (X2)	9	0.921	Very Reliable
Financial Technology (X3)	8	0.920	
MSME Performance (Y)	8	0.901	

Source: Processed by researchers

The results of the reliability test that was performed on each variable are shown in Table 4.1, point b. The reliability test results table allows for the conclusion that:

1. Ability to Prepare Financial Reports (X1)

According to the results of the reliability test, the variables in the research instrument are trustworthy and consistent, with a Cronbach's Alpha score of 0.978 > 0.60.

2. Financial Literacy (X2)

The variables of the study instrument can be considered reliable and consistent based on the reliability test findings, which show a Cronbach's Alpha score of 0.921 > 0.60.

3. *Financial Technology* (X3)

According to the results of the reliability test, the variables in the study instrument are reliable and consistent, with a Cronbach's Alpha score of 0.920 > 0.60.

4. MSME Performance (Y)

The variables in the study instrument can be considered reliable and consistent based on the reliability test findings, which show a Cronbach's Alpha score of 0.901 > 0.60.

4.2. **Classic assumption test**

If a study's multiple linear regression analysis satisfies certain criteria, such as having normally distributed data for the normality test, no multicollinearity for the multicollinearity test, and no heteroscedasticity for the heteroscedasticity test, it will be deemed to be of high quality.

a. **Normality test**

The objective of the normality test is to determine if the independent and dependent variables in a regression model have a regular distribution. In this investigation, the Kolmogorov-Smirnov test with the Asymp value condition is used. Data are assumed to be normally distributed if Sig (2-tailed) > 0.05, and the histogram graph must display a normal distribution

pattern to pass the histogram test. Otherwise, the information must spread diagonally and go in that direction. The results of this investigation's normalcy test are shown in the table below:

Table 4.2 Point-a-normality test results with the Kolmogorov-Smirnov test

One-Sample Kolmogorov-Smirnov Test		Unstandardised Residuals	Information
N		59	The research
Normal Parameters [a, b]	Mean	.0000000	data are
	Std. Deviation	3.23440856	distributed in
Most Extreme Differences	Absolute	,091	a
	Positive	,091	conventional
	Negative	-.085	manner
Statistical Tests		,091	
Asymp. Sig. (2-tailed)		,200 [c,d]	

Source: Processed by researchers

The Asymp value is shown in Table 4.2.2, point a. Sig (2-tailed) 0.200 > 0.05 denotes a normal distribution of the study data.

Table 4.2 Point a Normality Test Results with Graphic Criteria Histogram Test
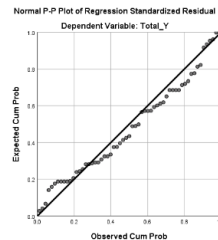
Source: Processed by researchers

It can be deduced that the study data have a normal distribution since Table 4.2.2 point a demonstrates that the study data are dispersed around the diagonal line and move in the same direction as the diagonal line or histogram graph.

b. Multicollinearity Test

The independent variables of a multivariate linear regression model are totally connected or unlinked according to a multicollinearity test. With the restriction that multicollinearity does not exist if the tolerance value is greater than 0.10 and the VIF value is 10, the tolerance value and the Variance Inflation F (VIF) actor are used. The table below displays the results of this study's multicollinearity test:

Table 4.2.2 Results of the Multicollinearity Test b

| Model		Collinearity Statistics		Conclusions
		Tolerance	VIF	
1	(Constant)			
	Ability to Prepare Financial Reports (X1)	0.473	2,114	No multicollinearity exists.
	Financial Literacy (X2)	0.251	3,980	
	Financial Technology (X3)	0.303	3,299	

Source: Processed by researchers

The results of the multicollinearity test performed on each variable are shown in Table 4.2.1 Point b. The results of the multicollinearity test table enable the claim that:

1. Ability to Prepare Financial Reports (X1)

   Based on the results of the multicollinearity test, which show a tolerance value of 0.473 > 0.10 and a Variance Inflation Factor (VIF) of 2.114 < 10, the study instrument's variables are declared not to be multicollinear.

2. Financial Literacy (X2)

   The variables of the study instrument are determined not to be multicollinear based on the results of the multicollinearity test, which demonstrate the tolerance value of 0.251 > 0.10 and the Variance Inflation Factor (VIF) 3.980 10.

3. *Financial Technology* (X3)

   The study instrument's variables do not exhibit multicollinearity, according to the results of the multicollinearity test, because the tolerance value was 0.303 > 0.10 and the Variance Inflation F actor (VIF) was 3.299 10.

c. **Heteroscedasticity test**

Use the heteroscedasticity test to see if the residuals from the regression model have uneven variance. A scatterplot test must be performed to eliminate heteroscedasticity, and the points in this study must be evenly spaced above and below the 0 value on the Y-axis. A Lejser g test with a significance value of > 0.05 was used to improve the results of the scatter plot test once it was shown that there was no heteroskedasticity. The findings of the study's heteroscedasticity test are shown in the table below.

Table 4.2.2 Point c Heteroscedasticity Test Results with Scatterplot
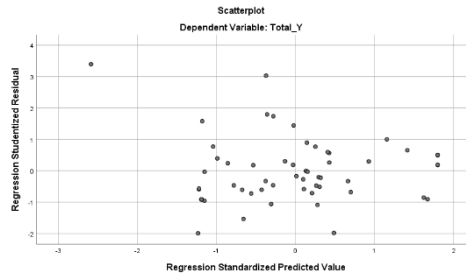
Source: Processed by researchers

Point c in Table 4.2, where there is no apparent pattern and the dots are equally distributed above and below the value of the Y axis of 0, indicates that heteroskedasticity is not present.

Table 4.2 Point c Heteroscedasticity Test Results with the Glejser Test

	Model	Sig.	Conclusions
1	Ability to Prepare Financial Reports (X1)	0.435	No heteroscedasticity exists
	Financial Literacy (X2)	0.090	
	Financial Technology (X3)	0.303	

Source: Processed by researchers

In Table 4.2.2, point c, the results of the heteroscedasticity test run on each variable are displayed. The table displays the heteroscedasticity test findings:

1. Ability to Prepare Financial Reports (X1)

   The variables of the study instrument are considered homoscedastic based on the findings of the heteroscedasticity test performed, which indicate a significant value of 0.435 > 0.05.

2. Financial Literacy (X2)

The variables in the study instrument are considered homoscedastic according to the findings of the heteroscedasticity test, which indicated a significant value of 0.090 > 0.05.

3. *Financial Technology* (X3)

The variables of the study instrument are considered homoscedastic based on the findings of the heteroscedasticity test, which shows a significant value of 0.303 > 0.05.

4.3. Multiple Linear Regression Analysis

To determine how much the dependent variable influenced the independent variable, a linear regression analysis was performed. The following table displays the results of the study's multiple linear regression analysis.

Table 4.3 Multiple Linear Regression Analysis Test Results

Model		Unstandardized Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,769	2,635		3,707	0,000
	Ability to Prepare Financial Reports (X1)	-0.051	0.065	-0.099	-0.787	0.435
	Financial Literacy (X2)	0.245	0.142	0.299	1,726	0.090
	Financial Technology (X3)	0.516	0.144	0.565	3,575	0.001

Source: Processed by researchers

The regression equation can be expressed as follows, according to the results of the multiple linear regression analysis provided in Table 4.2.3:

MSMEP = α + β1 APFR + β 2FL + β 3FT

MSMEP = 9.769 − 0.051APFR + 0.245FL + 0.5161FT

Information:

MSMEP   : MSME performance

α   : Constant

β**1** , β 2, β 3   : Regression Coefficients

APFR   : Ability to Prepare Financial Reports

FL   : Financial Literacy

FT   : *Financial Technology*

When the multiple linear regression equation is explained, it becomes clear that:

a. The study of numerous linear regressions' findings, which demonstrate a constant (a) value of 9.769.

b. The Ability to Prepare Financial Reports regression coefficient has a value of -0.051, indicating a negative direction.

c. A value of 0.245 for the regression coefficient for the financial literacy variable points in a favourable direction.

d. A value of 0.516 for the regression coefficient for the Financial Technology variable indicates a positive trend.

4.4. Hypothesis testing

a. Partial Test (t Test)

Using the partial test (uji t), determine how the independent variable affects the dependent variable. Use the significance threshold of 0.05 > t-table to calculate the amount that an independent variable influences the dependent variable. The results of the study's multiple linear regression analysis are shown in the following table:

Table 4.4 t test result

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Decision
		B	Std. Error	Beta			
1	(Constant)	9,769	2,635		3,707	0,000	
	Ability to Prepare Financial Reports (X1)	-0.051	0.065	-0.099	-0.787	0.435	Rejected
	Financial Literacy (X2)	0.245	0.142	0.299	1,726	0.090	
	Financial Technology (X3)	0.516	0.144	0.565	3,575	0.001	Accepted

Source: Processed by researchers

Hypothesis Test 1: Ability to Prepare Financial Reports on MSME Performance

The results of the t test show that the calculated t value for the variable measuring one's capacity to generate financial reports is -0.787. The formula t (/2; nk-1) = t (0.025; 55) results in the value of the t table being 2.004. With a significance level of 0.0435 > 0.05, the calculated t value for the ability to produce financial reports is -0.787 2.004. Compared to the t table, this predicted t value is lower. SMEs clearly do poorly, regardless of their ability to generate financial reports. The regression coefficient value of -0.051 indicates a declining trend. Because creating financial reports has no adverse effects on MSME performance, the first premise is false.

Hypothesis Test 2: Financial Literacy on MSME Performance

The t-test findings show that the calculated t value of the financial literacy variable is 1.726. The value of the t table is 2.004 when calculated using the formula t (/2; nk-1) = t (0.025; 55). The calculated t value of the financial literacy variable is 1.726 2.004, lower than the t value in the t table, and the significance level is 0.090 > 0.05, higher than 0.05. Financial literacy clearly has little bearing on how efficiently MSMEs operate. A regression value of 0.245 suggests an upward trend. The second premise is disproved as a result, demonstrating that financial literacy does not have beneficial benefits on MSME performance.

Hypothesis Test 3: *Financial Technology* on MSME Performance

The computed t-value for the Financial Technology variable, according to the findings of the t-test, is 3.575. The formula t (/2; nk-1) = t (0.025; 55) results in the value of the t table being 2.004. With an estimated t value for the Financial Technology variable of 3.575 > 2.004 and a significance threshold of 0.01 0.05, it is less significant than the t table. Financial technology issues undoubtedly have an impact on the performance of MSMEs. A regression value of 0.516 suggests an upward trend. The third premise is therefore supported, demonstrating how Financial Technology enhances MSME performance.

b. **Test of Model Feasibility (F Test)**

The model feasibility test (F test) determines whether the regression model is appropriate to understand the phenomenon under investigation. If the significance threshold is 0.05 and the f count surpasses the f table, the regression model can be employed in this investigation. The model feasibility test (f test) results from the study are shown in the table below:

Table 4.2.4 Point b Model Feasibility Test Results (F Test)

	Model	Sum f Squares	df	Mean Square	F	Sig.	Information
1	Regression	36,178	3	12,059	3,015	0.038	Suitable for use
	Residual	219,962	55	3,999			
	Total	256,140	58				

Source: Processed by researchers

The computed F value is 3.015 and the significance level is 0.038 0.05, as shown in Table 4.2.4. F (k, nk) = F (3, 59-3) = F (3, 56) = 2.7694 is the value of the table F. The results of the F test show that the regression model under consideration is suitable for application if 3.015 > 2.7694.

c.   **Coefficient of Determination Test (*Adjusted* R² *Test*)**

The modified R^2 Test is a method for determining the coefficient of determination. This is done to find out how much the independent variable can affect changes in the dependent variable. The determination coefficient, which evaluates how well the independent variable can accurately describe the dependent variable and ranges from 0 to 1, approaches 1 as n increases. The table below shows the outcomes of the study's coefficient of determination test:

Tabel 4.4 Point c Results of the Determination Coefficient Test (R2)

Model Summary b				
Model	**R**	**R²**	**Adjusted R²**	**Std. Error of the Estimate**	**Information**
1	0.376	0.141	0.094	1.99983	The independent variable is given more weight, as it describes the dependent variable.

Source: Processed by researchers

The corrected square value of R is 0.094, which is close to or between 0 and 1, according to Table 4.2.4, point c. As a result, the independent factors of the ability to prepare financial reports, financial literacy, and financial technology can explain the dependent variable, MSME performance.

5. DISCUSSION

The results of the investigation contradict two ideas while supporting one. The first hypothesis, which was disproved, was supported by research results showing that the performance of MSMEs who responded to the questionnaire was unaffected by their varying capacity to create financial reports. The inability of MSMEs to understand and comprehend the information in the profit-and-loss report and financial status is one of the challenges they face when submitting the questionnaire report. Various factors are influencing the success of small and medium businesses (MSMEs), but this has little bearing on how the ability to prepare financial reports is evolving.

The study's conclusions support a second assertion: The financial knowledge variable has no bearing on MSME success. This is the result of the challenges MSMEs face in responding to the survey, including a lack of people with strong financial knowledge and management skills. Two further issues are the inadequate planning of the upcoming business financial budget and the regulation of the revenue and expenditure forecasts used to set the cap on business financial expenditures. Furthermore, the most recent financial statistics are not presented in chronological order. financially irresponsible and having personal and business finances out of sync.

The third generally held belief asserts that certain elements of financial technology have an impact on the success of MSMEs. The study's findings demonstrate that a number of auxiliary factors, including the opinions of MSMEs on the advantages of using financial technology, affect how well they respond to questionnaires. How time, money and resources are allocated supports the goals. Increasing efficiency, encouraging savings and investments, and expanding HR skills by instructing staff on how to access financial information safely and reducing the danger of fraud or other illicit technological features are some other ways financial technology can benefit MSMEs. Online financial services are accessible. MSME participants learn about money using cutting-edge financial technology.

6. CONCLUSION

A study was carried out to find out how certain independent variables, such as the ability to produce financial reports (X1), financial literacy (X2), and financial technology (X3), affected the dependent variable (Y), or MSME performance. Approximately three weeks were needed to conduct this study. The East Jakarta Small and Medium Trade Industrial

Cooperatives (PPMSMEPKM) Sub Department, which predominantly attracted respondents from MSMEs in the East Jakarta region's food industry, provided support for this study. The data gathered suggest that neither financial technology nor financial literacy nor the ability to produce financial reports significantly affect the success of MSMEs.

7. RECOMMENDATION

With the limitations of the study in mind, the following suggestions are given. The sample size is expected to allow us to quickly estimate the number of intended responses. It is conceivable that the questionnaire will be used to select more representative statements in a subsequent study. To uncover elements that affect one's capacity to gather financial accounts, such as the ability to summarise, keep diaries, and produce financial reports, it is proposed that the study questionnaire includes questions from the respondents' areas of interest.

8. LIMITATION

Although this study was conducted as carefully and in accordance with scientific standards as was practically possible, there is still a chance that it will have some limitations due to factors like the small sample size and respondents' lack of understanding of the importance of providing accurate data. The participants in the MSME survey received general input, although it is still grounded in previous studies.

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