

Characteristics Culinary MSMEs in Padang City West Sumatra Province in the Digital Era

Yenni Del Rosa¹, Henny Sjafitri²

¹ Permanent Lecturer, Faculty of Economics and Business, Dharma Andalas University

² Permanent Lecturer, Faculty of Economic and Business Tamansiswa University

¹ Email : yennidelrosa01@gmail.com

² Email: sjafitrihenny@gmail.com



Abstract: Research objectives: 1) To determine the influence of financial literacy on the performance of MSMEs culinary, 2) Knowing the influence of financial inclusion on the performance of MSMEs culinary, 3) Knowing the influence of innovation on the performance of MSMEs culinary, 4) Knowing influence literacy finance, inclusion finance and innovation to performance of culinary MSMEs. The research population was 312 culinary MSMEs, a sample of 175 was determined using formula Slovin. Research data were collected using a questionnaire using a Likert scale of 1–5.

All research variables meet the instrument test and classical assumption test. The test results hypothesis on level 5% significance for the t -test shows that financial literacy has a significant negative effect on MSME performance, while financial inclusion and innovation have a significant positive effect on MSME performance. The results of the F-test shows that financial literacy, financial inclusion and innovation have a significant positive effect on the performance of MSMEs.

Keywords: Financial Literacy, Inclusion Finance, Innovation and MSME Performance.

I. INTRODUCTION

Around 57 million Indonesian Micro, Small and Medium Enterprises (MSMEs) and 60% contributing to Gross Domestic Product (GDP), which is spread across all regions, financial inclusion can be accessed so as to encourage economic growth and overcome poverty. MSME managers must have the ability and knowledge of financial literacy because it influences the growth of the company^[1]. According to^[2] In 2016, Indonesia's financial literacy was around 21.8% in 2013, up 29.7%. The highest level of financial literacy was in DKI Jakarta at 40% in 2016, and the lowest was in North Sumatra at 32.4%^[3]. Low financial literacy is addressed through financial inclusion to increase public financial access by providing financial education.

Financial inclusion refers to access to appropriate financial products, including credit, savings, insurance, and payments. Financial literacy is closely followed by financial inclusion. DKI Jakarta's financial inclusion rate is 78.18%, the lowest. Central Java 66.23%. Financial literacy is unable to keep pace with financial inclusion, assuming that many Indonesians have access to and are able to use financial services but lack experience and knowledge of them.

To improve public welfare, there are obstacles in accessing financial institutions for *the unbanked* due to poverty, low MSME financing, high microcredit interest rates, lack of MSME management capabilities, and limited financial distribution

channels. Many people do not receive financial services, both from a *demand* and *supply* perspective, so support from Information Technology (IT) systems is needed, such as expanding communication networks. ^[4].

Several culinary MSMEs have closed due to low levels of financial literacy and financial inclusion, making them unable to compete and produce innovative products. MSME performance is influenced by product innovation, entrepreneurial orientation, market sensing, and a lack of independent innovation. ^[5]. During This culinary MSMEs tend to just run his business It's just a routine due to limited capital and human resources, resulting in low productivity. MSMEs that are unable to innovate will one day be dominated by new monopolists, and disruptive innovation is something that is difficult to avoid. ^[6].

The performance of MSMEs requires good, appropriate management, and the ability to innovate in an era of ever-evolving digital competition. The current management of Indonesian MSMEs remains inadequate due to their traditional nature, prioritizing family relationships over professional ones [7] and being hampered by limited human resource capabilities, product ownership, financing, and marketing, making them unable to compete with other large companies [8]. MSMEs frequently face internal problems such as low professionalism of management staff, limited capital, limited access to banking and markets, and low technological mastery [9].

The aforementioned facts indicate that MSME performance is suboptimal due to low product sales volume in national and international markets. Furthermore, financial literacy, financial inclusion, and innovation among MSMEs are still relatively low. For optimal MSME performance to advance in the era of digital disruption, MSME managers must have adequate managerial skills [10].

Some specific issues affecting the performance of Minangkabau MSMEs are due to limited knowledge and skills in financial literacy, financial inclusion, new innovations, and digital technology, and a reluctance to synergize, resulting in low competitiveness. This should be addressed in the "registered innovation" section. Based on the description above, the research problem formulation is as follows: 1) How does financial literacy affect the performance of culinary MSMEs? 2) How does financial inclusion affect the performance of culinary MSMEs? 3) How does innovation affect the performance of culinary MSMEs? 4) How do financial literacy, financial inclusion, and innovation affect the performance of culinary MSMEs? The research objectives are as follows: 1) To determine the effect of financial literacy on the performance of culinary MSMEs, 2) To determine the effect of financial inclusion on the performance of culinary MSMEs, 3) To determine the effect of innovation on the performance of culinary MSMEs, 4) To determine the effect of financial literacy, financial inclusion, and innovation on the performance of culinary MSMEs.

MSME performance includes sales growth, customers, sales targets, and profit growth [11]; focuses on the actual benefits of MSMEs using social media applications financially and non-financially [12]; describes the effectiveness of a company's use of assets to increase revenue [13] and MSME financial performance is seen from the development of turnover and assets [14].

Financial literacy is the knowledge and skills to apply an understanding of concepts and risks, skills to be able to make effective decisions in a financial context to improve financial well-being, both individual and social, and to participate in the community environment. ^[15]. Financial literacy is a series of processes or activities to increase the knowledge, confidence and ability of consumers or the general public to be able to manage their finances well. Financial literacy in students is knowledge for financial management in decision making. ^[16]; financial literacy as a combination of awareness, understanding, knowledge and use of financial concepts to make financial decisions ^[17]. Financial literacy is a measurement of a person's understanding of financial concepts, managing personal finances through short-term decision-making and its application in business and life for financial planning. ^[18].

Financial inclusion is the availability of access to various institutions, products and financial services according to the needs and capabilities of the community, increasing the welfare of the community with the principle base measurable, affordable, precise target And sustainable ^[19]. According to ^[19] the aim of the national strategy for inclusive finance is to encourage economic growth, accelerate poverty alleviation, reduce disparities between individuals and between regions for the welfare of society.

Innovation is the creative process of discovering new things. Entrepreneurial innovative capabilities relate to *input*, process, and *output* and are beneficial to the innovator. through through various communication channels over a certain period of time in a social system with the speed of innovation adoption covering innovation attributes, types of innovation decisions, communication channels, social systems and efforts with categories innovators, early adopters, early majority, late majority and *largard* are applied For repair development And implementation term time certain until taking decision ^[20].

Innovation as an economic success in transforming *inputs* into *outputs* results in major changes in value for consumers regarding the benefits of goods/services/prices set by producers. ^[21]. Innovation is the activity of developing/engineering the practical application of new values and ways of applying existing science and technology to products/production processes and specific new changes through planned programs and designed to achieve goals through a specific system ^[22]. Innovation is tools used by business owners to exploit business opportunities so that they can be maximally utilized to increase company competitiveness and financial performance as a measure of a high-performance company ^[23].

A hypothesis is a temporary answer to the problem being researched and a tentative statement as an assumption about what is being observed in an effort to understand it ^[25]. The research hypothesis is as follows: 1) It is suspected that financial literacy has a significant positive effect on the performance of MSMEs. culinary , 2) It is suspected that financial inclusion has a significant positive effect on the performance of MSMEs culinary , 3) It is suspected that innovation has a significant positive effect on the performance of MSMEs culinary , 4) Allegedly literacy finance , inclusion finance And innovation influential positive significant to performance of culinary MSMEs .

II. RESEARCH METHOD

The type of research is associative with a quantitative approach. aims to investigate the possibility of a causal relationship that exists through certain data ^[24]. The type of primary research data is in the form of a questionnaire as a data collection tool using a Likert scale of 1-5. The research population is 312 culinary MSMEs, the research sample is 175 culinary MSMEs determined by the formula Slovin . Data processing used multiple linear regression. Before the data was processed, instrument testing and classical assumption testing were conducted. ^[24].

III. RESULTS AND DISCUSSION

For all variables The results of the validity test research meet the criteria because $r \text{ count} > 0.30$ and reliability test Because $\text{Cronbach alpha} > 0.6$ ^[24] also the results of the normality test because significance value > 0.05 , multicollinearity test *tolerance value* > 0.10 and VIF value < 10 and heteroscedasticity test significance value > 0.05 ^[24]. Can concluded that all results test instrument And test assumptions classic fulfil For all variables research . The results of data processing are as shown in table 3.1 below.

Table 3.1. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std.Error	Beta		
1(Constant)	5,279	1,827		2,890	.000
Financial Literacy	-.180	.112	-.212	-1.602	.000
Financial Inclusion	.179	.062	.387	2,857	.000
Innovation	.533	.056	.568	9,481	.000

a. Dependent Variable: Performance

Source: Processed Primary Data, 2025

Based on table 3.1 above, the multiple linear regression equation is $Y = 5.279 - 0.0180X_1 + 0.179X_2 + 0.533X_3 + e$. Result test hypothesis on level 5% significance for The t- test shows that financial literacy has a significant negative effect on the performance of culinary MSMEs. Meanwhile, financial inclusion and innovation have a significant positive effect on MSME

performance. culinary Because The significance value is $0.000 < 0.005$. The F test results show that financial literacy, financial inclusion, and innovation have a significant positive effect on the performance of culinary MSMEs . because the significance value is $0.000 < 0.005$. Mark *Adjusted R Square* like on table 3.2 below :

Table 3.2. Model Summary

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate
1	.667 ^a	.445	.435	2.00646

Source: Processed Primary Data, 2025

Table 3.2 above explains the correlation between financial literacy, financial inclusion and innovation with MSME performance. culinary 66.7% (moderate), the remaining 33.3% is related to other variables not included in the research model. MSME Performance Culinary is influenced by financial literacy, financial inclusion, and innovation (44.5%), while the remaining 54.5% is influenced by other variables not included in the research model. Furthermore, financial literacy, financial inclusion, and innovation are able to explain MSME performance. culinary 43.5%, the remaining 56.5% is explained by other variables that are not included in the research model.

IV. CONCLUSION

Based on the results and discussion above, the research conclusions were obtained. as follows :

1. Literacy Finance has a significant negative effect on the performance of culinary MSMEs.
2. Inclusion finance has a significant positive effect on the performance of culinary MSMEs
3. Innovation has a significant positive effect on the performance of culinary MSMEs.
4. Literacy finance , inclusion finance and innovation have a significant positive effect on performance Culinary MSMEs.

A Confession

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Conflict of Interest

We, the research team, declare that there is no conflict of interest related to the results of this research.

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