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Understanding the Financial Dynamics of SMEs: The Impact of Literacy, Inclusion, and Education on Financial Behavior in Small Food Stall Businesses in Bekasi Regency

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Abstract: This research explores the intricate financial dynamics of Small and Medium-sized Enterprises (SMEs) by investigating the influence of financial literacy, financial inclusion, and education on the financial behavior of small food stall businesses in Bekasi Regency. The study confirms that financial literacy significantly and positively affects the financial behavior of food stall entrepreneurs, emphasizing its role in effective financial management. Financial inclusion also plays a pivotal role, with a positive correlation between access to financial services and favorable financial behavior, though disparities in utilization exist. Moreover, education exhibits a significant positive influence on financial behavior, highlighting the benefits of higher education levels among entrepreneurs. In conclusion, this study underscores the importance of enhancing financial literacy and inclusion initiatives for SMEs to promote sound financial practices and informed decision-making. These insights are valuable for policymakers, financial institutions, and SME support organizations seeking to foster the growth and sustainability of small businesses in the region.

Keywords: SMEs, Financial Literacy, Financial Inclusion, Education, Financial Behavior, Small Food Stalls, Bekasi Regency

INTRODUCTION

In the era of globalization and regional economic integration, evidenced by the expansion of foreign food franchise businesses in major Indonesian cities, there has been a significant shift in consumer preferences. This trend, as explained by Sujarweni (2018), indicates a consumer tendency to shift from local to foreign foods such as pizza, burgers, and Korean food. Although foreign food franchise businesses are primarily located in urban areas, concerns have arisen regarding their impact on local Small and Medium-sized Enterprises (SMEs) in rural areas.

This situation has become more challenging with the implementation of the ASEAN Economic Community (AEC) in 2015, which enables free trade in goods and services within the Southeast Asian region, as described by Suroso and Widyaiswara (2015). This policy opens opportunities for Indonesia to expand its market while simultaneously posing competition challenges with products from other countries. In this context, empowering Micro, Small, and Medium-sized Enterprises (MSMEs) becomes crucial for maintaining national economic independence.

Research conducted by Yanuar Nugroho and Siwage Dharma Negara highlights the critical financial situation among MSME operators in Indonesia during the COVID-19 pandemic. More than 50% of MSMEs have depleted their cash and savings, essential for their business continuity. This underscores the importance of effective financial management to avoid financial difficulties in MSMEs (Nugroho & Negara, 2020).

Efficient financial behavior is key to making sound financial decisions. Financial difficulties often arise not only due to income reductions but also due to ineffective financial management and a lack of financial literacy, such as misuse of credit and inadequate financial planning (Yushita, 2017). Financial literacy is closely related to improving individual well-being, especially for MSME operators during the pandemic, where good financial management can maximize the time value of money and enhance their quality of life.

Financial inclusion also plays a crucial role in addressing MSME financial issues. Based on Presidential Regulation No. 114 of 2020, Indonesia has achieved its previous financial inclusion target of 75% in 2019 and set a new target of 90% by 2024. Financial inclusion is particularly crucial during the pandemic, as it provides broader financial access, strengthens MSME capital, and supports MSME empowerment (Kumparan, 2021).

Education level is also an important factor, particularly for food stall MSMEs in Bekasi Regency. Low education levels often result in a lack of financial literacy and effective financial planning in making financial decisions. According to Imtihan & Nazaruddin (2017), education plays a crucial role in understanding technology and increasing modern capacity for sustainable development.

This research delves into the depth of the influence of financial literacy, financial inclusion, and education level on the financial behavior of Micro, Small, and Medium-sized Enterprises (MSMEs) operators in Bekasi Regency, especially those engaged in food stalls. The focus is to understand the extent to which financial understanding, access to financial services, and formal education contribute to how they manage their business finances. This study collects data from MSME owners or employees in the Bekasi Regency area from December 2023 to the end of January 2024. The aim is to analyze and provide new insights into the factors influencing financial behavior in the MSME sector, which is essential for local economic growth and the well-being of the business community in Bekasi Regency.

LITERATURE REVIEW

In this research, two main relevant theories that can be associated with the research objectives are the Knowledge-Based Resource Theory and the Adaptive Capacity Theory.

First, the Knowledge-Based Resource Theory, as articulated by Grant (1996), focuses on the importance of knowledge as a key driver of competitive advantage in business. In the context of Micro, Small, and Medium-sized Enterprises (MSMEs), this knowledge specifically relates to financial literacy and financial inclusion. This study aims to analyze how the understanding and application of financial literacy by MSME operators contribute to effective financial management and influence the sustainability of their businesses. Furthermore, financial inclusion plays a crucial role in providing MSMEs access to broader financial resources, essential for business growth and expansion. Thus, this theory aids in understanding how MSMEs can leverage financial knowledge as a resource for success and business growth.

Second, the Adaptive Capacity Theory outlined by Fiksel (2006) is highly relevant in the context of MSMEs, especially in facing changing market conditions and unforeseen economic challenges. This research seeks to understand the extent to which MSMEs can adapt to changing market conditions and economic challenges, especially in the context of the COVID-19 pandemic, which has transformed many aspects of business operations. This theory highlights the importance of flexibility and adaptability as critical components of resilience and sustainability in MSMEs. By understanding the adaptive capacity of MSMEs, this study aims to identify factors influencing their ability to thrive and grow in challenging conditions.

Both of these theories, when applied to the research objectives, provide a theoretical framework to comprehend how MSMEs in Indonesia manage financial resources and adapt to economic challenges, both of which are essential for the long-term success and sustainability of their businesses. The definition of MSMEs in Indonesia, based on Law No. 20 of 2008 and the Omnibus Law, provides specific criteria for each business category. MSMEs play a crucial role in the national economy (Law No. 20 of 2008). The more detailed definitions, including turnover, net worth, annual sales revenue, and others, encompass critical aspects that distinguish MSMEs from other types of businesses (Omnibus Law). However, the definition of MSMEs can vary between countries, making cross-comparison challenging (Eniola & Entebang, 2015b).

Financial literacy involves a deep understanding of personal finance, encompassing knowledge, skills, and beliefs that shape attitudes and behaviors in making quality financial decisions (Eniola & Entebang, 2015a). Financial literacy aspects include general knowledge of finance, savings and loan management, insurance, and investment (Yushita, 2017). Financial literacy indicators can encompass general knowledge of financial management, credit management, savings and investment, as well as risk management (Chen and Volpe, 1998; Mendari and Kewal, 2013; Latifiana, 2016).

Financial inclusion is an effort to ensure that financial services are accessible to all segments of society to promote quality economic growth and poverty alleviation. Financial inclusion indicators include access to financial services, the use of financial services and products, the quality of financial services, and the impact of financial products and services on well-being (Yanti, 2019).

Education plays a significant role in enhancing the skills and knowledge of Micro, Small, and Medium-sized Enterprises (MSMEs), particularly in financial and business management aspects, which in turn improve business decision-making (Imtihan & Nazaruddin, 2017). Education also serves as a key driver for advancement and success in running businesses, especially for MSME operators (Masdar & Zaiful, 2011).

Financial behavior encompasses aspects of financial planning, savings, investment, debt management, and financial record-keeping (Laily, 2016). All these aspects of financial behavior are crucial in how individuals, both individually and in a business context, manage their financial resources to achieve effective and efficient financial goals (Prihastuty & Rahayuningsih, 2018; Aji et al., 2020).

The theoretical framework of this research focuses on analyzing the influence of financial literacy, financial inclusion, and education level on the performance and sustainability of Micro, Small, and Medium-sized Enterprises (MSMEs) in Indonesia. Two primary theories, the Knowledge-Based Resource Theory and the Adaptive Capacity Theory, form the foundation of this study. Financial literacy is considered a vital part of knowledge that impacts MSMEs' ability to manage finances effectively. Financial inclusion is viewed as a vital access point for MSMEs to broader financial services, enabling them to grow. Meanwhile, education level is linked to MSMEs' adaptability to changing market conditions. This research aims to comprehensively understand how these three aspects collectively affect the efficiency, growth, and resilience of MSMEs in a dynamic and often uncertain business environment.

Research Hypotheses

Financial literacy plays a crucial role in economic growth and financial stability, not only for consumers and financial service providers but also for governments. As explained by Aribawa (2016), sound financial knowledge not only aids in making higher-quality purchase decisions and reducing the risk of erroneous economic and financial decisions but also has broader impacts such as increasing tax awareness and compliance. This contributes significantly to the government's efforts to maximize infrastructure development for public services.

Yanti's research (2019) adds that financial literacy has a positive and significant impact on the performance of micro and small businesses. This reaffirms that improving financial literacy among MSMEs can substantially enhance their business performance. With adequate financial knowledge, MSME operators can make more informed decisions in financial management, investment, and business strategy, ultimately contributing to business growth.

In the current context, further research indicates that financial literacy not only influences economic and financial decisions at the individual level but also plays a role in determining how MSMEs can survive and thrive amidst economic challenges, such as those experienced during the COVID-19 pandemic. Businesses with strong financial understanding are better able to adapt to market changes and make strategic decisions that minimize risks and maximize opportunities. This demonstrates that financial literacy is a vital component for the long-term resilience and success of MSMEs.

H1: Financial literacy has a positive impact on the financial behavior of food stall/restaurant MSMEs in Kabupaten Bekasi.

Financial inclusion, as explained by Yanti (2019), is a comprehensive effort to remove barriers to access financial services, both related to price and non-price barriers. Its primary goal is to ensure that the general population, including Micro, Small, and Medium-sized Enterprises (MSMEs), can effectively utilize financial services.

Yanti's research (2019) also found that financial inclusion has a positive and significant impact on the performance of MSMEs. This indicates that by enhancing financial inclusion, MSMEs can experience significant performance improvements. Financial inclusion enables MSMEs to access various financial services such as credit, savings, and investment, which can assist them in business development, enhancing competitiveness, and better risk management.

In a broader context, financial inclusion not only enhances the performance of MSMEs but also contributes to strengthening the local and national economy. By providing access to financial services, MSMEs can contribute more to economic development, create job opportunities, and ultimately improve the welfare of society. Therefore, financial inclusion becomes a crucial key in inclusive and sustainable economic development strategies, especially in developing countries like Indonesia.

H2: Financial inclusion is hypothesized to have a positive and significant impact on the financial behavior of food stall/restaurant MSMEs in Kabupaten Bekasi.

Education plays a crucial role in shaping the knowledge and financial behavior of individuals. As emphasized by Susanti & colleagues (2017), education provides the foundation for understanding financial concepts and tools, which are essential for making informed financial decisions. An individual's level of education, particularly financial education, has a direct correlation with their ability to make financially informed and effective decisions.

Research conducted by Susanti & colleagues (2017) also found that financial education has a significant and positive influence on financial behavior and knowledge. This indicates that individuals with higher levels of financial education are better at managing finances, both personally and in a business context. Financial education helps individuals understand various financial aspects such as budgeting, investment, and risk management, which are crucial for sound and responsible financial management.

In the context of Micro, Small, and Medium-sized Enterprises (MSMEs), the education level of owners and employees greatly influences how the business manages its finances and other resources. Adequate financial education enables MSME owners to make better strategic decisions, identify profitable investment opportunities, and avoid unnecessary financial risks. Therefore, enhancing financial education among MSMEs can be key to improving the long-term performance and sustainability of businesses.

H3: Education level is hypothesized to have a positive and significant impact on the financial behavior of food stall/restaurant MSMEs in Kabupaten Bekasi

METHOD

In this research, we employ a quantitative method with primary data collection through a Likert-scale questionnaire. This structured and systematic approach considers time, budget, and data access carefully. The collected data will be analyzed using multiple linear regression analysis, enabling the identification of cause-and-effect relationships among the related variables. The primary objective is to gain in-depth insights and address the research problem, particularly regarding the dynamics that influence MSMEs.

Operationalization of Research Variables

Financial Literacy (X1)

Financial literacy is defined as the understanding, knowledge, skills, and abilities to manage personal finances to enhance the quality of financial decision-making. The indicators used include basic knowledge of financial management, credit management, savings and investment management, and risk management. (Source: Chen & Volpe, 1998)

Financial Inclusion (X2)

Financial inclusion is interpreted as an effort to ensure that the financial system is accessible to all segments of society to support economic growth and alleviate poverty. Financial inclusion indicators include access, usage, quality, and welfare. (Source: Yanti, 2019)

Education Level (X3)

Education is understood as a conscious and continuous effort, both within and outside formal schooling, that positively impacts the development of individual abilities, character, and personality. Indicators include appropriate educational background, job analysis skills, business suitability with knowledge, and job analysis skills. (Source: Susanti & colleagues, 2017)

Financial Behavior (Y):

Financial behavior is defined as the skills or ways individuals manage, plan, and organize personal, business, or community financial aspects in making financial decisions. Indicators include financial planning, saving activities, investment activities, and debt management. (Source: Laily, 2016) Each of these variables is examined using relevant indicators to measure and analyze the relationships between these variables in the context of financial behavior of MSMEs.

Population and Sample:

The population of this research consists of food stalls or restaurants MSMEs located in Kabupaten Bekasi, as recorded by the Central Statistics Agency (BPS) in 2020. This population encompasses various culinary businesses and serves as the basis for sample selection and data analysis in this study. The sampling technique used in this research is probability sampling with a simple random sampling method. This means that every member of the population has an equal chance of being selected as a sample, without any specific criteria or conditions for selection. Therefore, out of 146 food stalls or restaurant MSMEs in Kabupaten Bekasi, a total of 106 of them will be randomly selected as research samples. This ensures that the research provides a fair and accurate representation of the entire population of food stalls or restaurant MSMEs in Kabupaten Bekasi.

Data Analysis Method

In this research, the obtained data will be processed using statistical analysis methods to address the research problem. The analysis methods used include multiple linear regression analysis and path analysis using the Smart PLS program. Multiple linear regression analysis is used to determine the relationship between one dependent variable and multiple independent variables. The multiple linear regression model applied in this research is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_n X_n + e$$

Explanation:

- Y: Dependent Variable
- X: Independent Variable
- α: Constant
- β: Slope or Estimated Coefficient
- e: errror

This research utilizes the Partial Least Square (PLS) method in Structural Equation Modeling (SEM) to address issues such as small sample sizes and multicollinearity in the data. PLS is more flexible compared to Ordinary Least Squares (OLS) as it relaxes some of the OLS regression assumptions, particularly addressing multicollinearity among independent variables. PLS-SEM combines evaluation in two stages: the measurement model (outer model) and the structural model (inner model) to ensure model validity and reliability. The application of the PLS method allows for effective evaluation of relationships between variables, especially in conditions of limited data or other statistical issues.

RESULTS AND DISCUSSION

Overview of Respondents

Data was collected through the distribution of questionnaires via Google Form, WhatsApp, and in-person. When identifying the characteristics of the respondents, the questionnaire results revealed that the majority of respondents were male (58%) compared to female (42%). Based on the age range, the largest group of respondents fell into the 36-45 age group (48%), while the smallest group was under 25 years old (10%). The majority of respondents had a last education level of high school or equivalent (65%), with a very small number having only completed elementary school (1%). For other education levels, there were respondents with junior high school (13%), diploma (8%), and bachelor's degrees (13%).

Measurement Model (Outer Model):

In the application of the calculation method with PLS, there is an initial path coefficient model that can be seen in the figure below:

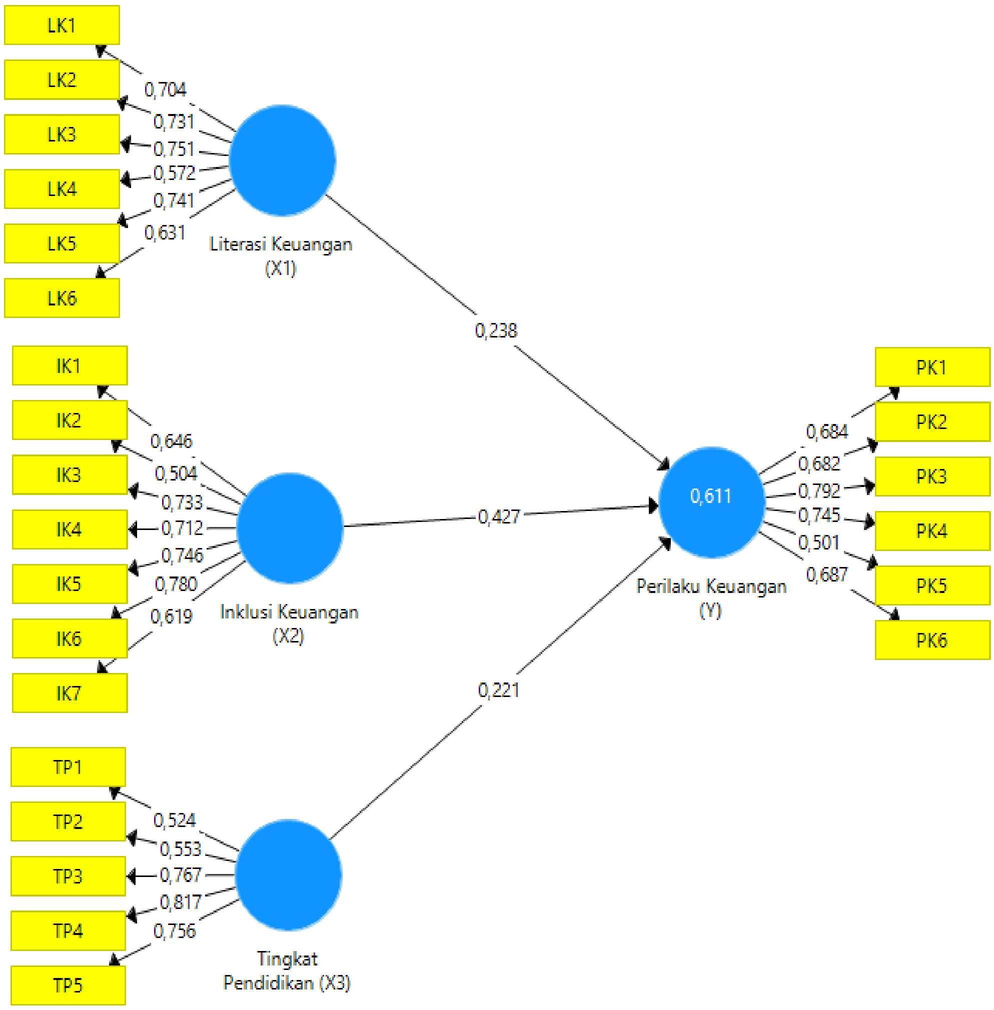

Figure 1. Initial Path Coefficient Model

Convergent Validity

In this research, the validity of indicators to measure their constructs is evaluated using the criteria of loading factor and average variance inflation (AVE). Indicators are considered valid if they have an outer loading ≥ 0.7, indicating they meet the criteria for convergent validity. For the financial literacy variable, out of the 6 tested indicators, 4 indicators (LK1, LK2, LK3, and LK5) are considered valid with values ≥ 0.7. However, LK4 and LK6 are not valid with values below 0.7 and should be removed. In the financial inclusion variable, out of 7 indicators, 4 indicators (IK3, IK4, IK5, and IK6) meet the validity criteria. IK1, IK2, and IK7 are not valid and should be removed due to values below 0.7. In the education level variable, 3 out of 5 indicators (TP3, TP4, and TP5) are considered valid, while TP1 and TP2 are not valid and need to be removed. Finally, for the last variable, 4 out of 5 indicators (PK1, PK2, PK3, and PK4) meet the validity criteria, while PK5 and PK6 are considered not valid and are eliminated. Thus, valid and reliable indicators have been identified for further analysis.

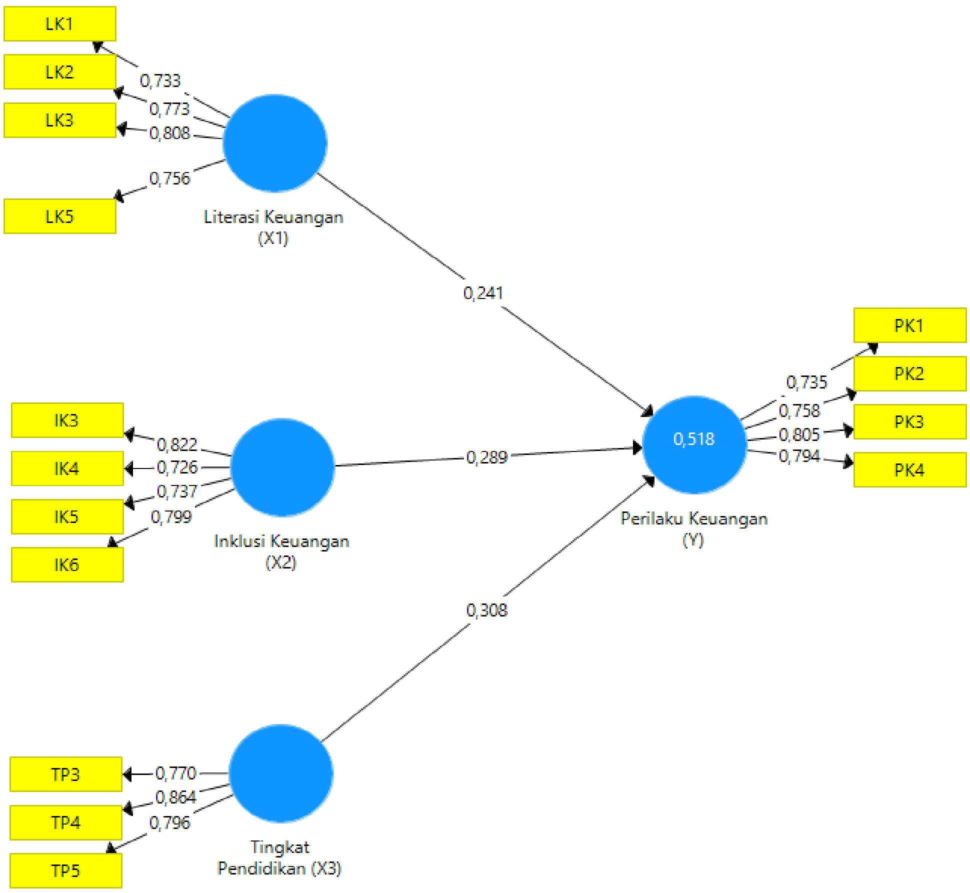

Figure 2. Final Outer Model

Discriminant Validity

In the test of discriminant validity, this study evaluates the cross-loading values of each indicator to ensure that each indicator has higher cross-loading values on its own variable and achieves a minimum value of ≥ 0.7. The indicators from the financial literacy variable (LK1, LK2, LK3, and LK5) have high cross-loading values on the financial literacy variable itself and exceed 0.7, thus meeting the criteria for discriminant validity. Similarly, the indicators in the financial inclusion variable (IK3, IK4, IK5, and IK6), education level (TP3, TP4, and TP5), and financial behavior (PK1, PK2, PK3, and PK4) all show higher cross-loading values on their respective variables and meet the minimum value, satisfying the discriminant validity criteria.

Average Variance Extracted (AVE): In the Average Variance Extracted (AVE) stage, in addition to considering cross-loading values, it is also important to compare the AVE values of variables. AVE values that meet the criteria for discriminant validity are ≥ 0.5. All variables have AVE values greater than 0.5, including financial literacy (0.596 > 0.5), financial inclusion (0.590 > 0.5), education level (0.599 > 0.5), and financial behavior (0.657 > 0.5). This indicates that the research indicators and variables meet the criteria for discriminant validity.

Composite Reliability

Composite reliability is used to measure the reliability of indicators in research variables, and the results show that all research variables have composite reliability values above 0.7, making them reliable. Furthermore, Cronbach's alpha is used as a complementary stage to reinforce the results of composite reliability, and the results also show that all variables have Cronbach's alpha values above 0.7, indicating a significant level of reliability. Thus, all variables in this study can be considered reliable.

Structural Model (Inner Model):

In this stage, the researcher has processed valid and reliable values. The next step is the Inner Model, which measures latent relationships. In this measurement, there are three measurement models: R-Square (R2), Q-Square, and F-Square. The results of the inner model generated by SmartPLS Ver 3.0 are as follows:

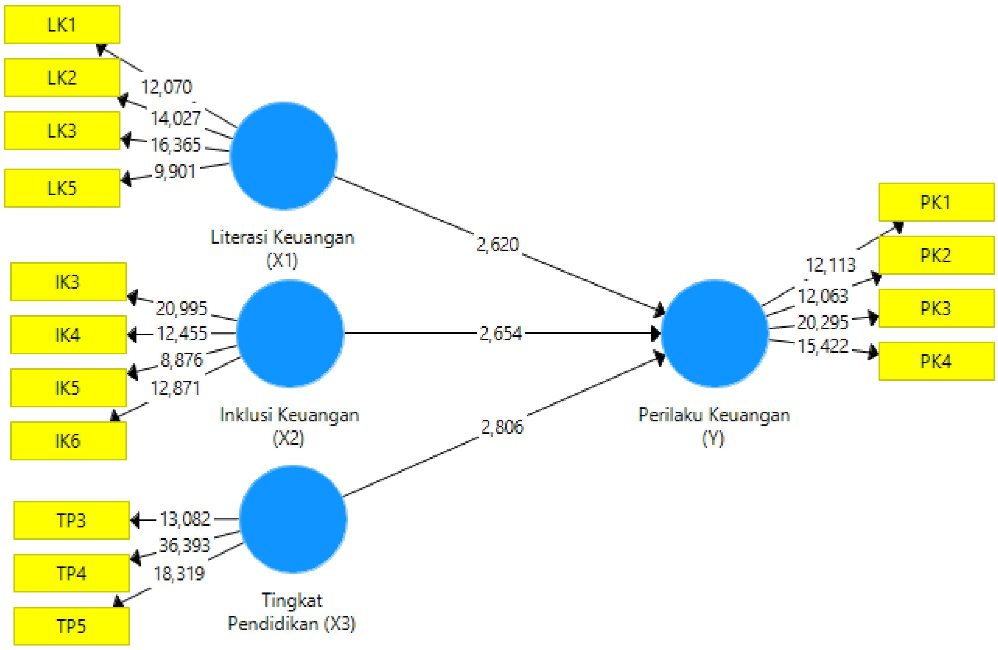

Figure 3. Inner Model

Statistical Test Results:

The analysis of the structural model yielded important findings. Firstly, the R-Square (R2) value of 0.518 indicates a substantial influence of exogenous latent variables on endogenous latent variables. In other words, the exogenous variables used in this study have a strong impact, explaining approximately 52% of the variation in the endogenous variables. Furthermore, the Q-Square measurement, which assesses the predictive relevance of the structural model, demonstrated a value of 0.284. This value surpasses the threshold for predictive relevance, indicating that the model possesses the ability to make accurate predictions. Lastly, the F-Square values for the variables of financial literacy, financial inclusion, and education level were found to be 0.065, 0.067, and 0.103, respectively. These values suggest that these variables have a relatively modest impact on financial behavior. In other words, while they contribute to explaining financial behavior, their individual influence is not particularly strong. In summary, the statistical analysis reveals the significance of exogenous variables in explaining endogenous variables, the predictive power of the model, and the relative impact of specific variables on financial behavior. These results provide valuable insights into the relationships within the research model.

The results of the statistical analysis reveal that Financial literacy has a significant influence on financial behavior, as evidenced by a p-value of 0.0009 ($p < 0.05$). Furthermore, the t-statistics value is 2.618 ($t > 1.659$), indicating that the first hypothesis (H1), which posits that financial literacy has a positive and significant impact on financial behavior, is accepted. The analysis also indicates that financial literacy has a positive effect with an original sample coefficient of 0.241. Financial inclusion also significantly affects financial behavior, with a p-value of 0.0014 ($p < 0.05$). The t-statistics value is 2.462 ($t > 1.659$), supporting the acceptance of the second hypothesis (H2), which suggests that financial inclusion has a positive and significant impact on financial behavior. The analysis further reveals that financial inclusion has a positive effect with an original sample coefficient of 0.289. Education level is found to have a significant impact on financial behavior, with a p-value of 0.0007 ($p < 0.05$). The t-statistics value is 2.689 ($t > 1.659$), confirming the acceptance of the third hypothesis (H3), which proposes that education level has a positive and significant influence on financial behavior. Additionally, the analysis indicates that education level has a positive effect with an original sample coefficient of 0.308. In summary, the statistical analysis demonstrates that financial literacy, financial inclusion, and education level all have significant and positive impacts on financial behavior. These findings support the hypotheses and highlight the importance of these factors in shaping individuals' financial behavior.

Discussion of Research Results

In this context, the researcher has examined the research results regarding the influence of financial literacy, financial inclusion, and education level on the financial behavior of micro, small, and medium-sized enterprise owners of food stalls/warungs in the village of Bahagia, Bekasi Regency.

The Impact of Financial Literacy on the Financial Behavior of MSMEs Owners of Food Stalls in Bekasi Regency

Based on the results of hypothesis testing in this study, it is concluded that hypothesis H1 is accepted, indicating that financial literacy has a positive and significant impact on financial behavior. This finding aligns with previous research (Susanti & Others, 2017) which also suggests a positive and significant relationship between financial literacy and financial behavior. This implies that when financial literacy increases, financial behavior also improves.

This result underscores that MSMEs owners with higher financial literacy find it easier to manage their financial activities. Financial literacy plays a crucial role in shaping financial behavior, as supported by the notion from Sadalia et al. (2017) that financial behavior is a paradigm where the financial market is studied using different models. Individual financial management behavior is associated with their financial knowledge.

The Impact of Financial Inclusion on the Financial Behavior of MSMEs Owners of Food Stalls in Bekasi Regency

The results of hypothesis testing lead to the acceptance of hypothesis H2, indicating that financial inclusion has a positive and significant influence on financial behavior. This result is in line with the research by Pinem and Mardiatmi (2021), which also suggests a positive and significant relationship between financial inclusion and financial behavior. This implies that financial inclusion affects the financial behavior of MSMEs owners of food stalls in Bahagia village. However, it is noted that these MSMEs owners still have a low level of financial inclusion, mainly due to a lack of understanding of financial service offerings, customer protection, and related factors.

The Impact of Education Level on the Financial Behavior of MSMEs Owners of Food Stalls in Bekasi Regency

The results of hypothesis testing confirm the acceptance of hypothesis H3, indicating that education level has a positive and significant influence on financial behavior. This finding is consistent with the research conducted by Susanti and colleagues (2017), which also suggests a positive and significant relationship between education level and financial behavior. In summary, the research results demonstrate that financial literacy, financial inclusion, and education level all play significant roles in influencing the financial behavior of MSMEs owners of food stalls. These findings highlight the importance of these factors in enhancing financial behavior and suggest that efforts to improve financial literacy, promote financial inclusion, and enhance educational opportunities can contribute to better financial management among MSMEs owners.

CONCLUSION

Based on the research findings regarding the impact of financial literacy, financial inclusion, and education levels on the financial behavior of Micro, Small, and Medium-Sized Enterprises (MSMEs) operating food stalls and warungs in Bahagia Village, Bekasi Regency, the following conclusions can be drawn:

The research reveals that financial literacy has a significant and positive influence on the financial behavior of MSME owners. This indicates that entrepreneurs running MSMEs in the area generally possess a reasonable level of financial literacy. They are proficient in maintaining accurate financial records, practicing savings, and comprehending fundamental financial principles. Importantly, this financial literacy affects various aspects of financial decision-making and actions taken by MSME owners.

Furthermore, the study demonstrates that financial inclusion plays a crucial role in shaping the financial behavior of MSME owners in Bahagia Village. This suggests that easy access to financial services has a discernible impact on the financial behavior of these entrepreneurs. However, it is noteworthy that the utilization of financial services varies among MSME owners, indicating room for improvement in promoting inclusive financial practices.

Education level emerges as another significant factor influencing the financial behavior of MSME owners. Those with higher levels of education tend to exhibit more favorable financial behaviors. The diversity in educational backgrounds among MSME owners significantly influences how they manage their financial affairs and make sound financial decisions.

This research underscores the critical importance of financial literacy, financial inclusion, and education in shaping the financial behavior of MSME owners operating food stalls and warungs in Bahagia Village. These factors collectively contribute to the growth and sustainability of MSMEs by facilitating more effective financial management practices.

Managerial Implications

For MSME Owners: MSME owners can enhance their financial decision-making and business financial management through improved financial literacy. This can lead to reduced financial challenges and more organized financial planning. MSME owners should explore available financial services to meet their business financing needs, taking advantage of financial inclusion initiatives. Continuing education can empower MSME owners with a deeper understanding of financial concepts, supporting their business development efforts.

For the Government: Government agencies should consider implementing financial education programs to elevate the financial literacy of MSME owners, particularly those lacking in financial knowledge. Increasing the number of MSME owners with strong financial literacy is a valuable goal. Policies and initiatives aimed at ensuring equitable access to financial services, particularly in remote areas, can enhance financial inclusion among MSME owners. The government's focus on providing equal access to education and enacting policies that facilitate educational opportunities for both MSME owners and the broader population can contribute to improved financial understanding.

These managerial implications hold the potential to drive the growth of MSMEs and foster improved financial management practices among MSME owners, ultimately contributing to the overall development of the sector.

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