

THE EFFECT OF FINANCIAL LITERACY ON PEANUT-ROASTED FINANCIAL PERFORMANCE SME'S IN KAWANGKOAN

PENGARUH LITERASI KEUANGAN TERHADAP KINERJA KEUANGAN UKM KACANG SANGRAI DI KAWANGKOAN

Oleh:

Febiola V. Monintja¹
Merinda H. Ch. Pandowo²
Shinta J. C. Wangke³

¹²³International Business Administration, Management Department
 Faculty of Economic and Business
 Sam Ratulangi University Manado

E-mail:

¹monintjavfebiola@gmail.com
²merindapandowo@unsrat.ac.id
³shintaj@unsrat.ac.id

Abstract: This study examines the influence of financial literacy on the financial performance of small and medium enterprises (SMEs) of roasted beans in Kawangkoan. Specifically, this study analyzes how aspects of financial literacy—such as budgeting, cash flow management, and financial decision-making—correlate with profitability, operational efficiency, and how well and growing the roasted bean business in Kawangkoan is. By observing growth in: (1) Sales – such as selling more roasted beans, (2) Capital – such as increased business value, (3) Labor – such as making better use of the workforce or having more labor, (4) Markets – such as selling in more places or to more people, (5) Profit – such as making more money from selling baked beans. The results aim to guide roasted bean SMEs in improving financial management practices to improve financial performance, so that the business will grow and become better. These results can also help other parties who support businesses like this.

Keywords: Financial Literacy, Baked Beans, Financial Performance, SME's, Kawang Beans

Abstrak : Penelitian ini mengkaji pengaruh literasi keuangan terhadap kinerja keuangan Usaha Kecil dan Menengah (UKM) kacang sangrai di Kawangkoan. Secara khusus, studi ini menganalisis bagaimana aspek-aspek literasi keuangan—seperti penganggaran, pengelolaan arus kas, dan pengambilan keputusan keuangan—berkorelasi dengan profitabilitas, efisiensi operasional, serta seberapa baik dan pertumbuhan usaha kacang sangrai di Kawangkoan ini. Dengan mengamati pertumbuhan dalam : (1) Penjualan - seperti menjual lebih banyak kacang sangrai, (2) Modal - seperti nilai bisnis yang meningkat, (3) Tenaga kerja - seperti memanfaatkan tenaga kerja dengan lebih baik atau memiliki lebih banyak tenaga kerja, (4) Pasar - seperti menjual di lebih banyak tempat atau kepada lebih banyak orang, (5) Keuntungan - seperti menghasilkan lebih banyak uang dari menjual kacang panggang. Hasilnya bertujuan untuk memandu UKM kacang sangrai dalam meningkatkan praktik manajemen keuangan untuk meningkatkan kinerja keuangan, sehingga bisnis akan tumbuh dan menjadi lebih baik. Hasil ini juga dapat membantu pihak lain yang mendukung bisnis seperti ini.

Kata Kunci: Literasi Keuangan, Kacang Panggang, Kinerja Keuangan, UKM, Kacang Kawang

INTRODUCTION

Research Background

Kawangkoan in Minahasa Regency is known for its peanut-roasting businesses, which have become an integral part of the local food culture and culinary traditions. These peanut-roasted traders play a significant role in the local economy, contributing to livelihoods and showcasing local flavors to both residents and visitors. Peanutroasting is likely a traditional activity passed down through generations, contributing to the area's culinary identity and attracting interest for its unique taste and local production methods. Peanut-roasted SMEs in Kawangkoan face challenges typical of small businesses, like managing cash flow, pricing products, and making investment decisions. Financial literacy can impact financial performance indicators like sales growth, capital growth, labor efficiency, market expansion, and profit growth. Limited financial literacy might lead to missed opportunities for growth or increased vulnerability to financial stress.

Peanut-roasting is a notable traditional business among Small and Medium Enterprises (SMEs). These SMEs contribute to the local economy and food culture. Financial literacy—the ability to understand and manage financial aspects like awareness, knowledge, attitude, behavior, and risk management—is crucial for business success. Peanut-roasted SMEs in Kawangkoan face challenges typical of small businesses, like managing cash flow, pricing products, and making investment decisions. Financial literacy can impact financial performance indicators like sales growth, capital growth, labor efficiency, market expansion, and profit growth.

Limited financial literacy might lead to missed opportunities for growth or increased vulnerability to financial stress. Small and Medium Enterprises (SMEs) are at the core of Indonesia's economic dynamics, becoming a promising catalyst for growth in various sectors. With significant contributions to the national Gross Domestic Product (GDP) and their vital role in creating jobs, SMEs have proven themselves as a key pillar in strengthening the foundation of the country's economy. The diversity and flexibility of SMEs not only drive innovation, but also enrich Indonesia's business landscape with the uniqueness of the products and services they offer.

Therefore, strategic efforts are needed to improve the performance and sustainability of SMEs. One way that can be done is by enriching the knowledge of SMEs about financial expertise so that management and accountability can be more accounted for as the profits of large companies (Adomako et al., 2016). Business performance at SMEs can be seen from the company's success in product quality, innovation, human resource management, and customers and finance (Fitriati et al., 2020). Business performance is defined as a business ability to achieve planned results as measured against its intended outputs and incorporates outcomes related to financial performance, market performance and shareholder return (Richard et al., 2009).

In order to act effectively for better performance, it is assumed that every SMEs manager must be financially literate which implies the ability to read, analyze, manage and write about the financial conditions of the firm. The performance and growth of SMEs have throughout the nations, be of great concern to, among others, development economists, entrepreneurs, governments, venture capital firms, financial institutions and non-governmental organizations (Eniola & Entebang, 2014). One of the challenges affecting these SMEs is financial illiteracy as noted by Wanjohi (2012) affirmed that the reasons why business people make inappropriate, inadequate and ineffective financial decisions are because of the lack of personal financial knowledge, lack of time to learn about personal financial management, complexities in financial transactions and the extensive variety of choices in financial products/services.

Superior business performance is the main goal of every business, including SMEs producing roasted peanuts in Kawangkoan. Financial literacy and good financial performance are a strong foundation in achieving optimal business performance. With a deep understanding of financial aspects, SMEs can make more appropriate strategic decisions, improve operational efficiency, and optimize resource allocation. This in turn can increase productivity, strengthen competitiveness, and drive sustainable business growth. Improved business performance is reflected not only in financial aspects such as profitability and return on investment, but also in non-financial aspects such as customer satisfaction, product innovation, and market expansion. Furthermore, the synergy between financial literacy and financial performance creates a significant positive impact on the overall business performance of SMEs. Effective financial management allows SMEs to invest in new technologies, improve product quality, and develop more effective marketing strategies. This is especially relevant for the roasted peanut industry in Kawangkoan, where improved business performance can mean not only the success of individual SMEs, but also a greater contribution to the local economy and the preservation of regional culinary heritage. With strong business performance, SMEs producing peanut roasted in Kawangkoan can be better prepared to face market challenges, take advantage of growth opportunities, and build a solid reputation in regional and national markets.

Research Objective

Based on the research background, research objective can be formulated as to find out the financial literacy effect on the financial business performance of peanut-roasted SME's in Kawangkoan.

LITERATURE REVIEW

Financial Literacy

Huston (2010) considers financial literacy including awareness and knowledge and financial instruments and their application in business and personal life. In general, these definitions show that financial literacy includes the ability to balance a bank account, budget preparation, save for the future and learn strategies to manage debt. State that financial literacy includes awareness, knowledge and financial instruments and their application in business

and personal life. Gale & Levine (2010), defined financial literacy as the inherent or acquired skill to make up-to-date decisions and effective judgments concerning the administration and use of money and wealth. According to Remund (2010), financial literacy is knowledge of all the basics of finance, understanding financial concepts, and is used as an individual or individual or company decision-making.

Financial Performance

Financial performance in the context of the business world contains a very broad meaning. Financial performance is a description of the company's financial condition in a certain period regarding aspects of raising funds and channeling funds, which are usually measured by indicators of capital adequacy, liquidity and profitability (Jumingan, 2006). According to Malik & Nadeem (2014), financial performance is an analysis of a company's financial position report in a certain period, to find out how efficient and effective a company is in generating income

Previous Research

Irikefe and Isaac (2021) assessed the effect of financial literacy on the growth of micro, small and medium enterprises (MSMEs) in Murg shopping mall, Abuja, Nigeria. An aggregate of 208 data collection instruments was administered, of which, 200 were properly filled and returned; representing a 96.1% returned rate. In conclusion, there was a significant effect of financial literacy on the growth of MSMEs in Murg Shopping Mall, Abuja. However, of the four proxies of financial literacy tested, debt management literacy had the highest positive impact on MSMEs' growth, followed by bookkeeping literacy and banking services literacy, and whereas budgeting literacy was insignificant.

Kasenda & Wijayangka (2019) examined the effect of financial literacy on MSME performance. Sampling was carried out using a non-probability sampling method with a saturated sampling type, with 35 respondents studied. Based on the results of hypothesis testing, financial literacy has an effect on performance. Financial literacy in MSME members under the guidance of PPKM for the Rancaekek and Cileunyi areas is included in the poor category.

Amri & Iramani (2018) determined the relationship between financial literacy on MSME performance in Surabaya City. The study was used 73 data MSME owners in Surabaya City. Cluster and purposive sampling techniques were used to select a sample. The findings are indicative of a significant effect of bookkeeping literacy, debt literacy, and budgeting literacy on MSME performance.

Conceptual Framework



Figure 1. Research Model
Source: Theoretical Studies

Research Hypothesis

Ho: Financial Literacy has no influence on Financial Performance

Ha: Financial Literacy influence Financial Performance

RESEARCH METHOD

Research Approach

This study uses a quantitative approach that emphasizes its analysis on data (numbers) processed by statistical methods. This is in accordance with the opinion of Arikunto (2006), who argues that quantitative research is a research approach that is required to use numbers, starting from data collection, interpretation of the data, and the appearance of the results.

Population, Sample Size and Sampling Technique

Sugiyono (2018) explains population as a generalized area consisting of objects or subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions. The population of this

research are peanut-roasted maker and seller in Kawangkoan. The minimum number of samples in this study is 30 samples. Simple Random Sampling is sampling from a population that is done randomly without regard to the strata that exist in the population. (Sugiyono, 2018).

Data Collection Method

The questionnaire technique is a list containing mandatory questions answered or done by the respondent that measured by likert scale. Likert scale is a scale used to measure a person's attitudes, traits, opinions or perceptions about social phenomena (Sugiyono, 2018).

Operational Definition and Measurement of Research Variable

Table 1. Operational Definition and Measurement of Research Variable

Variable	Operational Definition	Indicator
Financial Literacy (X)	Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing.	1. Financial Awareness 2. Financial knowledge and skill 3. Attitude towards finance and money 4. Financial behavior 5. Managing financial risk
Financial Performance (Y)	Financial performance is the ability of a business to manage and optimize its financial resources to achieve sustainable growth in various aspects business of peanut-roasted makers and sellers.	1. Sales Growth 2. Capital Growth 3. Labor Growth 4. Market Growth 5. Profit Growth

Testing of Research Instrument

Validity and Reliability Tests

Validity shows the extent to which a measuring instrument can measure what will be measured (Umar, 2002). To find out the level of item validity, the value of r is greater than 0.3. Thus the questions that have been compiled to collect data are considered to have construct validity or validity

Reliability is an instrument which, if used several times to measure the same object, will produce the same data (Sugiyono, 2018). The basis for taking is if the Cronbach Alpha value > 0.60 then the questionnaire is declared reliable and vice versa if the Cronbach Alpha value < 0.60 then the questionnaire is declared unreliable.

Data Analysis Method

Simple Regression Analysis

Simple linear regression analysis is a linear relationship between an independent variable (X) and a dependent variable (Y). This analysis is to find out the direction of the relationship between the independent variable and the dependent variable whether it is positive or negative and to predict the value of the dependent variable if the value of the independent variable increases or decreases

$$Y' = a + Bx$$

Y = Financial Literacy

A = Constant

X = Financial Performance

β = koefesien regresi variable Financial Performance

e = error

Coefficient Determination (R^2)

The coefficient of determination (R^2) aims to see the effect of the independent variable on the dependent variable (Supratno, 2010). The coefficient of determination shows the contribution of the independent variable to the dependent variable, wherein described the independent variables have a large contribution or role in influencing the dependent variable (Y).

Hypothesis Testing

T-Test

To test the influential variables between X on Yss for the t test test criteria are as follows:

1. If $\text{sig} < 0.05$ then H_0 is rejected and H_a is accepted, it means that there is a significant influence of the independent variable on the dependent variable.
2. If $\text{sig} > 0.05$ then H_a is rejected and H_0 is accepted, it means that there is no significant effect of the independent variable individually (partial) on the dependent variable.

RESULTS AND DISCUSSION

Result

Validity and Reliability Tests

Table 2. Validity Test Results

	Item	Pearson Correlation	Sig.	Description
Financial Literacy	X.1	0.547	0.000	Valid
	X.2	0.748	0.000	Valid
	X.3	0.606	0.000	Valid
	X.4	0.684	0.000	Valid
	X.5	0.730	0.000	Valid
Financial Performance	Y.1	0.774	0.000	Valid
	Y.2	0.607	0.000	Valid
	Y.3	0.578	0.000	Valid
	Y.4	0.743	0.000	Valid
	Y.5	0.707	0.000	Valid

Source: Data Processed, 2025

Based on Table 2, it can be seen that the correlation of each item to the total score of each statement for the variables X and Y, all of them produce a pearson correlation above 0.30 with a significance value less than 0.05. It means, the overall item of the research variable statement is valid.

Reliability Test

Table 3. Reliability Test Results

Variabel	Alpha Cronbach's	Description
Financial Literacy	0.667	Reliable
Financial Performance	0.713	Reliable

Source: Data Processed, 2025

Based on the table 3, the results of the reliability test show that the value of Cronbach's Alpha is 0.667 and 0.713 bigger than 0.6. So it can be said that all measuring concepts of each variable from the questionnaire are reliable.

Data Analysis Method

Normality Test

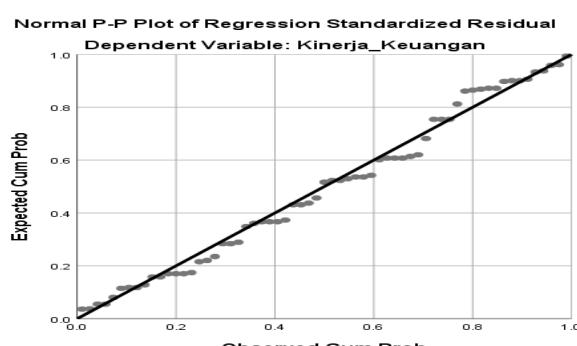


Figure 2. Normal P-P Plot

Source: Data Processed, 2025

Based on Figure 2 shows that the dots are spreading near to the diagonal line and follow the direction of the diagonal line. Therefore, the normality test is accepted which means the data of this research is normally distributed.

Heteroscedasticity Test

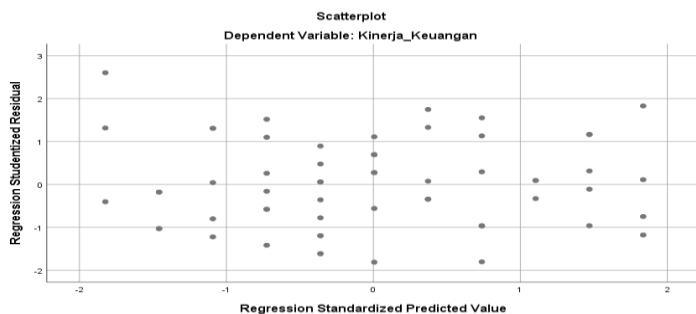


Figure 3. Grafik Scatterpot

Source: Data Processed, 2025

Based on Figure 3 shows that the dots are spreading above and below the number zero (0) in the Y axis. This proves that there is no heteroscedasticity in this regression.

Simple Linear Regression Analysis

Table 4. Simple Linear Regression Analysis

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	8.737	2.262	
Financial Literacy	.480	.112	.481

a. Dependent Variable: Financial_Performance

Source: Data Processed, 2025

The analysis from Table 4 can be expressed in the form of multiple linear regression equations as follows:

$$Y = 8.737 + 0.480X + e$$

The simple linear regression equation can be interpreted as the followings:

1. The constant of the simple regression equation in Table 4.6 is 8.737 and has a positive sign, this explains that if Financial Literacy has a value of 0 (zero), then Financial Performance is 8.737.
2. The regression coefficient for the Financial Literacy variable is 0.480, this explains that if there is an increase of one unit in Financial Literacy, and then financial performance will increase by 0.480.

Coefficient Determination (R^2)

Table 5. Coefficient Determination

Model	Model Summary ^b			
	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.481 ^a	.231	.218	2.41319

a. Predictors: (Constant), Financial_Literacy

b. Dependent Variable: Financial_Performance

Source: Data Processed, 2025

Based on Table 5, the coefficient of determination (R) measures the ability of a model to explain the variation of the dependent variable. The coefficient of determination value is between 0 and 1. The coefficient of determination (R^2) according to the table is 0.231 which shows that the financial performance of roasted peanut traders and craftsmen in Kawangkoan is influenced by financial literacy by 23.10%, while the remaining 76.90% is explained by other factors outside the model or not discussed in this study.

Hypothesis Testing**T-Test****Table 6. T-Test**

Model	Coefficients ^a	
	T	Sig.
1 (Constant)	3.863	.000
Financial Literacy	4.282	.000

a. Dependent Variable: Financial_Performance

Source: *Data Processed, 2025*

Based on the table 6, it can be seen the financial literacy variable has a positive and significant effect on the financial performance of traders and craftsmen of Peanut-Roasted.

Discussion**The Effect of Financial Literacy on Peanut-Roasted Financial Performance**

Based on the results of research conducted on roasted peanut traders and craftsmen in Kawangkoan, Minahasa Regency, it was found that financial literacy has a significant effect on financial performance. The linear regression show that financial literacy and financial performance are in a straight line, meaning that if roasted peanut traders or craftsmen have good financial literacy, their financial performance will be positive, and vice versa if roasted peanut traders or craftsmen in Kawangkoan do not have good financial literacy, their financial performance will not run well in its management.

Financial literacy can significantly influence the financial performance of roasted peanut traders in Kawangkoan due to several factors reflected in the research indicators. First, high financial awareness among traders, namely the understanding that good financial management can affect business success, encourages them to be more serious and systematic in managing financial aspects. This has a direct impact on their ability to track sales growth and increase the profit of their roasted peanut business. Second, adequate financial knowledge and skills enable traders to manage business capital more effectively, so that they can support sustainable capital growth.

A positive attitude towards finance, especially the belief in the importance of saving regularly, contributes to traders' ability to accumulate funds that can be used for business expansion and growth of the roasted peanut product market. Wise financial behavior, such as comparing prices before buying to get the best value, helps optimize operational costs and ultimately increase profit margins. Meanwhile, the ability to manage financial risks, including having an emergency fund, makes businesses more resilient to market fluctuations and supports workforce growth according to business needs.

With good and proper financial management coupled with good financial literacy, it is expected that all members of the cooperative can get the maximum benefit from the money they have today which, in the end, can be be beneficial for improving financial performance. A person's ability to use money depends very much on the knowledge they have, the better the financial literacy that a person has, the better the financial management behavior of that person, which, in turn, will affect the financial performance (Perry & Morris, 2005).

The results of this study are in line with Irikefe & Isaac (2021) who found that the growth of micro, small, and medium enterprises (MSMEs) is influenced by financial literacy consisting of bookkeeping literacy, banking service literacy, and debt management literacy. However, it is different from the research conducted by Eniola and Entebang (2017) on small businesses in Nigeria showed that the influence of financial literacy on financial performance is not always significant when external factors such as macroeconomic conditions and financial infrastructure are inadequate.

Based on these findings, several strategic steps can be recommended to improve the financial performance of roasted peanut traders and craftsmen in Kawangkoan. First, it is necessary to hold ongoing financial literacy training and education for traders and craftsmen, with a focus on cash flow management, long-term financial planning, and appropriate investment strategies. Second, the local government can facilitate access to financial institutions and business program assistance to help traders and craftsmen apply their financial knowledge practically. With this comprehensive approach, it is hoped that increasing financial literacy will have a more significant impact on improving the financial performance of roasted peanut businesses in Kawangkoan, so that it can encourage local economic growth sustainably.

CONCLUSION AND RECOMMENDATION**Conclusion**

Based on the results of research conducted on roasted peanut makers and sellers in Kawangkoan, Minahasa Regency, it can be concluded that financial literacy has a significant effect on financial performance. The effect of financial literacy on the financial performance of peanut-roasted makes and sellers in Kawangkoan occurs through a basic understanding of the finances they have. Sellers who understand the importance of recording daily income and expenses, can distinguish between business money and personal money, and are able to manage money from sales wisely, tend to have better financial performance. Simple skills such as calculating the cost price, determining the right selling price, setting aside some of the profit for the next capital, and having savings for urgent needs, greatly help them in maintaining and developing their roasted peanut business.

Recommendation

1. For Roasted Peanut Makers and Sellers In Kawangkoan is recommended to form informal study groups among peanut roasted traders where they can share experiences and knowledge about managing business money. The village or sub-district government can facilitate simple training on practical daily financial recording, for example with a simple cash book or basic financial application on a mobile phone. In addition, local cooperatives or microfinance institutions can be invited to collaborate to provide education on savings and small loans that are in accordance with the needs and abilities of roasted peanut66 traders. This simple, practical, and sustainable approach is expected to be an effective solution to improve financial literacy and ultimately improve the financial performance of roasted peanut businesses in Kawangkoan.
2. Further research is expected to be a reference material for further research for the development of Financial Management science, especially for financial literacy and financial performance which have not been widely researched.

REFERENCES

Adomako, S., Danso, A., & Damoah, J.O. (2016). The Moderating Influence of Financial Literacy on The Relationship Between Access to Finance and Firm Growth In Ghana. *Venture Capital*, 18(1), 43–61. <https://www.tandfonline.com/doi/full/10.1080/13691066.2015.1079952>

Amri, A.F., & Iramani, I. (2018). Pengaruh Literasi Keuangan Terhadap Kinerja UMKM Di Surabaya. *Journal of Business & Banking*, 8(1), 59-70. <https://journal.perbanas.ac.id/index.php/jbb/article/view/1522>

Arikunto, S. (2006). *Prosedur Penelitian Suatu Pendekatan Praktek*. Jakarta: Rineka Cipta.

Eniola, A. A., & Entebang, H. (2017). SME Managers and Financial Literacy. *Global Business Review*, 18(3), 559-576. <https://journals.sagepub.com/doi/abs/10.1177/0972150917692063>

Fitriati, T.K., Purwana, D., & Dharmawan, A. (2020). The Role of Innovation In Improving Small Medium Enterprise (SME) Performance. *International Journal of Innovation, Creativity and Change*, 11(2), 232– 250. https://www.ijicc.net/images/vol11iss2/11216_Fitriati_2020_E_R.pdf

Gale, W.G., & Levine, R. (2011). Financial Literacy: What Works? How Could it Be More Effective? <https://ssrn.com/abstract=2316933>

Huston, S.J. (2010). Measuring Financial Literacy. *The Journal of Consumer Affairs*, Vol. 44, No. 2, Second Special Issue on Financial Literacy (Summer 2010), 296-316. <https://www.jstor.org/stable/23859793>

Irikefe, P.O., & Isaac, O.M. (2021). Effect of Financial Literacy on the Growth of MSMEs. *International Journal of Research Publications*, 90(1). https://www.researchgate.net/publication/356945774_Effect_of_Financial_Literacy_on_the_Growth_of_MSMEs

Jumingan. (2006). *Analisis Laporan Keuangan*. Jakarta: Bumi Aksara

Kasenda, B.S., & Wijayangka, C. (2019). Pengaruh Literasi Keuangan terhadap Kinerja UMKM. *Almana*, Vol. 3, No. 1, 153-160. <http://journalfeb.unla.ac.id/index.php/almana/article/view/459>

Malik, M.S., & Nadeem, M. (2014). Impact of Corporate Social Responsibility on the Financial Performance of Banks in Pakistan. *International Letters of Social and Humanistic Sciences*, 21, 9-19. <https://www.researchgate.net/publication/279742447> Impact of Corporate Social Responsibility on the Financial Performance of Banks in Pakistan

Perry, V.G., & Morris, M.D. (2005). Who Is in Control? The Role of Self-Perception, Knowledge, and Income in Explaining Consumer Financial Behavior. *Journal of Consumer Affairs*, 39(2), 299–313. <https://psycnet.apa.org/record/2006-10967-003>

Remund, D. L. (2010). Financial Literacy Explicated: The Case for a Clearer Definition in an Increasingly Complex Economy. *Journal of Consumer Affairs*, 44, 276-295. <https://onlinelibrary.wiley.com/doi/10.1111/j.1745-6606.2010.01169.x>

Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring Organizational Performance: Towards Methodological Best Practice. *Journal of Management*, 35(3), 718-804. <https://journals.sagepub.com/doi/10.1177/0149206308330560>

Sugiyono. (2018). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta

Supratno. (2010). *Statistik Teori Dan Aplikasi*. Jakarta : UI Press

Umar, H. (2002). *Metode Penelitian Untuk Skripsi dan Tesis Bisnis*. Jakarta: Raja Grafindo Persada

Wanjohi, M. (2010). *Challenges Facing SMEs in Kenya and the Efforts in Progress*. <https://www.kenpro.org/challenges-facing-smes-in-kenya-and-the-efforts-in-progress/>