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### The Influence of Financial Literacy and E-Commerce on Jambi Batik Business Performance in Danau Teluk District Jambi City

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#### ABSTRACT

*This consideration looks to investigate how money-related proficiency and engagement in e-commerce affect the execution of Jambi Batik businesses within the Danau Teluk Locale of Jambi City. Utilizing a quantitative approach, essential and auxiliary information was utilized from 27 Jambi batik trade members within the Danau Teluk Subdistrict. Information collection included Likert scale surveys, and investigation consolidated Legitimacy and Unwavering quality Tests, R-Square tests, and Speculation Testing with Bootstrapping through the SmartPLS 3.0 Program. Comes shows a positive and critical relationship between money-related Education and Commerce Execution, as well as a critical impact of E-Commerce on trade execution.*

### 1. INTRODUCTION

Micro and Small Enterprises (MSEs) play a crucial role in the economic development of Indonesia, significantly contributing to economic growth, employment, and the distribution of development outcomes. Despite their positive impact on the economy by stimulating the economic sector and reducing unemployment, MSEs often face developmental delays. Various conventional issues such as human resource capacity, financial knowledge, ownership, financing, and marketing have not been fully resolved. Therefore, there is a need for strategies to enhance the performance of MSEs (Quartey & Abor, 2015). The concept of performance refers to the achievements or accomplishments of a company within a specific period. Performance reflects the extent to which a business can increase sales compared to the total overall sales. Performance evaluation can be conducted through effective business management by examining financial reports and managing accounts payable. Additionally, the planned and evaluated use of budgets can be an effective tool for improving business performance and sales (Munizu, 2010).

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e-commerce is an internet stage that permits clients to take part, share and make substance, counting blogs, and social systems to promote (Marsal and Hidayati, 2018). According to Zulfikar and Novianti (2018), e-commerce is a tool for consumer promotion and brand awareness aimed at increasing company sales. Social media marketing is crucial because it helps micro and small enterprises (SMEs) to improve marketing, increase their market share and support business decision-making (Priambada, 2015). The development of digital technology and the Internet has changed the marketing paradigm from traditional to digital (Purwana et al., 2017). In response to these changes, UMK professionals are adopting social media as their strategy to improve their performance and increase sales (Purwantini and Anisa, 2018).

Based on studies conducted thinks about conducted by Kasendah and Wijayzingka (2019), Prakoso (2020), and Aribawa(2016), it can be concluded that money-related education features a positive effect on the execution of scale, Little, and Medium Endeavors (MSMEs) blow ever, distinctive discoveries were found in the investigate by Fitria et al. (n.d.), which states that budgetary education does not influence the execution of MSMEs. In addition to facilitating access to financial institutions, good financial literacy also enables entrepreneurs to make wise financial decisions, enhance competitiveness, and avoid financial problems (Putu et al., 2018).

The research on understanding and e-commerce activities involved an initial survey of 20 batik business practitioners in Danau Teluk Jambi. After surveying 20 respondents, the data revealed that 45% of respondents have heard about financial literacy, and 20% of respondents have an understanding of financial literacy. The majority of respondents have created budgets for their business income and expenses. Regarding questions about social media, all respondents have heard and used e-commerce in their marketing activities. The most widely used e-commerce platform by respondents for marketing products is WhatsApp.

The objective of this research is to produce empirical evidence on the Influence of Financial Literacy on the Performance of Batik Businesses in Danau Teluk Kota Jambi. Also, to generate empirical evidence on the Influence of Social Media Activities on the Performance of Batik Businesses in Danau Teluk Kota Jambi. Online marketing can have an impact on consumer behaviour, consumer buying interest and product purchasing decisions. The factor that dominates a purchasing decision is a consumer's purchasing interest. It is also conveyed that consumers can buy after collecting and eliminating existing product information that arises based on motivation or desire to buy products that suit their needs. (Renaldi, 2020).

## **2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **Financial Literacy**

The concept of financial literacy, as derived from other studies, can have both narrow and broad meanings. In a narrow sense, financial literacy refers to financial knowledge that focuses on budgeting, saving, investing, and insurance, also known as the basic tools of money management (Gallery et al., 2011). On the other hand, according to (Online et al., 2006), financial literacy includes financial knowledge in a broader sense, which includes financial knowledge about how economic conditions or situations affect household decisions.

Financial literacy, defined by the Financial Services Authority (OJK) in 2013, comprises knowledge and confidence influencing attitudes and behaviours for improved decision-making and financial management, aiming for prosperity. It includes understanding financial concepts, developing skills for effective decision-making, and enhancing overall financial well-being (Aribawa, 2016).

Measuring financial literacy involves an individual's understanding of financial concepts, and the ability to manage individual finances through precise decision-making, long-term planning, and awareness of economic events (Remund, 2010). As per the Association (of Financial Participation and Advancement (OECD) in 2017, budgetary education requires a combination of mindfulness, information, aptitudes, states of mind, and behaviours for sound budgetary choices and personal or individual well-being. Indicators include financial knowledge, behaviour, and attitudes contributing to national financial literacy. Financial Knowledge, Critical for individuals and the economy, financial knowledge leads to good financial behaviour, covering personal finance, savings, loans, insurance, and investments (Yulianti & Silvy, 2013). Financial Behavior, Driven by meeting living needs based on income, financial behaviour includes planning, budgeting, managing, and saving, observed in aspects like consumption, cash flow, saving, and investing (Yulianti & Silvy, 2013). Financial Attitudes, Psychological tendencies expressed when evaluating financial practices, including obsession, power, effort, inadequacy, retention, and security, reflect an individual's mindset about money and its effective management (Furnham, 1984). In conclusion, financial literacy involves learning economic principles for earning, understanding information, decision-making, planning, and managing finances, influenced by social environments, family education, and experiences.

### **e-Commerce**

Laudon and Laudon (2009) define electronic commerce (eCommerce) as a process where consumers decide to buy and sell products electronically, using computers as intermediaries in transactions. Online shopping helps reduce administrative costs and time. This form of electronic trade can enhance the business process cycle carried out by corporate entities and can also improve relationships or partnerships with business partners and customers. Another definition of eCommerce is a new approach to conducting business electronically using networks and the internet. It involves a series of activities involving the purchase, sale, or exchange of products, services, and information that occur using networks, including computers and the Internet (Mahir, 2015).

Furthermore, eCommerce is successful when operated according to the principles of the 4C model: Connect, Creation, Consumption, and Control. These fundamentals generate consumer motivation that leads to the company's return on investment (ROI), measured through active participation that can take the form of feedback and consumer reviews, which can be shared or recommended by others. The digital media market for e-commerce is a technology that can be utilized by consumers and producers in buying and selling transactions up to marketing (Wardani, Reinaldy and Tyas, 2022). eCommerce itself is an unlimited online shopping medium. Electronic Commerce is also an essential part of business based on a technology called electronics, involving transaction processes for buying and selling goods and services that can be carried out by various groups. Electronic Commerce has a noticeable advantage over traditional markets because buyers can conduct transactions remotely without face-to-face interaction and can communicate online.

### **Business Performance**

According to Moehariono (2012), reflects the level of accomplishment in actualizing programs, exercises, or arrangements to realize the objectives, destinations, vision, and mission of an organization, as laid out within the vital arranging of the organization. Aribawa (2016) clarifies that the execution of Smaller-scale, Little, and Medium Ventures (MSMEs) is the result of an individual's work quantifiable over a particular period and is related to the values or measures of the company where the person works. This execution reflects the accomplishments that will be delivered by people or companies to reach particular objectives.

### **Financial Literacy to Business Performance**

Previous research by Dahmen and Rodríguez (2014) argues that there's a relationship between budgetary education and performance. Financial education has a positive relationship with execution. The relationship between monetary proficiency and execution is applied in companies that have adequate money-related information to be able to reply to any issues, changes or always advancing commerce environments. At the end of the day, the best decisions are made to improve the performance and sustainability of the business. Dewi Ilarrahmah (2021) argues that financial reporting skills and financial literacy together affect performance. Additionally, Kasendah and Wijayangka (2019) argue that high financial literacy helps micro, small and medium enterprises (MSMEs) increase profitability.

**H<sub>1</sub>: Financial literacy has a significant positive effect on the performance of batik businesses.**

### **E-commerce to Business Performance**

The results of a study conducted by Zulfikar and Novianti (2018) suggest that better utilization of e-commerce can improve business performance. This is in line with research that shows that the use of "e-commerce" benefits most companies by creating a personal connection with consumers. The perceived benefits for businesses are that social media is an effective communication tool, can increase market share and help drive business decisions. Using an online store can increase sales by more than 100% if the information is updated daily and constantly. The online store acts as a facilitating tool for MSME players and can affect the results of operating companies (Putri and Le, 2020). On the other hand, aggressive online marketing is the opposite. Companies are trying to reach buyers, perhaps through the Internet. Using internet technology, companies have the opportunity to advertise and communicate information about their brand.

**H<sub>2</sub>: The use of e-commerce has a significant positive effect on the performance of batik companies.**

## **3. RESEARCH METHOD**

The research employed in this study is quantitative. The quantitative research method is a specific type of research that is systematic, planned, and structured, with clarity from the beginning to the design of the research (Sugiyono, 2019). Based on the testing in this think about, the analysts utilized the immersed inspecting procedure, which is the procedure of deciding the test when all individuals of the populace are utilized as tests (Sugiyono, 2019). Since the population size is only 27 respondents, the questionnaire was distributed to the entire population.

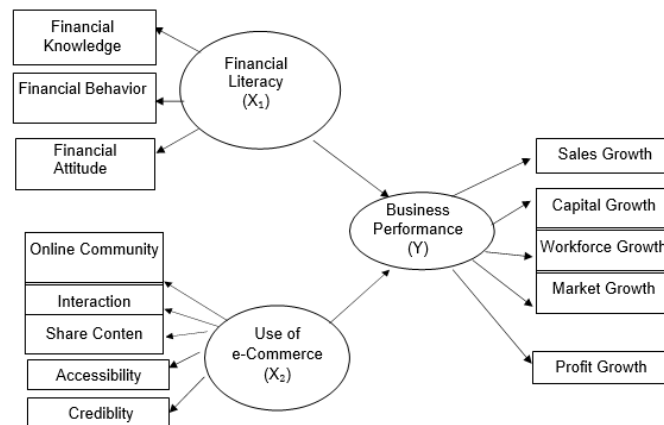


Figure 3. Research Model

Based on Figure 3.1, Independent variables, or free variables, are variables that influence or cause changes in the dependent variable (Sugiyono, 2019). The independent variables in this study are Financial Literacy ( $X_1$ ) and the Use of e-Commerce ( $X_2$ ). The measurement of financial literacy in this study refers to the parameters set by the OECD (2017) as shown in Figure 3.1. In Figure 3.1, the measurement of social media in this study refers to the parameters set by Singh et al. (2010). The dependent variable in this study is Business Performance ( $Y$ ). The measurement of business performance in this study refers to the parameters set by Munizu (2010), using 5 indicators as shown in Figure 3.

## 4. RESULTS

### Measurement Outer Model

**Table 1. Composite Reliability**

Variable	Composite Reliability
Financial Literacy ( $X_1$ )	0,942
Use of e-commerce $X_2$ )	0,950
Business Performance ( $Y$ )	0,966

Source: Processed data with PLS, 2023

Based on Table 1, it can be concluded that the construct has met the reliability criteria, this is proven by the composite reliability value of more than 0.70.

### Inner Model Measurement

Evaluating the internal demonstration utilizing PLS can be done by looking at the R-Square for the subordinate build. Table 2 shows the results of R-Square estimation utilizing SmartPLS 3.

**Table 2. R-Square Value**

Variable	R-Square
Business Performance ( $Y$ )	0,860

This research was carried out using two independent variables (X), namely financial literacy (X1) and the use of e-(X2) and one dependent variable, namely business performance (Y), Square esteem gotten after testing will be utilized to measure the level of variety in changes within the free variable towards the subordinate variable. From these comes about it can be expressed that the higher the R-Square esteem, the superior the expectation demonstrated by the proposed inquiry about the model.

In this ponder, the R-square esteem was gotten at 0.860 or 86%. In this way, it can be concluded that the variation in changes within the subordinate variable that can be clarified by the autonomous variable is 86% and the rest is clarified by other factors exterior the proposed show.

## Hypothesis Test

**Table 3.**  
**Path Coefficients**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic	P Values
Financial Literacy -> Business Performance	0,435	0,452	0,101	4,306	0,000
Use of e-Commerce->Business Performance	0,568	0,545	0,118	4,820	0,000

*Source: Processed data with PLS, 2023*

From Table 3, the testing results were obtained using the bootstrapping method with Partial Least Squares (PLS), and the hypothesis testing results are obtained as follows:

### Hypothesis Test I The Influence of Financial Literacy on Business Performance

Based on the cross-validation results, the opposition coefficient was reduced to 0.435, and the P-value of the effect of spiritual culture variables on management effectiveness was 0.000. The T-Statistic value shows a positive sign of 4.306. Therefore, this result conforms to the rule that the P-value is 0.000 and  $t > 0.05$  and the T scale is 4.306 and  $t > 1.96$ . In this case, it can be concluded that economic culture has a positive effect on the result. Since the associated T-value is greater than 1.96 and the P-value is less than 0.05, an efficiency of 1 is accepted and  $H_0$  is rejected.

Analytical understanding of research results ( $X_1$ ) has a significant positive impact on business results (Y). A positive position is noted at 0.435, T-statistics of 4.306 and  $t > 1.96$  (T table) and P value 0.000 and  $t > 0.05$ . Depending on whether the businessman can or can not be confident about becoming a batik entrepreneur, can make it clear that it will have a positive impact on the bottom line of business. A good culture enables entrepreneurs to make rational decisions, manage costs and effectively manage the company's finances.

### Hypothesis Test II The Influence of E-Commerce Usage on Business Performance

Standardization results show that the interface factor measuring positive codecs is 0.568 and the P-value for business performance when used in online shopping is 0.000. The value of T-Statistic confirms a positive signal with a value of 4820. Therefore, these results are consistent

with the expression P-Value 0.000 and  $t_{0.05}$  and T-Analyzer 4.820 and  $t_{1.96}$ . Therefore, the use of mass media can have a positive effect on the company's results. Relative 2 is accepted and  $H_0$  is rejected because the T-weight value is greater than 1.96 and the P-value is less than 0.05. Research shows that the use of e-commerce (X2) affects business results (Y). This is proven from the front with a positive sign of 0.568, T-statistics of 4.820 and  $t_{1.96}$  (T table) and P value 0.000 and  $t_{0.05}$ . Based on the studies described, the increase in popularity of batik in e-commerce is explained by its greater impact on business activities. Since there are so many people interested in e-commerce, the batik business can become quite successful and influence the outside as well.

## 5. CONCLUSION

This inquiry is about employment Fractional Slightest Square (PLS). The show proposed in this inquiry can clarify the Commerce Execution variable by 86% and the rest is clarified by other factors. In this way, based on the comes about of the examination and talk that has been displayed, the following conclusions are obtained: a). Financial education impacts trade execution among batik trade on-screen characters in Danau Teluk Locale, Jambi City. In this way, the way better money-related proficiency, the superior the commerce execution will be. Where people with great monetary information, concerning budgetary concepts, abilities, budgetary demeanours and great budgetary behaviour will suitably oversee accounts and admirably make monetary choices and eventually accomplish a person's monetary prosperity. b). The utilisation of e-commerce impacts commerce execution among batik commerce performing artists in the Danau Teluk Area, Jambi City. In this way, the way better the utilisation of social media, the superior the trade execution will be. Where people legitimately advance items, associated with buyers, they will be able to suitably increment deals volume.

## LIMITATION

The number of members in this ponder may have impediments, possibly influencing the representativeness of the comes about. Thus, the discoveries of this investigation may not be promptly pertinent to a bigger populace. The thinking about is additionally obliged inside a particular time outline, generalizing comes about vulnerable to conditions or advertise changes that might happen within the future. The research's centre on batik businesses within the Danau Teluk Kota Jambi locale might result in results that do not completely reflect the circumstances in other locales or communities, restricting the generalizability of the discoveries to that specific range. The reactions from batik trade proprietors may be affected by subjectivity or craving to supply reactions regarded as more favourable, subsequently influencing the legitimacy of the about. Furthermore, certain components or factors that might affect the execution of batik businesses, even though not measured in this consideration, may have suggestions for deciphering what comes about.

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