

THE DEVELOPMENT OF MSME FINANCIAL LITERACY WITH TRIPLE HELIX MODEL

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Abstract

This research explores the problems that occur at MSMEs, these problems will be overcome by formulating programs to increase MSME financial literacy with the triple helix model. The data will be analyzed qualitatively with the final result in the form of MSME financial literacy development program. The results showed that the factors that caused the difficulty of developing MSMEs were the low level of financial literacy and the low entrepreneurial spirit of MSME entrepreneurs. Synergy between triple helix actors (government, academics, and MSMEs) is expected to be able to provide solutions to the problems faced by MSMEs. The programs are in the form of: guidance / consulting services, assisting, coaching / training, marketing access facilities, capital assistance, technology assistance, information assistance, capital loans, and establishing working groups. The programs will be set for a certain period starting from the short term, medium term, and long term.

Keywords : Financial Literacy, Triple Helix, MSME

INTRODUCTION

The concept of a person's financial literacy can be seen from his cognitive processes or knowledge possessed in managing finances and attitudes towards personal finances that will influence his financial behavior or decisions in managing finances (Septiana, 2017). Personal financial management will be the same as managing MSME finance. Because the majority of MSME financial management is still mixed between business finance and owner's personal finance. SMEs do not have adequate knowledge related to financial literacy (Widiastuti and Santoso, 2017) and low levels of financial literacy (Widowati and Winarto, 2017). Angraeni (2015) the level of financial literacy of the business owners is low so that it affects the ability to manage finances. The welfare of the industrial community can be done by increasing the understanding of financial literacy (Ratnawati, et al, 2018). Financial management can be learned by increasing understanding of financial literacy.

The country's economy will get better if the level of MSME financial literacy reaches a good level. Amaliyah and Witiastuti (2015) the government is expected to provide education about finance. To increase financial literacy for business owner then training suppose to be conducted

in order to improve financial literacy so that employers' financial maintenance and planning are better (Angraeni, 2015). Desiyanti (2016) literacy education and sustainable financial inclusion at MSMEs are needed. Increasing financial literacy is involving educational institutions, scholars and community leaders regarding the role of OJK / educational institutions / government does not yet work effectively. (Widowati and Winarto, 2017).

The triple helix concept used by the government as a foundation to develop creative economy by 2025, government sector, business sector and academic or university sectors as the realization of development, determination of policy orientation and maintenance of the business environment to be robust and able to compete in the global market (Aribawa, 2016). Businessman has the task of creating and developing businesses, academics work as the contributor of creative ideas and research results, the government functions as the policy manager to ensure the continuity and simplicity of business activities (Ghozali, 2017). The triple helix relationship or the synergy of government, universities, and industry will provide more certainty on the availability of innovation, both products and business processes (Malik, 2015 in Hisham 2015).

The triple helix concept for the economic development is used to help MSMEs to innovate to continue developing so that MSMEs will be sustainable. Kerinci Regency and Sungai Penuh City have several MSME industries such as the blacksmith business, the *dodol kentang* business, and the woven pandan leaves handicraft business. Abdullah and Firza (2018) one of the obstacles in the development of MSMEs is the lack of financial management. This is evidenced by the real conditions exist in the field that the MSME industry has existed for a long time but has not developed. Researchers analyze the data in the field to obtain empirical evidence of the causal factors of why the MSME cannot develop and to design programs to help MSME well developed.

LITERATURE REVIEW

Financial Literacy

Financial literacy is a series of processes or activities to increase the public knowledge, beliefs and skills that they will be able to manage their finance well (Financial Services Authority). The improved understanding of financial literacy will increase the understanding of financial sector. The aim of financial literacy is to eliminate all forms of barriers including price and non-price toward public to access financial services. Financial Service Authority also has a program to improve the financial literacy index in Indonesia called Indonesian National

Financial Literacy Strategy (SNLKI). The basic framework of the SLNKI is composed of three pillars, namely: (1) Education and National Campaign for Financial Literacy, (2) Strengthening Financial Literacy Infrastructure, and (3) Development of Financial Products and Services. The Association of Chartered Certified Accountants formulates the concept of financial literacy including knowledge regarding financial concepts, the ability to understand communication about financial concepts, the ability to manage personal / company finances and the ability to make financial decisions in certain situations.

Triple Helix

Triple helix is an approach that describes how innovation arises from the existence of a balanced, reciprocal, and continuous relationship between academics (universities and research & development institutions), government, and business actors / businesses (enterprises). The synergy of the three components is known as ABG (Academic, Business, and Government). This triple helix approach was introduced by Etzkowitz and Leydesdorff, this approach emphasizes that the interaction of the three components is the main key to improving conducive conditions to innovation. Contribution of academic involvement as a center of excellence through research-based academic activities as stated in the tri dharma of higher education. While the contribution of business actors as providers of demand for consumer needs. Then government contribute as the policy maker.

RESEARCH METHODS

The population in this study were all MSMEs in Kerinci Regency and Sungai Penuh City. The samples of this study were all MSMEs in Jambi Province specifically Kerinci Regency and Sungai Penuh City. The number of samples will be chosen based on certain criteria in which MSME is a business that has long been established, the majority of residents in the environment are in the same business, and those business are able to survive but not yet developed. The data of this study are qualitative data in the form of primary data that will be obtained directly with in-depth interviews with MSMEs, government, and academics. Secondary data is needed to support the primary data. The method of analysis used is explanatory qualitative approaches. This method is used to deeply analyze to obtain indicators to formulate the financial literacy program.

RESULT AND DISCUSSION

Overview of SMEs in Kerinci

Statistical data shows that there are 53 MSMEs that run *dodolkentang* business until 2018, there is almost no increase in the number of MSMEs within some years. Meanwhile, there are 42 blacksmith craftsmen workshops. Blacksmith's SMEs have decreased from a few years before and currently not all workshops operate normally. 32 MSMEs work on *pandan* leave woven craft but only a few are actively operating.

The results of observations and interviews indicate that the three types of MSMEs mentioned financially did not experience problems even the SME sales results were relatively high. But on the other hand the number of MSMEs has decreased in operation and those are still actively operating do not show significant development. This indicates that there is a problem that causes a decrease in the number of MSMEs operating even though they are financially healthy.

Financial Literacy

The blacksmith craftsmen did not record the results of the business obtained while the *pandan* leaves woven handicraft business and the *dodol kentang* producers made simple records. The records that were made only recorded the amount of money obtained from the sale. However, less of them take the production cost into account. The selling price set on blacksmith's SME products is based on a simple calculation which cannot reflect the actual production costs. *Dodol Kentang* business have calculated the selling price better by calculating the cost of goods sold.

Table 1. Responden's Financial Record

MSME	Financial Record
Blacksmith	No record
<i>Pandan leaves</i> woven carft	Doing simple financial record
<i>Dodol Kentang</i>	Have been doing sufficient financial record partly.

Source: Primary data processed in 2019

The owner and the worker of the MSME is the same person so it is difficult to separate personal finance from business finance. This has become one of the causes of bad bookkeeping. The educational background which is primary schools and the age of 45 years above are also contributing factors for poor financial record. *Pandan* leaves woven craftsmen and producers of *dodol kentang* mostly are housewives but they are assisted by educated people both senior high

school and bachelor graduates hence the financial record are better. The Pandan leaves woven craftsmen and the producers of *dodol kentang* are frequently visited as the object of research and community service program thus they are well informed of many issues. Unlike the blacksmith craftsmen who have never received assistance and training related to recording.

Table 2. The Business Owner Background

MSME	Education	Age	Sex
Blacksmith	Elementary School	> 45 Years	Male
<i>Pandan leaves</i> woven craft	Senior High School, Bachelor Degree	> 40 Years	Female
<i>Dodol Kentang</i>	Senior High School, Bachelor Degree	> 30 Years	Male and Female

Source: Primary Data processed in 2019

Based on the interview results it is known that MSME income is greater than their expenses, meaning that they benefit from running a business. However, their business development is very slow and stagnant. They have improved from the initial establishment but they did not continue growing with a reason that they have been satisfy with what they already have. It is different from the blacksmith craftsmen who did not experience any development at all like the expansion of the workshop area that they have. It's just the replacement of work equipment. Employment is one factor in the absence of workshop expansion (Abdullah and Firza, 2018). Goods produced by blacksmiths are always sold out, meaning that if there is an expansion of workshops and replacement of workers with machines, their sales will be better. There is no courage for the blacksmith craftsmen to invest large capital to buy machines replacing labor.

Table 3. Financial Service Use

MSME	Usage Level
Blacksmith	Low
<i>Pandan Leaves</i> Woven Craft	Medium
<i>Dodol Kentang</i>	High

Source: Primary data processed in 2019

The money owned by the blacksmith craftsmen from the sale is still saved in the form of cash instead of bank saving. Each transaction they make is in cash. The need for banks is only to transfer money to their children who study outside the city. *Dodol Kentang* SMEs are not so much different from Blacksmith's SMEs, but some of them already have active savings. Woven Leaf *Pandan* SMEs are more active in utilizing financial products offered by banks such as fund transfer activities, fund withdrawals, and payments. Woven Leaf SMEs of Pandan are more

active in using financial services because they often receive assistance from the government which is disbursed in the form of savings.

Based on the description above, it can be concluded that the causes of static MSMEs are : First, financial literacy issue and the lack of entrepreneurial spirit. Solutions to solve this problem is there must be accompanied and efforts of regulators and academics to encourage MSMEs to develop their businesses. MSME entrepreneurs feel that the businesses they have today are able to support their needs so they do not think of developing a bigger business. The low entrepreneurial spirit of MSMEs is one of the reasons they do not develop their businesses. Solutions to these problems need assistance and socialization from regulators and academics to enhance the entrepreneurial spirit of SMEs and increase trust in financial institutions.

Based on the results of interviews and explanations about general knowledge of banking and finance, It is obtained that the level of education and gender have relation to their financial knowledge. This is consistent with the results of research conducted by Norhamida and Riyani (2014) In which the level of education in line with the level of financial literacy. Other studies conducted by Amaliyah and Witiastuti (2015) stated that gender and education level are related to financial literacy. Blacksmith craftsmen are mostly graduate from elementary school and all male. *Pandan* leaf woven craftsmen and *dodol kentang* producers are women who mostly graduated from senior high school and bachelor who have better financial knowledge.

Financial management that has not been separated which can be seen from the mixing of personal financial management with business and have lack of financial planning by the respondents. Planning conducted by respondents is still based on the number of units to be produced but has not yet reached the quantitative calculation hence the financial allocation is still not good. This fact supports the research conducted by Angraeni (2015) that shows that the level of financial literacy of business owners is low so that it affects the ability to manage finances. Poor financial planning will make it difficult to measure the financial performance of MSMEs. This is in line with the research conducted by Aribawa (2016) stated that there is an influence of financial literacy on the performance and sustainability of MSME businesses.

The less frequent of socialization about finance and banking to the respondents is one of the factors of their poor financial literacy. Respondents should receive regular outreach related to financial literacy which will help them to plan their business activities, especially in terms of financial planning. This is consistent with research conducted by Widowati and Winarto (2017) where financial education to the public is still low and the public still does not understand

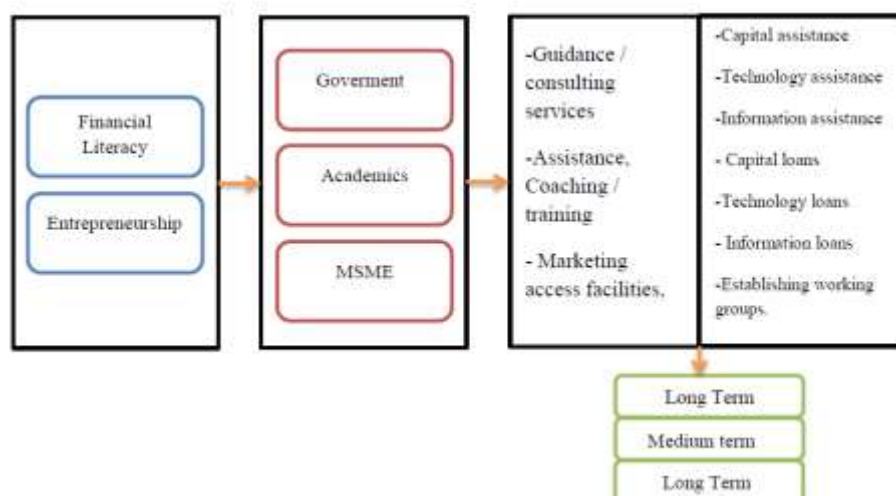
financial institutions and their products. This study also confirms the research conducted by Widiastuti and Santoso (2017) that a training model is needed in accordance with the needs which include: financial management, financing and entrepreneurship.

Financial Literacy Program Model Triple Helix

Combination of field research results and literature review with the triple helix concept generates that each actor has their respective roles with the aim of increasing the welfare of MSME actors, business continuity, and MSME business development. The results of the field research indicate that there are two main problems that cause the difficulty of the development of MSMEs. The first cause is the low level of MSME financial literacy and the second cause is the low spirit of entrepreneurship. Researchers design a program that is expected to help MSMEs.

The formulation of this program refers to a research conducted by Mas'ud (2015) which arranged the aspects of the triple helix at SMEs. The program in this study more specifically discusses about financial literacy and entrepreneurship. The triple helix aspect by Mas'ud (2015), namely: Guidance / consulting services, Assistance, Coaching / training, Marketing access facilities, Capital assistance, Technology assistance, Information assistance, Capital loans, Technology loans, Information loans, Establishing working groups. The programs are carried out within a certain period (short term, medium term, and long term).

MSME program formulation by using *triple helix* :



CONCLUSION

Conclusion

The purpose of this study is to obtain empirical evidence of the factors that cause MSMEs whose development is low and even stagnant and to design programs to address the problem. The research results obtained that:

- a. Factors caused the low development of MSMEs even stagnant are the low level of financial literacy and low entrepreneurial spirit of MSME entrepreneurs.
- b. Overcoming these problems, programs are designed to improve financial literacy and entrepreneurial spirit of SMEs, namely: Guidance / consulting services, Assistance, Coaching / training, Marketing access facilities, Capital assistance, Technology assistance, Information assistance, Capital loans, Establishing working groups. The programs will be set for a certain period starting from the short term, medium term, and long term.

Suggestion

From the conclusions above, the researcher can suggest the following things:

- a. The involvement of triple helix actors must be increasingly active to help the growth of MSMEs.
- b. Formulate more detailed programs for a certain period and determine priority programs.

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