PERFORMANCE OF WOMEN-LED SMES IN INDONESIA: THE ROLE OF FINANCIAL INCLUSION, FINANCIAL LITERACY, AND TECHNOLOGY ADOPTION

a Naelati Tubastuvi, b Wida Purwidianti

ABSTRACT

Purpose: Women entrepreneurs have an important role in increasing economic growth. This research aims to explore the relationship between financial literacy, technology adoption, financial inclusion and women SME performance.

Theoretical framework: Resource based theory is used as the theory underlying the influence of technology adoption on financial inclusion. The Technology Acceptance Model (TAM) theory explains the influence of technology adoption on company performance. Upper echelon theory is used as the basis for the relationship between financial literacy, financial inclusion and SME performance.

Design/methodology/approach: The population was women-owned SMEs in Indonesia. A total of 250 female SME owners were drawn as respondents. This study used convenience sampling method. Data were collected using a structured questionnaire.

Findings: The results showed the contribution of financial literacy and technology adoption to financial inclusion. There is an influence of technology adoption on the performance of women's SMEs. The direct influence of financial literacy on SME performance is not supported. The mediating role of financial inclusion in the effect of financial literacy and technology adoption on the performance of women's SMEs is supported. The direct influence of financial literacy on SME performance is not supported.

Research, Practical & Social implications: This study can provide a real contribution to the government in developing women-owned SMEs by paying attention to financial literacy, technology adoption and financial inclusion of women SME owners.

Originality/value: This research provided novelty by examining the mediating role of financial inclusion in the effect of financial literacy and technology adoption on the performance of women's SMEs.

Keywords: financial inclusion, financial literacy, technology adoption, smes performance, women, Indonesia.

Received: 28/08/2023
Accepted: 27/11/2023
DOI: https://doi.org/10.55908/sdgs.v11i12.1899

a PhD in Islamic Economics, Faculty of Economics and Business, Universitas Muhammadiyah Purwokerto, E-mail: naelatitubastuvi@ump.ac.id, Orcid: http://orcid.org/0000-0001-7625-2384
b PhD in Financial Management, Faculty of Economics and Business, Universitas Muhammadiyah Purwokerto, E-mail: widapurwidianti@ump.ac.id, Orcid: http://orcid.org/0000-0002-7469-752
DESEMPENHO DAS PME LIDERADAS POR MULHERES NA INDONÉSIA: O PAPEL DA INCLUSÃO FINANCEIRA, DA LITERACIA FINANCEIRA E ADOÇÃO DE TECNOLOGIA

RESUMO

Objetivo: As mulheres empresárias têm um papel importante no crescimento econômico. Esta investigação visa explorar a relação entre a literacia financeira, a adoção de tecnologias, a inclusão financeira e o desempenho das mulheres nas PME.

Estrutura teórica: A teoria baseada em recursos é usada como a teoria subjacente à influência da adoção de tecnologia na inclusão financeira. A teoria TAM (Technology Acceptance Model, modelo de aceitação de tecnologia) explica a influência da adoção de tecnologia no desempenho da empresa. A teoria do escalão superior é utilizada como base para a relação entre a literacia financeira, a inclusão financeira e as PME.

Design/metodologia/abordagem: a população era de mulheres PME na Indonésia. Um total de 250 proprietárias de PME foram selecionadas como entrevistadas. Este estudo utilizou o método de amostragem por conveniência. Os dados foram coletados por meio de questionário estruturado.


Investigação, implicações práticas e sociais: este estudo pode fornecer uma contribuição real para o governo no desenvolvimento de PME pertencentes a mulheres, prestando atenção à alfabetização financeira, adoção de tecnologia e inclusão financeira de mulheres proprietárias de PME.

Originalidade/valor: Esta pesquisa forneceu novidade ao examinar o papel mediador da inclusão financeira no efeito da alfabetização financeira e adoção de tecnologia sobre o desempenho das mulheres.

Palavras-chave: inclusão financeira, alfabetização financeira, adoção de tecnologia, desempenho das PME, mulheres, Indonésia.

1 INTRODUCTION

The role of women in innovation and economic development is well represented in developed countries (Garba & Kraemer-Mbula, 2018). In the last decade, attention has focused on women's entrepreneurship in general (Gupta, 2018) and innovation. Gender is relevant to SMEs performance for their sustainability. Women entrepreneurs have an important role in increasing economic growth (Cabrera, 2017) so that for improving knowledge on SMEs, women entrepreneur is an important topic to research.

In Indonesia, number of women in the entrepreneurial sector or npreneurs is increasing every year (BPS, 2023). Based on BPS data for 2021, women manage 64.5
percent of the total SMEs in Indonesia or around 37 million SMEs with a projection that in 2025 they will have a total value of USD 135 billion. Based on research conducted by SIRCLO Group on 500 women entrepreneurs in Indonesia, some interesting findings were obtained. The majority of women entrepreneurs run micro businesses, where more than half (56 percent) run their own business without employees, 26 percent have 1-2 employees, and 10 percent have 3-5 employees. Most of the businesses run by women entrepreneurs include fashion (32 percent), culinary (27 percent), retail (26 percent), beauty (17 percent), and several other businesses in the fields of health, crafts, agribusiness education, and travel.

SMEs run by women are required to have good financial performance. SMEs financial performance can be influenced by internal and external factors. One of the internal factors that can improve financial performance is the owner's financial literacy (Anuradha, 2021; Choudhary & Sengupta, 2022). External factors that can influence SMEs' performance are adaptation to technology and financial inclusion.

One thing that will influence performance is the education or financial literacy of SMEs owners (Anuradha, 2021; Choudhary & Sengupta, 2022). The study results show the role of owners' financial literacy in improving SME performance through making the right decisions (Anuradha, 2021). Financial literacy being able to improve performance and has been empirically found by several researchers, such as Anuradha (2021); Agyapong & Attiram (2019); Purwidianti et al. (2022); Aritonang et al. (2023); Dewi & Candraningrat (2022); John (2022); Tumba et al. (2022). Different results were also shown by Byzzanthi & Ermawati (2021) which found that there is no significant relationship between financial literacy and the financial performance of SMEs.

MSME digital technology is a technological innovation introduced to improve business process performance (Ramdani et al., 2022). Digitalization of MSMEs requires the development of technology that shifts business processes and market conditions while reducing transaction costs. The government launched this digitalization program to encourage increased competitiveness of MSMEs. The number of MSMEs that have entered the digital ecosystem is currently only 19% (or around 12 million) MSMEs. Innovative and technology-based MSMEs can now turn their attention to thinking about expanding beyond domestic borders to enter intra-regional and international markets as well as competing with multinational companies to capture larger market share in the
domestic market (Das et al., 2020). Technology adoption is needed by MSMEs to achieve competitive advantage (Jalil et al., 2022).

Previous study has found that SME performance needs to be supported by technology adoption. Study by (Audrey Sazkhya Sinaga et al., 2023) has provided empirical evidence that SME performance will increase as they adopt technology. (Do et al., 2023; Samoei, 2018) also found that the adoption of technology can improve performance.

The concept of financial inclusion has become a main issue on the development agenda in a number of developing countries, including Indonesia (Ratnawati, 2020). Financial Inclusion refers to easy access to financial services for low-income communities and MSMEs (A. Lubis et al., 2019). With Financial Inclusion, access to financial services from formal financial institutions such as savings, credit, payment facilities and other products will really help low-income group improve their welfare (K. S. Lubis & Irawati, 2022). Improving financial inclusion or access to banking products will help MSMEs to obtain funds that can be used for business capital, daily needs, expansion and reserve funds for the future of the MSMEs (Efan et al., 2021).

Samuel & Mbugua (2019) found that available access to capital can improve SME performance. This notion is supported by research (Chozarira et al., 2023) which found that the performance of SMEs led by women can improve due to having an easy access to financial institutions. Research (Aritonang et al., 2023) also found the same thing that SME performance can improve with good financial inclusion.

This study provides novelty by placing financial inclusion as a mediating variable that links financial literacy and financial adoption to SME performance. This is based on previous findings which found that financial literacy influences financial inclusion. Research from (Adetunji & David-West, 2019; Bongomin et al., 2018; Hasan et al., 2021; Koomson et al., 2020; M.N. & Vincent, 2019) showed consistent results. That is, improved financial literacy can improve financial inclusion. Some study also showed that technology adoption is related to financial inclusion as found by (Riandani et al., 2022). Study by (Bashir & Muhammad, 2023; Okello Candiya Bongomin & Munene, 2021) also found the same results. The use of technology can improve financial inclusion. Different findings from (Alabi & Olaoye, 2022) found that there is no effect of technology adoption on financial inclusion.
This study will make a huge contribution to the development of women-led SMEs by providing findings about the factors that influence SME performance. Apart from that, this study makes a theoretical contribution, especially in the field of financial management, by providing novelty on the relationship between financial literacy and technology adoption through the role of financial inclusion as an intervening variable. This research was conducted on female owners of SMEs in Indonesia because they have an important role for this country. This research will make a real contribution to policy makers for developing women entrepreneurs by providing findings on the role of financial literacy, technology adoption and financial inclusion on SME performance.

2 LITERATURE AND FORMULATION OF HYPOTHESES

2.1 TEORI RESOURCED BASED

Wernerfelt (1984) proposed resource-based theory. This theory states that resources owned by companies could improve their performance and competitiveness. These resources include financial (current assets and fixed assets), labor (competences), marketing, and physical resources. In order to develop a strategy, a mix of resources is needed. Resources owned by companies should be highly competitive, rare, and easy to reproduce. One of the resources needed by companies today is financial digitalization (Frimpong et al., 2022).

2.2 TECHNOLOGY ACCEPTANCE MODEL (TAM)

TAM is a theory used to explain the information received by users and uses "perceived usefulness and ease of use" as a basis for accepting or rejecting a technology. TAM could be employed to understand individual behavior in adopting technology. Related to the use of technology in financial institutions, this theory could explain individuals and SME owners in using technology in financial services (Sinaga, 2021). TAM is a model that could explain the relationship between financial inclusion and SME performance. TAM is used to understand human behavior in accepting and accessing digitalization in financial services (Thathsarani & Jianguo, 2022).

2.3 THEORY UPPER ECHELON

The upper echelon theory was developed by Hambrick & Mason (1984) which explains that management's knowledge, attitudes and behavior play a role in making
decision, prospects and performance of a company. This theory is based on management theory that when an individual is given responsibility for making important decisions, his knowledge, attitudes and behavior will influence the decisions. Furthermore, this decision will affect the company's profitability, liquidity and level of leverage. This theory also assumes that the level of financial literacy possessed by managers will have an impact on making investment decisions. Managers who have high financial literacy will tend to select less risky investments (John, 2022).

2.4 FINANCIAL LITERACY AND FINANCIAL INCLUSION

Financial inclusion can be seen from two sides, namely access to financial institutions and use of financial services. The access will be related to the supply side of financial institutions such as the location of financial institutions, financial service costs, legal systems and so on. The use of financial services will relate to the individual's demand side for financial institutions. Financial literacy helps understand complex financial products. With increasing financial literacy, demand for formal and informal financial products will increase (Khan et al., 2022).

Optimizing the supply side and demand side of financial institutions will require individual knowledge of financial services. Therefore, financial literacy is needed to be able to develop financial inclusion. Financial literacy can improve financial inclusion. This has been supported by several studies (Adetunji & David-West, 2019; Bongomin et al., 2018; Hasan et al., 2021; Koomson et al., 2020; M.N. & Vincent, 2019).

H1: Financial literacy has a positive effect on financial inclusion

2.5 TECHNOLOGY ADOPTION AND FINANCIAL INCLUSION

The adoption of technology and the use of digital finance has the potential to improve the use of financial services by individuals. SME owners will use technology to carry out business transactions, loans, savings at financial institutions (Okello Candiya Bongomin & Munene, 2021)

The ability of SME owners to adopt technology will be able to increase financial inclusion. Some studies also showed that technology adoption has a positive effect on financial inclusion as found by (Bashir & Muhammad, 2023; Okello Candiya Bongomin & Munene, 2021; Riandani et al., 2022).

H2: Technology adoption has a positive effect on financial inclusion
2.6 FINANCIAL LITERACY AND PERFORMANCE

In developed countries, financial literacy has an important role in business development. Financial literacy can make a significant contribution to firms’ financial decision making (Hussain et al., 2018). (Eniola & Entebang, 2015) stated that managers who have financial knowledge will understand the influence of financial decisions on business performance.

The research results show the role of owner financial literacy in improving SME performance through making the right decisions (Anuradha, 2021). Financial literacy can improve performance and has been found by several researchers, such as (Anuradha, 2021); (Agyapong & Attram, 2019); (Purwidianti et al., 2022); (Aritonang et al., 2023); (Dewi & Candraningrat, 2022); (John, 2022); (Tumba et al., 2022).

H3: Financial Literacy has a positive effect on performance

2.7 TECHNOLOGY ADOPTION AND FINANCIAL PERFORMANCE

Information technology has been widely known to be able to increase a country's competitiveness. Apart from that, technology can increase firms’ competitiveness (Al-Zagheer et al., 2022). The adoption of technology by individuals, social groups and organizations can be explained by the diffusion of innovation theory. In this theory, it is explained that one of the factors that will influence technology adoption is the characteristics of adopters and firms (Do et al., 2023).

Previous studies have shown that SME performance needs to be supported by technology adoption. A study by (Audrey Sazkhya Sinaga et al., 2023) found empirical evidence that SME performance improve as SMEs have adopted technology. (Do et al., 2023; Samoei, 2018) also found that the adoption of technology can improve performance.

H4: Technology adoption has a positive effect on performance

2.8 FINANCIAL INCLUSION AND PERFORMANCE

Financial inclusion is one of the government's strategies for market intervention in removing barriers to financial access for the community or SMEs. This intervention aims to ensure that people or SMEs who have not been served by formal financial institutions have access to financial services. SMEs are encouraged to carry out
transactions through financial institutions, save and borrow from financial institutions and provide efficient payment methods (Ratnawati, 2020).

Improving financial inclusion or access to banking products will help MSMEs to obtain funds that can be used for business capital, daily needs, expansion and reserve funds for the future of the MSMEs. (Efan et al., 2021).

Samuel & Mbugua, (2019) found that access to capital can improve SME performance. This result is supported by Chozarira et al. (2023) which proves that the performance of SMEs led by women can improve due to ease of access to financial institutions. Aritonang et al. (2023) also found the same result that SME performance can improve with good financial inclusion.

H5: Financial inclusion has a positive effect on performance

2.9 THE EFFECT OF FINANCIAL LITERACY AND FINANCIAL ADOPTION ON PERFORMANCE MEDIATED BY FINANCIAL INCLUSION

The results of previous studies have shown that there is a significant relationship between financial literacy and financial adoption on financial inclusion. This confirms that there is a direct influence of financial literacy and technology adoption on SME performance. This study will examine the mediating role of financial inclusion on the influence of financial literacy and technology adoption on the performance of SMEs owned by women. The hypotheses are proposed below.

H6: Financial inclusion mediates the effect of financial literacy on performance
H7: Technology adoption mediates the effect of financial literacy on performance

2.10 THEORETICAL AND CONCEPTUAL FRAMEWORK

This research aims to explore the relationship between financial literacy, technology adoption, financial inclusion and SME performance. Resource based theory is used as the theory underlying the influence of technology adoption on financial inclusion. The Technology Acceptance Model (TAM) theory explains the influence of technology adoption on company performance. Upper echelon theory is used as the basis for the relationship between financial literacy, financial inclusion and SME performance. Figure 1 shows the conceptual framework and relationship among variables of this study.
3 DATA AND METHODOLOGY

This study used a quantitative approach. The population was female SME owners in Banyumas Regency, Central Java, Indonesia. This research was undertaken from June to July 2023. The sample was 250 female SME owners. This study used convenience sampling method. Data were collected using a structured questionnaire.

Two independent variables were used, financial literacy and technology adoption. Financial literacy had five indicators: general knowledge about finance, financial planning, budgeting and control, financial recording, firms’ financial sources and risk management (Utami et al., 2021). Technology adoption had three indicators: adoption of information technology for marketing, adoption of information technology to increase reaction time between producers and customers, and adoption of information technology to improve service to customers (Kurniawan et al., 2023).

The mediating variable in the study was financial inclusion. It was measured using three indicators: access to financial institutions, benefits of financial institutions, and barriers to entry into financial institutions (Lontchi et al., 2022). The dependent variable of this study was the performance of female-owned SMEs. SME performance was measured using six indicators: profit margin, profitability, production, market share, competition and product innovation (Sari et al., 2023).

All questions in the questionnaire use a 5 point Likert scale. This study used SEM PLS analysis. A research model is said to be fit if it satisfies the outer and inner model tests. The hypothesis is accepted if the probability value is below 0.05. The mediation effect hypothesis used the Sobel test. The hypothesis is accepted if the Sobel test is greater than t-table.
4 RESULTS AND DISCUSSION

4.1 DEMOGRAPHIC PROFILE

The respondents are 250 female SME owners in Banyumas Regency, Central Java, Indonesia. The majority of respondents are over 40 years old (40.8%). The education level of 43.6% of respondents are below high school, 49.2% are high school; 2% have diploma graduates, and 5.2% have bachelor's degrees. Based on business tenure, it can be seen that 36.4% have a business between one and five years. 24.8% are in business for less than a year.

4.2 OUTER MODEL TESTING

Convergent validity tests the validity of the indicators used to measure variables. An indicator is said to be valid if the outer loading value is above 0.70 (Hair et al., 2017). The outer loading or loading factor value can still be tolerated up to 0.40, while the loading factor value below 0.40 can be dropped or eliminated as an indicator.

The results of the outer model testing are presented in Figure 2 below.

Figure 2. The results of SEM PLS analysis
This study aims to examine the influence of financial literacy and technology adoption on performance with financial inclusion as a mediating variable. There are thirteen question items for financial literacy, five question items for technology adoption, thirteen question items for financial inclusion and seven question items for performance variables. Figure 2 shows that all indicators are > 0.5.

The convergent validity value can be evaluated based on the Average variance extracted (AVE) value where each construct must be above > 0.5. According to Fornell and Larcker (1981), the AVE value is allowed to be < 0.5 as long as the Composite Reliability (CR) value is > 0.6. Table 1 shows the results of validity and reliability testing. The results show that the AVE value for all variables is above 0.5

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>Crobbach Alpha</th>
<th>Composite Reliability</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Literacy</td>
<td>0.516</td>
<td>0.921</td>
<td>0.932</td>
<td>Reliable</td>
</tr>
<tr>
<td>Technology Adoption</td>
<td>0.598</td>
<td>0.832</td>
<td>0.881</td>
<td>Reliable</td>
</tr>
<tr>
<td>Financial Inclusion</td>
<td>0.526</td>
<td>0.930</td>
<td>0.939</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance</td>
<td>0.777</td>
<td>0.952</td>
<td>0.961</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

The discriminant validity test uses two measures, namely Fornell-Lacker's and Cross loading. The Fornell-Lacker's test is calculated by comparing the square root value of the AVE with the latent variable correlation. Table 2 shows the test results. The test results show the square root of AVE is greater than the latent variable correlation. Therefore the discriminant validity test is acceptable.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Financial Literacy</th>
<th>Technology Adoption</th>
<th>Financial Inclusion</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Literacy</td>
<td>0.682</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Adoption</td>
<td>0.854</td>
<td>0.842</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Inclusion</td>
<td>0.624</td>
<td>0.682</td>
<td>0.739</td>
<td>0.786</td>
</tr>
</tbody>
</table>

4.3 HYPOTHESES TESTING

The results of testing the direct influence of financial literacy and financial adoption on SME performance are presented in the table 3. The results of testing H1 and H2 show that these two hypotheses are supported. This shows that financial literacy and technology adoption have a positive influence on financial inclusion. H3 is not supported which shows that financial literacy has no effect on performance. H4 and H5 are
supported which confirms the positive influence of technology adoption and financial inclusion on SME performance.

Table 3 Direct Effect Hypothesis Testing (H1-H5)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Direct Influence</th>
<th>Coefficient</th>
<th>T Statistic</th>
<th>P-Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>FL -&gt; FI</td>
<td>0.531</td>
<td>12.118</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>AT -&gt; FI</td>
<td>0.430</td>
<td>9.120</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>FL -&gt; Performance</td>
<td>0.098</td>
<td>1.104</td>
<td>0.270</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H4</td>
<td>AT -&gt; Performance</td>
<td>0.370</td>
<td>5.520</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H5</td>
<td>FI -&gt; Performance</td>
<td>0.341</td>
<td>3.998</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

The results of testing the mediation effect using the Sobel test are presented in the table 4. H6 and H7 are supported which shows that there is a mediating role between financial inclusion variables on the influence of financial literacy and technology adoption on the performance of women's SMEs.

Table 4. Indirect Effect Hypothesis Testing (H8, H9, and H10)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Indirect Influence</th>
<th>Coefficient</th>
<th>Sobel Stat</th>
<th>P-Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H6</td>
<td>FL -&gt; FI -&gt; Performance</td>
<td>0.181</td>
<td>3.871</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H7</td>
<td>AT -&gt; FI -&gt; Performance</td>
<td>0.147</td>
<td>3.539</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

5 DISCUSSION

The results of this study provide empirical evidence that financial literacy has a role in increasing financial inclusion. The individuals’ demand for the use of financial institution services will increase as their financial knowledge increase. Increasing financial literacy is as important as improving the infrastructure of financial institutions. Female SME owners who have high financial literacy have awareness about the importance of financial inclusion. These results support some previous studies related to the importance of financial literacy in improving financial inclusion (Adetunji & David-West, 2019; Bongomin et al., 2018; Hasan et al., 2021; Koomson et al., 2020; M.N. & Vincent, 2019)

Technology adoption can have a positive influence on financial inclusion. This strengthens the argument for the use of technology adoption by women SME owners to improve their marketing through social media. E-commerce applications are able to increase access and use of financial institution services. Adoption of this technology encourages SME owners to have access and use the services of financial institutions to
facilitate their sales transactions. This is in line with previous studies which showed that technology adoption can contribute to increasing financial inclusion (Bashir & Muhammad, 2023; Okello Candiya Bongomin & Munene, 2021; Riandani et al., 2022).

This study provides empirical evidence that financial literacy cannot make a real contribution to the performance of women's SMEs. This result is different from the majority of research. Several studies have shown that there is a significant positive influence of financial literacy on business performance (Anuradha, 2021; Agyapong & Attram, 2019; Purwidianti et al., 2022; Aritonang et al., 2023; Dewi & Candraningrat, 2022; John, 2022; Tumba et al., 2022). The insignificant result provides evidence that financial literacy only has a small impact on improving the performance of women's SMEs. This supports research by Byzzanthi & Ermawati (2021) which showed that there is no significant relationship between financial literacy and the financial performance of SMEs.

The test results show that increasing technology adoption can improve the performance of women's SMEs. The ability of SME owners to adopt technology using social media and e-commerce applications can increase SME sales and production. Technology adoption is very necessary for SMEs to promote SME products. The results of this study support previous findings related to the ability of technology adoption to improve company performance (Audrey Sazkhya Sinaga et al., 2023; Do et al., 2023; Samoei, 2018).

The study results also support the results of previous research regarding the positive contribution of financial inclusion to the performance of women's SMEs (Aritonang et al., 2023; Chozarira et al., 2023; Samuel & Mbugua, 2019). Increasing financial inclusion can increase the profitability of SMEs. Ease of access and use of financial institution services has a high efficiency impact on payment transactions carried out by SMEs.

This research provide evidence of the role of financial inclusion as a mediating variable on the influence of financial literacy on financial performance. Good financial literacy will increase financial inclusion and, in turn, have an impact on improving the performance of women's SMEs. Women SME owners who have good financial knowledge have a relatively easy access to financial institutions and encourage the use of financial institution services. This improves SME performance.
The test result of the mediation role of financial inclusion on the effect of technology adoption on the performance of women's SMEs also shows a significant effect. SME owners who use technology to market and promote their products will increase access and use of financial services at financial institutions. This demands technology adoption to facilitate purchasing transactions between consumers and producers. Increased technology adoption will be followed by an increase in virtual payments through financial institutions. In the end, increasing access to and use of financial institution services will further improve the performance of SMEs.

6 CONCLUSION

Financial literacy and technology adoption are crucial factors for increasing financial inclusion. Technology adoption and inclusion also play a role in improving the performance of women's SMEs. This research provides novelty on the relationship between financial literacy and technology adoption on SME performance with the role of financial inclusion as a mediating variable. The results have shown that financial inclusion can mediate the effect of financial literacy and technology adoption on the performance of women's SMEs.

This study can provide a real contribution to the government in developing women-owned SMEs by paying attention to financial literacy, technology adoption and financial inclusion of women SME owners. This research also contributes to the development of resource based theory, technology adoption model and upper echelon theory. This research also contributes to the development of research on women's SMEs, especially those related to financial literacy, technology adoption, financial inclusion and SME performance. Future research can add innovation capability variable as a factor that can influence SME performance.

This research has some limitations. The sampling was limited to one province in Indonesia. Future research could use larger sample by involving female owners of SMEs in several regions. Another limitation is that the sampling method used convenience sampling. Further research could employ better sampling methods, such as purposive sampling.
REFERENCES


