The Effect of Financial Literacy and Entrepreneurship Orientation on The Performance of Small-Medium Enterprise 'Tenun Gringsing' in Tenganan Village, Karangasem Regency

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ABSTRACT

Small-medium business enterprises play an important role in the national economics. As such, the performance of small-medium enterprises should be optimized through various efforts among others; increasing financial literacy and entrepreneurship orientation of the businessman/woman themselves. The current research was conducted because there are some performance issues with the small-middle enterprise 'Tenun Gringsing' in Tenganan Village, Karangasem. In an effort to optimize and increase performance of the small-middle enterprise, there needs to be a competent financial literacy and a strong entrepreneurship orientation. The purpose of the current study is to study the effect of financial literacy and entrepreneurship orientation on the performance of small-medium enterprise "Tenun Gringsing" in Tenaganan Village Karangasem partially and simultaneously. This research applied a quantitative method. Population studied is 80 businesspeople of the small-medium "Tenun Gringsing" enterprise. Saturated sampling technique was used. Data was collected using interview, observation, survey, and documentation study methods. Data was analyzed using a Mutiple Regression Analysis. The results of the study indicated that there is a positive and significant effect (partially and simultaneously) of financial literacy (X1) and entrepreneurship orientation (X2) towards performance (Y).

1. INTRODUCTION

Indonesia in its effort to increase national prosperity is facing unemployment and poverty problems. Unemployment and poverty are issues that deserve serious attention from the government, society, and industry to work jointly in tackling these issues. One potential solution in tackling these issues is optimizing people's livelihood and unavoidable when discussing people's livelihood is the small-middle business enterprise. Development of the people's livelihood has to prioritize small-middle enterprise (Indika & Marliza, 2019). Small-medium enterprise is a form of independent productive business that is established individually that is run by a person or a business entity (Tambunan, 2012:11). Small-middle enterprise is one of the most important business entities because of its role in providing income for a large number of individuals and as the main supplier of basic necessities for people with low income that lives in villages (Adiandari & Winata, 2018). According to data from the Center of Indonesia Statistics in the year 2021, the number of small-medium enterprises (SMEs) have steadily increased since 2015. The data is available on table 1:

Table 1. The Development of Small-Medium Enterprises in Indonesia in the year 2015-2019

	Number of Enterprises (unit)	Number of Worker (people)	Gross Domestic Product (in million rupiah)
2015	59.262.772	123.229.387	6.228.285
2016	61.651.177	112.828.610	7.009.283
2017	62.922.617	116.431.224	7.820.282

| 2018 | 64.194.057 | 116.978.631 | 8.573.895 |
| 2019 | 65.465.497 | 119.562.843 | 9.580.762 |

Source: Ministry of Cooperatives and SMEs Republic Indonesia, 2021 (analysed)

Based on table 1, it can be observed that the number of SMEs steadily increased from 2015 to 2019. The number of SMEs in 2015 is 59.262.772 units and were able to employed 123.229.387 workers. The SMEs keeps on developing and in 2019 the number is 65.465.497 units that were employing 119.562.843 workers with contribution to GDP at 9.589,762 trillion Rupiah. Evidently this shows the important contribution of SMEs in absorbing workers thus reducing unemployment and its contribution to the national GDP.

Optimizing the performance of SMEs is an important aspect that needs attention especially for it to be developing sustainably and surviving in uncertain situations. SMEs are expected to have a dynamic capability and a clear direction for the development of the business and to seize future opportunities (Amrulloh, 2017). Peformance is a measure that determine whether or not the business is successful in its development in gaining profit (Kusumadewi, 2017). An optimal performance is the hope of every businessman so that the business grows and able to employ more workers. As such, it is necessary to know the factors that affect SMEs performance so that they can be optimized.

A factor that is expected to affect SMEs performance is financial literacy. According to Manurung & Lutfi (2009:24): "Financial literacy is a set of skills and knowledge that enable an individual to make a decision and to be effective with all their financial resources". When a businessman has a good financial skills and knowledge, these will help their decision process and the sustainability of their business. The lack of financial lieracy will cause difficulties and a less optimal financial management. In other words, without a good financial literacy, it will be difficult for an individual to achieve prosperity (Adiandari & Winata, 2017). As part of financial literacy, SMEs owners must have basic financial knowledge about their products, the management and planning of the business and how to steer away from trickery and unhealthy situations in the market (Septiani & Wuryani, 2020). To confirm this, it is important for academics to conduct further observations regarding financial literacy that business owners have and its effect on business performance.

Besides financial literacy, another factor that is expected to affect SMEs performance is entrepreneurship orientation. This is supported by Zarefar et al. (2021) that stated as such. According to Suherman (2011:9): "Entrepreneurship is spirit, attitude, behaviour, and skills of someone in managing business and or activities that aim at efforts in searching, creating, applying ways of working, technology, and new production that increase efficiency to give a better service and or gaining larger profit". An entrepreneur must be able to direct his/her business in development trajectory that increases efficiency and profit according to the era development. When someone does not have a good entrepreneurship orientation, it will affect the business performance because he/she will fail to move with the changing time.

The Cultural Village Tenganan is a village located in Manggis District, Karangasem Regency, Bali Province. The village is 162.2 km^2. In this village, there are a number of SMEs that produce and sell woven fabric Gringsing with its own special motif. The Gringsing woven fabric is well-known and is considered an ancient cultural heritage. The activities of producing and selling the fabric to domestic and international tourists are some of the main sources of income for the villagers. The fabrics are either sold directly to tourists that visit the village or to an art shop that will resell the fabrics.

SMEs performance can be measure with 5 indicators: sales growth, capitals growth, increase of worker yearly, market growth, and profit increase (Minuzu, 2010). The average decreasing amount of sales that is experienced by SME Tenun Gringsing of Tenganan Village Karangasem indicates that the business performance is not yet optimal. As such, this comes to attention and further research is required to discover the cause of the sales decrease. To gain information on the SMEs performance, a preliminary interview was conducted with 5 owners of the SME Tenun Gringsing. All 5 informants indicated that their businesses do not use a full financial record only a simple report. The business owners all agree that the sale of their fabrics tend to decrease. They also expressed that there is no increase of worker nor tools including production tools within the last 3 years.

Performance of a business that does not grow will cause difficulties in the future. This difficulty needs to be anticipated early so that the business owners of SMEs in Tenganan village do not continue to experience decrease in sale that end in bankruptcy. One expected factor contributing to the business decline is financial literacy. During the preliminary interview with 5 owners of woven fabrics in Tenganan Village Karangasem, all owners note that accountancy record that were conducted was very simple only recording sales and cost based on receipt and date of transaction. This type of recording will only provide information on whether the business was earning or losing profit. It does not allow calculation on the percentage of profit based on capital invested. The finding indicates that business ownders in Tenganan Village has not realized the importance of accountancy and financial report to determine a future financial strategy.

Every business owner has to have a good entrepreneurship orientation in order to be able to decide the direction and aim of the business so that activities are conducted efficiently and profit are maximized. It is important to have so that business could survive and develop. The owners of SMEs Tenun in Tenganan Village Karangasem probably have not yet understood a good entrepreneurship orientation as to be able to develop their businesses. During a preliminary interview with Mr. Yudiana, it was mentioned that production and sales are still recorded in a simple and undetailed manner. This indicates there is no innovation with regards to accountancy. Besides, interview with other SMEs owners mentioned that they do not have a clear plan on the direction of the business. Their businesses simply react to demands from tourists and various art shop that normally bought their woven fabrics. Evidently there is lack of entrepreneurship orientation of the business owners of SMEs in Tenganan Village Karangasem that requires further investigation.

Research on the effect of financial literacy and entrepreneurship orientation towards performance of SMEs have been done. Previous research done by Jannah et al. (2019) found that entrepreneurship orientation has a positive and significant effect towards SMEs performance. However, a different result was found by Dewinta et al. (2016) which stated that entrepreneurship orientation has a negative and non-significant effect towards performance. With regards to financial literacy, research by Zarefar et al. (2021) found that it has a positive and significant effect towards performance. Meanwhile, hypothesis testing by Putri et al. (2022) found a positive but non-signficant effect of financial literacy towards SMEs performance. The different results of previous studies indicate that the effects of financial literacy and entrepreneurship orientation on SMEs performance still need further studies.

Theoritical Framework

Entrepreneurship

According to Wijaya (2017:21), entrepreneur is someone who conduct a creative and innovative effort in developing ideas and concocting resources to find opportunities for life's betterment. According to Takdir et al. (2015:20). Entrepreneurship can be defined as a process and a struggle to create an adds-on value to goods and services that are conducted with bravery to face risk with creative and innovative skills (create new and different) that transform into ways, foundations, and resources.

Kasmir (2011:21) expressed that entrepreneurship is a skill in creating business efforts that requires continuous creativity and innovation to discover something different from what previously existed. Based on definitions above, it can be concluded that entrepreneurship is a process where values are applied that creates character or behaviour that grow creativity, innovativeness in solving problems and finding opportunities to push economic activities forward.

Financial Literacy

Literacy can be defined as skills to read and write. According to UNESCO, literacy is skills to identify, understood, interpret, create, communicate, calculate, and utilize written and printed materials related to various contexts. The Indonesian Language Dictionary define literacy as skill to read, write, and individual ability to process information.

According to Manurung (2009:24), financial literacy is a set of skills and knowledge that enable individuals to come to a decision and use effectively all their financial resources, individuals that could intellectually utilize their financial knowledge to take effective decisions for their prosperity. According to Garman & Forgue (2010:4), financial literacy is knowledge about facts, concepts, principals, and

technological tools that enable the smart use of money. Financial literacy concepts include knowledge of financial concepts, skills to understand communication of financial concepts, competence in managing personal/company finances, and ability to take financial decisions in certain situations (Aribawa, 2016:3). Hence, financial literacy is a series of process or activities to increase knowledge, confidence, and skills of consumer and the public so that they could manage their finances better.

Entrepreneurship Orientation

According to Eman Suherman (2011:9), entrepreneurship is spirit, attitude, behaviour, and ability of someone in manage business and or activities that aim on efforts to search, create, applying ways, technology and new production to increase efficiency in order to provide a better service or a larger profit. Porter in Sinarasri (2013) defined entrepreneurship orientation as beneficially strategy of company to compete in a more effective manner in the same market place.

Entrepreneurship orientation according to Reswanda (2011) is a mental attitude, point of view and mindset or habit of someone towards tasks that are his/her responsibility and to always be customer oriented. In essence, entrepreneurship orientation is a personality, characteristic, and mindset of someone that has the will to bring into reality innovative ideas in creative ways. Lastly, according to Kumalaningrum (2012), entrepreneurship orientation is a method, practice, and style of manager that are entrepreneurial oriented which includes process of experimenting with promising new technology, intention to enlarge the market for new products, and predisposition to take on risky opportunities.

SMEs Performance

According to Tambunan (2012:11), Small-Medium Enterprises (SMEs) is a form of productive business that stands individually and then manage by one person or a business entity. SMEs could take the form of one person company, limited company, firm or limited partnership. According to the Law Number 20 Year 2008 on Micro, Small, and Medium sized enterprise, the definition of SMEs is as follow:

1. Micro Business

    Micro business is a productive business owned by individuals and/or individuals' business entity that fulfills the following citeria:
    a. having a maximum net wealth of Rp. 50.000.000 (fifty million rupiah) excluding land and building where the business is located.
    b. having a maximum yearly sale of Rp. 300.000.000 (three hundred million rupiah).

2. Small Business

    Small Business is a productive business that stands independently, that is conducted by individuals or business entity that is not a sub-company or a branch company that is owned, controlled, or is part directly or indirectly of middle or large-sized company that fulfills the criteria of small businesses according to this law. The mentioned criteria are as follow:
    a. having a net wealth between Rp. 50.000.000 (fifty million rupiah) and Rp. 500.000.000 (five hundred million rupiah) excluding land and building where the business is located.
    b. having a yearly sale between Rp. 300.000.000 (three hundred million rupiah) and Rp. 2.500.000.000 (two billion and five hundred million rupiah).

3. Medim Business

    Medium business is a productive business that stands independently, that is conducted by individuals or business entity that is not sub-company or branch company that is owned, controlled, or is part directly or indirectly of small or large business with net wealth or yearly sales according to this law. The criteria for middle-sized company is as follow:
    a. Having net wealth between Rp. 500.000.000 (five hundred million rupiah) and Rp. 10.000.000.000 (ten billion rupiah) excluding land and building where the business is located.
    b. Having yearly sales between Rp. 2.500.000.000 (two billion and five hundred million rupiah) and Rp. 50.000.000.000 (fifty billion rupiah).

The Indonesian national economy is by a large part supported by small-medium enterprises. The Law Number 20 Year 2008 stated that the purpose of SMEs is to develop and grow owned businesses for the purpose of building national economy with the foundation of a fair democratized economy.

SMEs have an important role in developing the national economy by absorbing workers and increasing a more equal distribution of income by giving salaries to worker of SMEs. Performance is the result that has been achieved which describes how far the current state is in comparison to the final target that has been determined before.

According to Ranto (2007:19), performance can be defined as managerial activities that describes the results that has been achieved in completing tasks and responsibilities as a public accountability including its successes and failures. Performance is results of the work that has been achieved by an individual or a group in a company according to the rights and responsibilities of each in an effort to reach organizations' goals legally, without breaking the law and in accordance to moral and ethics (Afandi, 2018:83).

Lastly, performance is a result of achievement that has been reached in an organization in a certain period that is measured based on predetermined targets set by the organization.

Development of Research Hypotheses

The Partial Effect of Financial Literacy on SMEs Performance

Considering the definition of financial literacy mentioned above and research results conducted by Suardana & Musmini (2020) that financial literacy has a positive effect towards SMEs performance, the first hypothesis in this research is:

H_1 : Financial Literacy has a partial positive and significant effect towards SMEs Performance

The Partial Effect of Entrepreneurship Orientation on SMEs Performance

Considering the definition of entrepreneurship orientation mentioned above and research results of Zarefar et al. (2021) that entrepreneurship orientation has a positive effect towards SMEs performance, the second hypothesis in this research is:

H_2: Entrepreneurship Orientation has a partial positive and significant effect towards SMEs Performance

The Simultaneous Effect of Financial Literacy and Entrepreneurship Orientation on SMEs Performance

Individually financial literacy and entrepreneurship orientation is expected to have an effect on SMEs performance. Because both effects are expected to be positive, it is also expected that both simultaneously will have positive and significant effects towards SMEs performance. As such the third hypothesis of this research is:

H_3: Financial Literacy and Entrepreneurship Orientation will simultaneously have positive and significant impacts towards SMEs Performance

2. METHOD

The current research utilizes a quantitative research design whereas the data utilized is in the form of numbers that are based on a Likert-Scale Survey. Location of this study is Tenganan Village, Karangasem Regency. The location was selected because it houses the Small-Medium Enterprises Tenun Gringsing that are experiencing performance problem. The object of the study is SMEs performance, the level of financial literacy and the amount of entrepreneurship orientation of SMEs owners.

The sample of the study is all owners of Tenun Gringsing SMEs in the village numbering to 80 people. Sampling method used is census whereby all SMEs owners in the village are included as survey respondents (saturated sampling method). Survey used is a close survey (no open question) where each item needs to be responded by a 5-points Likert-Scale ranging from "do not agree at all" to "very agree" (Krisyantono, 2014:136). Likert-Scale Survey is normally used to measure respondent's opinion on the surveys' items. The survey was conducted in Indonesian language.

Financial Literacy questionnaire consists of four statements (Ulfatun et al., 2016:4): "In general, I understand the financial aspect of my business", "I always put away money as saving", "I know the basic concept of financial insurance", and "I have knowledge and understanding of investing and its risks". Entrepreneurship Orientation consists of five statements (Lumkin & Dess, 1996 in Cynthia & Tawas,

2014): "I routinely innovate on my products", "I dare to take risk as an anticipation of future products' demands", "I put effort into making sure my business is better than other business of the same type", and "I always take independent decisions for the continuity of my business". SMEs Performance consists of five statements (Minuzu, 2010): "There is an increase in sales year to year", "There is an increase in business capital year to year", "Number of employee in my business grow year to year", "There is development in the target market of my products", and "There is an increase of business profit year to year".

Furthermore, before analyzing data, validity and reliability tests were conducted to examine the validity and reliability of the questionnaire as well as classical regression assumption of normality, multicollinearity, and heteroscedasticity. Data is then analyzed with multiple regressions including t- and F-tests.

3. RESULTS AND DISCUSSIONS

Validity and Reliablity Tests

Validity test is used to evaluate the validity of each item of the questionnaire. This test is used to know the questionnaire accuracy by comparing the r-count and r-table. An indicator in questionnaire is valid when coefficient r-count > r-table (Arikunto, 2014:213).

Determining r-table:
$d(f) = n - 2$

$d(f) = 80 - 2$

$d(f) = 78$

Based on the calculation above, the results from r-table 78 with significancy 0.05 indicate 0.2199, as such:

Table 2 Results of Validity Tests of the Research Instrument

Variable	Item statement	r count	r table	Results
X_1	X_1 01	0, 715	0,2199	Valid
	X_1 02	0, 772	0,2199	Valid
	X_1 03	0, 775	0,2199	Valid
	X_1 04	0, 596	0,2199	Valid
X_2	X_2 01	0, 773	0,2199	Valid
	X_2 02	0, 770	0,2199	Valid
	X_2 03	0, 784	0,2199	Valid
	X_2 04	0, 799	0,2199	Valid
	X_2 05	0, 772	0,2199	Valid
Y	Y 01	0, 742	0,2199	Valid
	Y 02	0, 783	0,2199	Valid
	Y 03	0, 707	0,2199	Valid
	Y 04	0, 758	0,2199	Valid
	Y 04	0, 788	0,2199	Valid

Source: Primary data sources, 2022

Validity test of the questionnaire statements was computed using a computer program where the results show that all items have a larger correlation than 0.2199 which indicate validity of the item statements.

Next, reliability test of research instrument was conducted to test how reliable the questionnaire is. According to Ghozali (2018:45) reliability of an instrument refers to the stability of its variable construct. The results of the reliability test is presented in the following table 3:

Table 3 Results of Reliability Test of the Research Instrument

Variable	Number of Statement	*Cronbach's Alpha*	Result
Financial Literacy (X_1)	4	0,682	Reliable
Entrepreneurship Orientation (X_2)	5	0,833	Reliable
SMEs Performance (Y)	5	0,811	Reliable

Source: Primary data sources, 2022

Results of reliability test based on SPSS output show that all three variables have a high reliability above the cut-off point of 0.60.

Test of Classical Assumptions

1. *Test of Normality*
   Normality test used is the Kolmogorov-Smirnov test. Results are as indicated in Table 4:

Table 4. Normality Test: *One-sample Kolmogorov-Smirnov Test*

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		80
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.31386507
Most Extreme Differences	Absolute	.079
	Positive	.079
	Negative	-.074
Test Statistic		.079
Asymp . Sig. (2-tailed)		**.200[c,d]**

Source: Primary data sources, 2022

The significance result of 0,200 indicates that the data is normally distributed.

2. *Test of Multicollinearity*
   In order to have a valid regression model, the independent variables in the model should not be highly correlated. The maximum tolerance cut-off level of 0.10 and VIF number smaller than 10 are used to indicate non-multicollinearity.

Table 5 Results of Multicollinearity Test

	Coefficients [a]		
		Collinearity Statistics	
Model		*Tolerance*	VIF
1 (Constant)			
	Literasi Keuangan	.819	1.221
	Orientasi Kewirausahaan	.819	1.221

Source: Primary data sources, 2022

Data gives no indication of multicollinearity between the independent variables.

3. Test of Heteroscedasicity

Test of Heteroscedasticity in a linear regression model is used to evaluate whether the variance of the errors from a regression is dependent on the values of the independent variables. In other words, whether the assumption that the error terms are normally distributed are violated. The test used is the Glejser test. If the probability score between the independent variable and its absolute residuals > 0.05 then there is no problem of heteroscedasticity.

Table 6 Results of Test of Heteroscedasticity

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.140	.177		.793	.430
	Literasi Keuangan	.053	.047	.141	1.125	**.264**
	Orientasi Kewirausahaan	-.025	.044	-.070	-.558	**.579**

a. Dependent Variable : ABS_RES

The probability number of the independent variables in the study are 0.264 and 0.579. These indicates there is no violation of the heteroscedasticity assumption.

Data Analyses

1. Multiple Regression Analyses

In order to test whether or not there is an effect between independent and dependent variables and to which direction the effect is, a multiple regression analysis was used. The results from statistic program SPPS is described below:

Table 7 Multiple Regression Results

Coefficients ^a

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	**.339**	.290
	Literasi Keuangan	**.262**	.077
	Orientasi Kewirausahaan	**.594**	.072

Model: $Y = 0{,}339 + 0{,}262X_1 + 0{,}594X_2$

The regression model indicates that:

a. $\alpha = 0{,}339$ indicates that without financial literacy and without entrepreneurship orientation, the performance of SMEs is at 0.339 units.

b. $\beta_1 = 0{,}262$ indicates that if SMEs owners do not have entrepreneurship orientation (X_2), for every unit increase in financial literacy score (X_1), SMEs performance (Y) will increase by 0.262 unit.

c. $\beta_2 = 0{,}594$ indicates that if SMEs owners do not have financial literacy (X_1),for every unit increase in entrepreneurship orientation (X_2), SMEs performance (Y) will increase by 0.594.

2. Determinant Analysis

The analysis is conducted to provide information on the percentage of contribution of financial literacy and entrepreneurship orientation simultaneously to SMEs performance.

Table 8 Determinant Analysis

		Model Summary		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.787[a]	.619	.609	.31792

The results indicate that R *Square* (R^2) is 0,619, which means that the model explained 61.9% of the variance of SMEs performance in the data. It also means that the contribution of both independent variables, financial literacy and entrepreneurship orientation towards SMEs performance is 61.9% while 38.1% is contributed by other variables that are not measured in this study. The effects of both variables are in the moderate category.

T-test

T-test is used to test whether partially each of the independent variable has a significant contribution to the dependent variable. The result is presented in table 9.

Table 9 T-Test

		t	Sig .
	Coefficients[a]		
Model			
1	(Constant)	1.169	.246
	Literasi Keuangan	3.404	.001
	Orientasi Kewirausahaan	8.187	.000

T-table is determined based on the number of respondents and t-count is determined by coefficient calculation as shown on table 9 above. Picture 1 illustrate the area where H_0 is accepted or rejected with t-table and t-count indicated.
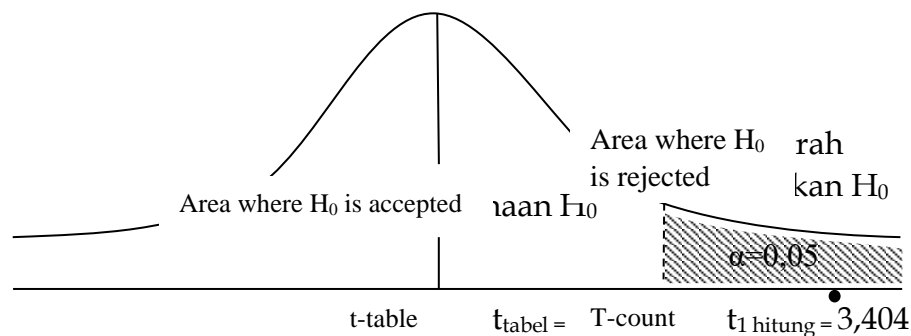

Figure 1 Illustration of area where H_0 is accepted or rejected (Test of t_{h1})

As shown in the Figure 1 above, t-count = 3,404 is larger than t-table = 1,66488 in which case t-count falls on the area where H_0 should be rejected. The positive value (right-side of the curve) and the large number of t-count indicated that partially, the independent variable financial literacy has a positive and significant effect towards performance of SMEs Tenun Gringsing in Tenganan Village Karangasem.
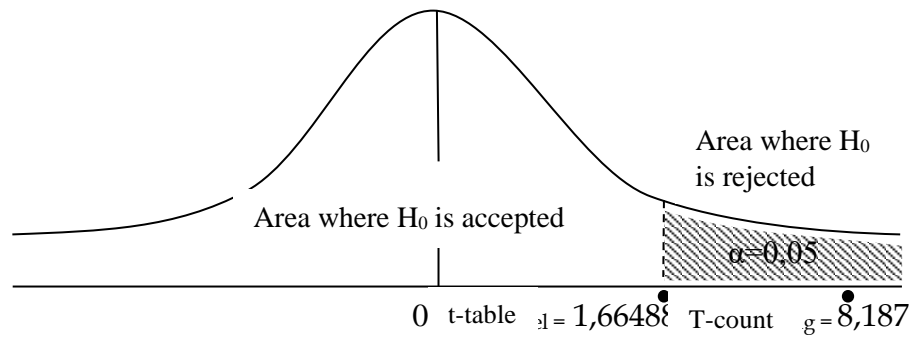
Figure 2 Illustration of area where H_0 is accepted or rejected (Test of t_{h2})

Similarly, t-count = 8,187 > from t-table = 1,66488. Hence t-count lies in the area where H_0 should be rejected. The positive value and the large t-count indicated that partially, entrepreneurship orientation has a positive and significant effect on performance of SMEs Tenun Gringsing in Tenganan Village Karangasem.

F-Test

F-test is used to test whether simultaneously the independent variable has an effect on the dependent variable. The results are presented below:

Table 10 F-test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.633	2	6.317	**62.497**	.000[b]
	Residual	7.782	77	.101		
	Total	20.415	79			

a. Dependent Variable: SMEs Performance

b. Predictors : (Constant), Entrepreneurship Orientation, Financial Literacy

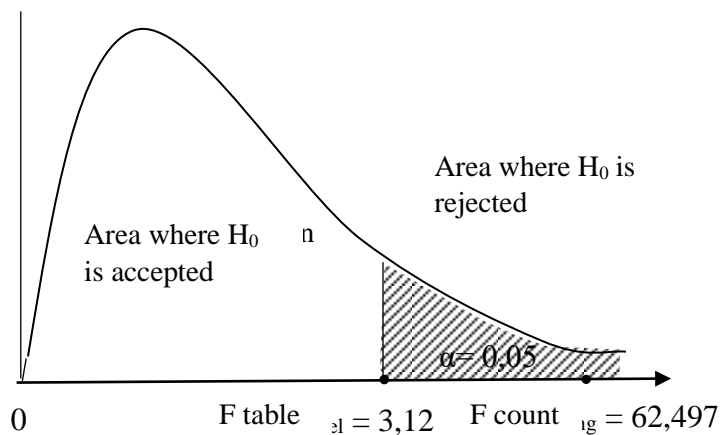**Figure 3** Illustration of area where H_0 is accepted or rejected (F-test)

As illustrated in Figure 3, F-count = 62,497 > F-table = 3,12. Thus, F-count lies in the area where H_0 should be rejected. This means that financial literacy and entrepreneurship orientation simultaneously have a positive and significant effect towards performance of SMEs Tenun Gringsing in Tenganan Village Karangasem.

Interpretation of Findings and Implications

1. The Partial Effect of Financial Literacy towards SMEs Performance

Manurung & Lutfi (2009:24) stated that financial literacy means skills of someone that are competent and knowledgeable on financial matter and able to make the right and efficient decision on finances and the use of resources; someone that is smartly able to determine and decide on their finances so that he/she is able to be prosperous. Garman & Forgue (2010: 4) stated that financial literacy means knowing the facts, concepts, principles, and tools in technology to be utilized smartly in managing finances. The success of a business is very much affected by the basic competency that is owned by the business owner(s) themselves. One of these basic competencies is the knowledge of business owners in managing finances which is financial literacy. Business owners with good financial literacy will be able to optimize decisions related to finances by using various considerations based on their finances' knowledge and skills. SMEs owners with good financial literacy are also able to aptly and correctly respond to certain finances conditions, the changing of business environments, issues relating to sustainability and continuity of business that will influence the performance of the business itself.

Based on the findings as described in this article, financial literacy t-count of t-test is larger than the respective t-table cut-off value which indicates that financial literacy indeed has a positive and significant effect on the performance of SMEs Tenun Gringsing in Tenganan Village Karangasem. This means that the higher the amount of financial literacy of the business owners, the higher the performance of SMEs. When owner has basic finance skills, owners are able to more orderly manage their business finances, are able to manage their finances in more details, and thus are able to make good decisions for the development of the business. This finding is supported by research results of Suardana & Musmini (2020) that found that financial literacy plays a concrete and directive role in increasing performance of SMEs.

2. The Partial Effect of Entrepreneurship Orientation towards SMEs Performance

Suherman, (2011:9) stated that Entrepreneurship Orientation means spirit, behaviour, and ability of someone to manage a business or activities with the purpose of searching, finding, and applying technology or new production methods to increase efficiency and profit. To increase efficiency in the operational or marketing aspects of business, a business owner needs to have a good entrepreneurship orientation. It is important for business owner to innovate, active and brave in taking risk that forces the owner to learn and develop. Increasing efficiency and being adaptive to the changing of time surely affect the performance of the business itself.

Based on the findings as described in this article, entrepreneurship orientation t-count of t-test is larger than the respective t-table cut-off value which indicates that entrepreneurship orientation indeed has a positive and significant effect on the performance of SMEs Tenun Gringsing in Tenganan Village Karangasem. This means that the higher the amount of entrepreneurship orientation of the business owners, the higher the performance of SMEs. When the ability of owner increases in managing business from an entrepreneur stand-point of innovation, drive, willingness to take risks, competitiveness, and independence, then the performances of the SMEs are also better and developing. This finding is supported by research results of Zarefar et al. (2021) that found that entrepreneurship orientation plays a concrete and directive role in increasing performance of SMEs.

3. The Simultaneous Effect of Financial Literacy and Entrepreneurship Orientation toward SMEs Performance

Performance is defined as achievement by someone or an organization according to their responsibility in realizing the vision of organization legally and not against the law and according to norm and ethics (Afandi, 2018:83). Optimal performance of SMEs could not be achieved without a good financial literacy and a good entrepreneurship orientation. When the owners' skills and knowledge of finances are bad, these will result in finances decisions that are ineffective and inefficient. Similarly,

when the owners are not entrepreneurship oriented by being uncreative, non-innovative, and without the courage to take risks, surely business will have difficulty developing and performance are less optimal.

Based on the findings as described in this article, F-count of both variables simultaneously is larger than the respective F-table cut-off value which indicates that simultaneously financial literacy and entrepreneurship orientation indeed have positive and significant effects on the performance of SMEs Tenun Gringsing in Tenganan Village Karangasem. This means that the better the financial literacy and the higher the amount of entrepreneurship orientation of the business owners, the higher the performance of SMEs. Owners that have good financial literacy and exhibit behaviors that are innovative, aggressive, and courageous in taking risks will be able to increase the performance of their SMEs. This finding is supported by research results of Zarefar et al. (2021) that found that financial literacy and entrepreneurship orientation play concrete and directive roles in increasing performance of SMEs.

4. CONCLUSIONS

Based on the results and discussions above, it can be concluded that:

a. Financial Literacy has a positive and significant effect on the performance of SME Tenun Gringsing in Tenganan Village Karangasem.

b. Entrepreneurship Orientation has a positive and significant effect on the performance of SME Tenun Gringsing in Tenganan Village Karangasem.

c. Financial Literacy and Entrepreneurship Orientation simultaneously have a positive and significant effect on the performance of SME Tenun Gringsing in Tenganan Village Karangasem.

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