

## The Trigger of SMEs Performance: Considering Islamic Financial Literacy, Financial Access, and Technical Support

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### Abstract

**Introduction to The Problem:** MSMEs are crucial for economic growth and job creation, but they face challenges like limited financial literacy, access to capital, and inadequate management systems. Despite resilience during crises, many struggle with financial management and growth. A multifaceted approach involving financial education, access to finance, and infrastructure is essential to fully harness their potential.

**Purpose/Objective Study:** This research aims to analyze the influence of Islamic financial literacy, access to Islamic financial institutions, management control systems, and technical support on the performance of MSMEs

**Design/Methodology/Approach:** The sample selection for this research uses purposive sampling which resulted in a sample of 115 respondents domiciled in the Pangkah District, Tegal Regency. This research is a quantitative study. Primary data were obtained through questionnaires, and the analysis method used was multiple linear regression. Panel data tested using SPSS.

**Findings:** The results show that Islamic financial literacy, management control systems, and technical support have a positive and significant effect on MSMEs' performance, while access to Islamic financial institutions does not affect MSMEs' performance.

**Paper Type:** Research Article

**Keywords:** Islamic financial literacy, access to Islamic financial institutions, management control systems, technical support, micro and small enterprises (MSMEs) performance.

### Introduction

The importance of micro, small, and medium enterprises (MSMEs) for the economy of a country should not be underestimated. Enhancing the growth of the MSME sector requires a stable and high-quality economic environment, support from a supportive social environment, and policies and assistance from the government (Khoirunnisa et al., 2023; Yusfiarto, 2023). MSMEs play a vital role in addressing poverty issues, especially in developing countries, as they create jobs and empower communities (Sumarwati, 2019). MSMEs in Indonesia receive significant attention due to their contribution to economic stability (Utama et al., 2024). Tegal Regency also possesses various potentials to enhance local economic activities, making strategic support for Micro, Small, and Medium Enterprises (MSMEs) crucial. MSMEs in Tegal Regency are the backbone of the economy, significantly contributing to job creation and supporting various economic sectors. By promoting and supporting the development

of MSMEs, Tegal Regency can enhance the welfare of its people, reduce unemployment rates, and improve income access for various segments of society (Amalia, 2018).

Micro and Small Enterprises (UMK) can accelerate regional development, as demonstrated during the economic crisis in Indonesia in 1997-1998. This condition shows that UMK are more resilient to crises because the organizational structure and workforce of UMK are more flexible in adapting to market changes (Idawati & Pratama, 2020). Tegal Regency has experienced rapid development in the Micro and Small Enterprises (SME) sector, spread across its 18 districts. This growth is evident with nearly all UMK operating under the supervision of the Trade, Cooperative, and Small Medium Enterprises (SME) Office of the Tegal Regency Government. Here are the data on the number of MSMEs in Tegal Regency according to the Supervised Data of the Trade, Cooperative, and SME Office in Tegal Regency.

**Table 1.** Micro and Small Enterprises (SME) Data in Tegal Regency

District	Business Criteria		Total
	Micro	Small	
Margasari	10.285	665	10.950
Bumijawa	7.613	458	8.071
Bojong	7.052	388	7.440
Balapulang	7.936	450	8.386
Pagerbarang	4.549	221	4.770
Lebaksiu	8.626	413	9.039
Jatinegara	4.459	202	4.661
Kedung banteng	3.731	221	3.952
Pangkah	13.559	839	14.398
Slawi	9.853	908	10.761
Dukuhwaru	6.395	295	6.690
Adiwerna	19.362	2.376	21.738
Dukuhturi	10.855	757	11.612
Talang	12.766	926	13.692
Tarub	9.495	557	10.052
Kramat	11.576	783	12.359
Suradadi	6.954	542	7.496
Warureja	5.462	411	5.873
<b>Total</b>	<b>160.528</b>	<b>11.412</b>	<b>171.940</b>

Table 1 shows that the total number of Micro and Small Enterprises (MSEs) in Tegal Regency reaches 171,940 units, spread across 18 districts. Of this total, micro enterprises dominate with 160,528 business units, while small enterprises amount to 11,412 business units. This data indicates that micro enterprises are still the most prevalent type of business in Tegal Regency, illustrating the dominance and importance of small enterprises in the local economy. This suggests that there is still significant potential for developing a micro-enterprise-based economy in this region.

Tegal Regency has become one of the rapidly growing centers for MSEs (Micro and Small Enterprises) development, even managing to survive the challenges of the pandemic despite a decline in revenue. Unfortunately, despite the rapid growth of MSEs in this region, the financial literacy level of business owners remains low. Many of them still manage their businesses without adequate financial record-keeping, making it difficult for them to accurately determine the profits they earn (Amaliyah & Hetika, 2023). Therefore, financial literacy becomes very important to improve their performance, develop good financial management skills, and ultimately achieve optimal results (Ningrum, 2021; Yusfiarto et al., 2023). Financial literacy in Indonesia continues to increase every year, but the financial literacy rate of the Indonesian population still lags far behind neighboring countries such as Singapore, Malaysia, and Thailand. While Malaysia and Thailand have reached financial literacy rates of around 66% and 73%, respectively, Singapore has achieved a very high rate of 98%. Indonesia is still struggling with a low financial literacy rate, only reaching 28%. This disparity reflects the serious challenges faced by Indonesia in efforts to improve the population's financial understanding and management, and indicates the need for more educational and financial empowerment efforts at the national level to help achieve better financial literacy rates in the future (Setiawan, 2015).

The development of Micro and Small Enterprises (MSEs) in Tegal Regency has a positive impact on the local community's economic growth rate. However, UMK entrepreneurs in Tegal Regency still face serious challenges, especially regarding capital issues. Limited access to financial resources and limited business capital make it difficult for them to develop their businesses (Fajri et al., 2021). As a result, the economy in every community, whether large or small, heavily depends on their ability to access financial institutions, such as banks and non-bank institutions, to support their businesses (Hamdani et al., 2024; Yanti, 2019). Financial institutions play a role as intermediaries in the flow of funds and provide various financial services such as deposit-taking, credit, investments, and risk management. Financial institutions may include commercial banks, non-bank financial institutions, insurance companies, securities firms, pension funds, as well as various other institutions operating in the financial sector (Nurzianti, 2021; Yusfiarto, Pambekti, et al., 2022).

Although Indonesia has great economic potential, access to financial institutions remains a serious issue for the population. Microfinance institutions have not fully become the perceived solution for UMK actors. There are still deficiencies in the services provided by these institutions, and many UMK actors lack understanding of the crucial role of microfinance institutions in mobilizing and redistributing funds to the community (Megawati, 2022; Pambekti et al., 2022; Zahra, 2005). Therefore, MSEs actors need to enhance their management control systems to oversee their operational activities. To tackle challenges in a competitive business environment, especially for Micro, Small, and Medium Enterprises (MSMEs), efficient and effective systems are crucial (Tjokro & Sandanafu, 2017; Yusfiarto & Pambekti, 2019; Zahra et al., 2006). In the business world, whether on a small or large scale, the implementation of management control systems is a necessity. A management control system is a critical tool in ensuring the efficiency and effectiveness of a company's operations. By implementing this system, it can aid in making more informed decisions, monitoring progress, and adjusting strategies according to the evolving business environment (Anasril, 2022; Duréndez et al., 2023).

The rapid development of the Islamic finance sector, with various financial institutions adhering to Islamic principles, has become a significant focus in efforts to address financial practices that do not align with Islamic values. Therefore, it is important for business actors, including Micro, Small, and Medium Enterprises (MSMEs), to recognize the added value that Islamic finance can provide (Abdullah et al., 2015). Islamic financial literacy is the ability of individuals to understand, manage, and optimize

their financial resources according to Islamic principles (Yusfiarto et al., 2023). This includes a deep understanding of aspects of religiosity, such as the prohibition of *riba* (interest), *maysir* (gambling), and *gharar* (uncertainty), as well as knowledge of how to conduct financial transactions in accordance with Islamic teachings (Arifin & Mukhlis, 2022; Yusfiarto, Nugraha, et al., 2022).

Previous research conducted by Putri (2022) on the impact of Islamic financial literacy has shown a positive and significant influence on the performance of MSMEs. The study indicates that high financial literacy leads to prudent performance and effective management of MSMEs. Conversely, research Nur'aeni & Widyasari (2022) found that Islamic financial literacy does not have a significant positive impact on the performance of UMK. This is due to the lack of socialization and education regarding Islamic financial literacy among UMK business actors. Similarly to financial literacy and access to financial institutions, technical support also needs to be enhanced to strengthen the competencies possessed (Mutmainna et al., 2023). This technical support can include several aspects, such as training in business management, marketing, production, financial management, and information technology (Kurniawan, 2020; Utama et al., 2024). With technical support, UMK can improve the quality of products and services, optimize business operations, enhance accounting systems, and increase financial management efficiency (Septiani & Wuryani, 2020).

Research by Sumarwati (2019) which states that government support in the form of infrastructure has a positive and significant impact on the performance of MSMEs. This research emphasizes that good infrastructure, such as roads, electricity, and smooth access to transportation and communication, can provide benefits to improve their operational efficiency. However, Br Tarigan et al. (2022) concluded that government support does not have a significant impact on the performance of MSMEs. This study indicates that policy support alone is not sufficient for MSMEs to operate their businesses successfully, and there are other factors that hinder the sustainability of MSMEs.

## **Methodology**

### ***Measurement and Sampling***

This research uses a quantitative method, typically conducted on a representative sample from the population. The findings of this study can be generalized to the population represented by the sample (Margaretta Panjaitan, 2023). The quantitative approach in research is known for its use of deductive-inductive methods. This method begins with a theoretical framework, expert views, and insights based on research experience, which then develop into problems and solutions considered valid (authoritative) when supported by real facts in the report (Hardani et al., 2020). Meanwhile, this research emphasizes the use of a predetermined population and sample by the researcher.

Research population is a concept referring to the general collection that includes subjects and objects with specific characteristics that the researcher decides to study and make decisions on (Casteel & Bridier, 2021). A sample is a small part of the total population or a specific portion of the population selected according to certain guidelines or rules to reflect the characteristics of that population (Qoyum et al., 2021). The population used in this study is Micro, Small Enterprises (MSEs) in the Pangkah District, Tegal Regency, totaling 14,398 MSEs registered with the Department of Trade and SMEs of Tegal Regency. The sampling method applied in this research is purposive sampling, where the selected sample must meet specific criteria (Siskawati & Ningtyas, 2022). This research determines the sample size studied referring to views Hair et al. (2009) this approach becomes very sensitive when using a large sample size like 14,398, which can make it difficult to obtain reliable measurements. It is recommended that the minimum sample size for each parameter estimation is between 5 to 10 observations.

From this calculation, the number of data examined is a minimum of 115 respondents who are owners of UMK in Pangkah District, Tegal Regency as part of this study. The main source of data used in this research is primary data, which is defined as data collected directly (Narimawati, 2008). The primary data used in this study was collected directly by the researcher through interviews and distribution of questionnaires to several Micro, Small Enterprises (MSE) in Pangkah District, Tegal Regency. Interviews involve direct communication between the researcher and informants, where questions are asked and answered face-to-face (Ramdhan, 2021). Respondents in this study consist of MSE operators in Pangkah District, Tegal Regency. Questionnaire distribution is the process of providing a series of structured questions designed by the researcher, and then distributing them online or offline to respondents with the aim of collecting data from individuals. The data collection scale in this study uses a Likert scale, which indicates respondent response sizes with 5 rating categories (Qoyum et al., 2021): Very agree (5), agree (4), neutral (3), disagree (2), and strongly disagree (1).

### ***Data Analysis***

This research uses SPSS version 25 to analyze data using multiple linear regression analysis. The analysis process begins with testing the data instruments, including validity and reliability tests. Classical assumptions include tests for normality, multicollinearity, and heteroscedasticity. Hypothesis testing involves multiple linear regression analysis, t-test, F-test, and coefficient of determination test. Furthermore, descriptive statistical analysis is conducted to describe the characteristics of the sample used in the study.

### ***Hypothesis Development***

#### ***Islamic Financial Literacy***

MSE actors with higher levels of financial literacy tend to have a better understanding of financial management, budgeting, and managing financial risks (Yanti, 2019). In principle, the level of financial literacy can be measured through the dimensions of attitude, behavior, knowledge, and awareness (Yusfiarto et al., 2023). In this way, MSMEs will be able to manage their finances more effectively, resulting in better profits and improved overall performance. This is consistent with previous research, which found that financial literacy has a positive impact on the performance of business entities, specifically in the case of MSMEs (Duréndez et al., 2023; Kulathunga et al., 2020; Putri, 2022; Ye & Kulathunga, 2019). Based on the statements, theoretical studies, and previous research, the hypothesis for this study is as follows:

H1 : Islamic financial literacy has a significantly positive impact on the performance of MSEs.

#### ***Access to Islamic Financial Institutions***

Policies and efforts that support MSEs' access to financial institutions and appropriate funding can be considered key factors in promoting the growth and sustainability of the MSME sector in the economy (Anggraeni et al., 2013; Utama et al., 2024; Yusfiarto, 2023). There is a significantly positive influence between access to financial institutions and the performance of MSMEs through funding at MSMEs partnering with financial institutions (Amadasun & Mutezo, 2022; Beck & Demirguc-Kunt, 2006; Sulistiogo, 2019). This finding confirms that when MSMEs can access additional financial resources through adequate funding, they tend to experience a significant improvement in their business

performance . Based on the statement descriptions, theoretical studies, and previous research, the hypothesis of the study is:

H2 : Access to Islamic financial institutions has a significantly positive impact on the performance of MSEs.

### ***Management Control System***

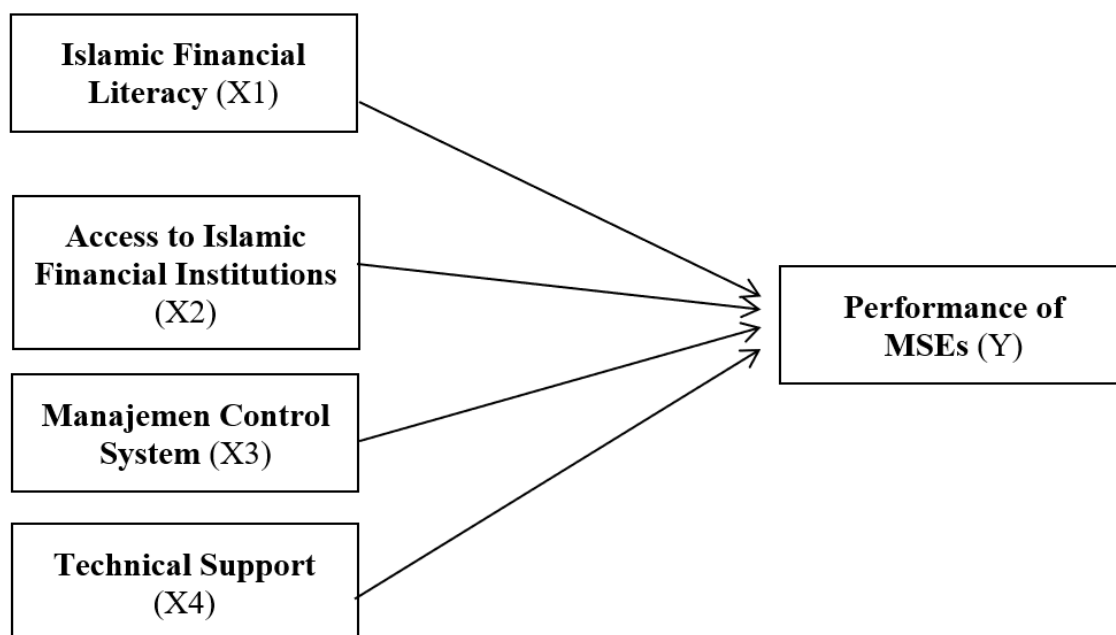
A good management control system can help MSEs in overseeing operational activities, making informed decisions, efficiently allocating resources, and planning effective strategies (Suprobo, 2014). This is consistent with previous research findings stating that management control systems have a significantly positive impact on the performance of MSMEs. These findings indicate that implementing effective control systems can indeed provide a significant positive impact on the business performance of MSMEs (Duréndez et al., 2016, 2023; Ruiz-Palomo et al., 2019; Tjokro & Sandanafu, 2017). Based on the statements, theoretical studies, and previous research, the hypothesis for the study is:

H3 : Management Control Systems have a significantly positive impact on the performance of MSEs.

### ***Technical Support***

The importance of government investment in adequate infrastructure as a key factor in supporting the development and sustainability of MSEs in this country (Hamdani et al., 2024; Utama et al., 2024). In addition, this positive effect can influence several financial variables of MSEs, including income growth, profitability, and overall business growth (Perdana et al., 2023). Research results showing that government support in the form of infrastructure has a significantly positive impact on the financial performance of MSMEs. Smooth transportation and communication access provide direct benefits to MSMEs actors, enhancing their operational efficiency (Jayeola et al., 2022; Prasannath et al., 2024; Sumarwati, 2019; Utama et al., 2024). Based on these statements, theoretical perspectives, and previous research, the hypothesis for the study is as follows:

H4 : Technical support has a significantly positive impact on the performance of MSEs.



**Figure 1.** Research Framework

## Results and Discussion

### Results

#### Descriptive Analysis

This research utilizes data collected through interviews and questionnaires distributed to 115 respondents both online and offline, with various characteristics such as gender, length of business, type of business, size of business, and ownership of halal certification. By including variations in respondent characteristics, research aims to provide more comprehensive insight into the phenomenon or topic under study. The collected data is presented in the following Table 2.

**Table 2.** Characteristics of Respondents

Spectrum		Count.	%
Gender	Male	55	48%
	Female	60	52%
Length of business	>5 years old	56	49%
	4 - 5 years old	11	10%
	1 - 3 years old	29	25%
	> 1 years old	19	17%
Type of business	Buy and sell	87	76%
	Agriculture	3	3%
	Serve	19	17%
	Manufacturing industry	4	4%
	Etc	2	2%
Business size	Micro (<10 Employee)	111	97%

	Small (10-20 Employee)	3	3%
<b>Possession of halal certification</b>	Have halal certification	42	37%
	Don't have halal certification	73	63%

Sources: Data Process (2024)

**Data instrument test**

**Validity test**

The validation test is conducted using Pearson Correlation, where if the calculated coefficient  $r >$  the tabular  $r$  value, the questions asked can be considered valid. Conversely, if the calculated  $r$  value is less than the tabular  $r$  value, the questions are considered invalid, with the condition that the degrees of freedom ( $df = n-2$ ) with a significance of 5%. Table 3. presented shows that each type of question in the questionnaire has passed the validity test and is deemed valid.

**Table 3.** Validity test

Indicator	r-count	r-table	Conclusion
<b>Sharia Financial Literacy (X1)</b>			
X1.1	0,692	0,183	Valid
X1.2	0,696	0,183	Valid
X1.3	0,661	0,183	Valid
X1.4	0,814	0,183	Valid
X1.5	0,827	0,183	Valid
X1.6	0,853	0,183	Valid
X1.7	0,832	0,183	Valid
<b>Access to Sharia Financial Institutions (X2)</b>			
X2.1	0,674	0,183	Valid
X2.2	0,808	0,183	Valid
X2.3	0,632	0,183	Valid
X2.4	0,678	0,183	Valid
X2.5	0,781	0,183	Valid
<b>Management Control System (X3)</b>			
X3.1	0,909	0,183	Valid
X3.2	0,844	0,183	Valid
X3.3	0,910	0,183	Valid
X3.4	0,893	0,183	Valid
X3.5	0,907	0,183	Valid
<b>Technical Support (X4)</b>			
X4.1	0,829	0,183	Valid
X4.2	0,885	0,183	Valid
X4.3	0,798	0,183	Valid
X4.4	0,476	0,183	Valid
<b>MSE Performance (Y)</b>			
Y.1	0,773	0,183	Valid



Y.2	0,597	0,183	Valid
Y.3	0,632	0,183	Valid
Y.4	0,645	0,183	Valid
Y.5	0,811	0,183	Valid
Y.6	0,859	0,183	Valid

Source: Data Process (2024)

**Reliability Test**

Based on the Table 4, the results of the reliability test show that all variables have Cronbach's Alpha values > 0.60. Therefore, it can be said that all scales in the questionnaire are reliable and can be used as measurement scales.

**Table 4. Reliability Test**

Variable	Item	Cronbach's Alpha	Criteria	Information
Islamic Financial Literacy	7	0,885	>0,60	Reliable
Access to Sharia Financial Institutions	5	0,758	>0,60	Reliable
Management Control System	5	0,936	>0,60	Reliable
Technical Support	4	0,756	>0,60	Reliable
MSE Performance	6	0,812	>0,60	Reliable

Source: Data Process (2024)

**Classic assumption test**

Classical assumption testing is carried out by applying normality testing, multicollinearity testing, and heterokedastistias testing. The normality test results in table 5 show that the statistical values of skewness and kurtosis are between -2 and +2. Therefore, it can be concluded that the residuals obtained from the regression are normally distributed. Furthermore, multicollinearity testing is done by looking at the tolerance value and Variance Inflation Factor (VIF). Overall table 6 shows the results of multicollinearity testing which obtained the results that all tolerance values on each variable are below 0.10 and the VIF value is below 10. This indicates that there are no multicollinearity symptoms. The last classic assumption test is heteroscedasticity. The test results in Figure 1. shows that the points are distributed randomly. The data points are also not collected only at the top and bottom, so it can be concluded that heteroscedasticity does not occur.

**Table 5. Normality Test**

Variable	N	Std.	Skewness	Kurtosis
		Deviation		
		n		
	Statistic	Statistic	Statistic	Statistic
			Std. Error	Std. Error

<b>Islamic Financial Literacy</b>	115	2.715	.135	.226	-1.459	.447
<b>Access to Sharia Financial Institutions</b>	115	1.877	.005	.226	-.651	.447
<b>Management Control System</b>	115	2.243	.297	.226	-1.701	.447
<b>Technical Support</b>	115	3.205	-.507	.226	-.294	.447
<b>MSE Performance</b>	115	3.437	-.426	.226	-.480	.447
<b>Valid N (listwise)</b>	115					

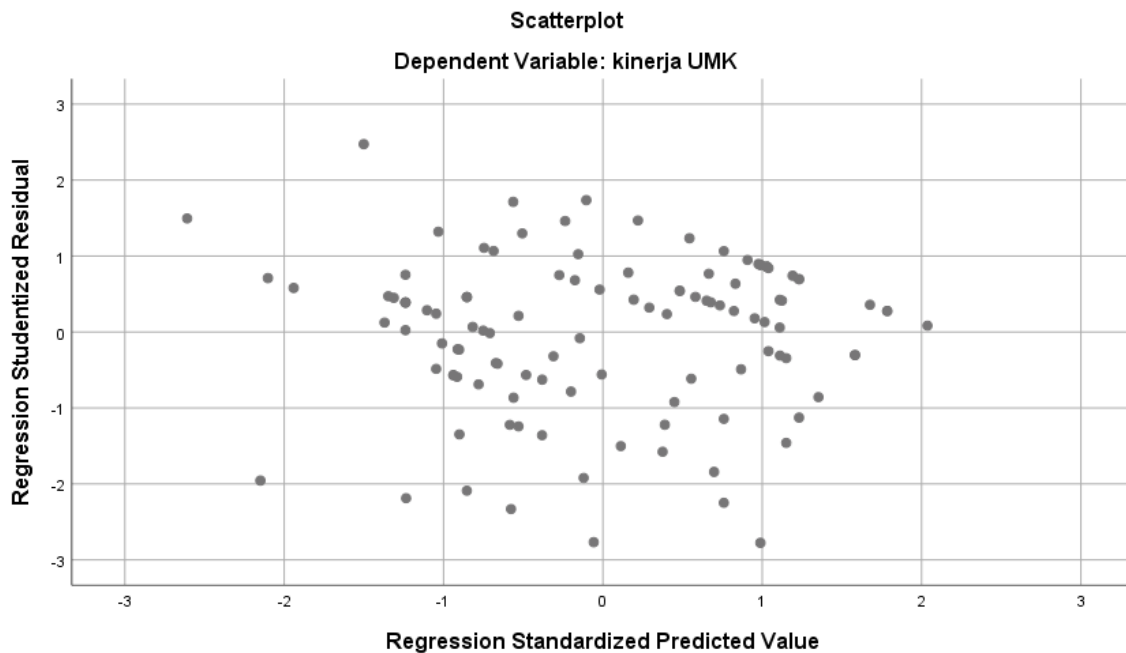
Source: Data Process (2024).

**Table 6.** Multicollinearity Test  
**Collinearity Statistic**

Variable	Collinearity Statistic		Conclusion
	Tolerance	VIF	
<b>Islamic Financial Literacy</b>	0,301	3,327	Multicollinearity does not occur
<b>Access to Sharia Financial Institutions</b>	0,783	1,278	Multicollinearity does not occur
<b>Management Control System</b>	0,306	3,268	Multicollinearity does not occur
<b>Technical Support</b>	0,739	1,353	Multicollinearity does not occur

Source: Data Process (2024).

**Figure 1. Heteroscedasticity Test**



Source: Data Process (2024)

**Hypothesis test**

**Multiple Regression Analysis**

The table 6 is the results obtained which are then entered into the multiple linear regression equation as follows:

$$Y = (-6,044) + 0,402 X_1 + 0,254 X_2 + 0,452 X_3 + 0,225 X_4$$

Based on the results of the equation above, it can be described as follows:

- a) This constant value shows the MSE performance value (Y). These four variables are described as constant with a MSE performance value of -6.044.
- b) The regression coefficient for the Sharia financial literacy variable is 0.402. This indicates that if all other variables remain constant, a 1% increase in this variable would lead to a 0.402% increase in the performance of SMEs in the Pangkah District, Tegal Regency.
- c) The regression coefficient for the variable Sharia financial institution access is 0.254. This indicates that if all other variables remain constant, a 1% increase in this variable would lead to a 0.254% increase in the performance of SMEs in Pangkah District, Tegal Regency.
- d) The regression coefficient for the management control system variable is 0.452. This indicates that if all other variables remain constant, a 1% increase in this variable would lead to a 0.452% increase in the performance of SMEs in Pangkah District, Tegal Regency.

The regression coefficient for the technical support variable is 0.225. This indicates that if all other variables remain constant, a 1% increase in this variable would lead to a 0.225% increase in the performance of SMEs in Pangkah District, Tegal Regency.

**Table 6**  
**Multiple Regression Analysis**

Variable	Unstandardized	Standardized
	Coefficients	Coefficient
	B	Beta
(Constant)	-6,044	
Islamic Financial Literacy	0,402	0,318
Access to Sharia Financial Institutions	0,254	0,138
Management Control System	0,452	0,295
Technical Support	0,225	0,210

a. Dependent Variable: MSE Performance

Source: Data Process (2024)

### ***Partial Correlation Test***

Tabel 7 indicates that if the calculated t-value (t-test) is greater than the tabulated t-value (t-table), then the hypothesis stating that the independent variables individually influence the dependent variable can be accepted. Here are the details for each variable: Perceptions of Sharia Financial Literacy (X1): t-value = 2.301, significance level = 0.023, Access to Sharia Financial Institutions (X2): t-value = 1.618, significance level = 0.109, Management Control System (X3): t-value = 2.154, significance level = 0.033, Technical Support (X4): t-value = 2.386, significance level = 0.019

a) First Hypothesis Testing (Sharia Financial Literacy)

The regression analysis shows that the calculated t-value for this variable is 2.301, which is greater than the tabulated t-value of 1.981, with a significance level of 0.023, less than 0.05. Therefore, it can be concluded that the performance of UMK is positively and significantly influenced by Sharia financial literacy.

b) Second Hypothesis Testing (Access to Sharia Financial Institutions)

The regression analysis shows that the calculated t-value for this variable is 1.681, which is less than the tabulated t-value of 1.981, with a significance level of 0.109, greater than 0.05. Therefore, it can be concluded that the performance of UMK is not positively and significantly influenced by Sharia financial institution access.

c) Third Hypothesis Testing (Management Control System)

The regression analysis shows that the calculated t-value for this variable is 2.154, which is greater than the tabulated t-value of 1.981, with a significance level of 0.033, less than 0.05. Therefore, it can be concluded that the performance of UMK is positively and significantly influenced by the management control system variable.

d) Fourth Hypothesis Testing (Technical Support)

The regression analysis shows that the calculated t-value for this variable is 2.386, which is greater than the tabulated t-value of 1.981, with a significance level of 0.019, less than 0.05. Therefore, it can be concluded that the performance of UMK is positively and significantly influenced by the technical support variable.

**Table 7. T Test**

<b>Variable</b>	<b>T</b>	<b>Sig.</b>
<b>(Constant)</b>	-1,404	0,163
<b>Islamic Financial Literacy</b>	2,301	0,023
<b>Access to Sharia Financial Institutions</b>	1,618	0,109
<b>Management Control System</b>	2,154	0,033
<b>Technical Support</b>	2,386	0,019

Source: Data Process (2024)

***Simultaneous Test and Coefficient of Determination Test***

The last test in this study is the F test and the determination coefficient test. Based on the test results, the F value is 16.099 > the tabulated F value of 2.45 with a significance of 0.00 < 0.05. Therefore, it can be concluded that the variables of Islamic financial literacy, access to Islamic financial institutions, management control systems, and technical support jointly affect the performance of MSEs. Furthermore, the coefficient of determination was tested. The results show that the model in this study is able to explain 36.1% of MSE performance and 63.1% of other influences are explained from outside the variables used.

***Discussion***

The results of the T test calculation show that sharia financial literacy (X1) has a significant influence on MSE performance. Therefore, the first hypothesis, namely that "Sharia Financial Literacy Has a Significant Positive Influence on MSE Performance," can be accepted. These results support the findings in research conducted by Yanti (2019) and Putri (2022), literacy in Islamic finance significantly influences the performance of SMEs. Those with higher financial literacy tend to have better understanding of budgeting, financial management, and risk management. By implementing effective financial management practices, SMEs can optimize their financial resources for sustainable growth. Additionally, preparing accurate budgets, regularly monitoring cash flow, and identifying potentially profitable areas can reduce financial risks for SMEs.

The results of the t-test indicate that access to Islamic financial institutions (X2) does not have a significant influence on SME performance. Therefore, the first hypothesis, "Access to Islamic Financial Institutions Has a Significant Positive Influence on SME Performance," is rejected. These findings are not in line with the research conducted by Sulistiogo (2019), However, they support the findings in the research conducted by Marlina & Rahmat (2018), this is due to the delayed use and utilization of financial products and services from financial institutions by several factors. Firstly, limited human resources and service offices make it difficult for the public to access these services. Secondly, limited financial resources due to the need for collateral reduce flexibility in seeking solutions. Thirdly, suboptimal internal services will decrease usage. Fourthly, the community's understanding and awareness, which still lag behind, prefer instant loans and avoid complications associated with Islamic financial institutions.

The results of the t-test indicate that the management control system (X3) has a significant influence on SME performance. Therefore, the first hypothesis, "Management Control System Has a Significant Positive Influence on SME Performance," can be accepted. These findings support the findings in the research conducted by Tjokro & Sandanafu (2017), this indicates that the more effective

and fully integrated the implementation of the management control system, the higher the performance that can be achieved. This is consistent with the research findings Suprobo (2014) with the right tools and procedures, SMEs can proactively monitor their performance, identify potential issues, and respond quickly to minimize risks and maximize opportunities. A good control system is the foundation for SMEs to conduct their operations, make timely decisions, allocate resources efficiently, and plan effective strategies.

The results of the t-test indicate that technical support (X4) has a significant influence on SME performance. Therefore, the first hypothesis, "Technical Support Has a Significant Positive Influence on SME Performance," can be accepted. These findings support the findings in the research conducted by Sumarwati (2019), the government's support in the form of infrastructure, including smooth transportation and communication access, has a significant impact on SMEs. These directly benefit SMEs by improving their accessibility. Moreover, such support influences various financial aspects of SMEs, including increased income, profitability, and overall business growth. With good technical support, SMEs can significantly enhance their knowledge and skills in utilizing technology (Saibil et al., 2023; Yusfiarto & Pambekti, 2019). They can leverage insights gained from technical support to monitor technological advancements and apply them to their businesses, thereby enhancing competitiveness and market position (Perdana et al., 2023).

## **Conclusion**

The research findings indicate that Literacy in Islamic Finance, Management Control Systems, and Technical Support all have positive and significant influences on SME performance, highlighting their importance in fostering growth, efficiency, and competitiveness. However, access to Islamic Financial Institutions does not show a significant effect, suggesting that barriers such as lack of awareness and limited opportunities may hinder SMEs from fully leveraging Sharia-compliant financial products. These results underscore the need for greater education, improved access, and enhanced support mechanisms to drive SME performance in alignment with Islamic financial principles.

## **Implication**

The empirically finding provide advice for the stakeholder and further research also.

1. For Micro and Small Business Players (SMEs):

By improving production parameters that directly affect business productivity, it is estimated that SMEs' income under supervision can be increased. This is expected to contribute to improving overall welfare and income of the community. Business players can utilize financial products that comply with Sharia principles and enhance their financial management skills by deepening their understanding of Sharia financial concepts.

2. For Cooperative and SME Service Agencies:

By encouraging and providing incentives through the development of laws, business players in Pangkah Subdistrict, Tegal Regency, will be encouraged to obtain additional capital to develop their businesses. Through collaboration with banks and other financial institutions, these agencies can facilitate access to Islamic financial institutions.

3. For Future Researchers:

The research results show that the coefficient value of the variable "access to Islamic financial institutions" has a significant negative influence. Future researchers investigating the impact of access to Islamic financial institutions on SMEs should consider expanding the sample size and research scope, such as in other districts or cities where the scope of SMEs is extensive. This

approach can help obtain a more representative understanding of similar topics and a broader variety of SME types.

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