International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Financial Literacy, Financial Inclusion, and Tax Compliance on Financial Performance of MSMEs in Condongcatur Village, Depok District, Sleman Regency, Yogyakarta

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Abstract

This study aims to explain the influence of financial literacy, financial inclusion, and tax compliance on the financial performance of MSMEs in Condongcatur Village, Depok District, Sleman Regency. This study uses a quantitative approach with primary data obtained through distributing questionnaires to 75 MSMEs selected using a purposive sampling technique. This study was conducted to determine the extent to which financial literacy, financial inclusion, and tax compliance can influence the financial performance of MSMEs. Data analysis used multiple linear regression with the help of the SPSS version 23 application. Data testing was carried out through classical assumptions that include validity, reliability, normality, multicollinearity, and heteroscedasticity tests. The test results indicate that the research data has met the requirements of regression analysis. The results of the study simultaneously show that financial literacy, financial inclusion, and tax compliance have a positive and significant effect on the financial performance of MSMEs. Partially, financial literacy and financial inclusion have a positive and significant effect on the financial performance of MSMEs, while tax compliance has no significant effect on the financial performance of MSMEs. Research findings show that increasing financial understanding and easier access to financial services can support improving the financial performance of MSMEs.

Keywords:Financial Literacy, Financial Inclusion, Tax Compliance, MSME Financial Performance

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INTRODUCTION

The development of MSMEs plays a role in strengthening the community's economy by increasing business activity and contributing to economic growth in various regions. By 2025, the number of MSMEs in Indonesia will reach more than 64 million business units (Coordinating Ministry for Economic Affairs, 2025). This condition indicates that MSMEs are one of the main drivers of national economic growth. However, many MSMEs still face various problems, particularly in managing business finances. Financial performance is a key indicator in assessing a business's success in managing resources and generating profits. The poor financial performance of MSMEs is often caused by the limited ability of business actors to manage finances effectively.

This condition also occurs among MSMEs in Condongcatur Village, Depok District, Sleman Regency. Based on data from Condongcatur Village in 2025, the number of MSMEs in the area reached 3,057 business units. This number indicates that Condongcatur Village has significant economic potential in the MSME sector. However, various obstacles remain in business financial management, such as a lack of ability in financial recording, financial planning, and appropriate financial decision-making. This condition can impact the low financial performance of MSMEs and hinder sustainable business development (Maharini & Ahmad, 2025).

One factor influencing the financial performance of MSMEs is financial literacy. Financial literacy is the understanding and ability of MSME owners or managers (Putri et al., 2023). Based on a 2022 Financial Services Authority (OJK) survey, the financial literacy rate of the Indonesian public reached 49.68%, an increase compared to 38.03% in 2019 (Financial Services Authority, 2022). However, many MSMEs still lack a good understanding of financial management, which can make it difficult to estimate, manage, and plan financially (Andi et al., 2023).

In addition to financial literacy, financial inclusion is also a crucial factor influencing the financial performance of MSMEs. Financial inclusion relates to the ease with which people, including MSMEs, can obtain and use financial services according to their business needs. Based on a 2022 survey by the Financial Services Authority (OJK), the financial inclusion rate in Indonesia reached 85.10% (Financial Services Authority, 2022). However, some people still use financial services without fully understanding the products, benefits, and risks. According to Yanti in D. Putri et al. (2023), financial inclusion aims to ensure that all low-income people living in remote areas can access various financial services such as savings, loans, insurance, and investments.

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Besides financial inclusion, understanding tax compliance is also crucial for MSMEs. Tax compliance is the behavior of taxpayers to fulfill all tax obligations in accordance with applicable regulations. According to Prayogi et al. (2025), the low tax compliance of MSMEs can be caused by several factors, including regulatory complexity, lack of tax literacy, and obstacles in implementing technology. Meanwhile, according to Rahayu in Hardiningsih et al. (2023), a similar lack of knowledge and understanding of taxation can lead to low taxpayer awareness in fulfilling obligations.

RESEARCH METHODS

This study uses a quantitative approach, collecting data through questionnaires administered to MSMEs in Condongcatur Village, Depok District, Sleman Regency, Yogyakarta. The quantitative approach was used to determine the influence of financial literacy, financial inclusion, and tax compliance on MSME financial performance through numerical data processing. The research location was selected because Condongcatur Village is one of the areas with rapid MSME development and significant economic potential in the micro, small, and medium enterprise sector.

The population in this study was all active MSMEs registered in Condongcatur Village, totaling 3,057 MSMEs. The sampling technique used purposive sampling to determine the sample based on criteria tailored to the research objectives. The sample criteria were MSMEs who have active businesses and are willing to complete the research questionnaire. The determination of the sample size refers to Hair (2010) that the ideal sample size is 5–10 times the number of research indicators. In this study, there are 15 indicators, so the sample size used was 75 respondents.

The research data was obtained by distributing questionnaires to MSMEs in Condongcatur Village. The collected data was then analyzed using SPSS 23.The analysis stage begins with hypothesis testing, reliability testing and classical assumption testing which includes normality, multicollinearity and heteroscedasticity tests.Multiple linear regression analysis was used to determine the effect of financial literacy, financial inclusion, and tax compliance on the financial performance of MSMEs. Hypothesis testing used a t-test to determine the effect of each variable individually and an F-test to determine the effect of all three variables collectively on MSME financial performance.

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RESULTS AND DISCUSSION

Analysis Tools

Descriptive Statistical Analysis

Table 1. Descriptive Statistics Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Standard Deviation
Financial Literacy	75	5.00	15.00	12.1200	2.27180
Financial Inclusion	75	3.00	15.00	12.2933	2.20425
Tax Compliance	75	8.00	20.00	15.2533	3.47615
Financial Performance of MSMEs	75	9.00	25.00	19.7200	3.33515
Valid N (listwise)	75				

Source: processed primary data, 2026

Based on the results of descriptive statistical tests, the financial literacy variable (X1) has an average value of 12.1200, financial inclusion (X2) of 12.2933, tax compliance (X3) of 15.2533, and MSME financial performance (Y) of 19.7200. These results indicate that all research variables are in the fairly good category.

Classical Assumption Analysis

Normality Test

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		75
Normal Parametersa,b	Mean	.0000000
	Standard Deviation	2.61299744
Most Extreme Differences	Absolute	.089
	Positive	.068
	Negative	-.089

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Test Statistics	.089
Asymp. Sig. (2-tailed)	.200c,d

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: processed primary data, 2026

Based on the results of the Kolmogorov-Smirnov normality test on 75 respondents, the Asymp. Sig. (2-tailed) value was 0.200 > 0.05. These results indicate that the research data is normally distributed.

Multicollinearity Test

Table 3. ResultsMulticollinearity Test

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	5,635	2,207		2,553	.013		
Financial Literacy	.444	.148	.301	2,979	.004	.848	1,180
Financial Inclusion	.654	.152	.432	4,293	.000	.853	1,173
Tax Compliance	.045	.095	.047	.477	.635	.883	1,132

a. Dependent Variable: Financial Performance of MSMEs

Source: processed primary data, 2026

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Based on the results of the multicollinearity test, all independent variables had tolerance values > 0.10 and VIF values < 10.00. Thus, it can be concluded that the regression model does not exhibit multicollinearity.

Heteroscedasticity Test

Table 4. ResultsHeteroscedasticity Test

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3,293	1,412		2,332	.023		
Financial Literacy	.017	.095	.022	.177	.860	.848	1,180
Financial Inclusion	-.128	.097	-.166	-1,310	.194	.853	1,173
Tax Compliance	.003	.061	.007	.055	.956	.883	1,132

a. Dependent Variable: Abs_RES

Source: processed primary data, 2026

The test results above indicate that all independent variables have a significance value > 0.05. This indicates that the regression model does not exhibit heteroscedasticity and meets the classical assumptions for further testing.

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Multiple Linear Regression

Table 5. Multiple Linear Regression

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5,635	2,207		2,553	.013
Financial Literacy	.442	.148	.301	2,979	.004
Financial Inclusion	.654	.152	.432	4,293	.000
Tax Compliance	.045	.095	.047	.477	.635

a. Dependent Variable: Financial Performance of MSMEs

Source: processed primary data, 2026

From the results of the partial hypothesis testing, it can be concluded that the financial literacy variable has an influence on the financial performance of MSMEs with a significance value of 0.004 < 0.05. The financial literacy variable has an influence on the financial performance of MSMEs with a significance value of 0.000 < 0.05. Meanwhile, tax compliance has no influence on the financial performance of MSMEs with a significance value of 0.635 > 0.05.

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Simultaneous F Test

Table 6. F Test

The analysis above shows that financial literacy, financial inclusion, and tax compliance

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	317,866	3	105,955	14,889	.000b
Residual	505,254	71	7,116		
Total	823,120	74			

a. Dependent Variable: Financial Performance of MSMEs
b. Predictors: (Constant), Tax Compliance, Financial Inclusion, Financial Literacy

Source: processed primary data, 2026

Jointly influence the financial performance of MSMEs. These results indicate that all three variables are related to improving the financial performance of MSMEs in Condongcatur Village, Depok District, Sleman Regency. Good financial literacy, supported by easy access to financial services, can help MSMEs manage their businesses better. Furthermore, tax compliance can also support orderly business administration. Therefore, improving understanding of financial management and utilizing financial services is crucial for improving MSME financial performance.

The Influence of Financial Literacy on the Financial Performance of MSMEs

Based on the findings, financial literacy significantly influences the financial performance of MSMEs in Condongcatur Village. This finding indicates that a good understanding of financial management can help business actors manage financial resources more effectively. The results of this study align with research by Widiastuti & Indriastuti (2026), Putri et al. (2024), and Kusuma (2026) that found that financial literacy has a positive and significant effect on MSME financial performance. This is due to one of the influencing factors, namely the financial knowledge possessed by MSME actors. Financial knowledge helps MSME actors understand how to manage business finances, such as keeping financial records, managing expenses, and managing business capital better. In addition, understanding finance also makes it easier for MSME actors to make

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decisions related to more controlled, thus helping to improve MSME financial performance.

The Influence of Financial Inclusion on the Financial Performance of MSMEs

The results of the study indicate that financial inclusion has a significant impact on the financial performance of MSMEs. This finding indicates that easy access to financial services can help business actors in obtaining financing, conducting business transactions, and utilizing various financial services to support business operations. The results of this study are in line with Aulia & Kadir (2026), Putri et al. (2024), and Rahmawita et al. (2025), which show that financial inclusion has a positive and significant impact on the financial performance of MSMEs. This is due to one of the influencing factors being the access dimension. The access dimension relates to the ease with which MSMEs can obtain and use financial services, such as access to banking, financing, and other financial transaction services. With easy access to financial transaction services, MSMEs can obtain additional business capital and conduct financial transactions more easily and efficiently. In addition, easy access to financial services also helps MSMEs in supporting business operations and business development. This gives MSMEs a greater opportunity to increase productivity and business revenue.

The Influence of Tax Compliance on the Financial Performance of MSMEs

The results of the study indicate that tax compliance does not significantly impact the financial performance of MSMEs. This finding indicates that fulfilling tax obligations has not yet become a factor that directly influences improved business financial performance. The results of this study, in line with Rahmawati (2025), Oktaviani (2024), and Sari (2025), show that taxpayer compliance does not significantly impact the financial performance of MSMEs. This may be due to one of the influencing factors, namely compliance with the obligation to submit Annual Tax Returns (SPT) correctly, completely, and clearly. Some MSMEs still view tax reporting as merely an administrative obligation, so its implementation has not been able to directly impact increased revenue or business profits. Therefore, tax compliance has not been a primary factor considered in improving MSME financial performance. Furthermore, the benefits of tax compliance tend to be felt in the long term, such as increased trust from external parties and ease of access to business financing. However, in the short term, these benefits have not been directly felt by MSMEs, so tax compliance does not significantly impact MSME financial performance.

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The Simultaneous Influence of Financial Literacy, Financial Inclusion, and Tax Compliance on the Financial Performance of MSMEs

The analysis results show that the variables of Financial Literacy, Financial Inclusion, and Tax Compliance have a positive and significant influence on the Financial Performance of MSMEs. Thus, it can be concluded that the fourth hypothesis is accepted (Ha). This indicates that financial literacy, financial inclusion, and tax compliance can collectively influence the financial performance of MSMEs in Condongcatur Village.The results of this study are in line with those of Yulaiha et al. (2025), Karisma et al. (2025), and Rahmawita et al. (2025) who stated that financial literacy and financial inclusion have a positive and significant effect on the financial performance of MSMEs. The results of this study indicate that MSME financial performance is not influenced by a single factor, but is also influenced by several interrelated factors. In this case, good financial literacy can help MSMEs manage business finances more effectively, especially in financial knowledge such as financial recording and business capital management. Financial inclusion provides easy access to financial services through the access dimension, such as ease of obtaining financing and conducting financial transactions. Meanwhile, tax compliance shows business actors' awareness in fulfilling tax obligations, especially in submitting Annual Tax Returns (SPT) correctly and on time. These three factors together can support the improvement of MSME financial performance.

CONCLUSION

Based on the analysis conducted, this study shows that financial literacy and financial inclusion have a positive and significant effect on the financial performance of MSMEs in Condongcatur Village. Meanwhile, tax compliance does not significantly affect the financial performance of MSMEs in Condongcatur Village. Simultaneously, financial literacy, financial inclusion, and tax compliance influence the financial performance of MSMEs in Condongcatur Village, Depok District, Sleman Regency. Therefore, MSMEs are expected to improve their understanding of financial management and utilize financial services optimally to improve their business financial performance.

Implications/Suggestions

MSMEs are expected to improve their financial management skills, such as recording transactions, creating financial plans, and making sound financial decisions. They are also advised to utilize available financial services, both banking and digital, to ensure more effective business operations. The government and relevant institutions are

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expected to provide assistance and training related to financial management and taxation for MSMEs.

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