

## The Effect of Financial Literacy, Financial Inclusion, and Locus of Control on the Business Performance of Cattle Farmers in Selong District, East Lombok Regency

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### ABSTRACT

This study aims to analyze the effect of financial literacy, access to financial services, and individual self-control (locus of control) on the business performance of SMEs in cattle farmers. A quantitative approach was used, with data collected through questionnaires distributed to 104 cattle farmers in Selong District, East Lombok Regency, using a purposive sampling technique. The analysis techniques employed include validity and reliability tests, classical assumption tests, multiple linear regression, and hypothesis testing (T-test, F-test, and coefficient of determination). The findings revealed that financial literacy and locus of control had a significant positive effect on business performance, while financial inclusion had an effect that was not significant. Together, the three variables had a significant impact on business performance.

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## INTRODUCTION

The performance of MSMEs that are difficult to advance and develop is one of the main challenges of the global economy to date. Performance itself is a tool to measure the success of the entity, both from the quality and quantity aspects of the implementation of policies designed to achieve goals (Rezki Indah et al., 2023). Junaidi, (2023) Revealed that around 61.07% of MSMEs contribute to Gross Domestic Product. However, many sectors including cattle farming face problems in business management that result in performance that is difficult to advance and develop. Selong District located in West Nusa Tenggara Province, regarded to be one of the biggest cattle-producing provinces in Indonesia, is an example where many farmers are experiencing difficulties in developing their businesses. The absence of financial record keeping, market price fluctuations and the threat of Foot and Mouth Disease (FMD) every year often lead to cattle price instability costing cattle farmers millions of rupiah in losses, further exacerbating the farmers' business difficulties. To persevere in the face of such challenges, it is important to look at factors such as financial literacy, financial services accessibility, and individual self-control that are thought to influence cattle farmers' business performance.

Financial literacy is defined as an understanding of financial management including saving, investing, and managing risk (Pratiwi et al., 2023). Lack of knowledge about financial literacy can hinder the ability to prepare financial reports, evaluate businesses, and make appropriate financial decisions. Therefore, MSME actors need to have an understanding and skills in managing finances effectively so that their business is sustainable, where knowledge of finance contributes to aiding entrepreneurs understand cash flow management, investment developing decisions, and developing future financial plans. (Natasha et al., 2024). In addition, limited access to formal financial services (financial inclusion) is also a constraint. Adequate access to banking, credit, insurance, and digital financial services is an obstacle in developing a business. (Darmawan et al., 2021). An additional element that is thought to impact business performance is locus of control, which is a person's conviction about control over the results of their actions on their business. The existence of an inside locus of control causes individuals to be more responsible, proactive, and strive to improve their business performance (Pradesa & Sakti, 2022).

Investigations performed by Putri et al. (2022) and Rohmah et al. (2022) states that financial literacy and financial inclusion have a positive influence on MSME business performance, while Krismadayanti et al. (2023) and Maulana et al. (2023) discovered financial literacy and financial inclusion do not affect improving MSME performance. Studies related to locus of control also provide different results. Pratiwi & Ningsih, (2021) state that locus of control has a positive influence on the performance of SMEs while Diah Arimbi & Diptyana, (2023) state that locus of control is proven to not affect the performance of MSMEs.

There are discrepancies in previous studies, so researchers want to find out more about whether financial literacy, financial inclusion, and locus of control affect the business performance of cattle breeders in the Selong sub-district, East Lombok Regency.

## LITERATURE REVIEW

### *Theory of Reasoned Action in the Service of Goal Pursuit (TRGP)*

The Theory of Reasoned Action in the Service of Goal Pursuit (TRGP) is a theory first introduced by Icek Ajzen and Arie W. Kruglanski in 2019. This theory is a combination of Icek Ajzen's Theory of Planned Behavior (TPB) and Goal System Theory (GST) from Arie W. Kruglanski (Ajzen & Kruglanski, 2019). The TPB states that an individual's intention to behave is based on behavioral attitudes, personal standards, and perceptions of authority over such conduct (Ajzen, 1991). Meanwhile, Goal System Theory (GST) is centered on goals where a person behaves based on the goals they want to achieve. So to increase the scope of the TPB theory, these two theories are integrated, called TRGP which explains that human behavior is not only influenced by attitudes, subjective norms, and perception of control but also by the goals to be achieved. TRGP distinguishes two main types of goals: procurement goals (goals that provide direct benefits) and approval goals (goals to obtain social approval). TRGP emphasizes that a person is likely to behave if they believe that the action can help achieve the desired goal through controlled behavior and the stability of the goal in converting intentions into actions.

TRGP was used in this study to analyze how financial literacy, financial inclusion, and locus of control affect the business performance of cattle farmers. Based on the TRGP, business performance is the goal to be achieved (procurement goals), while financial literacy, financial inclusion, and locus of control are elements that encourage the achievement of these goals. A good financial literacy factor allows cattle farmers to have a more positive attitude towards financial management, as well as optimize financial strategies to achieve business sustainability. The financial inclusion factor can serve as a means of increasing business. Meanwhile, a strong internal locus of control factor makes cattle farmers feel more able to control the results of their efforts, so they are more motivated to take the necessary actions to achieve their goals. This theory provides an understanding of how cattle farmers and SMEs determine the behavior that is considered the most effective to achieve the expected business performance, on the basis that these behaviors will produce a positive impact that supports the improvement of their business performance.

### *Business Performance*

Robbins in Kasmir, (2018) defines performance as a function of the interaction between *ability*, *motivation*, and *opportunity*. So performance consists of ability, motivation, and opportunity where to achieve performance there must be motivation to achieve accomplishment. Ermawati & Arumsari, (2021) define SME performance as the result of a business that is run, where the results of its achievements can be assessed from various aspects such as in terms of leadership, adequate human resources, ability to meet customer needs, good knowledge, large income generated, and ability to produce quality products.

### *Financial Literacy*

Financial literacy is defined as an understanding of finance management. Financial literacy is a basic element of financial knowledge, financial behavior,

and financial attitudes (Herry & Dewi, 2024). Thus, financial literacy involves a combination of understanding about finance, how to act in finance, and individual perspectives on financial aspects. The definition of financial knowledge, behavior, and attitudes according to Austin & MN, (2021).

1. Financial knowledge, describes an individual's fundamental comprehension of financial ideas. and procedures, which allows a person to master, analyze, and manage finances properly to avoid various financial risks.
2. Financial behavior reflects the way a person manages and uses his money to achieve financial goals, so as to avoid various financial problems.
3. Financial attitude is a person's view, viewpoint, and evaluation of their financial condition, which is then reflected in the actions and decisions taken to maintain and manage their finances optimally.

### ***Financial Inclusion***

According to Word Bank (2017) cited in Akyuwen & Waskito, (2018) Financial inclusion refers to a situation where every individual and business actor has access to various affordable and relevant financial products and services. These products and services cover various needs such as transactions, payments, savings, financing, and insurance protection which are then delivered responsibly and sustainably.

Financial literacy and financial inclusion are two pivotal factors that collectively influence the business performance of cattle farmers, as explained through the lens of the Theory of Reasoned Action in the Service of Goal Pursuit (TRGP). TRGP, which integrates the Theory of Planned Behavior (TPB) and Goal System Theory (GST), posits that human behavior is driven by attitudes, subjective norms, perceived behavioral control, and the goals individuals aim to achieve. In this context, business performance is conceptualized as a procurement goal, representing a direct benefit that farmers strive to attain through their actions.

The interplay between financial literacy and financial inclusion creates a synergistic effect on business performance. Financial literacy provides the knowledge and skills needed to manage finances effectively, while financial inclusion offers the practical means to implement these strategies. Together, they enhance cattle farmers' ability to achieve their procurement goals by aligning their attitudes, behaviors, and access to resources with their business objectives.

Moreno-Garcia et al. (2023) their research revealed that low financial literacy and limitations in accessing formal and informal financial services will contribute to high financial risk. Timuneno et al. (2023) also argued the same thing that with a strong comprehension of financial management and the availability of both formal and informal finance, businesses will be able to create a more stable, effective, and sustainable financial system which will ultimately contribute to driving their business growth. Research conducted by Sahdan & Sardju, (2023) Said that the higher the degree of financial literacy and access to financial services, the better MSMEs are capable of handling their money, making the right decisions, and preserving the viability of their enterprise.

**H1: There is an effect of financial literacy on business performance**

**H2: There is an effect of financial inclusion on business performance**

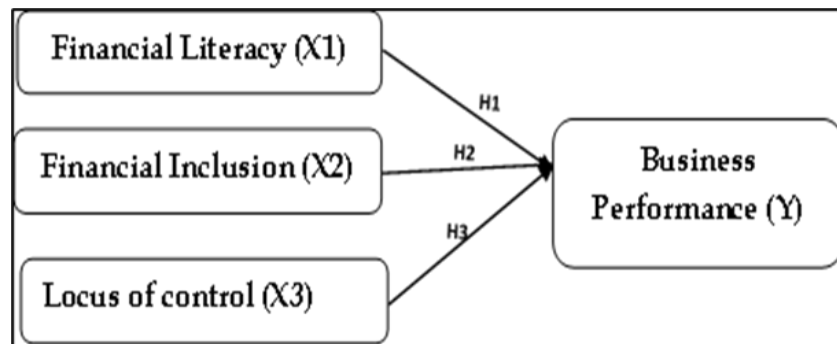
### *Locus of Control*

Locus of Control theory, first developed by Julian Rotter in 1954, focuses on a person's beliefs about whether the outcome of their actions is determined by personal ability and effort (internal locus of control) or by uncontrollable outside factors such as luck or the strength of others (external locus of control) (Rachman, 2022).

The Theory of Reasoned Action in the Service of Goal Pursuit (TRGP) provides a robust framework for understanding how locus of control influences business performance. TRGP emphasizes that goal-directed behavior is driven by attitudes, subjective norms, perceived behavioral control, and the stability of goals. In this context, business performance is conceptualized as a procurement goal, representing a direct benefit that cattle farmers aim to achieve. Farmers with a strong internal locus of control are more likely to exhibit high levels of perceived behavioral control, as they believe their efforts and decisions directly impact their business outcomes. This belief fosters a proactive approach to problem-solving, risk management, and goal achievement. Entrepreneurs who believe in their ability to run their business will be more likely to have higher abilities (Rahmayani et al., 2024). Julita, (2024) said that someone who has the awareness and belief that with effort and hard work, then they can ensure the success of their business. Previous research also confirmed that the success of MSMEs depends largely on individual abilities and beliefs (locus of control) in controlling the problems faced by their business (Mufidah & Ghifary, 2021).

**H3: There is an effect of locus of control on business performance**

So by the hypothesis, the investigation's conceptual basis is as described below:



**Figure 1. Conceptual Framework**

### **METHODOLOGY**

This study employs an associative research method with a quantitative approach to explore the relationships between various factors. The primary objective is to examine how financial literacy, financial inclusion, and locus of control influence business performance among cattle farmers in Selong District, East Lombok Regency.

The research population consists of 142 cattle farmers in Selong District. A sample size of 104 farmers was determined using Krejcie dan Morgan formula, with a 5% margin of error (Krejcie & Morgan, 1970). The purposive sampling

technique was employed to select participants based on specific criteria: operating a cattle farming business for at least three years, being located in Selong District, and utilizing financial services. These criteria ensured that respondents had sufficient experience and business capacity to provide relevant insights into the variables under study.

Primary data were collected through the distribution of questionnaires to the selected respondents. The questionnaires included a series of questions measured on a 1-5 Likert scale. Before deployment, the questionnaires underwent rigorous validity and reliability testing. Validity testing ensured that each question accurately measured the intended variable, while reliability testing confirmed the consistency of the results across different conditions

After ensuring the validity and reliability of the questionnaires, they were distributed for data collection. The collected data were processed using Microsoft Excel and analyzed using SPSS version 30. The analysis included validity and reliability tests, classical assumption tests, and hypothesis testing to draw meaningful conclusions.

The study uses the following regression formula to analyze the relationships between the variables:

$$Y=a+b_1X_1+b_2X_2+b_3X_3+e$$

In this formula:

- YY represents business performance.
- aa is the constant.
- b1,b2,b3b1,b2,b3 are the regression coefficients for financial literacy, financial inclusion, and locus of control, respectively.
- X1,X2,X3X1,X2,X3 represent financial literacy, financial inclusion, and locus of control.

To ensure that the regression model is the Best Linear Unbiased Estimator (BLUE), several steps were taken. First, the linearity of the relationships between the independent and dependent variables was verified. Next, multicollinearity among the independent variables was checked using the Variance Inflation Factor (VIF). Homoscedasticity, or constant variance of residuals, was tested using the Breusch-Pagan test. The normality of residuals was assessed using the kolmogorov-smirnov test.

## RESEARCH RESULT

### *Respondent Characteristics*

The object of this investigation is SME cattle farmers in Selong district, East Lombok regency. The statistics from the questionnaire's findings obtained the following characteristics of respondents:

Table 1. Sample Characteristics

Category	Description	Total	%
Age	30 years - 40 Years	28	26.92%
	41 years - 50 years	57	54.81%

	51 years - 60 years	19	18.27%
<b>Education</b>	SD	80	76.92%
	SMP	17	16.35%
	HIGH SCHOOL	7	6.73%
<b>SME age</b>	3 years - 5 years	50	48.08%
	6 years - 10 years	40	38.46%
	>10 years	14	13.46%
<b>Turnover</b>	IDR10,000,000- IDR 15,000,000	65	62.5%
	IDR16,000,000- IDR25,000,000	31	29.8%
	>Rp25,000,000	8	7.7%
<b>Accounting background</b>	Yes	2	1.92%
	No	102	98.08%
<b>Business Capital</b>	IDR15,000,000- IDR30,000,000	7	6.73%
	IDR31,000,000-IDR 60,000,000	40	38.46%
	Rp61,000,000 - Rp100,000,000	22	21.15%
	>Rp100,000,000	35	33.65%

Source: Primary Data Processing Results, 2025

The majority of cattle farmers in the Selong district are male, aged 30 to 50 with primary to secondary education. Their livestock businesses have been running for 3 to 10 years with low turnover. Most respondents do not have an accounting background and have relatively modest business capital.

#### *Validity and Reliability Test*

Validity testing is a procedure to gauge the degree to which an investigation instrument can measure the variables to be measured. The validity assessment intends to determine whether the research instrument is valid or not. In the context here, the assertion is regarded to be valid if  $r$  statistics  $>$   $r$  table with a significance level  $< 0.05$ . The validity assessment will be conducted using a two-sided test with a degree of sig of 0.05 so that the  $r$  table value of 0.1927 will be obtained. Meanwhile, the reliability test assesses an investigative instrument's degree of reliability. To evaluate the instrument's reliability, the Cronbach's Alpha technique was applied, where the instrument is reliable if the Cronbach Alpha  $> 0.7$ .

Table 2. Validity and Reliability Test Outcomes

Variables	Q	R. Stat	><	R. table	CA Limit	Cronbach's Alpha	Ket.
<b>Financial Literacy (X1)</b>	FL1	0.696		0,1927	0.7	< 0.841	Valid and reliable
	FL2	0,619	>	0,1927			Valid
	FL3	0,666	>	0,1927			Valid
	FL4	0,625	>	0,1927			Valid

	FL5	0,679	>	0,1927				Valid
	FL6	0,632	>	0,1927				Valid
	FL7	0,634	>	0,1927				Valid
	FL8	0,625	>	0,1927				Valid
	FL9	0,634	>	0,1927				Valid
	FL10	0,618	>	0,1927				Valid
<b>Financial Inclusion (X2)</b>	FI.1	0,605		0.1927	0.7	<	0.810	Valid and Reliable
	FI2	0,698	>	0.1927				Valid
	FI3	0,666	>	0.1927				Valid
	FI4	0,680	>	0.1927				Valid
	FI5	0,633	>	0.1927				Valid
	FI6	0,698	>	0.1927				Valid
	FI7	0,628	>	0.1927				Valid
	FI8	0,651	>	0.1927				Valid
<b>Locus of Control (X3)</b>	LC1	0,689	>	0.1927	0.7	<	0.739	Valid and reliable
	LC2	0,744	>	0,1927				Valid
	LC3	0,691	>	0,1927				Valid
	LC4	0,726	>	0,1927				Valid
	LC5	0,667	>	0,1927				Valid
<b>Business Performance (Y)</b>	BPf1	0,667	>	0,1927	0.7	<	0.808	Valid and reliable
	BPf2	0,647	>	0.1927				Valid
	BPf3	0,641	>	0.1927				Valid
	BPf4	0,657	>	0.1927				Valid
	BPf5	0,685	>	0.1927				Valid
	BPf6	0,656	>	0.1927				Valid
	BPf7	0,643	>	0.1927				Valid
	BPf8	0,660	>	0.1927				Valid

Source: SPSS Data Processing Results Year 2025

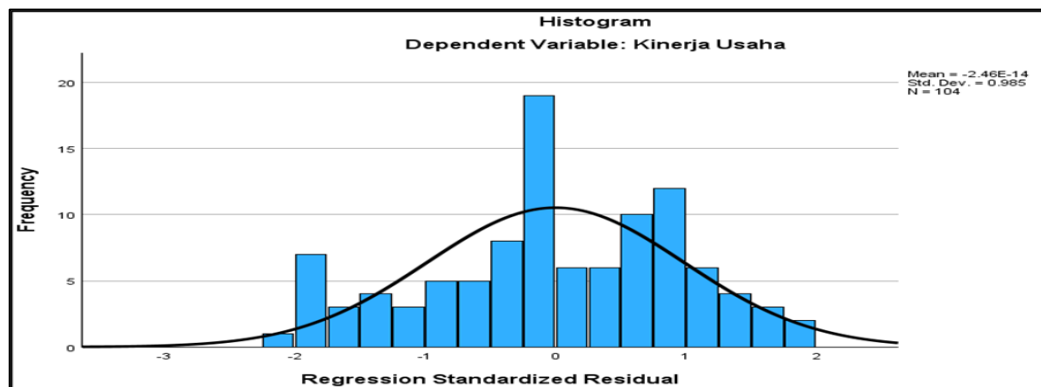
The test outcomes in Table 2 show that all question indicators have a value of more than  $> 0.1927$  with Cronbach's Alpha for every variable more than  $> 0.7$ , Consequently, it may prove that every question item is valid and each variable has a level of reliability.

### Normality Test

This test is conducted to assess whether the data follows a normal distribution. In the context here, the Kolmogorov-Smirnov technique was applied to conduct the normality test.

Table 3. Normality Test Results  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Res.	
N		104	
<b>Normal Parameters<sup>a,b</sup></b>	Mean	.0000000	
	Std. Deviation	.78390884	
<b>Most Extreme Differences</b>	Absolute	.065	
	Positive	.057	
	Negative	-.065	
Test Statistic		.065	
Asymp. Sig.(2-tailed) <sup>c</sup>		.200 <sup>d</sup>	
<b>Monte Carlo Sig.(2-tailed)<sup>e</sup></b>	Sig.		.330
	99% Confidence Interval	Lower Bound	.318
		Upper Bound	.343



**Figure 2. Normality Test Results**  
 Source: Spss statistical test results 2025

Data is considered normally distributed if the significance is greater than 0.05. Referring to Table 3, normality testing using the Kolmogorov-Smirnov method shows an asymp. Sig (2-tailed) value of 0.200 which meets the normality criteria because it is greater than  $> 0.05$ . In addition, the Monte Carlo sig (2-tailed) value shows a value of 0.343 with a 99% confidence level in the range of 0.318 to 0.343. Visual analysis in Figure 2 also supports this test, where the histogram shows a symmetrical bell-shaped pattern. Based on these outcomes, it could be said that the data is normally distributed, thus fulfilling the assumption of normality, and additional statistical research can be conducted.

**Multicollinearity Test**

Multicollinearity testing aims to ensure that there is no excessive correlation between the independent variables in a regression model. This process is conducted by analyzing the tolerance value and the Variance Inflation Factor (VIF). Multicollinearity is considered absent if the tolerance value exceeds 0.10 or the VIF is below 10.

Table 4. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
Financial Literacy	.994	1.006
Financial Inclusion	.995	1.006
Locus of Control	.998	1.002

a. Dependent Variable: Business Performance

Referring to Table 4, the multicollinearity test result shows that all independent variables have a tolerance value greater than 0.10 and a VIF value less than 10. Considering these findings, it can be finalized that there is no indication of multicollinearity, so the data passes the multicollinearity test and is ready to be used for further regression analysis.

### *Heteroscedasticity Test*

This test is done for verification of whether the variance of the error term in the regression model is constant (homoscedasticity) or not. Heteroscedasticity occurs due to various factors, one of which is improvement. When there is an improvement in data collection techniques for the better, the variance of the error term will definitely decrease so that the distribution becomes smaller. In this study, the data passes the heteroscedasticity test if the significant value is more than 0.05.

Table 5. Heteroscedasticity Test Outcomes

### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constanta)	.653	.796		.821	.414
Financial Literacy	.003	.012	.025	.251	.802
Financial Inclusion	.006	.007	.085	.857	.394
Locus of Control	-.015	.022	-.067	-.676	.501

a. Dependent Variable: Business Performance

The heteroscedasticity test results from Table 5 show that all variables have a significant value of more than 0.05. Consequently, it is possible to say that there are no signs of heteroscedasticity.

### *Multiple Linear Regression Equation*

The effect of each independent variable (financial literacy, financial inclusion, and locus of control) on the variation of the dependent variable (business performance) was assessed using multiple regression analysis. The outcomes of this analysis are shown in the next table.

Table 6. Multiple Linear Regression Test Results

### Coefficients<sup>a</sup>

Model	B
(Constanst)	11.612

Financial Literacy	.412
Financial Inclusion	.011
Locus of Control	.167

a. Dependent Variable: Business Performance

From Table 6, the multiple linear equation of this study is formulated as follows.

$$Y = 11.612 \text{ (constant)} + 0.412 \text{ (financial literacy)} + 0.011 \text{ (financial inclusion)} + 0.167 \text{ (Locus of Control)} + \epsilon \text{ (1)}$$

Considering the outcomes of the regression equation, it is explicable: the constant coefficient of 11,612 implies that business performance (Y) remains at 11,612 even though the observed independent variables, namely financial literacy (X1), financial inclusion (X2), and locus of control (X3), have no effect. In the presence of independent variables, the business performance variable (Y) will increase according to the coefficient on each variable:

- A 1% increase in financial literacy (X1) will lead to a 41.2% rise in business performance (Y), according to the financial literacy variable's beta coefficient of 0.412, presuming that every other factor stays the same.
- A 1% increase in financial inclusion (X2) will result in an 1,1% rise in business performance (Y), and vice versa, according to the financial inclusion variable's beta coefficient of 0.011, presuming that every other factor stays the same.
- The locus of the control variable (X3) has a beta coefficient of 0.167; thus, if each additional factor stays the same and X3 is increased by 1%, business performance (Y) will improve by 16.7%, and vice versa.

**T-Test**

The T-test also referred to as the partial test, is used to evaluate the effect of the independent variable on the dependent variable. An independent variable is considered to significantly affect the dependent variable if its significance value is less than 0.05.

Table 7. Results of t-test

**Coefficients<sup>a</sup>**

Model	B	t	Sig.
(Constant)	11.612	8.636	<.001
Financial Literacy	.412	19.875	<.001
Financial Inclusion	.011	.913	.363
Locus of Control	.167	4.394	<.001
a. Dependent Variable: Business Performance			

The following is an explanation of Table 7:

- With a significance level of less than 0.001, or smaller than 0.05, the calculated t value of 19.875 for the financial literacy variable (X1) is greater than the t table value of 1.660. This shows that the alternative hypothesis (Ha) is proven

correct, which leads to the conclusion that business performance is significantly influenced by financial literacy.

- The computed t value of 0.913 for the financial inclusion variable (X2) is less than the t table value of 1.660. Furthermore, the 0.363 significance value is higher than 0.05. Consequently, the null hypothesis (H0) is accepted and the alternative hypothesis (Ha) is rejected. This indicates that the performance of businesses is not significantly impacted by financial inclusion.
- With a significance of less than 0.001, which is less than 0.05, the computed t value of 4.394 for the locus of control variable (X3) is higher than the t table value of 1.660. These findings suggest that locus of control significantly affects business performance, supporting the acceptance of the alternative hypothesis (Ha).

**Test Coefficient of Determination (R<sup>2</sup>)**

To measure the degree to which the independent variable affects or explains the dependent variable, the R<sup>2</sup> test is usually used. This test can be taken from the R-square table. The R square value is taken into consideration as good if it is above 0.5 because this value is between 0 and 1.

Table 8. R<sup>2</sup> Test Results

<b>Model Summary<sup>b</sup></b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.896 <sup>a</sup>	.803	.797	.796

a. Predictors: (Constant), Locus of Control, Financial Inclusion, Financial Literacy

b. Dependent Variable: Business Performance

The R Square value in Table 8 is 80.3%, or 0.803. Based on the coefficient of determination, 80.3% of the business performance variable (Y) might be clarified by the variables of locus of control (X3), financial inclusion (X2), and financial literacy (X1). Other elements not covered in this research account for the remaining 19.7%. The strong and positive correlation between the independent variable (X) and the dependent variable (Y) is demonstrated by the value of 0.803, which is near 1.

**F -Test**

The F-test is employed to evaluate the concurrent impact of the independent variable on the dependent variable. If the significance of the F test is <0.05, the regression model is significant. Conversely, if F > 0.05, the effect is not significant.

Table 9. F Test Outcomes

<b>ANOVA<sup>a</sup></b>					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	258.566	3	86.189	136.170	<.001 <sup>b</sup>
Residuals	63.295	100	.633		

Total	321.861	103		
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a. Dependent Variable: Business Performance

b. Predictors: (Constant), Locus of Control, Financial Inclusion, Financial Literacy

The outcomes of the table above show a significance value of  $<0.001$ , which is smaller than 0.05, with the calculated F value (136.170) greater than the F table value (2.696). This indicates that the business performance of cattle farmers is significantly influenced by the three independent variables together.

## DISCUSSION

### *The Effect of Financial Literacy on the Business Performance of Cattle Farmers in Selong District*

The financial literacy variable has a significant positive effect on the business performance of cattle farmers, with a coefficient of 0.412 and a significance value of  $<0.001$ , which is smaller than 0.05. This implies that the higher the level of financial literacy of cattle farmers, the better their business performance. Financial literacy helps cattle farmers manage, record, and plan budgets more effectively, which supports more informed decision-making to accomplish their business goals.

The outcome matches up with what has been discovered by Milenia Ariyati et al. (2021), that financial literacy makes MSMEs able to plan strategies and make the right decisions for their future business. The higher the financial literacy of MSME owners, the better their financial management affects the expansion of businesses in terms of productivity, profits, and small business competitiveness (Aulia et al., 2024). Therefore, it is very important to improve financial literacy among cattle farmers to improve business management efficiency and encourage the sustainability of their business.

### *The Effect of Financial Inclusion on the Business Performance of Cattle Farmers in Selong District*

The financial inclusion variable has an insignificant effect on the business performance variable of cattle farmers with the coefficient B obtained of 0.011 with a significance value of 0.363 ( $\alpha > 0.05$ ). Although access to financial services is available, low financial literacy results in cattle farmers in Selong Sub-district not being able to manage and utilize financial services optimally so that the benefits of financial services do not have a significant effect on their business. This supports Azizah & Zulvia's (2023) statement that the accomplishment of financial inclusion depends on the capacity of business actors to utilize it optimally.

### *The Effect of Locus of Control on the Business Performance of Cattle Farmers in Selong District*

With a coefficient  $\beta$  of 0.167 and a significance value of  $<0.001$ , which is less than 0.05, the locus of control variable significantly and favorably affects the business performance of cattle farmers. Compared to farmers without an internal locus of control, this research shows that cattle farmers with an internal locus of control are more likely to be proactive and self-assured when making business-

related decisions. Farmers who have an internal locus of control believe that their skills and choices have a greater impact on the success of their company than do other forces like luck. This belief encourages them to take more planned and rational steps in managing their business, which leads to improved performance. This finding is in line with Pradesa & Sakti's (2022) research, which reveals that SME owners with an internal locus of control have better business performance. Internal locus of control provides the impetus to be more active in finding solutions and mitigating risks, which has a significant impact on the long-term success of their business.

## **CONCLUSIONS AND RECOMMENDATIONS**

The business performance of cattle farmers' businesses in Selong District, East Lombok Regency, is positively and significantly influenced by financial literacy and locus of control. In contrast, financial inclusion does not show a significant impact. The F-test results with a significance value of  $<0.001$  indicate that these three factors together significantly affect the performance of cattle farmers' businesses, with an R-squared value of 0.803 or 80.3%, suggesting that the independent variables (X) have a strong influence on the dependent variable (Y).

Based on the results of this study, the TRGP theory has been proven, which states that human behavior is influenced by attitudes, subjective norms, perceived control, and the goals to be achieved. In this case, financial literacy and locus of control have been shown to play an important role in improving business performance. Financial literacy allows cattle farmers to manage finances and cash flow more effectively, while an internal locus of control increases motivation and intention to take action. Although financial inclusion provides access to financial services, its impact on the performance of cattle farmers' businesses is not significant. Overall, this study supports the TRGP theory by showing that financial literacy and locus of control play a more dominant role in improving the performance of cattle farmers' businesses.

Therefore, improving financial literacy and strengthening the locus of control can be an effective strategy in enhancing the performance of cattle farmers' businesses in Selong District, East Lombok Regency. Implementing policies supporting financial literacy education and the development of a positive locus of control mindset for cattle farmers can improve the efficiency and effectiveness of their business management, which will ultimately enhance their overall well-being.

## **ADVANCED RESEARCH**

Researchers realize that in every research project, there are various limitations. This limitation is something that needs to be overcome in the future so that we can perfect this research. The location of research respondents only in Selong District, East Lombok Regency, makes the results of this study not generalized. For future research, it is expected to reach a much wider area. Then, this research data collection tool uses a questionnaire with closed questions, so the data collected may not be comprehensive and in-depth. It is expected that future research will use data collection methods with interviews so that the

results of the next study can dig deeper to touch the deepest thoughts of cattle farmers.

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