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The Relationship Between Financial Literacy and Business Performance in Indonesian Culinary SMEs is Being Improved with Collaboration and Government Support.

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ABSTRACT: To study government support as a moderating variable and collaborative synergy as a mediating variable mediating the relationship between financial literacy and business performance, we developed a conceptual framework based on theoretical support and some research findings to investigate the relationship between financial competence and business performance and how teamwork affects it. Methodology: (PLS) was used to analyze the data using (SEM). In total, 221 respondents were Indonesian entrepreneurs and micro-scale business owners (MSMEs). Google Forms was used to distribute the questionnaires. The research was conducted between March 2023 and September 2023, for six months. Financial statements illustrate the level of business success and serve as a roadmap for developing strategic policies. Synergizing microenterprise cooperation is one tactic that can be used to mitigate shortcomings in certain aspects. Since the government can help manage a company's financial assets or increase funding, collaborative synergy is essential in business management. Financial literacy is not the only factor that determines the success of micro-enterprises in Indonesia, collaborative synergy and government support a ways to fulfill various limitations in business activities such as capital, funding, and business marketing, which leads to improved business performance.

KEYWORDS: Financial literacy, business performance, collaborative synergy, government support

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are the lifeblood of economic growth in developing countries, including Indonesia [1]. Many large-scale business sectors have experienced a decline in performance and are unable to contribute to national economic growth due to the limitations on community mobility to engage in activities. However, amidst the limitations for economic actors to drive economic stability, some members of the community have developed their creativity by starting businesses from their own homes and marketing them through online media. Data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia shows that from 2021 to 2022, the SMEs sector was able to contribute between 59% and 61% of the National GDP. However, amidst the flourishing of the SMEs sector in Indonesia, some MSMEs experience a decline in performance leading to restructuring [2]. According to the National MSME Research of Indonesia in 2022, several factors influence the bankruptcy of SMEs in Indonesia, namely the limitation of raw materials, capital, business competition, energy limitations, infrastructure, and labor (BPS, 2022).

Culinary is one of the micro business segments that grew during the pandemic. Many entrepreneurs choose this business because it does not require a large investment to start. The culinary concepts offered to the public are relatively diverse, ranging from traditional Indonesian cuisine to contemporary cuisine [3], [4]. However, after the government declared Indonesia free from the COVID-19 pandemic, many culinary SMEs closed their businesses or went bankrupt. The lifespan of culinary SMEs businesses ranges from 9 months to 1 year. [5]–[7]. According to Liza et al., (2023) stating that micro-business units do not have sufficient capital to survive and run their businesses after the pandemic. In addition to the low survival capacity of micro-businesses, this is also driven by low financial literacy and collaborative synergy among business operators with other business operators [9]. The concept of business performance is certainly a topic that remains interesting to discuss, especially business performance in MSMEs in developing countries, particularly Indonesia. Imam Ibrahim, (2019); Pan et al., (2022); and Wahyono & Hutahayan, (2021) state that micro-enterprises in developing countries are indeed advanced, but the entrepreneurs who are also business owners do not have strong financial literacy.

They tend not to separate personal wealth from the income or profits generated by their business. Additionally, most micro-enterprises in developing countries such as Bangladesh, India, and Indonesia do not have financial statements that comply with accounting principles. Das & Rangarajan, (2020) states that most micro businesses are managed privately, where the entrepreneurs are the owners. Because the competition map is relatively tight [13]. One of the factors driving that condition is also triggered by the lack of government support felt by business operators. Government support does exist, but it is limited to the ease of obtaining permits and the government's role in facilitating easier access to financing from financial institutions for business operators [14], [15], One of the causes of the decline in MSME business performance in developing countries, especially in Indonesia, is the lack of financial knowledge and the government's inability to help micro-entrepreneurs obtain financing from financial institutions.

The research results of Wahyono & Hutahayan (2021) state that financial literacy has a positive effect on the business performance of MSMEs in Indonesia. The same was also stated by Anwar et al., (2020); Tuffour et al., (2020) who stated that having financial experience and knowledge will continuously improve business performance. The existence of financial statements as a reference that indicates business success serves as a guideline in the formulation of strategic policies for business advancement. A different finding was stated in Agyei (2018) research, which found that financial literacy does not affect the performance of micro-scale businesses in Ghana. Low education and knowledge drive entrepreneurs in Ghana to lack representative financial reports; however, they can separate personal wealth from business profits manually or through traditional methods. A similar finding was also reported by Li & Qian (2019) who noted that Chinese micro-entrepreneurs possess a strong entrepreneurial spirit because their parents have been economically educated since childhood, which has driven the advancement and development of businesses in China.

According to Das & Rangarajan (2020), collaborative synergy becomes a key component that drives business performance improvement. Synergistic cooperation will be able to strengthen capital and create mutually beneficial cooperation among business actors. The cooperation established is capable of driving the improvement of micro business unit performance in India. Liza et al., (2023) state that synergistic cooperation becomes an important instrument that can create financial strength or encourage uniqueness in business, thus becoming an indicator that drives improved business performance, as seen from the increased market share of the business. Micro enterprises can improve their business performance by overcoming the limitations of funds, raw material suppliers, and intellectual acumen by working together. It cannot be ignored that the government is an indispensable party in helping micro businesses thrive, especially in Indonesia. The government sets strategic rules and policies to help microenterprises thrive. These include the regulation of business or product licenses, and the provision of KUR or Kredit Usaha Rakyat, but to access these, businesses must have promising business prospects and favorable financial reports for banks Salisu & Abu Bakar (2020).

The results of Nakku et al., (2020) research When the government actively supports micro-businesses by providing permits and financing to financial institutions, government support improves business performance in several developed countries. Imam Ibrahim, (2019; Stenholm & Nielsen (2019) stated that the improvement of business performance is important because there are government strategic policies that support the advancement of micro-enterprises. Ganlin et al., (2021) state that the advancement of micro-enterprises in developing countries is more due to the creativity of their entrepreneurs and that government support is merely a tool to encourage business performance improvement. One of the other advantages of this study is that it offers government support as a moderating variable as the government in Indonesia is considered to have no direct influence on advancing MSMEs. The Indonesian government is afraid of losing money if it directly supports underdeveloped MSMEs, especially in terms of financial support. Therefore, our research objective is to examine how teamwork affects the relationship between financial knowledge and business performance.

RESEARCH METHODS

The type of research developed at this time is causality, which is research that tries to confirm the existence of a causal relationship that occurs between research variables [23]. Data analysis using Structural Equation Modeling (SEM) was processed using Partial Least Square (PLS). 221 respondents are micro-scale business owners in Indonesia. Food or packaging businesses that have been operating for at least one year are considered as selected micro businesses. The purposive sampling method was used for sampling. Data was collected by distributing questionnaires via Google Forms or in person. The research was conducted for 6 months from March 2023 to September 2023. In this study, four categories of variables were used, namely endogenous, exogenous, mediation, and moderation variables. The data analysis method used path analysis using Partial Least Square (PLS).

Data processing procedures are carried out with two main stages, namely Measurement Model Assessment (MMA) and Structural Model Assessments (SMA) referring to the opinion [23]. MMA analysis is carried out by identifying the accuracy and reliability of the instrument by looking for the Outer Loading value (> 0.70), looking for the Cronbach's Alpha value (> 0.70), Composite Reliability (> 0.70) and looking for the Average Variance Extracted (AVE) value with a cut off > 0.50. The procedure is fulfilled, and the MMA stage continues by looking for the Discriminant Validity matrix. with Fornell Larcker Criterion approach, then continued with cross-loading and Heterotraid Monotraid analysis with cut off ≤ 0.90 [24].

RESULT DAN DISCUSSION

Effect of Financial Literacy on Business Performance

There is a significant positive correlation between financial literacy and business performance, and when business people have good financial knowledge, the financial policies and strategies they implement will be appropriate, leading to improved business performance as evidenced by increased sales, market share, or revenue Dewi & Setiyono (2022). The results of research by Wahyono & Hutahayan (2021) state that financial literacy has a positive effect on the business performance of MSMEs in Indonesia. The same thing was also revealed by Anwar et al., (2020); Tuffour et al., (2020) stated that by having financial experience and knowledge, business performance will continue to improve. The existence of financial reports as a reference that shows business success is a guide in formulating strategic policies for business progress. However, different things are stated in the research Agyei (2018) which found financial literacy does not affect the performance of micro-scale businesses in Ghana. The same thing was also obtained byLi & Qian (2019) stating that micro business actors in China have a high trading spirit, where parents in the country have provided education in the economic field from an early age this experience further encourages the progress and development of businesses developed by people in China.

H_1 Financial literacy has a positive and significant effect on business performance

The Effect of Collaborative Synergy on Business Performance

Collaborative synergy is one way that micro-business actors can minimize weaknesses in many aspects of carrying out business activities [26]. The fulfillment of the weaknesses of the required resources will encourage smooth business activities and trigger increased business performance [27], [28]. According to Das & Rangarajan (2020) collaborative synergy is a key factor that drives increased business performance. Through synergized cooperation, it will be able to strengthen capital and create mutually beneficial cooperation between business actors. Liza et al., (2023) synergized cooperation is an important instrument that can create financial strength or encourage uniqueness in business, so it can be an indicator that encourages increased business performance as seen in increasing business market share, increasing the number of consumers, and business profits during Covid 19. Salisu & Abu Bakar (2020) revealed that the limitations of funds, intellectual intelligence, and raw material suppliers will be overcome by collaborative synergy, so the fulfillment of a number of these limitations will encourage increased business performance carried out by micro-scale business actors.

H_2 Collaborative synergy has a positive and significant effect on business performance

The Effect of Government Support on Business Performance

The government is an integral part of conducting business activities, the government is the party that makes regulations on licensing to ease access to financial institutions or banking [3], [29], [30] The government is a party that encourages increased business performance, through the right competitive climate and regulations. The government is a facilitator that encourages progress in a business venture, especially micro-scale. Research results Nakku et al., (2020) government support has a positive effect on business performance. Imam Ibrahim, (2019; Stenholm & Nielsen (2019) states that regulations set by the government and direct government incentives through funding programs channeled through conventional bank institutions owned by the government have increased the business performance of microperiodic businesses in many developed countries in the European region. Ganlin et al., (2021) states that the progress of micro-businesses in developing countries is more due to the creativity of its business actors, government support is only an instrument that strengthens the occurrence of improved business performance. Government support acts more as a reinforcer of business performance. The new government will provide support to businesses that have begun to grow and develop, but if the business does not have significant development prospects the government will not dare to take financial support

H_3 Government support berpengaruh positif dan signifikan terhadap business performance

Collaborative synergy enhances the connection between financial literacy and business performance.

Description Das & Rangarajan (2020) each business actor has financial literacy that is relatively different from one another, but this weakness will be overcome through collaborative synergy. Cooperation in financial management including the provision of capital or other business aspects can improve business performance in a business [26]. Collaborative synergy is one way that business actors can minimize the weakness of their resources so that when these problems can be resolved, business performance will increase [31]. Some other studies conducted by Antunes & Pinheiro, (2020); Camarinha-Matos et al., (2019); and Sokiyna & Aqel, (2020) state that collaborative synergy is a connecting variable between financial literacy and business performance. When these steps can be taken appropriately, business performance will improve. Strengthening business performance can be seen from the continued increase in sales, more consumers, and greater business profits [34]. Furthermore, the results of the research by Zarrouk et al., (2020) collaborative synergy will be the right intermediary to explain the contribution of financial literacy to business performance in micro-scale businesses in developing countries

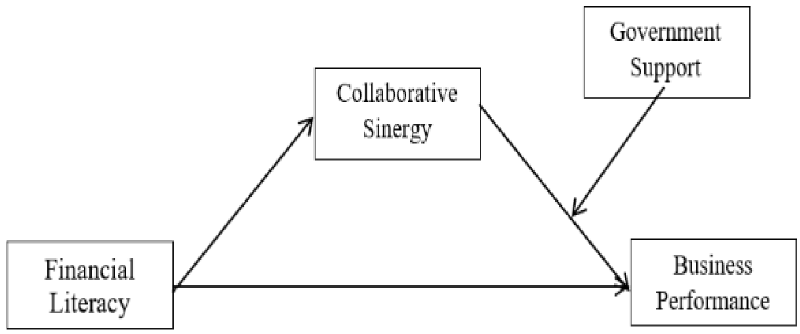
H_4 Collaborative synergy mediates the relationship between financial literacy and business performance

Government Support Modifies the Relationship between Financial Literacy and Business Performance

The government is an institution that can provide support to strengthen funding or help manage the financial assets of some business units, especially micro-scale in developing countries [3]. Governments in developing countries such as those in Southeast Asia, South Asia, and Africa are not too willing to take risks to provide support to businesses, especially micro-scale businesses [29]. When microenterprises managed individually or in groups have shown significant performance improvements and are considered by many interested parties to have promising growth prospects in the future, local governments in developing countries will only provide support [36]. The government acts more as an instrument that strengthens the relationship between financial literacy and business performance. Business actors will take advantage of funding from government programs to encourage a stronger capital base in the business which can certainly encourage increased business performance in micro-scale businesses [6], [19], [30].

H_5 Government support strengthens the relationship between financial literacy and business performance

Referring to the theoretical support and many previous research results, we create a conceptual framework where we make the collaborative synergy variable a mediating variable and government support a moderating variable that mediates by strengthening the relationship between financial literacy and business performance as shown in the following figure:



Source: [36], [37]

Figure 1. Research Model

RESULTS AND DISCUSSION

Data collection was done using Google Forms By the identification of respondent data, their demographics can be classified as shown in Table 1 below:

Table 1. Demographics Respondent

Demographics	Frequency	Percentage
Gender		
Male	84	38.01
Female	137	61.99
Age		
≤ 20 Years	58	26.24
21 – 30 Years	43	19.46
31 – 40 Years	67	30.32
41 – 50 Years	31	14.03
51 – 60 Years	18	8.14
> 60 Years	4	1.81
Education		
SMP	34	15.38
High School	153	69.23
Diploma	20	9.05
S1	14	6.33
Culinary Type		
Serving Culinary	107	48.42
Packaged Culinary	60	27.15

Demografis	Frekuensi	Persentase
Packaged and served Culinary	54	24.43
Lokasi Usaha		
Banda Aceh	4	1.81
Bandung	11	4.98
Banyumas	8	3.62
Brebes	2	0.90
Bukittinggi	17	7.69
Cibaduyut	1	0.45
Cimahi	1	0.45
Denpasar	4	1.81
Jakarta	20	9.05
Medan	11	4.98
Padang	31	14.03
Pekanbaru	11	4.98
Riau Kepulauan	11	4.98
Sawahlunto	2	0.90
Semarang	16	7.24
Solo	27	12.22
Solok	13	5.88
Sumbawa	10	4.52
Surakarta	6	2.71
Tasikmalaya	6	2.71
Yogyakarta	11	4.98
Total	221	100

Source: Processed by the researcher

Table 1 shows that 137 people or 61.99% of respondents are female while 84 people or 38.01% of other respondents are male. In addition, based on the survey results, it was found that 67 people or 30.32% had ages between 31 years and 40 years, while respondents who had ages above 60 years were the least number of respondents, totaling 4 people or 1.81% of the total respondents. From the survey results, it was identified that 153 people, or 69.23% of respondents had formal education at the high school level, while respondents who had formal education at the undergraduate level were the least. When observed from the culinary type, it was found that 107 respondents had a serving culinary business type, while respondents who developed a packaging and serving culinary business type were the least number of respondents, totaling 54 people or 24.43% of the total respondents. From the survey results, it can be that the respondents who participated came from many major cities in Indonesia such as Jakarta, Padang, Bandung, Medan, and various other cities. After all data and information have been obtained, data processing can be carried out. Data processing stages in two stages are Measurement Model Assessments (MMA). The results of the analysis carried out are shown in table 2 below:

Table 2. Convergent Validity

	Outer Loading	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Business Performance				
I feel that the sales development of my microscale business has increased in the last few weeks	0.600			
I consider that the products sold in the developed micro business unit continue to increase market share	0.674			

I consider that the number of employees involved in the microenterprise activities developed continues to grow within one month of the business	0.840	0.768	0.843	0.522
I feel that my micro business has the potential to add more branches in the future	0.694			
I feel that the profit earned from my microbusiness activities has increased significantly in the last few months	0.781			
Collaborative Synergy				
I always make time to share ways or strategies with experienced people on how to grow my business	0.772	0.739	0.851	0.657
I also encourage business collaboration that synergizes with financiers, financial institutions, government, or suppliers	0.754			
I also built strong relationships with customers to expand my business.	0.897			
Government Support				
I support the government's efforts to use investors to develop micro-enterprises.	0.919	0.660	0.776	0.536
I also strongly support the coordination between the government and financial institutions, especially banks, to develop micro-enterprises.	0.629			
I am also very impressed with the government's program to provide subsidies to develop micro-enterprises.	0.640			
Financial Literacy				
I have familiarized myself with making financial statements under the rules.	0.657	0.758	0.843	0.575
I always record all expenditure and income transactions every time I carry out operational activities.	0.838			
I have used equipment or software in making reports on business sales activities	0.751			
Through my knowledge, I have separated my wealth or wealth obtained through business activities	0.776			

Note: Outer Loading > 0.70, Cronbach's Alpha > 0.70, Composite Reliability > 0.70, AVE > 0.50

The results of convergent validity testing can be that each research variable consisting of business performance, collaboration synergy, government support, and financial literacy has an instrument that has an outer loading value ≥ 0.60. In addition, the instrument testing also obtained the Cronbach's Alpha value for each variable> 0.70, the consistency of reliability is evidenced by the Composite Reliability value for each variable which also has a value> 0.70. In addition, the results obtained are also reinforced by the AVE value of each variable> 0.70. After each research variable used meets the convergent validity procedure, Discriminant Validity testing is carried out with the Fornell-Larcker approach. as shown in Table 3 below:

Table 3. Fornell Larcker Criterion

	Business Performance	Collaborative Synergy	Financial Literacy	Government Support
Business Performance	0.923			
Collaborative Synergy	0.896	0.810		
Financial Literacy	0.887	0.785	0.789	
Government Support	0.773	0.758	0.732	0.730

Sources: PLS 3.9 Output

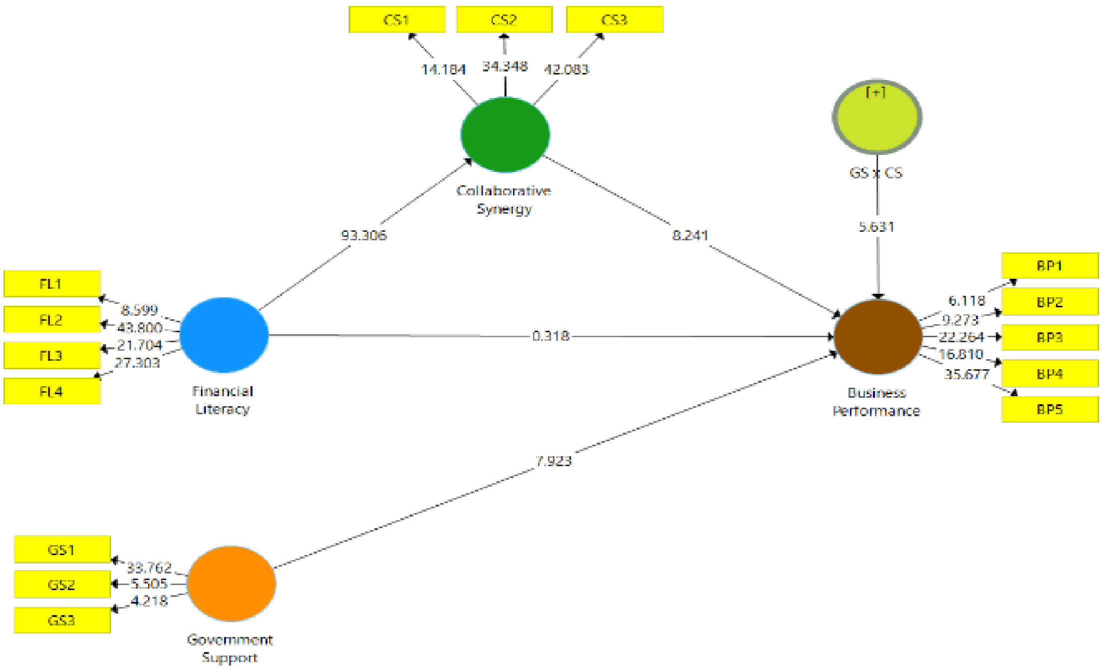
Table 3 above shows that the correlation matrix formed has fulfilled the procedure, where the coefficient value owned by the business performance variable is 0.923 and the coefficient in the same quadrant is greater than the collaborative synergy which has a correlation value of 0.810, followed by financial literacy with a correlation value of 0.789 and government support which has a correlation value of 0.730. It can be concluded that each instrument used as a variable measurement is declared valid, so the Measurement Model Assessments (MMA) testing stage is continued in the inner model analysis through R^2 analysis. Based on the results of data processing that has been carried out, the results are shown in Table 4 below:

Table 4. R-square Analysis Results

	R Square	R Square Adjusted
Business Performance	0.920	0.919
Collaborative Synergy	0.784	0.783

Source: Partial Least Square 3.9 Output

In the table above, the combined sub-structure obtained an R2 value of 0.920 which can be interpreted that financial literacy, collaborative synergy, and government support can contribute to influencing changes in the business performance of microscale businesses in Indonesia, while in the second sub-structure found an R2 value of 0.783 which can be interpreted that financial performance can contribute to influencing changes in collaborative synergy as much as 78.30%. The contribution formed by the two sub-structures above shows a fit or ideal model After all procedures in MMA are fulfilled, the Structural Model Assessments (SMA) stage can be carried out. In general, the description of the results obtained is shown in Figure 1 below:



Source: Partial Least Square 3.9 Output
Figure 1. Structural Model Assessments

The Relationship Between Financial Literacy and Business Performance in Indonesian Culinary SMEs is Being Improved with Collaboration and Government Support.

The results of the SMA (Structural Model Assessments) analysis will show the findings of hypothesis testing, both showing the direct effect, the interaction of moderating effects formed, and the testing of indirect effects. A description of the results obtained is shown in Table 5

Table 5. Test Results of Direct Effect and Moderation Effect

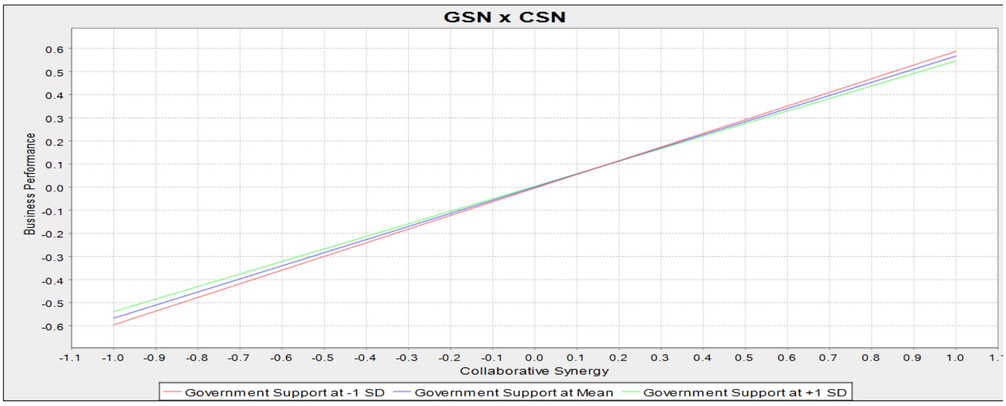
	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Hasil
FL -> BP	0.033	0.103	0.318	0.751	Rejected
CS -> BP	0.595	0.072	8.241	0.000	Accepted
GS -> BP	0.386	0.049	7.932	0.000	Accepted
FL -> CS	0.885	0.059	8.306	0.000	Accepted
GS x CS -> BP	-0.144	0.025	5.631	0.000	Rejected

Source: Partial Least Square 3.9 Output

By the results of hypothesis testing, it appears that financial literacy has no significant effect on business performance, this is statistically proven by a P-value of 0.751. The testing procedure is carried out with an error rate of 0.05. The findings show that the financial knowledge and references possessed by quilter micro-entrepreneurs in Indonesia do not affect the business performance they achieve. The results obtained imply that changes in business performance in micro-enterprises with the culinary segment are driven by external factors such as the competitive climate, social and economic conditions that are relatively different in Indonesian society. The findings obtained are consistent with the research. At the testing stage, it was found that collaborative synergy has a positive effect on business performance in micro-scale businesses in Indonesia. Statistically, the path coefficient result is 0.595 and the P-value is 0.000. These findings indicate that the stronger collaborative synergy will encourage the increase in business performance of micro business units in the culinary sector in Indonesia.

In the third hypothesis testing model, it can be that government support has a positive effect on business performance, statistically, this is evidenced by the path coefficient of 0.386 with a P-value of 0.000. These findings successfully prove that government support in the form of strategic programs and policies to facilitate access to financing for micro business units through government-owned financial and non-financial institutions can encourage increased business performance. Furthermore, at the fourth hypothesis testing stage, it can be that financial literacy owned by business actors can encourage the increase in collaborative synergy. The path coefficient value obtained is a positive sign of 0.885 and a P-value of 0.000. Thus, financial management will be better in the management of micro-businesses with the culinary segment in Indonesia, when business actors or owners have strong financial knowledge and experience.

In line with the summary description of the results of hypothesis testing above, it can be that government support can moderate the relationship between collaborative synergy and business performance, but government support tends to weaken the relationship between collaborative synergy and business performance of micro business units with the culinary segment in Indonesia. The fourth hypothesis is rejected. The role of government support as a moderator to weaken the relationship between collaborative synergy and business performance is shown in Figure 2. below:



Sourcess: Partial Least Square 3.9 Output

In the figure, it can be seen that there is an intersection between three lines colored red, blue, and green which is a combination of at-1 SD, with the average value and at + 1 SD of the government support variable, thus based on the picture above, it can be concluded that the government support variable can moderate the relationship between collaborative synergy and business performance, although the nature of the interaction that is formed is negative or weakening.

In the structural framework model in this research, we also tested the extent to which collaborative synergy can mediate the relationship between financial literacy and business performance. The results of the tests that have been carried out are shown in Table 6 below:

Table 6. Test Results of Indirect Influence

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Hasil
FL -> CS -> BP	0.527	0.064	8.163	0.000	Accepted

Source: Partial Least Square 3.9 Output

Under the test results, it appears that collaborative synergy can mediate the relationship between financial literacy and business performance of micro-scale businesses in the culinary segment in Indonesia. Statistically obtained original sample value of 0.527 and P-value of 0.000, these results indicate that collaborative synergy driven by strong financial literacy from business actors or parties who collaborate will be able to encourage increased business performance of micro-businesses with the culinary segment in Indonesia.

DISCUSSION

The results obtained show that improving the business performance of micro-businesses in the culinary segment not only requires strong financial literacy from business actors, but is also influenced by the ability to read market opportunities, the courage to face risks, and business diversification These findings are consistent with research Asandimitra et al., (2019); Hermansson & Jonsson, (2021) states that in encouraging increased business performance not only financial literacy is needed but also experience, and strategies outside finance such as proper marketing and the ability to innovate to create a competitive advantage [36].

At the second hypothesis testing stage, it was found that collaborative synergy has a positive and significant effect on the business performance of micro-businesses in the culinary segment in Indonesia. Collaboration in various fields including capital, marketing, and location to suppliers encourages increased business performance. Weaknesses owned by business actors tend to be resolved by business collaboration so that businesses become more developed and show high business performance such as increasing sales, and number of customers to business profits. The results obtained are supported by Agrawal et al., (2023); and Ramezani & Camarinha-Matos, (2020) which states that cooperation that creates synergies to reduce resource limitations such as capital, location, promotion, and other business aspects is one way to encourage increased business performance.

The fulfillment of the weaknesses of the required resources will encourage the smooth running of business activities and trigger an increase in business performance, that Das & Rangarajan (2020) collaborative synergy is a key factor that encourages increased business performance. The cooperation that was built was able to boost the performance of micro business units in India Liza et al., (2023) synergized cooperation is an important instrument that can create financial strength or encourage uniqueness in business, so it can be an indicator that encourages increased business performance as seen in increasing business market share, increasing the number of consumers, and business profits during Covid 19. Salisu & Abu Bakar (2020) revealed that the limitations of funds, intellectual intelligence, and raw material suppliers will be overcome by collaborative synergy so that the fulfillment of a number of these limitations will encourage increased business performance carried out by micro-scale business actors.

In testing the third hypothesis, we found that government support has a positive effect on the business performance of micro-businesses in the culinary segment in Indonesia. Through the right government programs tailored to business needs, it encourages the many facilities obtained by business actors to develop the micro businesses they run to encourage increased business performance as seen from continuing to increase sales volume, increasing market share to strengthening business profits. These results are supported by research Chaganti & Greene, (2002); Pan et al., (2022); Wahyono & Hutahayan, (2021) agreed that government support in developing countries in the form of licensing, protection, and financing for micro, small, and medium-scale business units can encourage sustainable business performance.

At the fourth hypothesis testing stage, we found that government support can moderate the relationship between collaborative synergy and the business performance of micro-businesses in the culinary segment in Indonesia. However, government support reduces the relationship between collaborative synergy and business performance. This condition is because government support in the form of capital will reduce synergistic cooperation. After all, the cooperation that is established will encourage more profit sharing. These findings are reinforced by research Das & Rangarajan, (2020); Sokiyna & Aqel, (2020) states that micro, small, or medium enterprises in developing countries such as India, Pakistan, Indonesia to Bangladesh tend to avoid business collaboration because it will reduce the business profits they get [9], profit sharing between cooperating parties is believed to be the main cause of this, business actors tend to expect more real support from the local government to encourage increased business performance. This includes capital, financing, and other direct support.

In the results of testing the fifth hypothesis, it was found that collaborative synergy was able to mediate the relationship between financial literacy and business performance of micro-scale culinary businesses in Indonesia. These findings indicate that synergized cooperation, which is equipped with good knowledge, understanding, and experience in the financial sector, will be able to encourage increased business performance of micro-scale culinary businesses in Indonesia. Consistent research results were obtained by Nugraha et al., (2022) which revealed that the government is an institution that can provide support to strengthen funding or help manage the financial assets of some business units, especially micro-scale in developing countries. Governments in developing countries such as Southeast Asia, South Asia, and Africa are not too brave to take the risk of providing support to businesses, especially micro-scale [29]. Local governments in developing countries will only provide support when micro businesses that are managed personally or even in groups have shown significant performance development, and are considered by many interested parties to have good prospects for future development [36].

The government acts more as an instrument that strengthens the relationship between financial literacy and business performance. This is because when micro-business actors have good financial literacy, the micro-businesses they run will have a presentative financial report so that it becomes a tool for them to get funding from banking institutions. Business actors will take advantage of funding from government programs to encourage a stronger capital base in the business which of course can encourage increased business performance in micro-scale businesses [6], [19], [30].

CONCLUSION

Collaborative synergy in managing a business is certainly a very important thing to do. Synergized cooperation will help minimize all weaknesses owned by business actors, such as in terms of capital, marketing, promotion, and suppliers to business locations, to encourage increased business performance. In addition, the government is certainly a party that has an important role in supporting the development of micro, small, and medium-scale businesses in Indonesia. The government is very instrumental in determining licensing issues, and business protection, to mediators who facilitate the financing process received by business actors through state banks.

Our research found that financial literacy is not the only factor that determines the success of micro-enterprises in Indonesia but can also be influenced by external factors such as economic conditions, government economic and political policies, and various other variables that were not used in our research. In addition, we were able to prove that collaborative synergy and government support is one of the ways to fulfill many limitations in business activities such as capital, funding, and business marketing so that these actions lead to improved business performance. However, government support tends to weaken the relationship between collaborative synergy and business performance.

Profit sharing as part of the agreement in collaborative synergy is a trigger that decreases business performance. The difficulty of behaving openly and honestly in conducting cooperation encourages business performance to tend to decline. However, collaborative synergy can mediate the relationship between financial literacy and business performance. The existence of government programs that encourage the progress and development of microscale businesses through direct assistance and financial financing can encourage increased business performance, the realization of this is inseparable from the ability and good financial knowledge of each business actor. We also realize that there are still some limitations in this research, namely related to endogeneity issues. We do not address endogeneity as an issue to be analyzed in this research**.**

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