Income Journal: Accounting, Management and Economic Research
Volume 3, Number 2, Agustus 2024 E-ISSN : 2985-4288
Open Access: https://income-journal.com/index.php/income/index

The Impact of Financial Literacy on the Sustainability of Businesses with Finacial Inclusion as a Mediating Factor

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Info Artikel
Sejarah artikel:
Diterima 05-08-2024
Disetujui 14-08-2024
Diterbitkan 27-08-2024

Kata kunci:
Keberlanjutan Bisnis, Literasi Keuangan, Inklusi Keuangan

ABSTRAK
Business Sustainability adalah kemampuan untuk mencapai tujuan bisnis, meningkatkan nilai dalam jangka panjang, dan menjaga konsistensi dalam menjaga apa yang telah dicapai. Di era pemulihan ekonomi nasional, banyak bisnis baru yang inovatif bermunculan, semakin memperketat persaingan di dunia bisnis. Jika bisnis gagal meningkatkan kemampuan mereka dalam mempertahankan operasi mereka, itu dapat mengurangi nilai bisnis mereka dan menyebabkan ketidakmampuan mereka untuk bertahan hidup. Studi ini berusaha untuk memastikan dampak literasi keuangan pada sifat bisnis yang bertahan lama, sambil mempertimbangkan inklusi keuangan sebagai faktor mediasi. Kerangka teoritis yang digunakan dalam penyelidikan ini adalah teori Resource-Based View (RBV). Populasi dalam penelitian ini terdiri dari usaha mikro, kecil, dan menengah (UMKM) yang terdaftar di Dinas Perdagangan, Koperasi, dan UMKM di Kabupaten Wonosobo Kabupaten. Ukuran sampel adalah 96 UMKM yang dipilih menggunakan metode Purposive Sampling. Metode penelitian yang digunakan adalah kuantitatif, dan analisis data dilakukan dengan menggunakan SPSS Versi 26, meliputi uji validitas, reliabilitas, statistik deskriptif, uji asumsi klasik, regresi linier, dan uji hipotesis. Temuan dari penelitian ini menunjukkan bahwa keberlanjutan bisnis dipengaruhi oleh literasi keuangan, dan bahwa inklusi keuangan memiliki pengaruh langsung terhadap keberlanjutan bisnis. Selanjutnya, literasi keuangan berperan dalam membentuk inklusi keuangan, dan literasi keuangan secara tidak langsung mempengaruhi keberlangsungan bisnis melalui inklusi keuangan. Implikasi dari penelitian ini menunjukkan bahwa peningkatan literasi keuangan dapat mengarah pada peningkatan inklusi keuangan, yang diharapkan dapat membantu UMKM menjaga keberlanjutan bisnis mereka.

Keywords :
Business Sustainability, Financial Literacy, Financial Inclusion

ABSTRACT
Business Sustainability is the ability to achieve business goals, enhance value over the long term, and maintain consistency in preserving what has been achieved. In the era of national economic recovery, many innovative new businesses have emerged, intensifying competition in the business world. If businesses fail to enhance their capabilities in sustaining their operations, it may diminish their business value and lead to their inability to survive. This study seeks to ascertain the impact of financial literacy on the enduring nature of businesses, while considering financial inclusion as a mediating factor. The theoretical framework employed in this investigation is the Resource-Based View (RBV) theory.The population in this study consists of micro, small, and medium enterprises (MSMEs) registered with the Department of Trade, Cooperatives, and MSMEs in Wonosobo Regency. The sample size is 96 MSMEs selected using the Purposive Sampling method. The research method employed is quantitative, and data analysis is conducted using SPSS Version 26, including tests for validity, reliability, descriptive statistics, classic assumption tests, linear regression, and hypothesis testing. The findings from this study demonstrate that business sustainability is impacted by financial literacy, and that financial inclusion has a direct influence on business sustainability. Furthermore, financial literacy plays a role in shaping financial inclusion, and financial literacy indirectly affects business sustainability by means of financial inclusion.The implications of this study suggest that an increase in financial literacy can lead to improved financial inclusion, which is expected to help MSMEs maintain the sustainability of their businesses.

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are the most vulnerable businesses to bankruptcy because the scale of the business is relatively small so that business actors are unable to compete and maintain their business continuity. Business Sustainability refers to the capacity of an organization to attain its corporate goals and enhance long-term worth for stakeholders through the integration of economic, social, and environmental factors into its strategic blueprint. (Trenggana, 2022).

Sustainable business is a way of operating for the benefit of all current and future stakeholders, by ensuring the long-term health and viability of businesses and economies linked to social and environmental systems. Sustainability is important because of developments in corporate responsibility and corporate transparency. Professional communication and upward intentions alone are not enough for a company's business. Corporate initiatives for sustainability can drive social and environmental change and ultimately overall organizational success.

The prospect of regaining momentum through diverse planning and adjustment strategies for micro, small, and medium enterprises necessitates financial support (UNDP and LPEM FEB UI 2020). Banks often serve as a prevalent option for prospective funding sources in the context of recovery., for which financial inclusion is essential as a bridge for businesses to maintain their business continuity. However, in reality there are still many businesses that lack understanding of financial inclusion due to low levels of financial literacy.

Financial literacy is important for everyone to effectively prioritize financial management and differentiate between needs and wants. Financial literacy is also very important for understanding and knowledge in managing their finances wisely (Arianti, 2022). The promotion of financial inclusion is a crucial factor in diminishing poverty and enhancing the overall welfare of individuals, given that readily available financial services facilitate the ease of daily activities and support both families and small enterprises in generating income, engaging in investment opportunities, and breaking free from the clutches of poverty. Financial inclusion possesses the capacity to empower individuals in fulfilling their fundamental necessities and assumes a significant role in aiding communities in their preparedness, response, and recovery from economic crises.

Based on the National Financial Literacy Survey (2019) conducted by the Financial Services Authority (OJK) found that the financial literacy index (financial understanding) of the community including business actors is still very low at 38.03%, while financial inclusion (financial service products) is 76.19% (OJK, 2019). Therefore, the existence of financial literacy and financial inclusion needs to be a serious concern for business actors so that the business activities carried out have a positive impact on their business development both in the short and long term.

Previous research shows that financial literacy and financial planning have a positive effect on Business Sustainability in craft micro businesses in Jombang Regency (Zumaroh, 2021). In Kusuma et al's research (2021) shows the phenomenon of financial inclusion has a profound impact on the long-term viability and financial success of Micro, Small, and Medium Enterprises (MSMEs), and financial literacy affects financial performance in Solo Raya MSMEs.

RESEARCH METHODS

Theory Review

1. **RBV (Resource Based View) Theory**
   The main idea of this theory states that a company can achieve a performance advantage and sustainable competitive advantage if it obtains valuable resources, has valuable capabilities that have no substance and cannot be imitated, and the company must have the ability to absorb and apply them (Hilmawati & Kusumaningtyas, 2021).
2. **Business Sustainability**
   A sustainable business is a business that continues to exist from time to time, is able to maintain organizational values or has a strong organizational culture, also achieves stable company profits/profitability, and can even continue to increase. It is also able to adapt to the environment.
3. **Financial Literacy**
   The degree to which an individual can comprehend financial ideas and appropriate financial management to enable them to make both short- and long-term planning decisions in accordance with the dynamics of economic requirements and conditions is known as financial literacy.
4. **Financial Inclusion**
   According to the World Bank's definition, financial inclusion is not just access to financial services, but also involves the ease and availability for individuals and businesses to access a range

of useful and affordable financial products and services. This means that everyone, regardless of background or economic status, has an equal opportunity to use banking services, insurance, investments, and other financial instruments, which in turn can help them meet their financial needs responsibly.

Methodology

This type of research is research using quantitative methods with data obtained through distributing questionnaires conducted in the Wonosobo Regency Region with a total of 96 MSME samples taken using the slovin formula. Business Sustainability is used as the dependent variable in this study. Financial Inclusion and Financial Literacy are the intervening variables in this study, whereas they are the independent variables. Testing the question bullets using validity and reliability tests is the first step in the data analysis process. After that, the Classical Assumption Test is carried out (Normality, Multicollinearity, Heteroscedasticity). Linear Regression Test and Hypothesis Test (t-test, Path Analysis).

RESULTS AND DISCUSSION

a. Validity Test

To measure the validity of each question item using the product moment correlation technique, the validity value of the questions for Financial Literacy, Financial Inclusion and Business Sustainability in this study was declared entirely valid because the validity value was all greater than rtabel = 0.2284.

b. Reliability Test

The reliability test is used to determine whether the research instrument is reliable and trustworthy o not. The reliability test in this study used the Cronbach Alpha technique. It is known that the Cronbach Alpha value of Financial Literacy, Financial Inclusion and Business Sustainability is greater than 0.6 so that all variables are declared to have good reliability.

c. Descriptive Statistics Test

Table 1. Descriptive Statistics Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy	96	27	47	40.35	3.904
Financial Inclusion	96	24	37	32.29	2.934
Business Sustainability	96	15	23	19.70	2.158
Valid N (listwise)	96				

Source : SPSS 26 OUTPUT 2023)

Based on this table, it can be seen that each minium, maximum, average(mean), and standard deviation value eith a total a 96 data.

d. Classical Assumption Test

a. Normality Test

The data normality test is carried out to evaluate whether the assumptions of the regression equation have been met or not. The normality test in this study used the Kolmogorov-Smirnov and P-Plot tests. The Kolmogorov-Smirnov table shows that the significance value> 0.05 is 0.200, while the P-Plot shows that the distribution of the data is said to be spread around the diagonal line. These results indicate that the data to be regressed in this study are normally distributed.

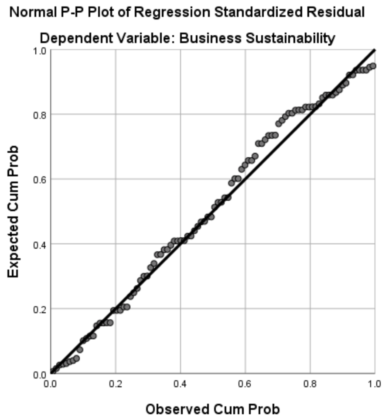

Figure 1. Normality Test

Source: SPSS 26 Output (2023)

b. Multicollinearity Test

The VIF and tolerance values of every variable this study looked at clearly suggest that multicollinearity is not present, based on the data processing results. The financial inclusion and financial literacy variables' VIF values, which are both below 10 and equal to 1.819, respectively, and the tolerance value of 0.550, which is higher than the required minimum of 0.1, support this conclusion. These results unequivocally demonstrate that no multicollinearity-related issues affect any of the independent variables in this regression model..

c. Uji Heterokedastisitas

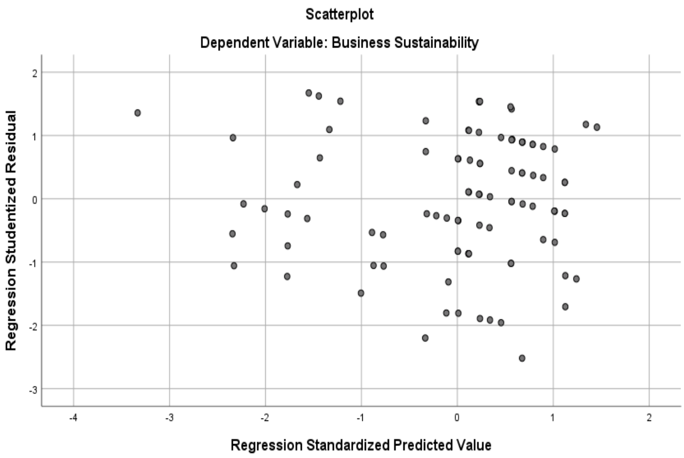

Figure 2. Heteroscedasticity Test

Source: SPSS 26 Output (2023)

In this study, the heteroscedasticity test with the Scatter Plot the graph indicates that the points are distributed in a random manner without following any particular pattern or linear trend. The test results suggest that this regression model does not exhibit any heterocedasticity issues.

e. Linear Regression Test

The interpretation results of the regression analysis, conducted using SPSS 26, are presented in the form of an equation or model consists of constants and regression coefficients derived from the prior data processing results

Table 2. Regression Equation 1 in Path Analysis

Coefficients[a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	11.944	2.330		5.126	.000
	Financial Literacy	.504	.057	.671	8.772	.000
a. Dependent Variable: Financial Inclusion						

Source: SPSS 26 Output (2023)

$$Financial\ Inclusion = 11.944 + 0.504\ Financial\ Literacy$$

Table 3. Regression Equation 2 in Path Analysis

Coefficients[a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	11.619	2.490		4.667	.000
	Financial Literacy	.154	.055	.279	2.817	.006
	Financial Inclusion	.223	.072	.303	3.087	.003
a. Dependent Variable: Business Sustainability						

Source: SPSS 26 Output (2023)

$$Business\ Sustainability = 11.619 + 0.154\ Financial\ Literacy + 0.223\ Financial\ Inclusion$$

f. Hypothesis Testing

a. T-test Statictic

Based on table 4 and table 5 above, the results obtained show that the significance value for the financial literacy variable is 0.006, which is smaller than the specified alpha value of 0.05. Based on these fidings, the alternative hypothesis (H1) for financial literacy variable is accepted. Therefore, it can be concluded that the financial literacy variable has a significant impact on business sustainability, partially.

The significance value obtained for the financial literacy variable on financial inclusion, which is 0.000 is smaller than the predetermined alpha value of 0.05. Based on these results, H2 is accepted for the financial literacy variable. Therefore, it can be concluded that the financial literacy variable partially has a significant impact on financial inclusion..

The significance value of 0.003 for the financial inclusion variable is smaller than the specified alpha value of 0.05. Based on these findings, H3 is confirmed for the financial inclusion variable. Thus, it can be said that a considerable influence on business sustainability is partially attributed to the financial inclusion variable.

b. Path Analysis Test

Input:			Test statistic:	Std. Error:	*p*-value:
a	0.504	Sobel test:	2.9230828	0.03844982	0.00346584
b	0.223	Aroian test:	2.90657285	0.03866822	0.00365412
s_a	0.057	Goodman test:	2.93987732	0.03823017	0.00328342
s_b	0.072	Reset all	Calculate		

Figure 3. Sobel Test Output (http://quantpsy.org/sobel/sobel.htm)

Source: SPSS 26 Output (2023)

The Path Analysis test in this study was carried out with the sobel test. The sobel test results show the tcount value of 2, 923> from the t table of 1.661. So according to the results of the calculation it can be concluded that Financial Literacy (X) Affects Business Sustainability (Y) Through Financial Inclusion (Z).

CONCLUSION

From the elucidated research findings and discussions, it becomes evident that there exists a partial impact between the degree of financial literacy and finance on the level of business sustainability. These findings are substantially supported by previous research conducted by Yanti et al (2022) and Maulana et al (2022) which reveal that financial literacy has a positive and significant effect on the sustainability of MSMEs, financial inclusion affects the sustainability of MSMEs. In this context, strong financial literacy can provide a solid foundation for MSME players to better manage their finances, understand financial risks, and make smart investment decisions. On the other hand, adequate financial inclusion will enable wider access for MSMEs to relevant and supportive financial services, thus helping them to overcome financial barriers and develop their business potential. Therefore, a balanced combination of good financial literacy and adequate access to financial inclusion can provide a solid foundation for MSME sustainability and sustainable economic growth.

Within the framework of this investigation, it was discovered that financial inclusion and financial literacy levels are significantly correlated. The findings of Kusuma research (2020), which similarly demonstrated a strong correlation between financial inclusion and financial literacy in MSMEs in Bandar Lampung, corroborate the findings of this study. Adequate financial literacy in MSME players in expected to play an important role in encouraging wise management and financial decision-making, which in turn can improve business performance and business sustainability in the midst of intense economic competition. Therefore, through a better understanding of sound financial and management concepts, MSME players are expected to optimize access to relevant financial services and utilize them effectively to achieve sustainable growth.

The influence of financial literacy on business sustainability through financial inclusion is another factor to consider. Financial inclusion can serve as an intermediary or mediator in the connection between the level of financial literacy and the sustainability of businesses. By improving access to financial services and promoting better financial understanding, financial inclusion can positively contribute to the ability of businesses to achieve sustainable goals in the long term.

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