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The Effect of Financial Literacy on the Sustainability of Micro, Small, and Medium, Enterprises with Access to Finance as a Mediating Variable

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Abstract: Large-scale social restrictions (PSBB) during the pandemic, and the decline in people's purchasing power, caused problems for many MSMEs, with some even folding. The business actors must have the good financial literacy to manage funds and enhance business survival under challenging conditions. The research aims to examine the effect of financial literacy on business sustainability and access to finance as a mediating variable that strengthens the relationship between financial literacy and sustainability. It was conducted by taking MSME samples in the West Bandung Regency area using the probability sampling technique with cluster random sampling type. The data collected from the responses of 203 MSMEs was processed using the Path Analysis method with an error rate of 5%. These results showed that financial literacy affects sustainability, and access to finance cannot mediate the effect of financial literacy on sustainability.

Keywords: Financial Literacy, Access to Finance, Sustainability, MSME

1. Introduction

Indonesia and other countries have experienced problems with Covid-19, which has rapidly spread among humans, for almost a year. The prevent the spread of the virus, many countries, including Indonesia, enacted policies to implement large-scale social restrictions (PSBB). The policies caused many businesses to close, and created a Work Form Home (WFH) system for offices, and education with an online learning system. Therefore, research is being conducted on the Covid-19 vaccine needed to stimulate the body in producing antibodies that can be useful against germs or viruses in the body. This vaccine will prevent Covid-19 transmission, ending the pandemic and facilitating a return to normal.

Many businesses currently experience the impact of this pandemic, including Micro, Small, and Medium Enterprises (MSME). The Minister of Manpower, Ida Fauziyah, stated that MSME during this pandemic had various problems, such as decreased sales, capitalization, hampered distribution, difficulty in raw materials, reduced production and layoffs of workers (medcom. id,2020). MSME plays a vital, essential role as the backbone for driving the economy in Indonesia, including creating job opportunities (Bappenas.go.id, 2019). Therefore, it must maintain business sustainability. The methods applied by business owners include making sales through electronic commerce (e-commerce) and online sales to increase business sales (medcom. id, 2020). The government also utilizes other methods to maintain sustainability. The Minister of Manpower aims to recover this sector by providing stimulus to MSME and cooperatives, alongside Direct Cash Assistance (BLT) for ultra-micro and micro businesses. Restructuring and interest rate subsidies for micro-enterprises were carried out through the Revolving Fund Distribution Agency (LPDB) (medcom, id, 2020).

Business sustainability is essential for MSMEs, as it creates job opportunities for others. Puspitaningtyas (2017) stated that a business sustainability-oriented approach toward achieving long-term performance is an essential factor in a business. Without this approach, companies tend to be stagnant and not actively progressing. Idawati and Pratama (2020) showed that business sustainability in MSME is observed in the company's success in innovation, managing employees and customers, and returning to the initial modal. In addition to increasing sales, operating funds owned are also very influential. Both privately owned and grant funds must be appropriately managed, as these can be used to grow

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businesses. Aribawa (2016) stated that strategic efforts are required to improve performance and sustananamely by enriching the financial knowledge of MSME actors. Financial literacy is the ability to manage funds, to ensure more monetary success in the future (Pusparani and Krisnawati, 2019). The level of financial literacy from an individual or family point of view may impact the ability to have long-term savings used to purchase assets, education costs, and retirement (Aribawa, 2016). Financial literacy is not only related to financial knowledge and making the right decisions. When business actors have sound financial knowledge, they tend to manage their business finances much better, thereby accessing financial resources and maintaining business sustainability (Puspitaningtyas, 2017).

The third National Financial Literacy Survey (SNLIK) conducted by the Financial Services Authority (OJK) showed that the financial literacy index reached 38.03%, while the financial inclusion index reached 76.19%. These results showed an increase compared to the results of the 2016 Financial Services Authority survey, namely the financial literacy index of 29.7% and the financial inclusion index of 67.8%. Therefore, in the last three years, there has been an increase in public financial understanding (literacy) by 8.33% and an increase in access to financial products and services (financial inclusion) by 8.39% (OJK.go.id, 2019). Therefore, the level of public financial literacy is increasing, and the public is increasingly aware of financial institutions in Indonesia. Business actors can take advantage of existing financial institutions to improve business sustainability. For example, in terms of funding their businesses, they can avoid loans with high-interest rates that ensnare business actors into large debts. The ease of MSMEs accessing financial services at financial institutions helps maintain the business. Furthermore, Aqida and Fitria (2019) stated that when business actors have easy access to banking with various offers of banking products (savings, loans, and others), they feel safe in carrying out their business activities and will also not experience financial difficulties.

Much research on the effect of financial literacy on MSME sustainability has been carried out. Panggabean, et al. (2018) showed that financial literacy affects the sustainability of culinary businesses in Medan City. The ability of financial literacy and business sustainability managers and employees is above average. Ambarwati and Zuraida (2020) explained that financial literacy (financial knowledge) has a positive and significant effect on business sustainability. Moreover, Ye and Kulathunga (2019) showed that financial literacy has a positive impact on MSME and access to finance, while financial risk attitude also affects sustainability. Based on previous research, it is significant to determine the influence of financial literacy on sustainability, which involves economic mediating factors to strengthen the effect of financial literacy on sustainability. This research utilizes MSME in West Bandung Regency.

2. Research Hypothesis

2.1 Financial Literacy on the Sustainability of Micro, Small, and Medium Enterprises (MSMEs)

MSMEs are one of the drivers of the economy which create jobs for communities, therefore, their sustainability is important. One of the problems regarding MSMEs is the absence of transparent and organized financial information. This is due to the low interest in recording every transaction made by MSME (Widayanti, Damayanti, and Marwanti, 2017). Aribawa (2016) stated that these enterprises require strategic efforts to improve performance and sustainability. This can be done by enriching the financial knowledge of business actors and ensuring proper management and accountability as befits a large company. Financial knowledge is needed by business actors to manage business finances. Rahayu and Musdholifah (2017) emphasize that the level of financial literacy will influence the sustainability of MSMEs. Therefore, the higher the level of financial literacy and financial knowledge of the owner or manager, the higher the ability of the business owner to survive during a crisis, thereby ensuring long-term business sustainability. Aribawa (2016) observed a significant influence of financial literacy on the performance and sustainability of MSMEs. Ye and Kulathunga (2019) showed that financial literacy has a positive effect on the sustainability of MSMEs, and access to finance and financial risk attitudes also affect sustainability. From the description above, the hypothesis of financial literacy research is as follows:

H$_1$: Financial literacy influences the sustainability of micro, small and medium enterprises.

Access to Finance mediates Financial Literacy and Sustainability of Micro, Small, and Medium Enterprises.
Financial knowledge is needed by business actors to sufficiently manage finances and record financial statements correctly. Many studies show that financial literacy affects the sustainability of MSMEs. Funding constitutes one of the essential factors for the continuity of a business. Funds can be obtained from various sources, such as family, friends,

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business partners, or financial institutions. Sources of funds from family, friends, and others may be limited therefore, financial institutions are required to obtain sufficient funds. A significant problem occurs when business actors cannot access services from existing financial institutions and lack information on these institutions. Furthermore, improving financial literacy and financial inclusion is guaranteed to develop MSMEs. This is because business actors will understand the basic concepts of financial products, carry out better financial planning and management, and protect business actors from fraud and unhealthy businesses in the financial market (ojk. go. id, 2016). Therefore, financial knowledge or literacy will improve the sustainability of a company when its actors are knowledgeable of financial inclusion and can readily access existing financial service products. Ye and Kulathunga (2019) state that there is a relationship between financial literacy and sustainability mediated by financial access. This agrees with the relationship between financial literacy, sustainability, and financial access. Ye and Kulathunga also observed this when access to finance and other variables of financial risk attitudes were included in the model. Therefore, the direct effect of financial literacy on sustainability is reduced but still significant. This also suggests that this relationship is partially mediated by access to finance and financial risk attitudes. Ye and Kulathunga's study of financial access mediating the relationship between literacy and sustainability, the results were partially accepted. Other research has not found the same conclusion therefore, it is necessary to further investigate financial access as a mediating variable in the relationship between financial literacy and sustainability. The research hypothesis is

H2: Access to finance mediates the influence of financial literacy on the sustainability of micro, small and medium enterprises.

3. Literature Review

3.1 Financial Literacy

Financial literacy is the ability to manage funds, to ensure more monetary success in the future (Pusparani and Krisnawati, 2019). According to Bushan and Medhury (2013 in Margaretha and Sari 2015), financial literacy is the ability to make judgments and effective decisions related to money management. According to Remund (2010), research reviews since 2000 show many concepts about financial literacy, which were divided into five categories, namely: (1) knowledge of financial concepts, (2) ability to communicate financial concepts, (3) aptitude in managing personal finance, (4) skills in making appropriate financial decisions and (5) confidence in planning effectively for future financial needs.

The level of financial literacy from an individual or family point of view may influence the ability to have long-term savings that can use to buy assets, educational costs, and retirement (Aribawa, 2016). Poor and ineffective money management may cause a family financial crisis (Braunstein and Welch, 2002 in Aribawa, 2016). On the other hand, MSMEs with sound financial literacy will be able to achieve their company goals, have a business development orientation, and survive in challenging economic conditions (Aribawa, 2016). OJK and a press release stated that the contribution of the MSME sector in Indonesia has proven to be highly significant for the national economy. This is due to the assistance of 60% of the Gross Domestic Product and absorbing 97% of the federal workforce. The role of MSMEs is strengthened by increasing their capabilities in managing finances and expanding their financial access (OJK.go.id, 2016). Idawati and Pratama (2020) stated that financial literacy is a positive effect on the sustainability of MSMEs. Furthermore, Rahayu and Musdholifah (2017) show that the influence of financial literacy on the sustainability of MSME has a positive effect. This indicates that financial literacy is at the highest level of business continuity.

3.2 Access to Finance

Finance is the most essential part of a business. Sources of funds may include private references or loan funds. The common problem is that several business actors obtain high-interest loans which they are unable to pay which affects the continuity of their business. Therefore, business actors should have the financial literacy to access existing financial institutions and finance with appropriate regulations. This will enable business actors to avoid loans with high-interest rates. Goldhausen (2017, in Aqida and Fitria, 2019) described that thousands of small and medium enterprises pay special attention to access to finance, which has a positive and significant impact on the growth of Dutch MSME. Aqida and Fitria (2019) also stated that MSME business actors had easy access to banking by offering various banking products such as savings, loans, and others. Therefore, MSME actors will feel safe carrying out their business activities and will not experience financial difficulties.

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According to a member of the OJK Board of Commissioners in the field of Consumer Education and Protection, expanding access to finance for the public is essential to accelerate the economy. There are four reasons for access to finance, known as financial inclusion (Financial .bisnis.com, 2020):

1. Development is carried out in all fields that can be enjoyed by urban and rural communities. Therefore, all levels of society should be able to gain access to finance and conduct financial transactions quickly, safely, and cheaply.

2. Financial inclusion is positively correlated with economic growth. Therefore, increasing financial inclusion can encourage economic growth, and expanding access to finance will reduce welfare inequality.

3. Financial inclusion encourages the process of national economic recovery by becoming an enabler of smooth financial support for all levels of society and MSMEs that are difficult to reach through traditional financial products.

4. Financial inclusion, accompanied by adequate financial literacy, will support the economic resilience of the community in dealing with any unforeseen condition or circumstance.

From the description above, financial access for MSMEs is vital, and MSME business actors can take advantage of existing financial institutions to access financing, thereby improving MSME business sustainability.

3.3 Sustainability

During the current pandemic, many MSMEs closed their businesses due to a decline in people's purchasing power. Therefore, many MSME business actors implemented various strategies to survive difficult situations. For example, current sales can be made online, thus sustainability is maintained in the long term. Sustainability is the condition of a business that helps to support, develop and protect resources and meet the needs for a company to exist (Handayani, 2007 in Widayanti, et al. 2017). Puspitaningtyas (2017) described the concept of sustainability as an enterprise that will remain in business in the future. A business or MSME that is sustained will open new jobs for the community in the long term. Aribawa (2016) emphasizes that strategic efforts are needed to improve the performance and sustainability of MSMEs, including the enrichment of financial knowledge. Furthermore, according to Idawati and Pratama (2020), business continuity in MSMEs is seen in a company's success in innovation, managing employees and customers, and returning initial capital.

4. Methodology

This research analyzes the relationship between the independent and dependent variables. It also examines the effect of the mediating variable on the relationship between both variables. The population is all MSMEs in West Java. The total sample is based on the provisions by Hair et al. (2011) which was ten times the most significant number of structural paths directed at specific latent constructions in the structural model. Based on the calculations, the sample used in this research is 140 MSMEs in West Bandung Regency. The probability sampling technique was used with the cluster random sampling technique, of which the cluster is West Bandung Regency.

The data used in this research consists of the responses given by the sampled owners of MSMEs. Furthermore, primary data was obtained using questionnaires, while data analysis involved path analysis. The steps taken in carrying out data analysis using the path analysis method include (Ghodang, 2020):
1. Tabulate the results of respondents' answers.

2. Conduct validity and reliability tests.

3. After being declared valid and reliable, the results of the respondents' answers were then tested for classical assumptions consisting of normality, heteroscedasticity, and multicollinearity tests.

4. After all the classical assumption tests were carried out, and the data was free from the classical assumption tests, the path analysis steps were carried out using a simple correlation approach, namely:

   a. Determine the path model.

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    b.   Create a simple correlation coefficient matrix.

    c.   Calculate the path coefficient (ρ_{ij}) with the following steps:

        1.   Formulate hypotheses and structural equations.

        2.   Determine the correlation matrix between exogenous variables.

        3.   Determine the inverse of the exogenous variable matrix.

        4.   Determine the path coefficient.

    d.   Determine the coefficient of multiple determination value (structure).

    e.   Test the significance of the path coefficient.

    f.   Model fit testing (Model Fit).

5.   Conduct hypothesis testing to examine direct, indirect, and total effects.

6.   Determine whether the mediating variable has an effect or not on the relationship between the independent and dependent variables. This involves the criteria that when the value of the indirect impact is greater than the direct, the mediating variable affects the relationship between the independent and dependent variables

5. Result and Discussion

5.1 Data and Data Processing

The data used in this research was processed from a questionnaire distributed to respondents, namely micro, small and medium entrepreneurs, through a Google form. A total of 23 questionnaires were successfully collected. Based on the results of data processing, an overview of the respondents' profiles who filled out the questionnaire from the demographic data that has been processed can be seen in Table 1 below:

Table 1: Results of Processed Demographic Data of Respondents

Respondent Profile	Demographic Data Processed Results
Gender	25.1% Male and 74.9% Female
Age	At most, 41 -50 years old
Education Level	At most Diploma - 4/Bachelor Degree by 48.3%
Type of business	At most Food by 72.4%
Number of employees	At most < 10 people by 94.6%

Source: Processed Results

The demographic data of the respondents in Table 1 provides information that the majority who filled out the questionnaire were female (74.9%) with ages ranging from 41-50 years, had an educational level of Diploma-4 or Bachelor Degree (48.3%), had food businesses (72.4%), and had less than ten employees.

6. Research Instrument Testing

Validity Test
This research uses the product-moment correlation technique in conducting the validity test, where each question item in the questionnaire is analyzed and determined whether it is valid. This was performed by examining the Sig value generated by each question item. The results of the validity test are shown in Table 2 below.

Based on Table 2, all indicators for variables X, Z, and Y are valid because the resulting Sig value is less than 5%. The results processed with SPSS to test the validity of all variables are shown in the data appendix.

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Table 2: Validity Test Results

Indicator	Sig Value	Decision	Indicator	Sig Value	Decision	Indicator	Sig Value	Decision
X_1	0,000	Valid	Z_1	0,000	Valid	Y_1	0,000	Valid
X_2	0,000	Valid	Z_2	0,000	Valid	Y_2	0,000	Valid
X_3	0,000	Valid	Z_3	0,000	Valid	Y_3	0,000	Valid
X_4	0,000	Valid	Z_4	0,000	Valid	Y_4	0,000	Valid
X_5	0,000	Valid	Z_5	0,000	Valid	Y_5	0,000	Valid
X_6	0,000	Valid	Z_6	0,000	Valid	Y_6	0,000	Valid
X_7	0,000	Valid	Z_7	0,000	Valid	Y_7	0,000	Valid
X_8	0,000	Valid						
X_9	0,000	Valid						
X_{10}	0,000	Valid						

Source: Processed Results

Reliability Test

The reliability test for each variable was carried out using the Cronbach Alpha technique, where a variable is considered reliable when the value is > 0.60. The reliability test results for the variables are shown in Tables 3 to 5 below:

Table 3: Reliability Test Results for Variable X

Reliability Statistics

Cronbach's Alpha	N of Items
.767	11

Source: SPSS Processed Results

Table 4: Reliability Test Results for Variable Z

Reliability Statistics

Cronbach's Alpha	N of Items
.791	8

Source: SPSS Processed Results

Table 5: Reliability Test Results for Variable Y

Reliability Statistics

Cronbach's Alpha	N of Items
.778	8

Source: SPSS Processed Results

Based on the results of the reliability test, all variables are reliable because the Cronbach Alpha value obtained for all variables is more significant than 0.60.

Normality Test

A normality test is used to examine whether the processed data is normally distributed or not. In this research, the One-Sample Kolmogorov-Smirnov Test method was used to test for normality. The results are shown in Table 6 below:

Table 6: Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		203
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.38139818
Most Extreme Differences	Absolute	.041
	Positive	.026
	Negative	-.041
Kolmogorov-Smirnov Z		.585
Asymp. Sig. (2-tailed)		.884

a. Test distribution is Normal.

b. Calculated from data.

Source: SPSS Processed Results

Based on the results of the normality test, the data to be used in the research is usually distributed because the Asymp Sig (2-tailed) value obtained was 0.884, which is greater than the value used at 5%.

Heteroscedasticity Test

The heteroscedasticity test is used to determine when there is an inequality of variance from the residuals of one observation to another in the research data. The results of this test using the Rho Spearman method are shown in Table 7 below:

Table 7: Heteroscedasticity Test Results with Rho Spearman Test

Correlations

			Financial Literacy	Access to Financial	Unstandardized Residual
Spearman's rho	Financial Literacy (X)	Correlation Coefficient	1.000	.635[**]	.019
		Sig. (2-tailed)		.000	.791
		N	203	203	203
	Access to Finance (Z)	Correlation Coefficient	.635[**]	1.000	-.014
		Sig. (2-tailed)	.000		.847
		N	203	203	203
	Unstandardized Residual	Correlation Coefficient	.019	-.014	1.000
		Sig.(2-tailed)	.791	.847	
		N	203	203	203

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Processed Results

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Based on the heteroscedasticity test results using the Rho Spearman test, the Sig value for the financial literacy variable is 0.791, while the access to finance variable is 0.847. The Sig value is greater than 5%, therefore, the financial literacy and access to finance variables are free from heteroscedasticity.

Multicollinearity Test
The multicollinearity test, the VIF (Variance Inflation Factor) and Tolerance values are determined. The research data is declared free from multicollinearity when the VIF value is not more than ten, and the Tolerance is not less than 0.1. The multicollinearity test results for this research data are shown in Table 8 below:

Table 8: Multicollinearity Test Results

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.666	.142		11.731	.000		
	Financial Literacy (X)	.422	.057	.519	7.397	.000	.594	1.684
	Access to Financial (Z)	.118	.048	.174	2.478	.014	.594	1.684

a. Dependent Variable: MSME Sustainability (Y)

Source: SPSS Processed Results

Based on the results, the data in the variables are free from multicollinearity because the Tolerance value obtained is more than 0.1, while the VIF received is less than 10.

In this research, two (2) factors were tested, namely the effect of financial literacy on sustainability and access to finance mediating the impact of financial literacy on sustainability. The test results using the Path Analysis method are shown in the following steps:
1. Perform multiple linear regression testing to examine the direct effect between financial literacy and access to finance variables on the sustainability of MSME. The results are shown in Tables 9 and 10 below:

Table 9: Multiple Regression Model Test Results

ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.834	2	10.417	70.901	.000ᵇ
	Residual	29.384	200	.147		
	Total	50.217	202			

a. Dependent Variable: MSME Sustainability (Y)
b. Predictors: (Constant), Financial literacy (X), Access to finance (Z)

Source: SPSS Processed Results

Based on the test results of the multiple linear regression model shown in Table 9, the Sig value is 0.000, less than 5%. Therefore, the regression model formed can be used to predict MSME sustainability. For the results of multiple regression testing, which can be seen in Table 10, the Sig values are 0.000 and 0.014, where both values are smaller than 5%. This indicates financial literacy and access to finance affect MSME sustainability.

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Table 10: Multiple Regression Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.666	.142		11.731	.000
	Financial Literacy (X)	.422	.057	.519	7.397	.000
	Access to Finance (Z)	.118	.048	.174	2.478	.014

a. Dependent Variable: MSME Sustainability (Y)

Source: SPSS Processed Results

2. Make a direct equation using the standardized coefficients beta values in Table 10 and the error value calculated by the formula: $e = \sqrt{1 - r^2}$ where $e = \sqrt{1 - 0,415} = \sqrt{0,5850} = 0,7649$

The r^2 value can be seen in Table 11 below:

Table 11: r^2 Value

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.644[a]	.415	.409	.38330

a. Predictors: (Constant), Financial literacy (X), Access to finance (Z)

Source: SPSS Processed Results

The direct equation formed is:
$$Y = 0,519\ X + 0,174\ Z + 0,7649$$

3. Perform simple linear regression testing to examine the indirect effect of financial literacy variables on access to finance. The results of testing the simple linear regression model can be seen in Tables 12 and 13:
4.

Table 12: Simple Linear Regression Model Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.491	1	44.491	137.424	.000[b]
	Residual	65.074	201	.324		
	Total	109.565	202			

a. Dependent Variable: Access to finance (Z)
b. Predictors: (Constant), Financial literacy (X)

Source: SPSS Processed Results

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Table 13: Simple Linear Regression Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.348	.209		1.662	.098
	Financial Literacy (X)	.765	.065	.637	11.723	.000

a. Dependent Variable: Access to finance (Z)

Source: SPSS Processed Results

Based on the test results of the simple linear regression model shown in Table 12, the Sig value is 0.000, less than 5%. Therefore, this regression model can be used to predict access to finance. For the results of simple linear regression testing shown in Table 13, the Sig value is 0.000. Therefore, it is concluded that financial literacy affects access to finance.

5. Make a direct equation using the standardized coefficient beta values in Table 13 and the error value calculated by the formula: $e = \sqrt{1 - r^2}$ where $e = \sqrt{1 - 0,406} = \sqrt{0,5940} = 0,7707$

The r^2 value can be seen in Table 14 below:

Table 14: r^2 Value

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.637[a]	.406	.403	.56899

a. Predictors: (Constant), Financial literacy (X)

Source: SPSS Processed Results

The indirect equation formed is:

$$Z = 0,637\ X + 0,7707$$

6. Create a path analysis model based on the path coefficient value (ρ_{ij}) generated from the direct and indirect equations that were formed. The path analysis model is shown in Figure 1 below:
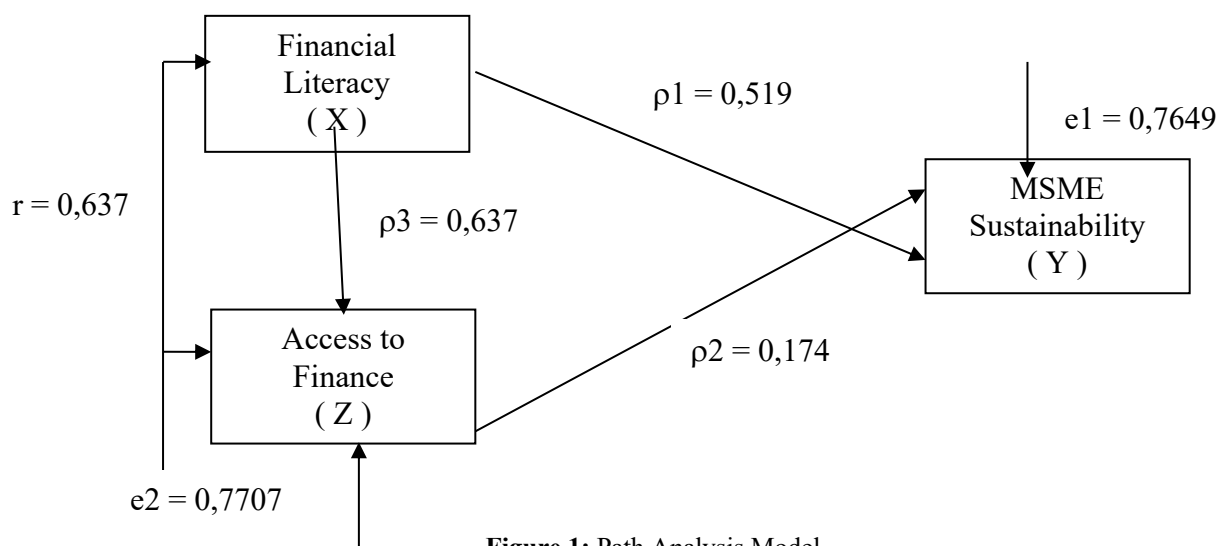

Figure 1: Path Analysis Model

7. Calculate the total effect by adding up the value of the direct impact and that of the indirect as follows:

Immediate impact (*Financial literacy* on MSME *sustainability*)	=	0,519
Indirect effect (*Financial literacy*, *access to finance* on MSME *sustainability*)	=	0,174 x 0,637 0,1108 +
Total effect	=	0,6298

8. The decision taken based on the calculation of the total effect is better than the direct impact because it produces an effect value of 0.519, which is more significant than an indirect effect of 0.1108.

Based on the steps of the Path Analysis method, there is a significant effect of financial literacy on MSME sustainability. Furthermore, access to finance does not mediate the impact of financial literacy on sustainability. This is based on the decision that it is better to use a direct impact, as its value is 0.519, which is greater than the indirect effect value of 0.1108.

7. Discussion

Based on the results of the processed data above, it is concluded that financial literacy affects MSME sustainability as evidenced by the value of sig 0.000, which is smaller than alpha (α) 5%. Therefore, respondents have good financial literacy, which is very necessary for business continuity. In financial literacy activities such as making financial reports, MSME actors know of basic accounting, savings accounts, and others that are essential for a business. Furthermore, business and personal funding must be distinguished for the smooth running of the company. This is very necessary for excellent financial management.

MSME is one of the drivers of the economy, therefore, its sustainability must be maintained. Manurung and Barlian (2012) in Aribawa (2016) stated that MSMEs in the creative industry tends to have a short-term orientation in business decision-making. This is observed by the absence of a focus on continuous innovation and inconsistent core business activities. Therefore, the sustainability of long-term performance tends to be stagnant and disorganized. Strategic efforts are required to improve performance and sustainability, such as by providing financial knowledge to MSME actors, to enhance business management accountability (Aribawa, 2016). This research is in line with Idawati and Pratama (2020) that financial literacy variables positively affect MSME sustainability. Aribawa (2016) stated that there is an effect of financial literacy on business continuity in creative MSMEs in Central Java. Furthermore, financial literacy has a positive impact on sustainability, as well as access to finance, and a finance risk attitude also affect sustainability (Ye and Kulathunga, 2019).

The effect of financial literacy on MSME sustainability shows that financial education is one of the right ways to increase confidence in finance and entrepreneurship (Imarhiagble et al. 2017). Additionally, Hamdana et al. (2021) stated that financial literacy helps business owners to prepare business financial strategies, improve business performance, as well as acquire the proper financial knowledge and skills to maintain sustainability. Saifurrahman and Kassim (2021) stated that financial literacy is not only about financial reporting standards but also includes internal business management, proper allocation of responsibilities, and transparent business activities. By increasing their financial literacy capacity, MSMEs can become more aware of understanding financial aspects and business management skills which eventually increases efficiency and productivity. Furthermore, Ali et al. (2020) stated that in the product modification and decision-making process, business managers must be rational and have an adequate level of knowledge and information (financial literacy) to develop products.

Erhomosele and Obi (2022) stated that financial literacy helps entrepreneurs to face the challenges of a dynamic business environment and enables them to achieve personal financial success. Therefore, according to Burchi et al. (2021), financial literacy has a positive and significant effect on the sustainability of the entrepreneurial activity. One way to examine the success of a business depends on MSME actors and their knowledge of financial literacy. This is related to business bookkeeping, making income and expenditure budgets, good capital management, and others. Sound financial management enables actors to maintain their business sustainability. The knowledge of financial literacy can be supported by access to finance because MSMEs take advantage of the services provided by banks in opening accounts, borrowing capital, transfers between banks, and others. The ease of MSME actors accessing banking with various kinds of financial

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product offers, from savings to secure loans and relatively affordable interest rates according to their needs, will create a comfortable condition in carrying out business activities. Furthermore, there will be no difficulties in terms of financial aspects (Aqida and Fitria, 2019).

The research showed that access to finance does not mediate between financial literacy and sustainability in MSMEs. This is because the respondents are MSMEs who do not take advantage of the financial products offered by banks. Sometimes, the products offered are not following with the needs, and the actors in this research do not request loans from banks. Some respondents answered that the services provided by the bank could not increase their business. Furthermore, the stipulated fees in the bank services offered are also burdensome. Ye and Kulathunga (2019) showed that access to finance partially mediates the relationship between financial literacy and sustainability. Therefore, this research does not agree with Ye and Kulathunga (2019). Access to finance, which cannot mediate financial literacy and sustainability in MSME, shows that it is not a growth factor for micro-enterprises. Access to capital can be given to an owner, Still, the owner's attitude towards capital utilization may hurt growth (Angeles et al., 2019), and an increasingly tricky public access to finance will make business development inefficient in operational activities (Savitri et al., 2021).

According to Lewis and Lindley (2015), the financial services market focuses on increasing access to finance for MSMEs to promote growth and sustainability. However, it does not consider whether having financial literacy is essential for MSMEs both in accessing appropriate initial finance and empowering them to use financial products and services to manage risk and other business needs. This is supported by Ali et al. (2020) that low financial literacy creates barriers for MSMEs in accessing loans and making the right decisions. Moreover, the lack of access to finance can be an obstacle to entrepreneurship (Andriamahery and Qamruzzaman, 2022). This research showed that access to finance could not mediate financial literacy and sustainability because it is not the main factor for MSMEs to maintain business sustainability. However, financial literacy is the main factor for business sustainability. This is because with good financial knowledge, enterprises make the right decision to support their business by accessing the right financial services according to the need for such financing.

8. Conclusion

Based on the results, this research concludes that financial literacy affects MSME sustainability, and access to finance does not mediate the effect of financial literacy on sustainability.

POLICY IMPLICATION

MSME actors without financial literacy can start looking for information on financial literacy on the internet. They can partake in various training offered by financial institutions registered with the Financial Services Authority, conducted by banks for MSMEs, or offered by educational institutions. The MSME participation in financial literacy training can provide the required knowledge. Furthermore, it is expected that after MSMEs are financially literate, they can access financial services and make appropriate decisions in developing their business.

For MSMEs that already has financial literacy, they can continue to sharpen their literacy by participating in various training held by economic and educational institutions. Therefore, their knowledge can be continuously updated, and financial decisions on business development will be adequately performed. This will facilitate the consistency of MSME. Non-MSME communities also need to enhance their knowledge by attending training on financial literacy to determine access to appropriate financial services to develop of funds owned by the community.

RESEARCH LIMITATION
There are two limitations to this research, such as:
First, this research focuses on MSMEs, therefore, the results cannot be generalized to non-MSME. Future research can expand objects such as for companies with a larger business scale and the general public, such as students and families.

Second, this research only focuses on finantial literacy, access to finance, and sustainability. Future research is expected to examine entrepreneurial orientation, and financial performance to study their effect on financial literacy and business sustainability.

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