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The Influence of Financial Literacy on Coffee SMEs Sustainability Through Access to Finance, Financial Risk Attitude, and Entrepreneurship Experience as Mediating Variables in Jabodetabek & Bandung

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Abstract - **Small and medium enterprises are playing a big role in the economic growth in most developing countries, especially in Indonesia. And the coffee sector is emerging rapidly for the last 5 years. Thus, the purpose of this study was to examine the determinant variable of the Coffee SME's sustainability by assessing their owner's financial literacy. With taking financial risk attitude, business experience, and access to finance as the mediating variable, the approach will be quantitative with structural equation modeling (SEM) is used to analyze the data. The sample included 101 CEO & CFO of all Coffee shop around Jabodetabek and Bandung. The output of the data analysis shows that financial literacy, access to finance, and entrepreneurship experience positively affected the Coffee SMEs sustainability. While access to finance, financial risk attitude, and entrepreneurship experience partially mediates financial literacy and Coffee SMEs sustainability. The implication of the findings later will be used to adding perspective for most SMEs owners to be more aware of their own knowledge-based resources, or here, we call it financial literacy.**

Keywords – **Financial Literacy, Access to Finance, Financial Risk Attitude, Entrepreneurship Experience, SME sustainability.**

I. INTRODUCTION

The development of the Indonesian economy as a whole cannot be separated from the medium. Growth and economic growth are critical in a country's growth, particularly in terms of growing economic income and enhancing the well-being of its citizens. When the crisis hit, the Small and Medium Enterprises (SMEs) sector was the only one that remained viable, while others succumbed to the crisis [1]. SMEs' resistance to crises makes them a key asset for the country's economic sustainability, both during and after the crisis. And so nowadays, the role of the small business sector is the role of small and medium enterprises seems increasingly significant. SME can prove that this sector can be the foundation for the national economy. This is because SMEs are able to survive compared to other large businesses which tend to experience a downturn back then in a crisis.

The contribution of micro, small and medium enterprises (SMEs) to the economy has indeed been proven, at least in developing countries. Having a strong SMEs sector is indeed a really crucial thing to establishing a solid industrial sector in an economy [2]. The rapid economic development and higher profitability of emerging markets give SMEs the opportunity to become more competitive in both domestic and global markets [3]. Having a strong SME sector is essential for developing economies, where there is huge potential for the development of this sector although they have yet to realize the full benefits of a strong SME sector.

In Indonesia, SMEs have a weak understanding of business management competencies, particularly in financial matters because they have a low financial literacy level. However, in the ASEAN Economic Community (AEC) era, SMEs must now develop their financial capabilities and plans on a comprehensive level in order to compete in worldwide markets. Financial literacy can help enterprises in achieving financial goals by assisting them with budgeting, business planning, and fundamental financial understanding.

Among hundreds of types of SMEs out there, coffee has reached one of the biggest. A as a result of a recent research conducted by the Global Market Intelligence Agency Mintel shows that Indonesia is one of the world's biggest coffee retail markets by volume, driven by increasing domestic demand. According to Nurmala (2018), Indonesia's coffee retail business will develop at a compound annual growth rate of 11.4 percent between 2017 and 2021, making it the world's fastest-growing coffee retail market, ahead of Vietnam, Turkey, the Philippines, and Mexico. However, in 2016, Indonesia's new financial literacy rate was 29.66% of the total population. This means that Indonesians who understand how to manage money well are only 75 million of Indonesia's 240 million people.

According to and represents a core study area in finance and innovation, financing plays a significant role in business innovation. Financial resources enable businesses to invest strategically in the production components required to gain a competitive advantage.

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However, SMEs regularly encounter financial barriers to accessing the credit market, which restricts their growth. Financial restrictions may be a severe barrier to driving the firm's inventive activities because innovating is often dependent on the availability of funds. These decisions always have financial consequences, thus entrepreneurs must be financially literate to be effective. Financial literacy is one of the most crucial attributes for SMEs to have since it helps them solve problems in the loan market

Thus, the conceptual framework for this research is a development from Ye & Kalathunga (2019) which focus on financial literacy and SME in general in Srilanka using 2 mediating variables which are Access to Finance and Financial Risk Attitude. But then, it is adjusted by adding 1 mediating variable from Gurber & Markman (2017) which is Entrepreneurship Experience.

The magnitude of the gap between SMEs financial literacy and SMEs sustainability becomes a bottleneck for every coffee SMEs to grow and finally sustain. Also, other obstacles are the limited access to finance literature for every employee study. Moreover, there is minimal research about SMEs sustainability.

Therefore, that should be useful and interesting for studying the SMEs financial literacy, especially for coffee SMEs. Begin with a smaller scope – which is among SME in Indonesia but whit the focus on Jabodetabek and Bandung. Those areas have the biggest amount of coffee SMEs in Indonesia that has the similar characteristic of customer and coffee SMEs. Thus, it is essential to research the topics covering all the problems above, that will result in the data that can be used to examine the importance of financial literacy in the SME sector and thus to address a gap in the literature.

II. METHODOLOGY

In this research, researcher will conduct a quantitative approach by using survey. The quantitative method is discussed below. Researcher use quantitative approach to generate numerical data which can be translated into statistical data for data analysis [4] through questionnaire-based survey research methods in conducting the research approach which contain of financial literacy as an independent variable, access to finance, financial risk attitude, and entrepreneurship experience as mediating variable, and last but not least

The population for this study comprised Coffee SMEs in Indonesia. Purposive sampling technique was used because the researcher used specific respondent which CEO or CFO of Coffeeshop in Jabodetabek and Bandung. After considering the number of definitions of SMEs, researcher selected the sample from the population of Coffee SMEs in Jabodetabek and Bandung city that had 2–99 employees. Researcher used 101 to identify eligible firms and selected a convenience sample. To gather new insights and have greater confidence in the results of the study, primary data was selected as part of this study by using an online questionnaire with respondents through the Google form. The questionnaire consisted of structured research questions with a modified Likert-type with a scale of 5 (1 = strongly disagree, 2-disagree, 3 = neutral, 4- agree, and 5 = strongly agree). The questionnaire was adapted from previous relevant literature and carefully modified and adapted to represent Coffee SMEs especially in Indonesia.

III. RESULTS

A. Demographic Characteristic

There are 4 of indicators of control variables such as domicile, establishment year, number of employees, and last education. From 101 respondent's data we gathered, Bandung has dominate di domicile for 37.26% while 49.5% of respondents answer they just established their coffee shop less than 1 year. Most of the Coffee SMEs has 1-4 number of employees (54.5%) while 64.39% of their CEO pursuing bachelor degree

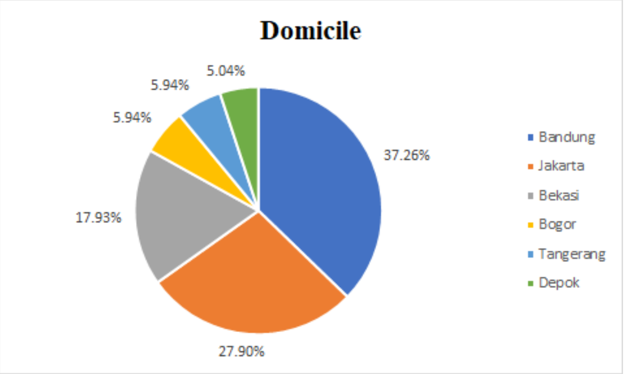

Figure 4.1

Based on the figure above, it can be seen that the respondents of the questionnaire have 101 respondents spread from Jakarta, Bogor, Depok. Tangerang, Bekasi. and Bandung. There are 38 respondents (37.26%) from Bandung, 28 respondents (27.9%) from Jakarta, 18 respondents (17.93%) from Bekasi, 6 respondents (5.9%) from Bogor and Tangerang, and 5 respondents (5%) from Depok.

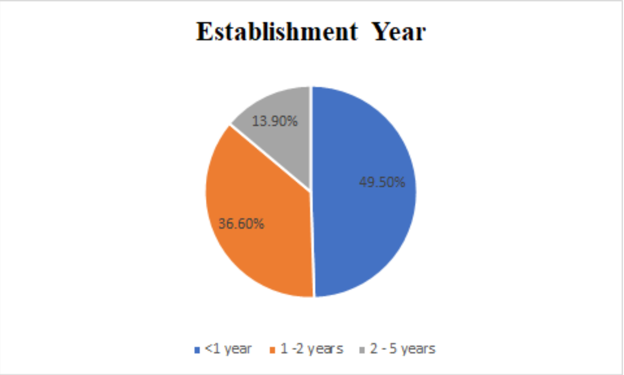

Figure 4.2

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According to the figure 4.2., it can be seen that 49.5% of the respondents (50 respondents) for <1 year, 36.6% of the respondents (37 respondents) for 1-2 years, and 13.9% of the respondents (14 respondents) have established their coffee shop for 2-5 years.

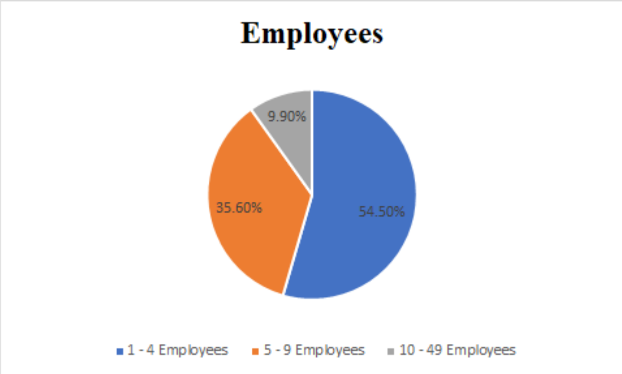

Figure 4.3

As seen in figure 4.3, there are 55 Coffee SMEs with 1-4 employees (54.5%) and it is followed by 36 Coffee SMEs with 5-9 employees (35.6%), and last is there are 10 Coffee SMEs with 10-49 employees.

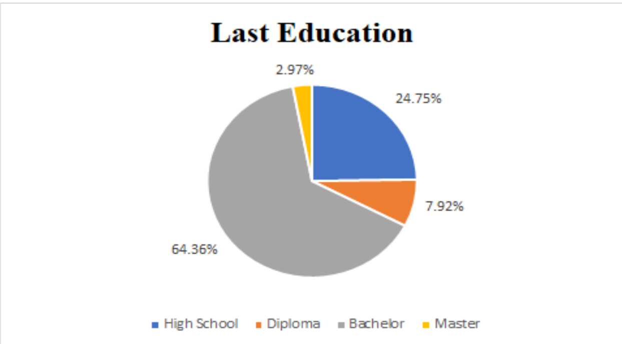

Figure 4.4

Majority of respondents which are 65 people have their education background in bachelor (64.36%). The others are a high school graduate with a total 25 respondents (24.75%), diploma with a total 8 respondents (7.92%) and followed by master degree holders with a total 3 respondents (2.97%).

B. Descriptive Analysis

The result of the data analysis shown that the highest mean score is 4.3564 which belong to the statement of "Awareness of self-capability to lead the company". It demonstrates that the majority of respondents have discovered their abilities to run a business and are now able to open a coffee shop. Most individuals in Indonesia have this level of self-awareness, and as a result, many people have finally ventured to create a company, such as a coffee shop.

While the lowest mean score is 3.3762 which belong to the statement of "The loan products offered are as needed". It can be noticed from this that some coffee shop owners do not utilize loans to start their businesses. Rather of borrowing, they might choose to spend their own funds. Maybe it's because many people still don't grasp the risk they face when they have to borrow money from a bank. This is why the AF code, or access to finance, has a mean score of not more than 4.

From the result, it also shows that entrepreneurship experience manifest variable, has the lowest standard deviation of 0.82642. The indicator stated that "Understand how to minimize budget from R&D". This indicator has a minimum score of 1, and a maximum of 5. These results might explain that overall, Coffee SMEs sustainability.

C. Structural Path Significance

This research then uses bootstrapping techniques to assess the relevance of both the inner and outer models of a structural path using the T-statistic. To get passed and be significance of the model's relationship, the calculated of T-Values must be equal to 1.96 or higher which indicates 95% confidence level.

The model of this study involved 5 latent variables and 37 indicators. Financial literacy consists of 10 indicators, access to finance consists of 7 indicators, financial risk attitude consists of 4 indicators, entrepreneurship experience consists of 5 indicators, and last but not least Coffee SMEs Sustainability consists of 11 indicators. After do the calculation through bootstrapping result shows that all of the indicators have T-statistics value higher than 1.96. It implies that all of the indicators significance.

TABLE I
STRUCTURAL PATH SIGNIFICANCE

Structural Path	Original Sample (O)	T Statistics (O/STDEV)	Coefficient of Determination (R2)
Access to Finance -> Coffee SMEs Sustainability	0.209	0.070	0.591
Entrepreneurship Experience -> Coffee SMEs Sustainability	0.269	0.098	
Financial Literacy -> Coffee SMEs Sustainability	0.195	0.089	
Financial Risk Attitude -> Coffee SMEs Sustainability	0.328	0.099	
Financial Literacy -> Access to Finance	0.569	0.079	0.542
Financial Literacy -> Entrepreneurship Experience	0.714	0.07	0.617
Financial Literacy -> Financial Risk Attitude	0.699	0.066	0.571

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To analyze, there are 4 variables with 4 values of R2. Table 1 shows that R2 value of Coffee SMEs sustainability is 0.597 that is to say 4 variables including access to finance, financial risk attitude, financial literacy, and entrepreneurship experience account the 59.7% of the variance in Coffee SMEs sustainability.

While the others like access to finance having 0.542 on its R2 value, which means financial literacy explain the 54.2% of the variance towards coffee SMEs sustainability. And it follows by entrepreneurship experience and financial risk attitude which have 0.617 and 0.571 on its R2 value, which implies to financial literacy explain 61.7% significance towards entrepreneurship experience and 57.1% significance towards financial risk attitude.

Hence, based on the data above, all R2 values are above 0.5 and below 0.75, it can be concluded that predictive accuracy in all variables is at a moderate level.

D. Hypothesis Testing

After done doing the quality test, researcher do the hypothesis testing. The inner model path coefficient was used to assess hypothesis testing, and T-values from PLS calculations were used to determine significance. And the result of hypothesis testing can be seen in Table 2

TABLE 2
HYPOTHESIS TESTING

Hypothesis	Structural Path	T-Values	P- Values	Result
H1	Financial Literacy -> Coffee SMEs Sustainability	2.188	0.029	Accepted
H2	Access to Finance -> Coffee SMEs Sustainability	2.994	0.003	Accepted
H3	Financial Literacy -> Access to Finance	7.203	0.000	Accepted
H4	Financial Literacy -> Access to Finance -> Coffee SMEs Sustainability	2.815	0.005	Partially Accepted
H5	Financial Risk Attitude -> Coffee SMEs Sustainability	3.298	0.001	Accepted
H6	Financial Literacy -> Financial Risk Attitude	10.570	0.000	Accepted
H7	Financial Literacy -> Financial Risk Attitude -> Coffee SMEs Sustainability	3.291	0.001	Partially Accepted
H8	Entrepreneurship Experience -> Coffee SME Sustainability	2.745	0.006	Accepted
H9	Financial Literacy -> Entrepreneurship Experience	10.149	0.000	Accepted
H10	Financial Literacy -> Entrepreneurship Experience -> Coffee SMEs Sustainability	2.496	0.013	Partially Accepted

H1: Financial Literacy has a positive influence on SME Sustainability

Hypothesis 1 defined that there is a positive relationship between financial literacy and SME sustainability. According to the calculation which shows the T-values of this Hypothesis is higher than 1.96, which is 2.188 and the P-values which shows the significance level is under 0.05 which is 0.029. Hence, the hypothesis accepted. It implies that the financial literacy has a positive influence on SME sustainability.

H2: Access to finance has a positive influence on SME Sustainability

Hypothesis 2 defined that there is a positive relationship between access to finance and SME sustainability. According to the calculation which shows the T-values of this Hypothesis is higher than 1.96, which is 2.994 and the P-values which shows the significance level is under 0.05 which is 0.003. Hence, the hypothesis accepted. It implies that the access to finance has a positive influence on SME sustainability.

H3: Financial literacy is positively related to access to finance

Hypothesis 3 defined that there is a positive relationship between financial literacy and access to finance. According to the calculation which shows the T-values of this Hypothesis is higher than 1.96, which 7.203 and the P-values which shows the significance level is under 0.05 which is 0.000. Hence, the hypothesis accepted. It implies that the financial literacy has a positive influence on access to finance.

H4: Access to finance mediates the relationship between financial literacy and SME sustainability

Hypothesis 4 defined that access to finance mediates the relationship between financial literacy and SME sustainability. According to the calculation which shows the T-values of this Hypothesis is higher than 1.96, which 2.815 and the P-values which shows the significance level is under 0.05 which is 0.005. In addition the fact that both variables are significance each other between financial literacy to access to finance and access to finance to SME sustainability. Hence, the hypothesis partially accepted. It implies that access to finance partially mediates the relationship between financial literacy and SME sustainability.

H5: Financial risk attitude has a positive influence on SME sustainability

Hypothesis 5 defined that there is a positive relationship between financial risk attitude and SME sustainability. According to the calculation which shows the T-values of this Hypothesis is higher than 1.96, which 3.298 and the P-values which shows the significance level

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is under 0.05 which is 0.001. Hence, the hypothesis accepted. It implies that the financial risk attitude has a positive influence on access SME sustainability.

H6: Financial literacy has a positive influence on financial risk attitude

Hypothesis 6 defined that there is a positive relationship between financial literacy and financial risk attitude. According to the calculation which shows the T-values of this hypothesis is higher than 1.96, which 10.570 and the P-values which shows the significance level is under 0.05 which is 0.000. Hence, the hypothesis is accepted. It implies that the financial literacy has a positive influence on financial risk attitude.

H7: Financial risk attitude mediates the relationship between financial literacy and SME sustainability

Hypothesis 7 defined that financial risk attitude mediates the relationship between financial literacy and SME sustainability. According to the calculation which shows the T-values of this Hypothesis is higher than 1.96, which 3.291 and the P-values which shows the significance level is under 0.05 which is 0.001. In addition the fact that both variables are significance each other between financial risk attitude to financial risk attitude and financial risk attitude to SME sustainability. Hence, the hypothesis partially accepted. It implies that financial risk attitude partially mediates the relationship between financial literacy and SME sustainability.

H8: Entrepreneurship experience has a positive influence on SME sustainability

Hypothesis 8 defined that there is a positive relationship between entrepreneurship experience and SME sustainability. According to the calculation which shows the T-values of this hypothesis is higher than 1.96, which 2.745 and the P-values which shows the significance level is under 0.05 which is 0.006. Hence, the hypothesis is accepted. It implies that the entrepreneurship experience has a positive influence on SME sustainability.

H9: Financial literacy has a positive influence on entrepreneurship experience

Hypothesis 9 defined that there is a positive relationship between financial literacy and entrepreneurship experience. According to the calculation which shows the T-values of this hypothesis is higher than 1.96, which 10.570 and the P-values which shows the significance level is under 0.05 which is 0.000. Hence, the hypothesis is accepted. It implies that the financial literacy has a positive influence on entrepreneurship experience.

H10: Entrepreneurship experience mediates the relationship between financial literacy and SME sustainability

Hypothesis 10 defined that entrepreneurship experience mediates the relationship between financial literacy and SME sustainability. According to the calculation which shows the T-values of this Hypothesis is higher than 1.96, which 2.496 and the P-values which shows the significance level is under 0.05 which is 0.013. In addition the fact that both variables are significance each other between financial literacy to entrepreneurship experience and entrepreneurship experience to SME sustainability. Hence, the hypothesis partially accepted. It implies that entrepreneurship experience partially mediates the relationship between financial literacy and SME sustainability.

TABLE 3
TOTAL EFFECT RESULT

Variables	Original Sample (O)
Access to Finance -> Coffee SMEs Sustainability	0.209
Entrepreneurship Experience -> Coffee SMEs Sustainability	0.269
Financial Literacy -> Access to Finance	0.569
Financial Literacy -> Coffee SMEs Sustainability	0.735
Financial Literacy -> Entrepreneurship Experience	0.714
Financial Literacy -> Financial Risk Attitude	0.699
Financial Risk Attitude -> Coffee SMEs Sustainability	0.328

E. Total Effect & Indirect Effect

Table 3 shows the influence of each independent variable towards the dependent variables in percentage which has interpretation of each score below:

a. Access to finance influence towards Coffee SMEs Sustainability by 20.9%
b. Entrepreneurship experience influence towards Coffee SMEs Sustainability by 26.9%
c. Financial literacy influence towards Access to finance by 56.9%
d. Financial literacy influence towards Coffee SMEs Sustainability by 73.5%
e. Financial literacy influence towards Entrepreneurship experience by 71.4%
f. Financial literacy influence towards Financial risk attitude by by 69.9%
g. Financial risk attitude influence towards Coffee SMEs sustainability by 32.8%

TABLE 4
SPECIFIC INDIRECR EFFECT RESULT

Variables	Original Sample (O)
Financial Literacy -> Access to Finance -> Coffee SMEs Sustainability	0.119
Financial Literacy -> Entrepreneurship Experience -> Coffee SMEs Sustainability	0.192
Financial Literacy -> Financial Risk Attitude -> Coffee SMEs Sustainability	0.229

Table 4 shows how every mediating variables mediates financial literacy as an independent variable and coffee SMEs sustainability as dependent variable. The interpretation based on Table IV.12 below:

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a. Access to finance partially mediates financial literacy towards coffee SMEs sustainability by 11.9%

b. Entrepreneurship experience partially mediates financial literacy towards coffee SMEs sustainability by 19.2%

c. Financial risk attitude partially mediates financial literacy towards coffee SMEs sustainability by 22.9%

Based on the mediation analysis above, it is known that there is a significant direct relationship, and the connection through mediation is also significant so that the mediation variable does not play a full role or as a partial mediation.

IV. DISCUSSION

Based on the results of hypothesis testing, it also shows positive results, which means that there is a positive relationship between the two latent variables. The study's findings demonstrate that the presence of knowledge, confidence, and financial management abilities exhibited by business performers will aid SMEs in increasing performance through improved financial planning with financial literacy as its basis.

Research conducted by Ye [5] also shows that financial literacy has a direct impact on coffee SMEs sustainability. It is also supported by the total effect result which shows that there is a 73.5% linkage percentage between financial literacy and coffee SMEs sustainability. This happens because financial literacy plays a very important role in intellectual capital discussed in the journal of Carmeli & Tishler [6] and also found that intellectual capital has a positive relationship to SME sustainability. From this, many things can be mapped out because financial literacy can help SMEs to invest in good business opportunities that can ultimately make SME sustainable.

The data analysis result shows that hypothesis 2 is accepted which implies there is a positive relationship between access to finance and SME sustainability. The result is also in accordance with Storey [7] research result if financial literacy increased the use of financial service in Ghana and Kenya SMEs. From all of those arguments we can conclude that access to finance for SMEs has a direct impact to the sustainability. Since to scale up and maintaining their business need a lot of resource and funding will be the most important factor. Hence, it has a significant effect from access to finance to SME sustainability.

The data analysis result shows that hypothesis 3 is accepted which implies there is a positive relationship between financial literacy and access to finance. This result demonstrates that having good financial literacy for business performers which is SMEs increases access to or use of financial services. Credit or firm's financial limitations will make it difficult for small firms to develop and enhance profitability if they do not have widespread access to financial services. It is aligned with Wise [8] who found that financial literacy was a significant indicator of financial access. This happens because people who have better financial literacy will be more aware and understand about various sources of funding.

The data analysis result shows that hypothesis 4 is accepted which implies access to finance mediates the relationship between financial literacy and SME sustainability. As what we've mentioned earlier for financial literacy, access to finance and SME sustainability, it's all connected. Better financial literacy will also enable SMEs to generate faster and more precise, relevant, and accurate financial reports, which will eventually be required to access funding and will subsequently assist alleviate the problem of money scarcity impacting SMEs in markets, particularly in developing nations.

The data analysis result shows that hypothesis 5 is accepted which implies there is a positive relationship between SME sustainability and financial risk attitude. Since the influence of financial literacy on financial risk attitudes has received insufficient attention, we want to fill the gap by examining the impact of financial literacy on corporate financial risk attitudes. We discover that financial literacy influences organizational financial risk attitudes, which is related to our sixth hypothesis. This is consistent with Widdowson's [9] results that financial literacy had a favorable influence on financial risk attitude.

One piece of literature does not distinguish between education and financial literacy, which contradicts our findings because education here has a large influence on financial literacy, so both education and financial literacy reduce risk aversion by ensuring that people have the information needed to make right business decisions. Thus, We revealed that financial risk attitude somewhat moderated the connection between financial literacy and the viability of SMEs, supporting our fourth hypotheses.

The data analysis result shows that hypothesis 8 is accepted which implies there is a positive relationship between SME sustainability and entrepreneurship experience. Someone who has more experience with one thing will find it easier and give better results on other things. Likewise with the business context, people who have experience in the business field will find it easier to handle their daily business so as to create a good SME business as well. A good SME business in terms of the owner's confidence will foster good motivation for his business and help his business continue to grow.

While the 9th hypothesis discusses financial literacy that affects the entrepreneurship experience and it turns out that the result is a positive influence. This happens because people who have a good educational basis, whether in the financial sector or anything else, will be more confident in handling their business and feel capable of leading their business as stated in the entrepreneurial experience attribute. And all of these things certainly support each other how financial literacy can help entrepreneurship experience and how entrepreneurship experience can influence Coffee SMEs Sustainability. Therefore, the 10th hypothesis will be said to be partially accepted because entrepreneurship does not fully mediate financial literacy

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and Coffee SMEs sustainability, which has significance between each path.

V. CONCLUSION

The research examines the relationship between financial literacy towards Coffee SMEs Sustainability in Jabodetabek and Bandung. The purpose of this research is to address the question, " How does Coffee SMEs owner's financial literacy promote sustainability in their Coffee SMEs?" To support and answer that question researcher finally gathered all the data. In total, this research employs 101 CEO & CFO of coffee shops. This research utilizes mediating dependent variable to measure Coffee SMEs sustainability such access to finance, financial risk attitude, and entrepreneurship experience to analyze the Coffee SMEs sustainability.

To evaluate our ten hypotheses, we utilized partial least squares structural equation modelling (PLS-SEM). The findings show that financial literacy, access to finance, financial risk attitudes, and entrepreneurship experience all have a direct impact on the sustainability of SMEs, while access to finance, financial risk attitudes, and entrepreneurship experience only partially mediate the relationship between financial literacy and coffee SME sustainability. As a result, we found that a better financial literacy, access to finance, financial risk attitude, as well as entrepreneurial experience all play a significant role in the long-term viability or a sustainability of coffee SMEs, particularly in Jabodetabek and Bandung.

Moreover, We also find that financial literacy has the greatest influence on the sustainability of Coffee SMEs sustainability compared to all existing mediating variables. This can happen because someone with excellent financial literacy must be aware of financial services, understand how to respond to risks, and are also experienced in business. Therefore, we recommend 4 direct stakeholders that involved in this scope which are all coffee shop owners, especially in Jabodetabek and Bandung to start learning basic financial management such as bookkeeping, loan, the entrepreneurs in general to having a sustain mindset by learning financial literacy and calculate every risk, also the government which also has the contribution to increase the financial literacy index in Indonesia by maximizing the *Strategi Nasional Literasi Keuangan* as well as the future research to expand the focus on this research.

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