

Achieving Business Sustainability Through Financial Literacy And Financial Inclusion In Financial Capital Mediation (A Study On Modern-Based Traditional Markets In Taluk Kuantan)

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Abstract.

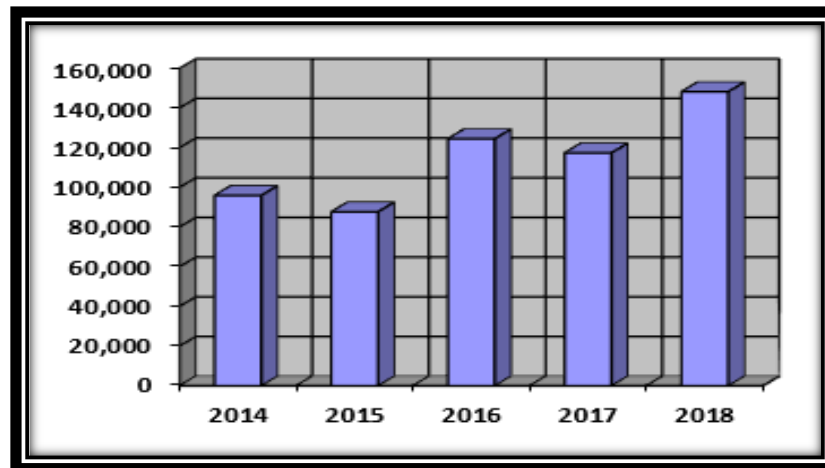
Financial literacy enables MSMEs to adopt financial technology, manage risks effectively, and adapt to market changes, increasing their competitiveness in an increasingly competitive market, especially in the digital era. This study aims to measure the influence of financial literacy, financial inclusion, and financial capital on business sustainability in the modern-based traditional market street vendor sector in Kuantan. This study uses a quantitative approach where primary data is collected through surveys and questionnaires from 77 respondents. Partial Least Square (PLS) statistical techniques are used to process the data. The results confirm the significant influence of financial literacy on business sustainability, both directly and indirectly through financial capital. Furthermore, there is an insignificant influence on business sustainability variables through financial capital. Therefore, there is an influence originating from other variables outside the study. The results also show that the intervening variables here have a significant influence on business sustainability variables. Therefore, it can be concluded that the higher the financial literacy of traditional market street vendors, the better the business sustainability will be.

Keywords: Financial Literacy; Financial Inclusion; Financial Capital; Sustainability Business SMEs and Sector SMEs.

I. INTRODUCTION

In today's modern era, the development of MSMEs has experienced very rapid development. The growth of MSMEs in Indonesia has made a significant contribution to the national economy. The MSME business sector has again recorded growth amidst slowing national growth and the global economic downturn. According to data from the Ministry of Cooperatives and SMEs, the number of MSMEs in Indonesia in 2020 reached 64.19 million, contributing 61.97% of the gross domestic product (GDP), or IDR 8,573.89 trillion. MSMEs' contribution to the Indonesian economy includes their ability to absorb 97% of the total national workforce and can collect up to 60.4% of total investment (www.bkpm.go.id). In the current era of 4.0 and 5.0, people's needs and desires are becoming increasingly complex (Dienillah et al., 2018). This sometimes encourages a consumerist lifestyle, where purchasing things without considering their future impacts seems normal. Financial management behavior has psychological significance for individuals, influencing their financial and psychological decisions, including those who are able to regulate their mindset and attitude to make decisions by linking all relevant aspects (Miranti & Oktaviana, 2022). Financial management behavior is an act of accountability for managing funds. The business sustainability of an MSME is the level of success of a business in innovating, ensuring employee and customer well-being, and managing business risks.

This will demonstrate how the company has the opportunity to grow and innovate sustainably (MacHdar, 2020). A literature review found that one of the factors strongly influencing the sustainability of MSMEs is financial literacy and financial inclusion. Financial literacy in Micro, Small, and Medium Enterprises (MSMEs) relates to accounting, which plays a role in managing, running, and developing the business. Financial inclusion, on the other hand, refers to gaining effective access to credit, savings, payment systems, and insurance from all financial service providers (Nandru et al., 2021). In this case, the sustainability of an MSME can be seen, among other things, from the increase in profits earned from the business. The higher and increasing profits, the better the MSME will perform in the long term. However, MSMEs in Indonesia, especially those located in Riau, consistently experience fluctuations, both decreases and increases each year, which poses a problem for their development. An overview of the sustainability of MSMEs in Riau can be seen in the graph below:

Fig 1.2. Profit Growth of MSMEs in Riau Region

Source: Central Statistics Agency (2018)

The unstable profit growth of MSMEs in Riau between 2014 and 2018 indicates problems in achieving a business's profit. Declining profits for MSMEs indicate negative business performance, as this decline can undermine other achievements, leading to reduced profits for a given period. At this stage, profit is a crucial factor for a business, both as a benchmark for financial performance and for assessing the company's future growth prospects (Nuringtyas & Kartini, 2023). A business's performance is not always measured by profit, which is the primary factor in measuring performance. Non-financial performance is a crucial factor to consider in generating profits. Indicators of non-financial performance include product innovation, consistent employee engagement, product development, and accessible markets (Soliman et al., 2022). These non-financial achievements aim to achieve business prosperity, not only through financial factors but also through how MSMEs create valuable innovations and products, thereby attracting wider public interest. Furthermore, the success of an MSME also lies in how well it is managed. In recent times, various parts of the world have been discussing the issue of financial literacy. Understanding financial literacy is fundamentally important, not only for financial managers but for all levels of society. Finance is crucial for carrying out various activities, both business and other general activities. For example, when purchasing an item, we naturally consider finances before making a purchase.

Likewise, in business, the existence of finances is crucial for running a business. Understanding financial literacy and financial inclusion in general in Indonesia is now a focus of government policy and financial institutions. According to (Sihwahjoeni et al., 2021), many people in Indonesia still lack financial literacy. This is certainly a concern, as people tend to lack a grasp of financial concepts and lack the knowledge to manage and make financial decisions in the future. The following figures demonstrate that financial literacy fluctuates in business ventures, as seen in the table below: Citing the results of the 2019 National Survey of Financial Literacy and Inclusion (SNLIK), the financial inclusion index was 76.19% and financial literacy was 38.03%. This achievement is higher compared to 2016, which recorded a financial inclusion index of 67.8% and financial literacy of 29.7%. Data from the 2019 SNLIK survey was taken from 12,773 respondents spread across 34 provinces and 67 cities/regencies in Indonesia, a figure still considered quite low (OJK, 2019). Although showing improvement, on the other hand, this data indicates that many Indonesians are still not well literate. Referring to the 2019 financial literacy index data above, it can be concluded that out of every 100 residents, there are approximately 62 people who do not have the correct knowledge, attitudes, and behaviors regarding financial services institutions and formal financial products and services.

MSMEs who understand financial literacy and inclusion have the potential to be more productive, thus creating MSMEs that are more competitive in running and developing their businesses to be even better (Yuliawati et al., 2022). Previous studies conducted by Pardiman et al. (2022) and Kurniadi et al. (2022) explained that financial literacy and business sustainability play a role in the business growth process. Furthermore, financial inclusion has a positive effect on business sustainability. Financial literacy has a

positive effect on business sustainability. Under these conditions, this research is crucial for MSMEs because MSMEs that have implemented a knowledge-based perspective will have intangible resources to improve business sustainability (Menike, 2018). This differs from tangible resources, which are generic, easily imitated, and substitutable. In this case, it is crucial for companies to implement intangible resources because knowledge is very valuable, rare, inimitable, and irreplaceable (Pramestiningrum & Iramani, 2020). Financial literacy has become increasingly recognized and developed in the business and academic worlds in recent years. Its development is driven by the knowledge necessary for decision-making. This financial literacy will facilitate entrepreneurs' decision-making (Anjelia, 2023). Several studies conceptualize and operationalize financial literacy as a multidimensional perspective encompassing financial knowledge, financial attitudes, and financial behavior. Financial literacy provides a definition that emphasizes a comprehensive understanding of financial concepts.

Financial literacy also reflects an individual's ability to understand financial information and use it skillfully and confidently and should be understood as a combination of knowledge, attitudes, and behavior (OECD, 2016). Financial literacy is a combination of awareness, knowledge, skills, attitudes and behaviors needed to make good financial decisions in the long term to achieve individual financial well-being (Agustia et al., 2021). Financial Literacy is also defined as a process that individuals use as a combination of skills, resources, and contextual knowledge to process as information in making decisions by considering the financial consequences of those decisions (Khan et al., 2022) According to (Le et al., 2019) financial literacy is a measure of the extent to which a person understands key financial concepts and has the ability and confidence to manage personal finances appropriately in making short-term decisions and good long-term financial planning. Financial literacy also explains the importance of basic financial knowledge related to managing income and expenses, setting financial goals, managing unexpected expenses, saving in banks, knowing investment strategies for deposits, knowing investment strategies for stocks, and knowing how to open an insurance policy (Firdausia & Syamsiah, 2023). Individuals who already possess financial knowledge will develop an attitude based on their perceptions, known as financial attitudes. Financial attitudes are a person's assessments, opinions, and state of mind regarding finances, which are applied to their behaviors related to personal financial management planning, recording all financial transactions, and saving for retirement (Irman et al., 2021).

This stage encourages individuals to develop a sense of their future finances. As an individual's financial knowledge and perceptions improve, they will develop greater self-confidence. This stage aligns with resource-based theory, which states that an individual's knowledge will create a reliable strategy to enhance competitiveness. In this context, MSMEs are required to possess adequate knowledge or intangible assets to create a competitive advantage. This knowledge is particularly relevant in micro-enterprise industries, such as MSMEs, which are highly dependent on knowledge. Furthermore, a key factor in business sustainability is financial inclusion. Financial inclusion refers to the availability of access to various formal financial institutions, products, and services tailored to the needs and capabilities of the community, in order to improve business prosperity. Access to borrowing funds for business growth is crucial. Certainly, among previous studies, some only significantly influence business success due to the expertise of the entrepreneurs themselves. For example, research conducted by (Arum, 2021) found that financial inclusion impacts business sustainability due to access to financial products and institutions that entrepreneurs have been able to effectively utilize. Therefore, it can be concluded that the higher the use and utilization of financial inclusion in a business, the greater the likelihood of its sustainability. In this case, to expand the business carried out by MSMEs, capital is essential, therefore, capital management is crucial. This ensures that capital utilization can run smoothly. Financial capital is the financial resources owned by business actors. Generally, entrepreneurs start their businesses with their own capital.

The sustainability of MSME businesses is influenced not only by financial literacy but also by financial capital, as it is crucial for selecting funding sources. Financial capital is the financial resources owned by business actors. Generally, entrepreneurs start their businesses with their own capital. To increase the development of MSMEs, MSME actors usually use more funding sources from family or other external parties (Piyani et al., 2023). However, when taking out loans for capital, MSME managers are advised to

focus on allocating funds appropriately for business expansion, so as not to burden financial circulation. (Lukman & Tanuwijaya, 2021) shows that external and internal factors have a significant and positive influence on MSME performance. Internal factors include financial capital. It can be explained that if business owners choose the right sources of funding, their business performance will improve. Trade is one sector that contributes significantly to the income of the Taluk Kuantan community. Through trade, the people of Taluk Kuantan are able to create opportunities to generate income. One such opportunity is the market. The Modern-Based Traditional Market is one of the largest markets in Taluk Kuantan, covering an area of 8.6 hectares and accommodating 550 vendors. The Modern-Based Traditional Market offers numerous business opportunities for the community, but these significant opportunities do not offset the fact that almost all market operators face the same challenge: capital. Capital challenges are a common issue faced by market traders. Low levels of financial literacy and inclusion often lead to traders being trapped into borrowing from those with excess capital as their primary source of capital. Problems that emerged during the pandemic were due to financial reports that did not support the data requested by financial institutions, making it more difficult to obtain business capital loans because the financial reports did not comply with the regulations required by financial institutions.

Furthermore, their access to financial institutions was very limited, so many still used traditional methods of saving money, one of which was keeping it at home and not using financial institution products and services. Understanding and knowledge of financial inclusion and literacy are crucial for traders. This is because financial inclusion and literacy influence financial management, which in turn impacts business sustainability (Zaniarti et al., 2022). To run a business, entrepreneurs must possess the knowledge and skills to manage finances effectively. Therefore, financial literacy is crucial for every entrepreneur (Goenadi et al., 2022a). Traders in modern-based traditional markets are categorized into several types: those with kiosks, stalls, stalls, and carts. Based on initial observations, the average kiosk, pale-pale, tempat (street) and cart vendor in Modern-Based Traditional Markets is trapped in daily cooperatives and participating in arisan (social savings) and borrowing money from those with excess funds, which is then used not only for business capital but also for personal consumption. By understanding adequate financial literacy, a person's habits in managing their finances and financial planning will improve. Based on this phenomenon, it is necessary to examine the indicators that shape the financial literacy and inclusion of traders in Modern-Based Traditional Markets and their levels of financial literacy and inclusion. A survey conducted by the Organization for Economic Cooperation and Development (OECD) (2021) measures financial literacy using financial knowledge, financial behavior, and financial attitudes as the overall dimensions of financial literacy. The main dimensions of financial inclusion, according to the OECD (2021), consist of savings, payment products, insurance products, and credit loans. MacHdar (2020) defines business sustainability as capital, human resource sustainability, production sustainability, and marketing sustainability.

II. THEORITICAL REVIEW

Financial Literacy. For many years, financial literacy lacked a comprehensive definition, but rather a multidisciplinary science. Ozili (2022) provides a broadly accepted view of financial literacy, encompassing three main pillars: financial knowledge, financial attitude, and financial behavior. The OECD, through work developed by Esiebugie (2018), provides not only a term that encompasses financial knowledge, financial attitudes, and financial behavior as financial literacy, but also a comprehensive and widely accepted definition of financial literacy. This definition brings together three essential concepts: knowledge, attitude, and behavior, which currently comprise the three pillars that fully describe financial literacy. Financial literacy is a combination of awareness, knowledge, skills, attitudes and behaviors needed to make good financial decisions and be able to survive in the long term, ultimately achieving individual financial well-being (Esiebugie, 2018). In recent years, the OECD can be the first benchmark for the level of financial literacy in the business environment. Financial Literacy is also defined as the process by which individuals use a combination of skills, resources, and contextual knowledge to process information and make informed decisions by considering the financial consequences of those decisions (Lumenta & Worang, 2019).

According to Esiebugie (2018), financial literacy measures the extent to which a person understands key financial concepts and has the ability and confidence to manage personal finances, including insurance and pension funds, in order to address life events and changing economic conditions. According to (Anwar & Serly, 2021), financial literacy is the knowledge a person needs to survive in modern society, referring to a person's ability to understand and utilize financial concepts. According to Oliveira et al. (2019), financial literacy is the ability to make informed judgments and make effective decisions about the use and management of money. Financial Inclusion. According to the OECD/INFE (2013), financial inclusion refers to the process of promoting affordable, timely, and adequate access to a range of regulated financial products and services and broadening their use by all segments of society through the implementation of tailored existing and innovative approaches, including financial awareness and education, with a view to promoting financial well-being as well as economic and social inclusion. Financial inclusion refers to the process of promoting affordable, timely, and adequate access to a range of regulated financial products and services and expanding their use by all segments of society through the implementation of tailored existing and innovative approaches, including financial awareness and education, with a view to promoting financial well-being as well as economic and social inclusion.

Further refined by Financial Literacy Levels In The Commonwealth Of Independent States In 2021 (OECD, 2021), financial inclusion is explored through financial product ownership, such as savings, payment products, insurance products, and credit payments. This financial inclusion can be developed based on ownership of financial products such as savings, payment products, insurance products, and credit payments. According to the Regulation issued by the Financial Services Authority (2017), financial inclusion is defined as the availability of access to various financial institutions, products, and services according to the needs and capabilities of the community, in order to improve community welfare. The availability of financial services or needs can provide assistance to MSMEs to meet capital adequacy. Obstacles and problems for MSMEs are related to capital, so the availability of financing services for MSMEs can help business sustainability. Financial Capital. The ability to acquire financial resources, build, and maintain capital that enables a company to play a productive role in MSME businesses. Financial capital refers to purchasing power, representing stored financial wealth, commonly referred to as capital. Capital used by MSMEs is appropriate for investment in running and operating their businesses. Financial capital represents purchasing power, enabling MSMEs to pursue profitable investments without having to save funds first. Financial capital can be defined as the expertise regarding financial resources used by an owner to start and manage a business. Generally, owners build a business with personal capital (Lumenta & Worang, 2019). However, as the business progresses, business owners often take out loans to increase personal capital for business expansion.

This indicates a positive influence of financial capital on business performance. This influence can be influenced by the availability of sufficient capital as a source of business capital, making it easier to run the business. Financial capital has a positive and significant impact on MSME performance, meaning that better implementation of financial capital will improve business performance (Anwar & Serly, 2021). Financial capital is the ability to obtain financial resources, build, and maintain real capital. Achieving this condition requires an active role from the business owner in carrying out their business activities. Therefore, determining the capital used in a business, whether equity or borrowed capital, significantly influences the owner's management of the business, and this can affect business performance. Equity capital used in building a business can foster enthusiasm within the owner, as it motivates them to continue creating new ideas to ensure their business remains viable in all economic conditions and achieves the desired profit. The higher the equity capital used by MSMEs as a source of funds for their business continuity, the better the performance of MSMEs will be (Goenadi et al., 2022b). Furthermore, borrowed capital can also increase the enthusiasm of business owners in managing their business, by continuously striving to maximize performance due to obligations that must be met. Along with increasing performance, it has an impact on increasing profits or business returns. Business owners who are able to manage and utilize the profits they earn will make their business grow and be able to compete with other businesses.

Business Sustainability. (Linzyy Pratami Putri, Irma Christiana, 2021) business sustainability is a state or condition of a business, in which there are ways to maintain, develop and protect resources and meet the needs that exist in a business (industry), the methods used are sourced from one's own experience, others, and are based on the current economic conditions or circumstances in the business world. So business sustainability is a form of consistency of business conditions, where this sustainability is the process of business continuity including growth, development, strategies to maintain business continuity and business development where all of this leads to the continuity and existence (resilience) of the business. According to Saverus (2019), sustainability comes from the word "sustain," meaning to continue, and "ability." In other words, sustainability is the endurance of a system and process. Sustainability is the ability of a business system to maintain its production levels, which are shaped by nature, over the long term. The concept of business sustainability assumes that a business will remain in business to achieve its business goals and increase its value in the future. Business actors always strive to achieve their business goals and increase their business value.

Relationship Between Concepts

The Influence of Financial Literacy on Financial Capital

According to (Widyaningsih & Widodo, 2021), financial literacy is a skill possessed by the owner of an MSME business. By understanding financial literacy, an owner will be able to control incoming and outgoing money and manage monthly expenses. This will influence the financial capital of an owner or business owner. Financial capital is how a business owner can control their business by paying attention to their capital. It can be seen that the effect of financial literacy on financial capital produces a p-value of <0.001 . The test results indicate that the p-value $<$ the level of significance ($\alpha = 5\%$). At this stage, there is a significant effect of financial literacy on financial capital. It is clear that improved financial literacy will improve financial capital management in a business. Good financial literacy enables a business to manage its finances, enabling long-term growth. This finding is supported by previous research (Yuliawati et al., 2022) and (Kurniadi et al., 2022). The results of previous research indicate that increased financial literacy can positively impact financial capital. Based on the above description, the following hypothesis can be formulated:

H1: Financial literacy has a positive effect on financial capital

The influence of financial inclusion on financial capital

According to Kumar, financial inclusion is a step a business can take to obtain future funding. This funding can also come from insurance or credit taken out by the owner. Therefore, financial inclusion activities will increase financial capital. Financial capital is a method used to manage and control the capital obtained in the business process. The effect of financial inclusion on financial capital yields a p-value of <0.013 . The test results indicate that the p-value <0.013 level of significance ($\alpha = 5\%$). At this stage, there is a significant influence of financial inclusion on financial capital. Based on the results obtained by this study, it shows that financial inclusion has a significant influence on financial capital. Therefore, it can be concluded that higher financial inclusion leads to higher financial capital. This is supported by previous research (Miranti & Oktaviana, 2022) and (Dienillah et al., 2018).

H2: Financial inclusion has a positive effect on financial capital.

The Influence of Financial Capital on Business Sustainability

In today's competitive business world, capital is essential, both from own capital and from personal sources. With capital, a business can run smoothly without obstacles and minimize risk. Therefore, business owners must be able to control the capital within a business. Establishing sound capital control within a business will also impact its sustainability. Business continuity is inevitable without sufficient capital as a resource that supports its progress and sustainability. The influence of financial capital on business sustainability yielded a p-value of <0.020 . The test results indicate that the p-value $>$ the level of significance ($\alpha = 5\%$). At this stage, it means there is a significant influence of financial capital on business sustainability. Based on the results of this study, it can be concluded that better financial capital management in a business will also increase the progress of the business as seen from business sustainability. Therefore, it can also be concluded that a crucial factor in developing business sustainability is paying attention to

financial capital. This is supported by previous research conducted by (Pardiman et al., 2022), (Pardiman et al., 2022), which stated that financial capital has a positive influence on business sustainability. Based on the description above, the hypothesis in this study can be formulated as follows:

H3: Financial capital has a positive effect on business sustainability

The Influence of Financial Literacy on Business Sustainability

Financial literacy is crucial for the success of any MSME. Financial literacy is an in-depth study of financial management and relates to the behavior of the business owner in running their business. With good financial literacy, business owners can control their finances, both incoming and outgoing. Furthermore, business owners can manage how these cash flows run smoothly within their business. Good financial literacy will also impact business sustainability. If the owner can manage their finances effectively, risks and obstacles can be minimized. This is also evident in the research results, which showed that the effect of financial literacy on business sustainability yielded a p-value of <0.006 . The test results indicate that the p-value is <0.006 at the level of significance ($\alpha = 5\%$). At this stage, there is a significant influence of financial literacy on business sustainability. Therefore, it can be concluded that better financial literacy improves business sustainability. This is also supported by previous studies that produced similar results, such as (Anjelia, 2023) and (Linzy Pratiwi Putri, Irma Christiana, 2021), which stated that financial literacy has a positive influence on business sustainability. Based on the above description, the hypothesis in this study can be formulated as follows:

H4: Financial literacy has a positive effect on business sustainability

The Impact of Financial Inclusion on Business Sustainability

Given the current rapid financial developments, businesses can borrow money to build their businesses. Existing capital is used to provide the necessary capital for running their businesses. These loans can be obtained through banks or other lending institutions that offer long-term loans for business continuity. It is noteworthy that money lent through financial institutions, often referred to as financial inclusion, can increase profits and business sustainability. However, if financial inclusion is not managed optimally, it will decrease the achievement of business sustainability. As shown in the results of this study, the effect of financial inclusion on business sustainability produced a p-value of <0.061 . The test results indicate that the p-value $<$ the level of significance ($\alpha = 5\%$). At this stage, it means there is no significant effect of financial inclusion on business sustainability.

Based on the description above, the hypothesis in this study can be formulated as follows:

H5: Financial inclusion does not have a positive and significant impact on business sustainability.

Hypothesis

H1: It is suspected that there is an influence of financial literacy (X1) on financial capital (Z).

H2: It is suspected that there is an influence of financial inclusion (X2) on financial capital (Z).

H3 : It is suspected that there is an influence of financial literacy (X1) on business continuity (Y).

H4 : It is suspected that there is an influence of financial inclusion (X2) on business continuity (Y)

H5 : It is suspected that there is an influence of financial capital (Z) on business continuity (Y)

III. METHODS

This study uses explanatory research modeling, namely to test a theory or hypothesis in order to strengthen or even reject the theory or hypothesis of existing research results or to determine the magnitude of the influence between independent variables and dependent variables. The research method used in this study is a descriptive research method, namely research conducted to determine the value of independent variables, either one or more variables (independent) without making comparisons or connecting one variable with another variable (Sugiyono, 2013). In addition, researchers use a descriptive method with a quantitative approach which is defined as a research method based on the philosophy of positivism, used to research on a specific population or sample. Data collection uses research instruments, data analysis is quantitative or statistical with the aim of testing the established hypothesis (Sugiyono, 2017). The purpose of this research is to determine and analyze whether financial literacy, financial inclusion, and financial capital have a positive effect on business sustainability, both directly and indirectly.

MSME business actors in Kuansing City are the subjects of this research. According to Arikunto (2010), if the population is less than or equal to 100, the entire sample must be taken; if the population is greater than 100, then a sample of 10% - 15% or 20% - 25% of the population must be taken. The sample taken was 100 respondents, using a purposive sampling technique. Primary data was collected through a questionnaire-based survey distributed online using Google Docs. The questionnaire (questionnaire) was used to obtain data from consumer responses distributed using closed-ended questions, namely questions with answer choices that have been provided by the researcher. The advantage of using a questionnaire is that respondents can understand the contents of the statement and are classified as enthusiastic business actors and take the initiative to improve or maintain the competitive advantage of the MSME sector business. The data is then processed in Partial Least Square (PLS) with a Structural Equation Modeling (SEM) equation model based on components or variants.

IV. RESULTS AND DISCUSSION

PLS analysis

1. Convergent validity (Outer Loading)

The Convergent Validity Order test is intended to determine whether an indicator is valid in measuring a dimension. The convergent validity of each indicator in measuring a dimension is indicated by the size of its loading factor. An indicator is considered valid if its loading factor is positive and greater than 0.5. The results of the convergent validity order test are presented in the following table:

Table 5. Validity Convergen (Outer Loading)

Variabel	Loading factor	P Value	Resume
Financial Literacy (X1)	0.802	<0.001	Valid
Financial Inclusion (X2)	0.803	<0.001	Valid
Financial Capital (Z)	0.769	<0.001	Valid
Business Continuity (Y)	0.645	<0.001	Valid

Source: Data Processed by Researchers 2022

Based on the information above, it can be seen that the results of the financial literacy variable (X1) produce a loading factor greater than 0.5. The conclusion means that the financial literacy variable (X1) is declared valid in measuring its dimensions. In the next result, it can be seen that the financial inclusion variable (X2) produces a loading factor greater than 0.5. The conclusion means that the financial inclusion variable (X2) is declared valid in measuring its dimensions. In the next result, it can be seen that the financial capital variable (Z) produces a loading factor greater than 0.5. The conclusion means that the financial capital variable (Z) is declared valid in measuring its dimensions. Furthermore, the results of the business continuity variable (Y) produce a loading factor greater than 0.5. The conclusion means that the business continuity variable (Y) is declared valid in measuring its dimensions.

2. Composite Reliability

The calculation that can be used to test construct reliability is composite reliability. The testing criteria state that if the composite reliability is greater than 0.6, the construct is considered reliable. The results of the composite reliability calculations can be seen through the summary presented in the following table:

Table 6. Composite Reliability Measurement Results

Variabe	Criteria	Composite Reliability	Resume
Financial Literacy (X1)	> 0.60	0.845	Reliabel
Financial Inclusion (X2)	> 0.60	0.836	Reliabel
Financial Capital (Z)	> 0.60	0.832	Reliabel
Business Continuity (Y)	>0.60	0.616	Reliabel

Source: Data processed by researchers 2023.

Based on the table above, it can be seen that the composite reliability value for the financial literacy (X1), financial inclusion (X2), and financial capital (Z) variables, as well as the business continuity (Y) variable, is greater than 0.6. Based on the composite reliability calculation, all variables measuring the dimensions are declared reliable.

3. Inner Model / Structural Model Measurement

a. Goodness of Fit Model (Model Struktural / Inner Model)

The goodness of fit model is used to determine the extent to which exogenous variables can explain the diversity of endogenous variables, or in other words, to determine the extent of the contribution of exogenous variables to endogenous variables. The goodness of fit model in PLS analysis is carried out using the coefficient of determination (R-Square) and Q-Square predictive relevance (Q²). The results of the goodness of fit model are summarized in the table below:

Tabel 7. Goodness of Fit Model Results

Endogen	R Squared	Q Squared
Financial Capital (Z)	0.439	0.424
Business Continuity (Y)	0.581	0.563
Q Square = 1 - [(1-R1 ²) (1-R2 ²)]		
Q Square = 1 - [(1 - 0.439) * (1 - 0.581)] = 0.765%		

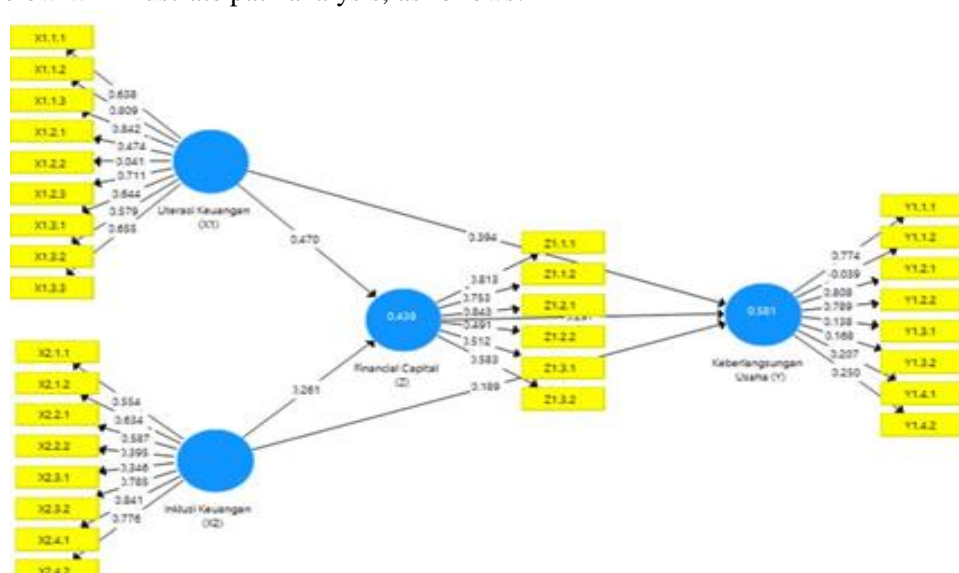
Source: Data processed by researchers 2023.

Based on the data in table 7 above, the R squared of the financial capital (Z) variable is 0.439 or 43.9%. At this stage, it can be shown that the financial capital (Z) variable can be explained by the financial literacy (X1), financial inclusion (X2), and business continuity (Y) variables by 43.9%, or in other words, the contribution of the financial literacy (X1), financial inclusion (X2), and business continuity (Y) variables is 43.9%, while the remaining 56.1% is the contribution of other factors not discussed in this study.

The R squared of the business continuity variable (Y) is 0.581 or 58.1%. At this stage, it can be shown that the business continuity variable (Y) can be explained by the financial literacy variable (X1), financial inclusion (X2), and financial capital (Z) by 58.1%, or in other words, the contribution of the financial literacy variable (X1), financial inclusion (X2), and financial capital (Z) is 58.1%, while the remaining 41.9% is the contribution of other factors not discussed in this study.

The Q-square for the business continuity variable (Y) is 0.765 or 76.5%. This indicates that the business continuity variable (Y) can be explained by the model as a whole by 76.5%. In other words, the contribution of the financial literacy variable (X1), financial inclusion (X2), and financial capital variable (Z) as a whole to the business continuity variable (Y) is 76.5%, while the remaining 23.5% is the contribution of other factors not discussed in this study.

The image below will illustrate path analysis, as follows:



Source: Data processed by researchers 2023.

4. Direct Effect Hypothesis Testing

The direct effect hypothesis test is used to determine whether exogenous variables directly influence endogenous variables. The test criteria state that if the p-value \leq the level of significance ($\alpha = 5\%$), then there is a significant influence of the exogenous variable on the endogenous variable. The results of the hypothesis test can be seen in Table 8 below:

Tabel 8. Results of the Direct Effect Hypothesis

Eksogen	Endogen	Path Coefficient	SE	P Value	Resume
Financial literacy	Financial capital	0.470	0.097	<0.001	Signifikan
Financial inclusion	Financial capital	0.261	0.104	0.013	Signifikan
Financial capital	Business Continuity	0.297	0.128	0.020	Signifikan
Financial literacy	Business Continuity	0.394	0.141	0.006	Signifikan
Financial Inclusion	Business Continuity	0.189	0.101	0.061	Tidak Signifikan

Source: Data processed by researchers 2023.

Based on the test listed in Table 8 above, it can be seen that the effect of financial literacy on financial capital produces a p-value of <0.001. The test results indicate that the p-value <the level of significance (alpha = 5%). At this stage, it means there is a significant effect of financial literacy on financial capital. The effect of financial inclusion on financial capital produces a p-value of <0.013. The test results indicate that the p-value <the level of significance (alpha = 5%). At this stage, it means there is a significant effect of financial inclusion on financial capital. The effect of financial capital on business sustainability produces a p-value of <0.020. The test results indicate that the p-value >the level of significance (alpha = 5%). At this stage, it means there is a significant effect of financial capital on business sustainability. The effect of financial literacy on business sustainability yielded a p-value of <0.006. The test results indicate that the p-value is <the level of significance (alpha = 5%). At this stage, it means there is a significant effect of financial literacy on business sustainability. The effect of financial inclusion on business sustainability yielded a p-value of <0.061. The test results indicate that the p-value is <the level of significance (alpha = 5%). At this stage, it means there is no significant effect of financial inclusion on business sustainability.

5. Indirect Effect Hypothesis Testing

The indirect effect hypothesis test was conducted with the aim of examining whether or not the exogenous variable has an indirect effect on the endogenous variable through the intervening variable. The test criteria state that if the p-value \leq level of significance (alpha = 5%) then it is stated that there is a significant effect of the exogenous variable on the endogenous variable through the intervening variable. The results of the indirect effect hypothesis test can be seen in the summary in table 9 below:

Tabel 9. Results of the Indirect Effect Hypothesis

Eksogen	Intervening	Endogen	Indirect Coefficient	T Statistics	P Value	Resume
Financial literacy	Financial capital	Business Continuity	0.080	2.110	0.035	Significant
Financial Inclusion	Financial Capital	Business Continuity	0.077	1.703	0.089	Not Significant

Source: Data processed by researchers 2023.

Based on the test shown in Table 9 above, it can be seen that the influence of financial literacy on business sustainability through financial capital yields a p-value of 0.035. These test results indicate that the p-value is <the level of significance (alpha = 5%). At this stage, financial literacy significantly influences business sustainability through financial capital. The effect of financial inclusion on business sustainability through financial capital yielded a p-value of 0.089. The test results indicate that the p-value is <the level of significance (alpha = 5%). At this stage, financial inclusion significantly influences business sustainability through financial capital.

Discussion.

Based on the test, it was found that the effect of financial literacy on financial capital resulted in a p-value of <0.001. The test results indicate that the p-value is below the level of significance (alpha = 5%). At this stage, financial literacy significantly influences financial capital. Therefore, the higher and better financial literacy, the higher the financial capital of a business. The effect of financial inclusion on financial capital yielded a p-value of <0.013. The test results indicate that the p-value is <the level of significance (alpha = 5%). At this stage, it means there is a significant effect of financial inclusion on financial capital. Therefore, from these results, it can be concluded that higher financial inclusion will also increase the financial capital of a business. Financial inclusion here includes financial institutions that provide availability in the development of MSMEs. Thus, the availability of financial inclusion will increase the capital owned

by the business owner. The influence of financial capital on business sustainability yielded a p-value of <0.020 . The test results indicate that the p-value exceeds the level of significance ($\alpha = 5\%$). This indicates a significant influence of financial capital on business sustainability.

The results of this study indicate that higher financial capital leads to higher business sustainability. Borrowing money from a financial institution for business capital can help the business continue to progress and develop. The influence of financial literacy on business sustainability yielded a p-value of <0.006 . The test results indicate that the p-value is $<$ the level of significance ($\alpha = 5\%$). At this stage, it means there is a significant influence of financial literacy on business sustainability. Therefore, from these results, it can be concluded that when a business owner has a high level of knowledge in managing their business finances, the failure rate experienced by the business will be very low and can continue to develop, thereby increasing business sustainability. The effect of financial inclusion on business sustainability yielded a p-value of <0.061 . The test results indicate that the p-value is $<$ the level of significance ($\alpha = 5\%$). At this stage, it means there is no significant effect of financial inclusion on business sustainability. At this stage, a business is required to borrow business capital or conduct transactions through financial institutions to advance its business. However, if a business owner cannot make good efforts in managing financial inclusion, their business sustainability will experience a decline.

V. CONCLUSION

The results of this study provide a perspective that financial literacy influences financial inclusion and business sustainability, both directly and indirectly through financial capital, an intervening variable in this study. Financial literacy is a significant supporting factor and even a driving factor in a business. Therefore, with this driving factor, businesses with weak financial management will be able to exercise financial control and minimize the risks faced by the business in the long term. Not only financial literacy is a driving factor in this study; besides financial literacy, there is also financial inclusion. Where financial inclusion is implemented in a business to facilitate existing business at that time by borrowing money through established institutions. And finances that have been arranged through financial inclusion are expected to improve financial inclusion in the business. Furthermore, it is also explained that the sustainability factor of a business is also driven by financial capital. Where financial capital explains the need for control in a business capital to improve the sustainability of the business.

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