Investigating the influence of financial literacy and supply chain management on the financial performance and sustainability of SMEs

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A B S T R A C T

The aim of this research is to analyze the relationship between financial literacy and financial performance, the relationship between financial literacy and the sustainability of SMEs, the relationship between supply chain management and financial performance, the relationship between supply chain management and the sustainability of SMEs, and financial performance with the sustainability of SMEs. This research method is a quantitative survey, the research data was obtained by distributing online questionnaires to 740 SMEs owners in Indonesia. Data analysis used structural equation modeling (SEM) with SmartPLS 3.0 software tools. The stages of data analysis are validity, reliability and significance tests. The sampling technique used is non-probability sampling. The questionnaire used in this study uses the Google form, distributed to respondents. The measurement method for this questionnaire uses a Likert scale of 5, namely Strongly Disagree (STS), (2) Answers Disagree (TS), (3) Neutral Answers (N), (4) Answers Agree (S), Strongly Agree (SS). The independent variables used in this study are as follows: Financial literacy, supply chain management, the dependent variables used in this study are sustainability and financial performance. The results of this research indicate that financial literacy had a positive and significant effect on financial performance, financial literacy had a positive and significant effect on sustainability, supply chain management had a positive and significant effect on financial performance, supply chain management had a positive and significant effect on sustainability, financial performance had a positive and significant effect on sustainability. The novelty of this research is that it found a correlation model of the relationship between the variables of financial literacy, supply chain management, financial performance and sustainability in SMEs which did not exist in previous research studies.

1. Introduction

Small and Medium Enterprises (SMEs) provide an important role in growth for the economy in Indonesia. Apart from being an alternative new job opportunity, SMEs also played a critical role in driving the pace of economic growth after the 1997 monetary crisis when large companies experienced difficulties in developing their businesses (Ye et al., 2019). Currently,

SMEs have contributed greatly to regional income and Indonesian state income (Shibin et al., 2020). The development of SMEs in Indonesia continues to increase in terms of quality, this is due to strong support from government in the development carried out for SME business activists, which is very important in anticipating future economic conditions as well as maintaining and strengthening the structure of the national economy (Nurohman et al., 2021). Business sustainability can provide opportunities for business actors, especially SMEs, to increase income and provide profits. This can be achieved with adequate capabilities, where the local economic sector played by MSMEs requires the ability and effort to develop strategies to maintain business. Doing this is to maintain efforts and efforts to improve the performance of MSMEs, namely with the financial knowledge of MSME participants, so that they can better consider their management and accountability so that they are in line with larger companies (Utami et al., 2019).

SMEs are businesses that have an important role in the Indonesian economy, both in terms of jobs created and in terms of the number of businesses. Micro, Small and Medium-sized Enterprises (MSMEs) that have not used financial services or are unbackable have a great potential in encouraging more equitable and fair economic growth (Alzoubi et al., 2020). With the existence of MSMEs, more people will participate in economic activities. The contribution of SMEs to gross domestic product (GDP) from the SMEs sector is estimated to grow by 5 percent near term in Indonesia (Li et al., 2023). MSMEs can become the main actors in economic movement or growth in Indonesia. The increasing rate of business growth is positively proportional to business competition (Nursini, 2020). According to Babajide et al. (2021), modern business competition has the impact of changing the focus of competition from competition between independent companies to competition between business networks such as supply chains. Management of cooperation in the supply chain requires coordination and integration both within and between companies to achieve effective supply chain management, service quality and optimal company profits. According to Bartolacci et al. (2020) companies that can carry out effective supply chain activities will gain benefits not only in the short term, but also in the long term, such as increasing profits from prolonged collaboration with various parties, cost efficiency, expansion (Zimon et al., 2019).

Digitalization makes it easy for SMEs to market their products. Buying and selling transactions can be done at home without having to disturb other activities. The presence of digital technology and all the facilities provided have made SMEs grow more and more. According to Baihaqqy and Sari (2020) SMEs must be followed by good financial management for the sustainability of their business. SMEs, as a sector that can absorb labor, certainly have their own challenges. These challenges are internal problems such as financial management, making it difficult to develop and compete with larger businesses. Financial management is still often an obstacle for SMEs players. SMEs have not implemented good financial management. Therefore, we provide training so that MSMEs are able to implement good financial management so that their health can be assessed and continue to grow. Good financial management is very important for SMEs. Poor financial management will have an impact on bookkeeping and make income and expenses confusing. Financial management does not only include managing cash but also managing assets to generate profits. SMEs must implement financial risk management in the MSME business they run by separating personal money from business money, recording cash flows and controlling business flows. Good financial management is implemented to manage finances properly and to review sources of income and expenses in business. According to Bui et al. 2021), SME actors must have financial literacy to help SMEs manage financial funding sources properly. According to Kumari and Harikrishnan (2021), SMEs must have financial literacy in order to be able to manage their finances well and healthily so that long-term business sustainability can be felt and can reduce the impact of conditions such as during the last pandemic.

In general, SMEs often experience delays in their development because SMEs tend to have a short-term orientation, there is no concept of sustainable innovation, inconsistent core business activities, and an unstructured financial management system. Apart from that, the difficulty of accessing financing due to non-fulfillment of financing application requirements is also a problem. Understanding and knowledge about financial inclusion and literacy is very important for SME players. This is because financial inclusion and literacy influence financial management which will have an impact on the performance and sustainability of SMEs.

2. Literature Review and Hypothesis Development

2.1 Financial performance and financial literacy

Bire et al. (2019) define SME performance as the work results achieved by individuals and adapting to the individual's role or duties in a company in a certain period, which is linked to a certain value measure or standard of the company the individual works in or an achievement of success or failure of organizational goals that have been implemented. According to Dahlmann and Roehrich (2019) and Dura et al. (2022), financial performance is an analysis carried out to see the extent to which a company has implemented financial implementation rules properly and correctly. Company performance is a description of the financial condition of a company which is analyzed using financial analysis tools so that it can be known about the good and bad financial condition of a company which reflects work performance in a certain period. This is very important so that resources are used optimally in facing environmental changes. Measuring tools that can be used are several ratios, namely

Liquidity Ratios, Leverage/solvency Ratios, Activity Ratios, Profitability/Profitability Ratios and Valuation Ratios. According to Carter et al. (2020) the importance of assessing a company's financial performance according to Dura (2022) is as follows: 1) To find out liquidity level, namely the company's ability to obtain its financial obligations that must be fulfilled immediately or the company's ability to fulfill its finances when they are billed. 2) To determine the level of solvency, namely the company's ability to fulfill its financial obligations if the company is liquidated, both short-term and long-term financial obligations. 3) To determine the level of profitability or profitability, which shows the company's ability to generate profits during a certain period (Miswanto et al., 2022). 4) To determine the level of business stability, namely the company's ability to carry out its business stably, which is measured by considering the company's ability to pay interest charges on its debts including repaying the principal of its debts on time as well as the ability to pay dividends regularly to shareholders without experiencing financial obstacles or crises.

According to Khan et al. (2021) financial literacy is a set of skills and knowledge that enable an individual to make decisions and be effective with all their financial resources. According Le et al. (2023) financial literacy is the ability to manage finances so that life can be more prosperous in the future. Meanwhile, according to expert opinion Kumari and Harikrishnan (2021) define financial literacy as the ability to understand financial conditions and financial concepts and to transform that knowledge appropriately into behavior. Financial literacy provides great benefits, such as: being able to choose and utilize financial products and services that suit our needs; could carry out better financial planning; able to be responsible for the financial decisions taken; avoid investment activities in unclear financial instruments. Financial Literacy also provides great benefits for the financial services sector. Financial institutions and society need each other so that the higher the level of financial literacy in society, the more people will utilize financial products and services.

2.2 Supply chain management

Supply chain management helps handling the entire flow in the production of goods and services and this includes shipment of raw components to final products that are ready to use to consumers (Alzoube et al., 2020). A company creates a supplier network that will move products from raw material suppliers to companies or organizations that deal directly with users. An effectively structured supply chain management system can minimize costs and time in the production cycle. Different industries usually have their own standards for their supply chains. In the retail business, for example, retailers will automatically signal manufacturers if available goods are running low. That way, the shelves will remain stocked, and the sales process can continue without interruption. According to Baihaqqy and Sari (2020), supply chain management can run well if it maintains the 4 main elements in it. With these four elements, the business can get various benefits including business strategy support, improved customer relationships and satisfaction as well as performance efficiency, responsiveness and increased quality. These four elements are Integration. The integration referred to is the existence of accurate and reliable information about supply chain activities and details. That way, errors, delays, shortages, and excess/short stock can be dealt with immediately. This integration also allows us as a business owner to plan and reduce problems that cause supply disruptions. As important as maintaining a strong supply chain, operational activities are the backbone of the work carried out by producers. Currently, many companies carry out constant operational evaluations to identify what can be done more efficiently. This can be done by monitoring equipment to ensure the business is getting maximum results or by reducing work hours when production slows down. In this way, the supply chain can run more optimally. Purchasing, the purchasing element in the supply chain ensures that the company has everything it needs to run operational activities including materials, equipment, tools and labor. Before the process is carried out, we need to make sure we have all of this before we really need it. Without proper purchasing, a business runs out of raw materials which can delay production or have excess raw materials which can burden the company's budget. Distribution, the supply chain will end when the product lands on the store shelves where the customers can buy it. But to get the product there, a well-planned delivery process is also needed. Most companies today use logistics software to manage the delivery of their products. Either when they handle the shipping process themselves or send it via a third party. Supply chain management is a supplier's effort to develop and implement a supply chain that is as efficient and economical as possible. The supply chain itself includes everything from product development, production to the information systems needed to conduct business. Typically, supply chain management tries to control or connect the production, delivery, and distribution processes of a product centrally. By managing the supply chain, companies can cut excess costs to deliver products to consumers more quickly. This is done by maintaining tighter control over internal inventory, internal production, distribution, sales and company vendor inventory (Baihaqqy & Sari, 2020).

2.3 Sustainability

Sustainability is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. This definition emphasizes the importance of optimizing the use of natural resources and reducing environmental impacts to improve the quality of human life in a sustainable manner. Sustainability is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs, considering environmental, economic and social aspects in a balanced manner (Carter et al., 2020). This definition emphasizes the importance of achieving a balance between three main aspects, namely environmental, economic, and social, in an effort to achieve global sustainability. Sustainability is defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs, considering environmental, social and

economic aspects simultaneously" (Dahlmann & Roehrich, 2019). This definition emphasizes the importance of considering three main aspects in making business decisions to achieve long-term sustainability (Moktadir et al., 2021; Nizam et al., 2019). Sustainability is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs, by considering economic, social and environmental aspects in a comprehensive manner. Specifically, the definition of sustainability can vary depending on the perspective used. From an environmental perspective, sustainability can be defined as the ability to maintain ecosystem balance and prevent environmental damage (Jia et al., 2019). From an economic perspective, sustainability can be defined as the ability to create sustainable economic growth in the long term. long. From a social perspective, sustainability can be defined as the ability to improve the welfare of society and correct social inequalities. However, basically, all definitions of sustainability have the same goal, namely, to optimize the wise use of natural resources and improve the quality of human life in a sustainable manner (Rai et al., 2019).

3. Hypothesis development

3.1 The relationship between financial literacy and financial performance

Financial literacy correlates with financial management, the higher the level of financial literacy of an organization, the better the organization's financial management. Financial literacy will influence how organizations save, borrow, invest and manage finances. Financial literacy knowledge has a significant effect on financial performance, the higher the level financial literacy knowledge on financial performance the better you will be at making decisions using financial institutions or in other words, respondents already know basic knowledge of corporate financial products at financial institutions companies and types of corporate financial institutions and find out the company's debt to pay the debt short term and long term according to the period determined. According to Bartolacci et al. (2020) and Dura (2022), financial literacy has a positive and significant effect on financial performance. Based on the results of the analysis, the following hypotheses were developed:

H₁: *Financial literacy has a positive effect on financial performance.*

3.2 The relationship between financial literacy and sustainability

Business sustainability can be determined from the level of success of a business in exploiting opportunities for innovation, realizing the welfare of its employees and customers, as well as success in achieving BEP in its business. This will show that the business being run can develop sustainably. Good financial literacy will make it easier for business people to make the right decisions in various situations. Li et al. (2019) in their research discussed managers' ability to use financial market instruments in MSMEs and stated that managers' financial literacy levels increased with financial training. Greater participation is shown by business actors with a high level of financial literacy. They have a big role in the financial market because they can reduce existing information constraints. Based on the results of this analysis, the following hypothesis is formulated:

H₂: *Financial literacy has a positive effect on sustainability.*

3.3 The relationship between supply chain management and financial performance

Supply Chain Management is a strategy that can help improve a company's performance for the better so that it can survive competition and excel in the market. The strategy for achieving high competitiveness is very dependent on efficiency and productivity between functional areas within the company, to be more responsive to consumer needs and market demands. It is not only the high quality of products delivered to consumers that is the company's focus, but also the product delivery strategy that fast. On this basis, an effective business network or supply chain management is needed. This means that supply chain management is able to positively influence the financial performance of a company (Dura, 2019; Nurohman et al., 2021). Based on the results of this analysis, the following hypothesis is formulated:

H₃: *Supply chain management has a positive effect on financial performance.*

3.4 Supply chain management relationship with sustainability

The supply chain is a network of various companies and organizations, and they relate and coordinate to achieve the same goal in the delivery of goods, namely aiming to maximize company goals and meet consumer needs. The aim of supply chain management is to maximize the value of the goods or products obtained, the goods arrive at the right time and with the aim of meeting consumer needs and desires. Supply chain management can also minimize costs such as raw material costs, storage costs and transportation costs. Goods or products that take too long to travel can cost more considering the product has a product lifespan, if the product takes too long to travel. Dahlmann and Roehrich (2019) and Di Vaio and Varriale (2020) found that supply chain management has a positive and significant effect on sustainability. Based on the results of the analysis, the following hypothesis is formulated:

H₄: *Supply chain management has a positive effect on sustainability.*

3.5 Relationship of Financial performance and sustainability

Wang et al. (2020) stated that financial literacy is closely related to individual or personal financial management which includes investment decisions, funding and asset management. Financial literacy is a state where a person is able to make informed judgments and can effectively make decisions related to the use and management of money. It refers to the ability to master a set of knowledge, attitudes and behavior regarding financial matters. This includes having an attitude that facilitates the management of financial affairs effectively and responsibly. Financial literacy is also the ability to read, analyze, communicate and manage financial conditions that impact their general well-being and being able to comfortably differentiate between financial choices, discuss money and other financial matters. There are several studies that show that financial literacy is positively related to company performance. Wetzel and Hofmann (2019) found a relationship between financial literacy and company performance. Furthermore, financial literacy is known as an important factor in wealth accumulation, as well as company performance. Financially literate companies are more likely to implement good financial management practices that will improve their performance and sustainability. Thus, financial literacy is considered to have a positive impact on the sustainability of SMEs. Based on the results of this analysis, the following hypothesis is formulated:

H₅: *Financial performance has a positive effect on sustainability.*

4. Method

This research method is a quantitative survey, the research data was obtained by distributing online questionnaires to 740 SMEs owners in Indonesia. Data analysis used structural equation modeling (SEM) with SmartPLS 3.0 software tools. The stages of data analysis are validity, reliability and significance tests. The sampling technique used is non-probability sampling. The questionnaire used in this study uses the Google form, which will be distributed to respondents. The measurement method for this questionnaire uses a Likert scale of 5, namely Strongly Disagree (STS), (2) Answers Disagree (TS), (3) Neutral Answers (N), (4) Answers Agree (S), Strongly Agree (SS). The independent variables used in this study are as follows: Financial literacy, supply chain management. The dependent variable used in this study is sustainability and financial performance.
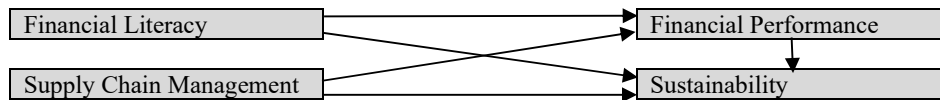

Fig. 1. Research Model

5. Result and Discussion

The tests carried out in the analysis of variance-based SEM have two stages, namely the outer model and the inner model test. The explanation of the test is as follows:

Test Outer Model

The convergent validity test on the outer model aims to determine whether the indicators with latent variables are valid, with a validity value above 0.70 (Hair et al., 2017).
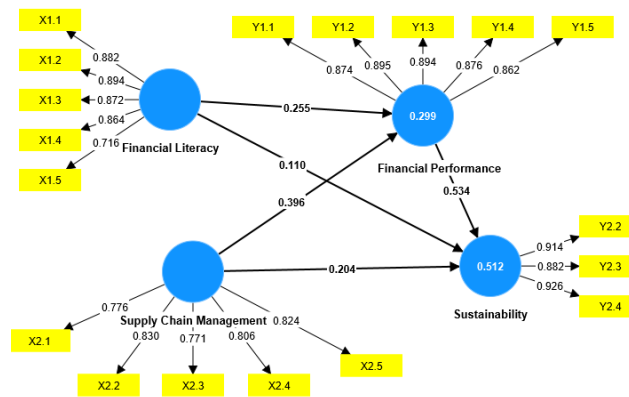

Fig. 2. Convergent Testing

Fig. 2 shows that the validity value of each indicator is above 0.7, so all research indicators are declared valid. In the outer model test in addition to convergent validity, there is also a validity reliability testing. The test aims to determine the reliability of the indicator in measuring the variable, while the variable is said to be valid if it has an AVE value above 0.5 and a Cronbach Alpha value above 0.7 (Hair et al., 2017), the following is a discriminant validity test in this study:

Table 1

Average Variance Extracted (AVE)

Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Financial literacy	0.721	0.806	0.665
Supply chain management	0.715	0.815	0.609
Sustainability	0.754	0.809	0.626
Financial performance	0.717	0.82	0.609

Table 1 shows that all Cronbach alpha and average variance extracted values exceed the minimum limit so that all variables are declared valid.

Inner model test

The inner model test contains an explanation of the R-Square, while the R-square value in this study is as follows:

Tabel 2

R Square

Variables	R-Square
Financial performance	0.299
Sustainability	0.512

From the R square table, it can be concluded that 29.9 % of financial performance is influenced by financial literacy and Supply chain management, while the remaining 70.1 % is influenced by other variables outside the study. From the R square table, it can be concluded that 51.2 % of financial sustainability is influenced by financial literacy, financial performance and Supply chain management, while the remaining 48.8 % is influenced by other variables outside the study. In addition to reliability in the inner model test there is also a hypothesis test, while the hypothesis test in this study is as follows:
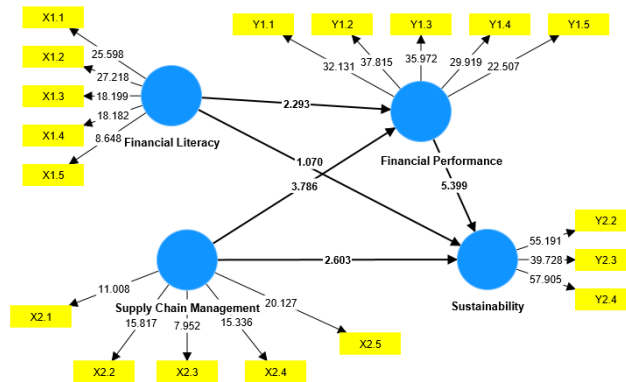

Fig. 3. Hypotheses Testing

Table 3

The summary of the results

	T Statistics	P Values	Result
Financial Literacy and financial performance	2.293	0.001	Supported
Financial Literacy and sustainability	7.070	0.001	Supported
Supply chain management and financial performance	3.786	0.001	Supported
Supply chain management and sustainability	2.603	0.000	Supported
Financial performance and sustainability	5.399	0.000	Supported

All path coefficients in the model are positive. From the value of the hypothesis testing table, it is known that all hypotheses in the study are accepted because they have a p-value below 0.05.

f² Effect Sizes Evaluation

According to Hair et al. (2017) explains that the guidelines for assessing **f²** are those values of 0.02 (= small), 0.15 (= moderate), and 0.35 (= large), respectively, represent small, medium, large effect at level structural (Hair et al. 2017).

Table 4
f^2 Effect Sizes Evaluation

Variable	Sustainability
Financial Literacy	0.46
Supply chain management	0.42
Financial performance	0.38

For the financial literacy variable, the **f^2**value of 0.46 represents a large effect, and for the supply chain management, the **f^2**value of 0.42 represents a large effect. for the financial performance variable, the **f^2**value of 0.38 represents a large effect.

Q^2 Evaluation

Q^2 value is greater than 0 indicates that the model has predictive relevance for certain endogenous constructs. Conversely, values of 0 and below indicate a lack of predictive relevance (Hair et al 2017).

Table 5
Q^2 Evaluation

Construct	Q2
Financial Performance	0.534
Sustainability	0.574

The value of Q^2 for the financial performance   variable is 0.534> 0.000, meaning that this variable has predictive relevance. The value of Q2 for the Sustainability variable is 0.574> 0.000, meaning that this variable has predictive relevance.

5.1 The relationship between financial literacy and financial performance

Based on the results of structural equation modeling data processing using SmartPLS software, it was found that the p value was 0.001, less than 0.050 and the path coefficient value was positive, so it was concluded that there was a positive and significant relationship between financial literacy and financial performance. The results are consistent with Baihaqqy and Sari (2020) and Bartolacci et al. (2020). Financial literacy can control accountable financial management and authentic added value for success for SME players in competing in the global market. According to Kirikkaleli and Adebayo (2021), financial literacy plays an essential role in moderating payment gateway-based fintech and financial performance. If business people implement financial literacy, they can strengthen the relationship between payment gateway-based fintech and financial performance. Based on the findings of this research, financial literacy has a positive and significant effect on the financial performance of SMEs. This finding has shown that financial literacy can be trusted and can play an active role in efforts to improve financial performance. In this case it can also be concluded that increasing the financial literacy of SMEs will improve their performance. The influence of financial literacy on the performance of SMEs shows that the greater the financial literacy of SMEs, the better performance.

Testing the financial literacy variable shows that it has an influence on the performance of SMEs. The tests that have been carried out prove that financial literacy has a major contribution in supporting the improvement of SMEs performance. Good financial planning factors, use of the latest information and technology, and bookkeeping help SMEs players improve and increase their business performance. The results of this analysis are in accordance with the Resource Based Theory (RBV) proposed by Barney (1991). This theory provides the view that business actors' resources in the form of financial literacy can be of valuable value for the business in achieving performance excellence and competitive advantage. So, in this research the business performance of the SMEs sector is very good.

5.2 The relationship between financial literacy and sustainability

Based on the results of structural equation modeling, it was found that the p value was 0.001, less than 0.050 and the path coefficient value was positive, so it was concluded that there was a positive and significant relationship between financial literacy and sustainability. This result is supported by research Kumari and Harikrishnan (2021) and Bire et al. (2019). The results of this analysis are in accordance with the Resource Based View theory which states that a business that can achieve growth must be supported by superior resources of high value. Resources that can be utilized in this case are the financial literacy of business actors.

5.3 The relationship between supply chain management and financial performance

Based on the results of structural equation modeling, it was found that the p value was 0.001, less than 0.050 and the path coefficient value was positive, so it was concluded that there was a positive and significant relationship between supply chain management and financial performance. The results are in accordance with Dura (2022), Nurohman et al. (2021) and Ukko et al. (2019) which conclude that supply chain management has a positive and significant effect on financial performance.

5.4 The relationship between supply chain management and sustainability

Based on the results of structural equation modeling, it was found that the p value was 0.001, less than 0.050 and the path coefficient value was positive, so it was concluded that there was a positive and significant relationship between supply chain management and sustainability. The result is consistent with Jia et al. (2019).

5.5 The relationship between financial performance and sustainability

Based on the results of structural equation modeling data processing, it was found that the p value was 0.001, less than 0.050 and the path coefficient value was positive, so it was concluded that there was a positive and significant relationship between financial performance and sustainability. The results are consistent with other findings in literature such as Carter et al. (2020) and Dura (2022). A high level of financial literacy means that a business actor will better optimize his business performance and be more careful in his operations so that when a business actor has good financial knowledge, it will be easier to manage his business (Mastos et al., 2020).

According to Sánchez et al. (2020) and Shibin et al. (2020), financial literacy is very important to create a society that is more skilled in managing its sources of income and managing finances. Based on empirical studies, it was found that financial literacy levels, financial attitudes and behavior influence the financial performance of MSMEs by 57.6%. Financial management practices are able to influence financial achievements, which can be called financial performance. Dahlmann and Roehrich (2019) show that financial literacy influences the financial performance of MSMEs. and financial attitudes have an influence on the financial performance of MSMEs. Financial literacy variables are variables that manage finances so that the finances of the business being run can be directed according to plans for future business interests, while financial knowledge is the basis of a person's knowledge of financial science in managing finances well, to minimize risks in the future. Financial performance complements and plays an important role in the businesses carried out by MSME/online business players. Therefore, financial literacy, financial knowledge, and financial attitude have a positive and significant effect on Financial Performance (Mitra et al., 2022; Rahman et al., 2021).

Financial literacy in SMEs has a number of good benefits, especially for future prosperity. The benefits include the following.

1. Able to manage finances well

With adequate financial literacy, it will be easier for us to manage our finances in such a way. This includes managing monthly cash flow, preparing emergency funds, insurance and investing. In short, if we understand financial literacy well it will not be difficult for us to choose strategies and make the right decisions regarding our financial affairs. This also affects the financial wealth of SMEs to a greater or lesser extent.

2. Be wise in using finances and become prosperous

If we have sufficient financial management skills, such as financial products and services, our standard of living can increase significantly because we are able to use them well.

3. Avoid fraud

With sufficient literacy knowledge, it is unlikely that someone will be caught in fraud. Some examples of fraud that are quite widespread include cases of Ponzi schemes, monkey business, illegal loans or fraudulent investments, and others.

4. More equal distribution of wealth

Finally, financial literacy can have a positive impact on the general public at large. This is because rich people prefer to invest their money in financial institutions.

6. Research implications

The theoretical implication of the results of this research is that the results of this research support previous theory and research that financial literacy in SMEs will encourage increased financial performance and sustainability. The application of supply chain management in SMEs will encourage increased financial performance and sustainability. The practical implication of this research is to improve performance finance and sustainability, SMEs managers can apply financial literacy to staff and apply supply chain management to the SMEs operations process. SMEs staff should be trained to increase their insight and financial literacy skills. SMES managers must apply supply chain management to their operational processes from purchasing to sales.

7. Conclusion

The results of this study have concluded that financial literacy has a positive and significant effect on financial performance, Financial Literacy has a positive and significant effect on sustainability, Supply chain management has a positive and significant effect on financial performance, supply chain management has a positive and significant effect on sustainability, financial performance has a positive and significant effect on sustainability. SMEs are expected to further improve their financial literacy so that they are able to manage their business better and avoid financial risks that will harm their business. The public financial literacy index is still low, this shows that the Indonesian people in general do not understand well the characteristics of various financial products and services offered by formal financial service institutions. Increasing financial literacy is very necessary, either through direct outreach or education by the Financial Services Authority, formal financial institutions, or the government. Good financial literacy will also have a good impact on how you manage your finances, so this is very important. Financial planning, analysis and decision making will be better if the level of financial literacy is higher. The theoretical implication of the results of this research is that the results of this research support previous theory and research that financial literacy in SMEs will encourage increased financial performance and sustainability. The application of supply chain management in SMEs will encourage increased financial performance and sustainability. The practical implication of this research is to improve performance finance and sustainability, SMEs managers can apply financial literacy to staff and apply supply chain management to the SMEs operations process. SMEs staff should be trained to increase their insight and financial literacy skills. SMES managers must apply supply chain management to their operational processes from purchasing to sales. The novelty of this research is that it found a correlation model of the relationship between the variable's financial literacy, supply chain management, financial performance and sustainability in SMEs which did not exist in previous research studies.

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