STUDY OF FINANCIAL LITERACY MEASUREMENT INDICATORS FOR INDEPENDENT COFFEE SHOP MSMES; A LITERATURE REVIEW

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Article Info	Abstract

This study aims to find a synthesis of journal publications related to standard indicators for measuring financial literacy in MSMEs that can be adapted to measure financial literacy in independent coffee shops. The research method used is a systematic literature review (SLR). The databases used are Google Scholar, Emerald, SAGE, and Taylor and Francis. The results showed that the measurements were carried out using item response theory (IRT), interviews, and secondary data studies. Aspec that is measured includes knowledge, awareness, attitudes, behaviors, skills, performance, investment instruments, and general information related to the macroeconomy. The researcher recommends conducting research to measure the level of financial literacy in independent coffee shops in Indonesia.

Abstrak

Penelitian ini bertujuan untuk menemukan sintesis dari publikasi-publikasi jurnal terkait standar indikator pengukuran literasi keuangan pada UMKM yang dapat diadaptasi untuk mengukur literasi keuangan pada kedai kopi independen. Metode penelitian yang digunakan adalah systematic literature review (SLR). Database yang digunakan adalah Google Scholar, Emerald, SAGE, dan Taylor and Francis. Hasil penelitian menunjukan pengukuran dilakukan menggunakan item response theory (IRT), wawancara, dan studi data sekunder. Aspek yang diukur meliputi pengetahuan, kepedulian, sikap, perilaku, keahlian, kinerja, instrumen investasi, dan informasi umum terkait ekonomi makro. Peneliti merekomendasikan untuk dilakukan penelitian untuk mengukur level literasi keuangan pada kedai kopi independen di Indonesia.

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INTRODUCTION

The coffee shop business in recent years has experienced significant growth. The results of research by Toffin Indonesia and Mix Magazine show that the number of modern coffee shops in Indonesia in 2019 reached 2,950 outlets with a total turnover touching Rp. 4.8 trillionn per year, increasing rapidly from 2016 which was in the range of 1,000 outlets (Toffin, 2020). The figure does not include independently run coffee shops. There are no official figures on the number of independent coffee shops. However, based on the search results on the Google maps application in the city of Bandung in May 2021, data was obtained that there are more independent coffee shops than modern coffee shop chains that are professionally managed.

The occurrence of the Covid-19 pandemic inearly 2020 had a negative impact on coffee shop sales turnover amid rapid growth. HIPMI noted that in the first half of 2020 there was a decrease in sales turnover of modern coffee shops by 30% (Indonesia Investments, 2020). However, as various social restrictions are relaxed, it has again triggered an increase in coffee shop sales turnover

The average daily sales turnover of modern coffee shop chains in 2019 reached 200 cups per day per outlet (Toffin, 2020). As aresult of research on independent coffee shops, daily sales turnover is less than 100 cups, even some of them can only sell less than 50 cups per day (Pramagista and Wandebori, 2021).

Independent coffee shops are types of coffee shops that are managed independently by the owner or manager with their own business patterns (Rashid, Cohen and Ghose, 2018). This type of coffee shop is also known as a local coffee shop with a characteristic family management style and has more coffee serving traditions than its own business management (Foo, Bajuri and Wong, 2013). The development of independent coffee shops in the last three years has generally been driven by Y and Z ratios. This shows that the younger generation has a strong interest in raising coffee commodities in the form of coffee shop businesses. Today coffee shops have developed into a new culture in socializing (Verma, 2013). The existence of coffee shops is not only a place to gather, more than thatproductive bag activities are increasingly common in coffee shops. This is in line with the concept of the third place which states that there is a third place outside the home and office or school that can function as a conducive place for productive activities, including cafes, coffee shops, bookstores, bars, salons, and other places that a community likes (Oldenburg, 2009). Doing learning activities in coffee shops is also felt more fun and there are no hierarchical boundaries among participants (Yodanis, 2006).

The existence of coffee shops whose functions are not limited to gathering and enjoying coffee offerings is one of the factors that support the development of the coffee shop business (Lukito and Xenia, 2018). However, the reality is that not allcoffee shop managers are able to grasp these opportunities while creating added value for their business. In small-scale independent coffee shops, the resulting financial performance is relatively more diverse. In the United States, 7 out of 14 independently run small businessesexperience financial difficulties due to limited financial literacy skills (Dahmen and Rodríguez, 2014). Another study revealed that in West Java, the growth of MSME-scale businesses is constrained by the ability of entrepreneurs to deal with financial management problems caused by lack of proficiency in financial literacy (Susan, 2020). Furthermore, it was found that financial management expertise is needed for MSMEs to be able to maintain business continuity, the problem is that the expertise of MSME managers is inferior to large entrepreneurs (Kostini and Raharja, 2020).

The growth in the number of local coffee shops in Indonesia has had a positive impact on employment and the growth of the MSME sector. The availability of quality local coffee supplyis also a supporting factor for the sustainable growth of coffee shops.

In practice, adequate skills in managing business finances are required. Financial literacy is a fundamental thing that can shape financial management behavior. Based on observations from 30 independent coffee shops, it is known that 70% of independent coffee shop MSME actors do not fully understand and pay attention to financial literacy. Similarly, an understanding of efficiency is a comparison between the realization of routine expenses and the realization of income in carrying out a job. The smaller this ratio, the more efficient it is (April et al. , 2018). The massive, fast, and radical development of the industry has madebusiness actors adapt quickly (Purnomo, SOFIA and APANDI, 2021).

Financial literacy is defined as the ability to understand and implement various financial skills that include operational management, budgeting, andinvestment decisions (Okello, Bongomin and Ntayi, 2020).

This research focuses on investigating financial literacy in the management of independent coffee shops in Indonesia. The results of the literature study are expected to specifically find a synthesis of what indicators can describe the level of financial literacy in the management of independent coffee shops. However, preliminary search results show that none of the publications that have been published have specifically measured financial literacy in coffee shop management. However, considering that independent coffee shopsare included in the MSME class, the literature study refers to the standard indicators of measuring financial literacy in MSMEs.

METHODS AND DESIGN

In determining financial literacy indicators that are appropriate in the context of independent coffee shop management, a systematic literature review (SLR)will be used to. SLR is used as a tool to review previous literature to then obtain a more objective and relevant data synthesis (Alkhoraif, Rashid and McLaughlin, 2019). The SLR method in this study will produce a series of financial literacy indicators that are in accordance with the characteristics of financial management in an independently managed coffee shop business.

The literature that is the source comes from the Emerald Insight, SAGE, Taylor and Francis, and Google Scholar databases published from 2016 to 2021. These three sources were chosen in connection with the availability of access owned by the author.

RESULTS AND DISCUSSION

Based on the results of systematic literature review from the Emerald Insight, SAGE, Taylor and Francis database, and Google Scholar, 16 publications related to financial literacy indicators were obtained as follows:

Table 1 : Journal Articles Related to Financial Literacy Indicators

No.	Writer	Heading
1	(Campo and Barnes, 2017)	An examination of financial literacy levels amongst owner/managers of small and medium- sized enterprises
2	(Bongini et al. , 2018)	The challenge of assessing financial literacy: Alternative data analysis methods within the Italian context
3	(Jadhav, 2020)	The study of measuring individual components of financial literacy in India
4	(Ranyard et al. , 2020)	An item response theory approach to constructing and evaluating brief and in-depth financial literacy scales
5	(Tuffour, Amoako and Amartey, 2020)	Assessing the Effect of Financial Literacy Among Managers on the Performance of Small-Scale Enterprises
6	(Ingale and Paluri, 2020)	Financial literacy and financial behaviour: a bibliometric analysis
7	(Susan, 2020)	Financial literacy and growth of micro, small, and medium enterprises in west java, indonesia
8	(Engström and McKelvie, 2017)	Financial literacy, role models, and micro-enterprise performance in the informal economy
9	(Crossley et al. , 2021)	Interviewer effects and the measurement of financial literacy
10	(Pavković, Anđelinović and Mišević, 2018)	Measuring financial literacy of university students
11	(Wuttke, Siegfried and Aprea, 2020)	Measuring financial literacy with a Situational Judgement Test: do some groups really perform worse or is it the measuring instrument?
12	(Hizgilov and Silber, 2020)	On Multidimensional Approaches to Financial Literacy Measurement
13	(Eniola and Entebang, 2017)	SME Managers and Financial Literacy:
14	(Santos et al. , 2021)	The profile of the Portuguese regarding the perception of financial literacy
15	(Walstad and Rebeck, 2017)	The Test of Financial Literacy: Development and measurement characteristics
16	(Kadoya and Khan, 2020)	What determines financial literacy in Japan?

Source: Google Scholar, Emerald, SAGE, Taylor & Francis

The above studies generally do not focus on measuring financial literacy in small-scale businesses, but are very diverse. Some of them discuss the role of financial literacy that affects the performance and continuity of small businesses. Further research conducted by researchers has not found studies that specifically examine financial literacy in independent coffee shop businesses. Specifically, there has also been no research that examines the preparation of financial literacy indicatorsin the independent coffee shop business sector. The majority of studies used common financial ratios to measure financial performance and conduct financial literacy comprehension tests on respondents.

On consideration of suitability with the research focus to be achieved, after synthesizing the 16 journal articles, 9 journal articles were obtained that were in accordance with the research objectives.

Table 2: Journal Articles Focusing on Financial Literacy Indicator Findingsn

No.	Writer	Heading	Findings
1	(Bongini et al. , 2018)	The challenge of assessing financial literacy: Alternative data analysis methods within the Italian context	The study was conducted by providing respondents with a set of questions related to financial decisions, financial behavior, financial knowledge, financial planning, and the level of familiarity with finance. In general using the IRT technique
2	(Jadhav, 2020)	The study of measuring individual components of financial literacy in India	Measure an individual's financial literacy by providing 22 questions related to financial knowledge, financial behavior, and attitudes related to finance

3	(Ranyard et al. , 2020)	An item response theory approach to constructing and evaluating brief and in-depth financial literacy scales	Financial literacy measurement was carried out referring to item response theory (IRT), respondents were given 50 question items related to financial literacy. Aspects of the question include investments, interest rates, inflation, credit, and bonds.
4	(Tuffour, Amoako and Amartey, 2020)	Assessing the Effect of Financial Literacy Among Managers on the Performance of Small-Scale Enterprises	Financial literacy measurement focuses on care, knowledge, attitudes, and financial performance using Likert scale.
5	(Susan, 2020)	Financial literacy and growth of micro, small, and medium enterprises in west java, indonesia	Financial literacy measurement is carried out using questionnaires covering four aspects. Behavior, attitudes, expertise, and knowledge.
6	(Engström and McKelvie, 2017)	Financial literacy, role models, and micro-enterprise performance in the informal economy	Financial literacy is measured using two approaches. First, by analyzing respondents' financial data (MSMEs). Second, by conductinginterviews related to respondents' perceptions of financial literacy.
7	(Crossley et al. , 2021)	Interviewer effects and the measurement of financial literacy	The findings showed that in interviews related to financial literacy, the interviewer factor had an interesting influence. Since the interviewer is a person who understands the correct answer to a particular question, the interviewer's reaction to therespondent's jaw aban influences the respondent to correct the answer. On the one hand, this helps respondents understand the question better. On the other hand, it results in a bias in the originality of the data.
8	(Eniola and Entebang, 2017)	SME Managers and Financial Literacy:	Financial literacy measurement is carried out using questionnaires that include aspects of knowledge, attitudes, and concern for financial attributes
9	(Santos et al. , 2021)	The profile of the Portuguese regarding the perception of financial literacy	Measuring financial literacy by providing 20 iterm questions related to perceptions related to financial literacy using the Likert scale.

Source: Google Scholar, Emerald, SAGE, Taylor & Francis

The results of the synthesis of journal articles show that there are 9 articles that can be a reference in determining the standard indicators for measuring financial literacy. However, there are no references that specifically review the measurement of financial literacyin independent coffee shops. The majority of publications measure financial literacy of individuals and MSMEs. It is hoped that this condition is still relevant enough to represent the measurement of financial literacy in independent coffee shops on a scale, including MSMEs.

In general, the synthesis of relevant publications shows that in general researchers use item response theory (IRT) techniques, interviews, and secondary data studies to measure the level of financial literacy. The aspects measuredinclude knowledge, concern, attitudes, behavior, expertise, performance, investment instruments, and general information related to macroeconomics (inflation, interest rates, bonds, and credit).

The interview technique is basically guided by the IRT instrument, butthe different techniques adjust to the most favorable conditions that are possible. There are interesting findings regarding the influence of interviewers on respondents' answers. Respondents tend to be influenced by the interviewer's attitudes, gestures, and reactions to respondents' answers(Crossley et al. , 2021). At any given moment, respondents tend to correct answers if they see a certain reaction of the interviewer after hearing the respondent's answer. This is seen as affecting the originality of the data. But on the other hand, there is an interpretation that this is a form of correction so that respondents' understanding of the interviewer's questions becomes better.

Another technique used is to analyze respondents' financial data. Financial history such as loans, deposits, bonds, investment portfolios, and financial records of respondents are documents analyzed to measure financial literacy (Engström and McKelvie, 2017). In its implementation, this technique is carried out in parallel with filling out questionnaires and / or interviews withrespondents.

CONCLUSION

There are 16 reputable international journal articles that can be identified focusing on measuring financial literacy. However, after an in-depth review, 9 journals were obtained that were really relevant. The most common techniquesused are item response

theory (IRT), then interviews, and secondary data studies. Especially in interview activities, there is an influence between the interviewer's reaction to the correction of respondents' answers. Therefore, the interviewer should behave as reasonably as possibleduring the interview. Aspects measured include knowledge, concern, attitudes, behavior, expertise, performance, investment instruments, and general information related to macroeconomics.

RECOMMENDATIONS

Financial literacy measurements in independent coffee shop managershave not been carried out by researchers. Therefore, based on the standard findings of financial literacy indicators in this study, similar research should immediately be carried out on independent coffee shops. This is important because so far there has been no representative portrait of financial literacy in independent coffee shops.

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