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Does Financial Literacy and Attitudes Influence Financial Management Behavior in The MSMEs Sector?

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ABSTRACT

Financial management behavior is considered to be one of the essential concepts in economics, such as the allocation and utilization of financial resources. This study aims to analyze the effects of financial literacy, financial attitudes, and the use of financial resources and income on financial management behavior (case studies on MSMEs in the trade sector in Surakarta). This study used a quantitative approach method. The sampling technique used in this study was purposive sampling with 90 MSMEs business owners who are engaged in trade with food & beverage, fashion, and grocery businesses. The source used was primary data by deploying questionnaires that were then analyzed using multiple linear regression analysis with IBM SPSS Statistics 26 software. Based on the results of the data processing conducted, the result is that financial literacy variables have a significant effect on financial management behavior, financial attitudes have no effect on financial management behavior, and income has a significant effect on financial management behavior. With good financial management behavior will help MSMEs actors in preparing short-term and long-term financial planning and can be responsible for financial management of money and assets that are considered productive.

INTRODUCTION

Micro, Small and Medium Enterprise (MSMEs) activities are economic activities that cannot be separated from Indonesian society in matter sufficient need. According to Jannah & Setiyono (2021) this is due to MSMEs activities that considered have good opportunity in making profit. In Indonesia, economic growth increase influenced by various factors, which one is the involvement of Micro, Small and Medium Enterprise activities. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) noted that the number of MSMEs has now reached 65.47 million units in 2019 with a contribution to Gross Domestic Product (GDP) of 60.51% percent or IDR 8,574.89 trillion. Based on this data, it can be said that the growth of MSMEs in Indonesia is very large. However, this cannot be separated from many obstacles and challenges that experienced by MSME players.

The problem currently occurring is that MSMEs often delays in processing its development. According to Rahayu & Musdholifah (2017) explain that MSMEs' delays in development are caused by various unresolved conventional problems, one of them are capacity source human resources capacity, ownership, financing, marketing, and many other management issues. Apart from that, the problem often faced by MSMEs in Indonesia is limitations in management. So government support and financial knowledge is very important for MSMEs subject to compete domestically and abroad and understand how to manage profits that will be spent to divert capital and profits that will be saved.

Financial management behavior is a problem in MSMEs because MSMEs owners or managers often ignore it. According to Astuty (2019) financial management is an activities of earning and spending available budget wisely, done by company, businessman, or individual. In general, Financial management is the activity of managing funds in daily life carried out by individuals or groups of people with the aim to obtain financial prosperity. Pinem & Mardiatmi (2021) state that Indonesian people's financial behavior tends to be consumptive is rising irresponsible financial behavior such as lack of savings, investment, emergency fund planning and budgeting for the future and many MSMEs make simple financial reports containing

income and expenses that are not compatible with the proper financial reports. This is due to the limited knowledge of MSMEs subjects about financial literacy.

Financial literacy is important to help people make decisions about using financial products that suit their needs. With a good level of financial literacy, people can improve their financial planning skills, and avoid risky financial instruments. Financial attitude is also a factor that can influence financial management because good and correct financial management starts with implementation of a good and correct financial attitude so that the decisions taken will be correct (Nuryana & Rahmawati, 2020). If they are not able to decide how they spend their money, financial attitudes can affect situations in everyday life. Thus, it can be said that MSMEs subjects who can understand the financial situation and have ability to manage their funds well can be said to be superior and able to develop their business because MSMEs subjects are able to manage their funds.

Income is the amount of income received during a certain period based on type of work, achievements and length of work (Arianti, 2020). The higher income a person has, the greater their responsibility for finances. This allows someone to make appropriate decisions and have better financial management (Rizkiawati & Asandimitra, 2018). This is in line with research by Masdupi & Rasyid (2020) where there are positive influence that generated by income to financial management behavior.

From explanation above and based on existing conditions and personally theory so this study aim are literacy finance, financial attitudes and income influence the financial management behavior of MSMEs in the trade sector in Surakarta.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theory of Planned Behavior

The Theory of Planned Behavior is a development of *the Theory of Reasoned Action*. Devi, et al (2021) stated that *the Theory of Planned Behavior* has been widely applied to understand how individual behave and how to show reaction. This theory is a social psychology theory that predicts human behavior. According to Ajsen (1991) in Devi (2020) *Theory*

of *Planned Behavior* is a behavioral theory which explains that individual behavior is influenced by their perceptions. A person's actions in carrying out a behavior are influenced by their interest in the behavior. Intention to behave is influenced by three components, including individual attitudes towards behavior, behavior influenced by subjective norms, and perceived behavioral control. The assumption formed in *the Theory of Planned Behavior* is that humans are creatures who are rational in using information that suits themselves. This theory is suitable to explain behavior a perpetrator business Which tightly connection with *financial management behavior* , where business actors make plans for the business they are running and these plans cannot be separated from the financial attitude *that* the business actor has.

Financial Management Behavior

Financial management behavior is one of the important concepts that must be implemented in business activities in order to create healthy finances and achieve economic prosperity. According to Wahyuni & Rapyogha (2021), management behavior or financial management is defined as the individual's ability to organize, manage, plan, budget, study, control, search and store daily financial sources. The level of an individual's desire to fulfill the basic needs of life in accordance with the level of per capita income triggers the emergence of financial management behavior (Djonn, 2019).

Literacy Finance

Financial literacy is a person's level of understanding and ability to manage finances for making decisions related to finance (Rusnawati, Rusdi. R, 2022). According to Amri and Iramani (2018), financial literacy for MSMEs is the ability of managers to record financial reports, manage debt and manage budgets.

Attitude Finance

Financial attitudes determine how people spend, save, hoard and squander money. Financial attitudes can influence personal financial problems, such as arrears in bill payments and lack of income to meet needs (Sandi et al., 2020). According to Nurjanah, Surhayani & Asiah (2022) understanding financial attitudes helps a person understand what they think plays a role in their relationship with

money. Therefore, the term financial attitude is defined as a state of mind, opinions and judgments about finances.

Income

Income is the amount of income received during a certain period based on type of work, achievements and length of work (Arianti, 2020). Indicator in variable according to Central Statistics Agency (2013) divides into 5 income classification groups, namely as follows:

- a. Income very tall: more from IDR 5,000,000 per month
- b. Income tall Rp. 3,500,000 – Rp. 5,000,000 per month.
- c. Income medium: Rp.2,500,000 up to IDR 3,500,000 per month.
- d. Income low: Rp. 1,500,000 to/d IDR 2,400,000 per month.
- e. Income small: not enough from Rp. 1,500,000 per month.

Previous Research

Nurjanah, *et all* (2022) in their research entitled Demographic Factors, Literacy Finance, Financial Attitudes towards Financial Management Behavior of MSMEs in Bekasi Regency . The results of this research show that The variables Financial Literacy and Financial Attitude have a positive and significant effect to financial management behavior . Furthermore, Amelia (2022) stated the results that the variables financial literacy, attitude finance has a significant and positive effect on MSMEs financial management Gedong Village , Jakarta East . Djonn (2019) stated the results that the variables Financial Literacy and Financial attitudes have a positive effect on management behavior finance MSMEs In Ende Regency. Sari, *et all* (2020) has the following results Financial Literacy and Income variables partially have a significant effect on financial management behavior. Meanwhile, the Financial Attitude variable has no significant effect on behavior finance On Fashion MSMEs Players in Batu City

Influence Literacy Finance To Financial Management Behavior

According to Budiono (2020) the influence of financial literacy on management behavior finance or management behavior based The *theory of*

planned behavior explains that a person carries out certain behaviors because they have intentions and goals in doing so, motivated by information factors, namely *financial knowledge*. Financial knowledge is a factor underlying decision making decision finance somebody. His height knowledge financial ones owned each individual so possibility big skills related decision and financial allocation such as planning, arranging financial funds, allocating money for investment, saving for the future can work well according to needs and not just a desire. This is in line with results study Saskia & Yulhendri (2020); Fadilah & Purwanto, (2022), and Nurjanah, *et all* (2022) who explain that the better a person's level of financial literacy, the more the more good in behavior manage finance on business which is being executed. Based on the description, it can be concluded that the hypothesis in this research is

H1: Financial Literacy influences financial management behavior

Influence Attitude Finance To Financial Management Behavior

Financial attitude refers to how each individual or person responds to the financial problems they face. Meanwhile, financial management behavior refers to how a person behaves in financial matters as measured by the individual's actions. According to Humaira (2017), the more positive the attitude towards financial management and supported by the amount of financial knowledge one has, the more financial management practices that can be applied. Understanding of financial attitudes about how a person helps to understand What Which trusted related to relationships himself with Money. Therefore, the definition of financial attitude is defined as a state of mind, opinion, as well as evaluation about finance. Rizkiawati and Asandimitra (2018) explained that financial

attitude has no effect on financial management behavior, because each respondent has a different view (mindset) towards finance, including in responding to the existing financial situation. Apart from that, if you look at the average of respondents' answers, there are respondents who have a less good financial attitude with respondents which own financial attitude which good no there are differences regarding their financial management behavior. Based on the description, it can be concluded that the hypothesis in this research is:

H2: Financial attitudes influence financial management behavior

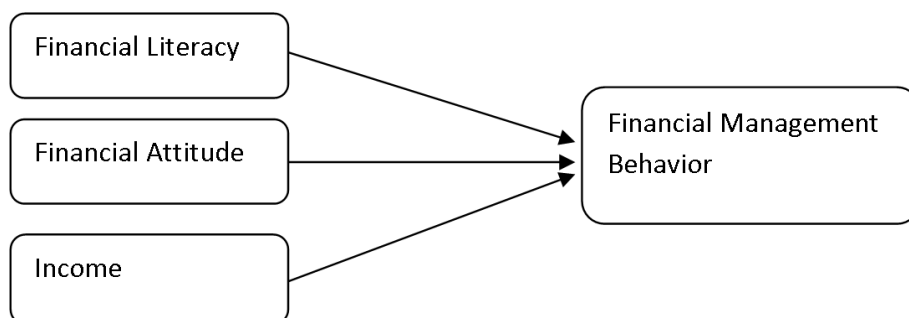
Influence Income To Financial Management Behavior

According to Rizkiawati and Asandimitra (2018) influence income towards financial management behavior or financial management behavior is based on *the theory of planned behavior* which explains that somebody in do a number of behavior because own intention and goals in do it background by some factors, including social factors in the form of income. High level of income each individual, possibility big will show behavior finance which is wiser considering that the income you have gives you the opportunity to take action with a sense of responsibility. This is in accordance with the results Arianti's (2020) which states that a higher salary will cause someone to have a better attitude towards budgeting and money management.

Research conducted by Zikrillah, *et all* (2021) and Budiono (2020) states that income influences the financial management of MSMEs players. Based on the description above, the following hypothesis can be formulated:

H3 : Income influential to financial management behavior

Research Framework



RESEARCH METHODS

This study uses a quantitative approach with *explanatory research type*. The data sources used in this research are primary data and secondary data. Primary data includes the basic or main data used in study. Type data This obtained direct from subject study, in this case the researcher obtains data or information directly through research instruments, such as filling out questionnaires, interviews, observations and experiments which aimed at MSMEs in the trade sector in the city of Surakarta. From this research, the population is MSMEs operating in the trade sector in the city of Surakarta. Based on published data from BPS (Central Statistics Agency) of Surakarta City Which released on 28 February 2023, total trader foot five complied subdistrict in City Surakarta year 2022 consists from: Laweyan District 138 units, Serengan District 70 units, Pasar Kliwon District 200 units, Jebres District 150 units, and Banjarsari District 319 units. So the amount total population in this research there are 877 units. Based on the sampling method to determine the sample size with *Slovin formula can be* determined 90 respondent.

RESULTS AND DISCUSSION

The data analysis method used in this research is multiple linear regression using statistical methods assisted by the IBM SPSS version 26 program and of the 90 questionnaires there were 16 questionnaires that could not be processed.

Based on table 1, it shows that the majority of respondents, 74 MSMEs in the trade sector, have

Descriptive Statistics

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy	74	26.00	54.00	38.9865	6.15439
Financial Attitude	74	36.00	49.00	42.9730	2.72469
Income	74	12.00	29.00	21.2568	2.98425
Financial Management Behavior	74	46.00	73.00	54.9865	5.74455

a tendency Which tall on business grocery And type business next is the food and beverage business. This is based on data on the number of respondents with the type of food and beverage business as many as 33 respondents with a percentage of 36.7%, with the type of fashion business as many as 18.

Table 1. Types of Business

No.	Type Business	Frequency	Percentage
1.	Food And Drink	22	29.7%
2.	Fashion	18	24.3%
3.	Grocery	34	45.9%
Total		74	100.0%

Table 2. Length of Business

No.	Long Business	Frequency	Percentage
1.	1-5 year	19	25.7%
2.	6-10 year	13	17.6%
3.	11-15 year	12	16.2%
4.	> 15 year	30	40.5%
Total		74	100.0%

Based on table 2, the number of respondents was 74 MSMEs in the trade sector in Surakarta City, the majority of whom had a business experience of >15 years. This is based on data on the number of respondents who have run a business for 1-5 years, namely 19 respondents with percentage 25.7%, 6-10 year as much 13 respondents with a percentage of 17.6%, 11-15 years old were 12 respondents with a percentage of 16.2%, and those with more than 15 years of business were 30 respondents with a percentage of 40.5%.

Hypothesis testing

Table 4. Hypothesis Testing

Model	Sig.	Information
New_Literacy Finance	0.005 < 0.05	Significant
Attitude Finance	0.906 > 0.05	No Significant
Income	0,000 < 0.05	Significant

The Influence of Financial Literacy on Financial Management Behavior among MSMEs in the Trade Sector in the City of Surakarta

The results of the research show that there is a positive influence of Financial Literacy on Financial Management Behavior among MSMEs in the Trade Sector in the City of Surakarta. This is proven by the statistical results of the t test for the financial literacy variable which obtained the calculated t value of 2.933 and the t table value of 1.667. With a significance level of 0.005. In study This show t count more big from t table (2.933 > 1.667), sig value level. which is smaller than 0.05 (0.005 < 0.05) and coefficient multiple regression has mark positive of 0.276. Thus, this research succeeded in proving the first hypothesis which states “Financial literacy has a positive and significant effect on Financial Management Behavior among MSMEs players in the trade sector in the City of Surakarta.”

Matter the in line with results study Saskia & Yulhendri (2020) and Nurjanah, et all (2022) which explains that the better the literacy level finance someone then will getting better at financial management behavior in the business being run.

The Influence of Attitude Finance on Financial Management Behavior among MSME Players in the Trade Sector in the City of Surakarta

The results of the research show that there is no positive influence of Financial Siakp on Financial Management Behavior among MSMEs in the trade sector in City Surakarta. Matter This proven with result statistics test t variable attitude finance Which earned value mark t count of -0.119 and the t table value is 1.667. With a significance level of 0.906. In study This show t count more small from t table

(-0.119 < 1.667), sig value level. which is greater than 0.05 (0.906 > 0.05) and coefficient regression multiple have mark negative as big as -0.022. Thus, this research succeeded in proving the second hypothesis which stated “Financial attitudes do not have a positive and significant effect on Financial Management Behavior among MSME Players in the Trade Sector in the City of Surakarta.”

This research is in line with Sari, et all (2020) which explains that increasing or decreasing financial attitudes will not influence go on down behavior management finance. Study this is also in line with Rizkiawati and Asandimitra (2018) who explained that financial attitudes do not influence financial management behavior, because each respondent has a different view (mindset) towards finance, including in responding to it. circumstances finance which there is. Apart from that, if seen from average answer respondents between respondents which own attitude finance less well and respondents who have good financial attitudes, there is no difference regarding their financial management behavior.

Influence Income to Behavior Management Finance on MSME Players in the Trade Sector in the City of Surakarta

The research results show that there is a positive influence on income on Behavior Management Finance on perpetrator MSMEs trade sector in Surakarta City. This is proven by the statistical results of the t test for the financial literacy variable which obtained the calculated t value of 5.009 and the t table value of 1.667. With a significance level of 0.000. In study This show t count more big from t table (5.009 > 0.000), level mark sig. Which more small from 0.05 (0.000 < 0.05) And coefficient multiple regression has mark positive of 0.960. Thus, this research succeeded in proving the first hypothesis which states income has a positive and significant effect on Management Behavior Finance on MSMEs players in the trade sector in the City of Surakarta.”

The results of research conducted by Sari, et all (2020) state that income influences the financial management of MSMEs players.

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