

The Influence of Financial Literacy and Attitude on Financial Management of MSMEs: A Study on Housewives in Medan Marelan Subdistrict

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Abstract. The aim of this research is to determine the influence of Financial Literacy and Financial Attitudes on Financial Management among housewives as MSMEs. The research results show that Financial Literacy has a significant effect on Financial Management, supported by a t-statistic value of $4.626 > t$ table value of 1.679 and a p-value of $0.000 < 0.05$, which means the higher the individual's ability to manage finances. Financial Literacy, the greater the individual Financial Management. Financial Attitude has a significant effect on Financial Management, supported by a t-statistic value of $3.363 > t$ table value of 1.679 and a p-value of $0.001 < 0.05$. The results of the coefficient of determination test show that Financial Literacy (X1) and Financial Attitude (X2) contribute to Financial Management (Y) by 0.474 or 47.4%. This study reveals the impact of Financial Literacy and attitudes towards Financial Management in a holistic and comprehensive manner, and provides a valuable new perspective.

Keywords: attitudes, financial management, financial literacy

1. INTRODUCTION

Financial literacy among housewives is an important and relevant topic because managing household finances is often their main responsibility

In recent years, the role of financial literacy in managing small and medium-sized enterprises (SMEs) has gained significant attention, particularly in the culinary sector. For housewives managing culinary micro, small, and medium enterprises (MSMEs) in Medan Marelan Subdistrict., effective financial management is crucial for sustaining and growing their businesses. Financial literacy encompasses a range of competencies, including budgeting, investment management, and financial planning, which are essential for making informed business decisions [1]. However, the influence of financial attitudes—defined as the beliefs and perceptions towards financial matters—on these management practices remains underexplored.

Recent studies underscore the importance of financial literacy in enhancing business performance. According to Mandell and Klein (2023), higher levels of financial literacy are positively correlated with improved financial management practices among MSMEs. This correlation is particularly pertinent for housewives who balance multiple responsibilities and may face unique challenges in accessing financial education and resources [2].

Furthermore, the role of attitudes towards financial management has been highlighted as a significant determinant of Financial Management. As noted by Atkinson and Messy (2023), positive financial attitudes can significantly impact the efficacy of financial practices. For housewives in Medan Marelan Subdistrict., developing a proactive attitude towards financial management may enhance their ability to implement sound financial strategies and overcome common obstacles faced by MSMEs [3].

This study aims to explore the influence of financial literacy and attitudes on the financial management practices of culinary MSMEs in Medan Marelan Subdistrict., with a focus on housewives. By examining the interplay between these factors, the research seeks to provide insights into how improving financial literacy and fostering positive financial attitudes can contribute to the success and sustainability of culinary businesses managed by housewives.

2. METHODOLOGY

Financial Literacy is about increasing the use of knowledge through the practice of information management practices and to achieve a competitive advantage in decision making [4]. Financial Literacy is how to measure

the ability of each person to undergo various economic information on land so that it allows them to be able to make decisions in making financial planning, financial accumulation, debt and their pension funds [5]. Financial Literacy is an individual's knowledge of his own financial situation obtained from financial concepts and treats it as a requirement for making an effective financial decision. In managing one's own or company's finances, a skill or expertise is needed. Financial Literacy can also be defined as a person's assignment of various things about the financial world consisting of financial tools and financial skills. Someone who has extensive Financial Literacy, then he tends to have better financial skills in managing his business finances [6]. Financial literacy refers to the capability to access and utilize financial information and the skills required to make sound financial decisions and manage personal finances effectively. It involves understanding complex financial products, the workings of financial systems, assessing investment opportunities, and making educated financial choices [7]. It encompasses knowledge of essential personal finance concepts—like saving, borrowing, and budgeting—along with the tools needed for effective money management. Achieving financial well-being requires proficiency across various financial areas, with individual factors influencing financial literacy.

Financial management refers to the process of planning, managing, and monitoring financial resources to achieve financial goals. For housewives, household financial management includes budget planning, debt management, savings and investment [8]. Effective financial management is important to maintain family financial stability and ensure long-term financial goals are achieved.

Attitude represents a mental state and readiness shaped by experience, which guides an individual's responses to situations and objects. Financial attitude specifically refers to one's thoughts, assumptions, and evaluations concerning money [9]. It includes interpretations of financial thinking patterns, such as perspectives on personal finance, money security, and the value placed on money [10]. Financial attitudes reflect how a person manages their financial matters, as demonstrated by their responses to financial opinions [11]. A positive financial attitude enables effective financial management and future planning.

2.1 Method

This research uses primary data, namely data obtained by direct observation. The data collection method in this research was carried out using three approaches, namely observation, interviews and questionnaires. The population in this study were housewives in the culinary field of MSMEs in Limau Manis village. [12] saturated sampling is a technique for determining samples according to the available population. The aim of using a saturated sample is to make generalizations with very small errors. With a research sample of 45 MSMEs in Limau Manis village. The data analysis method used in this research is quantitative causality analysis which is used to analyze data by describing or illustrating the literacy level of housewives as MSMEs in the culinary field in Limau Manis village. This statistical analysis uses an application, namely SMART PLS-3.

3. RESULTS AND DISCUSSION

3.1 Results

3.1.1 Construct Reliability and Validity

The following are the results of model testing which includes construct reliability in this study

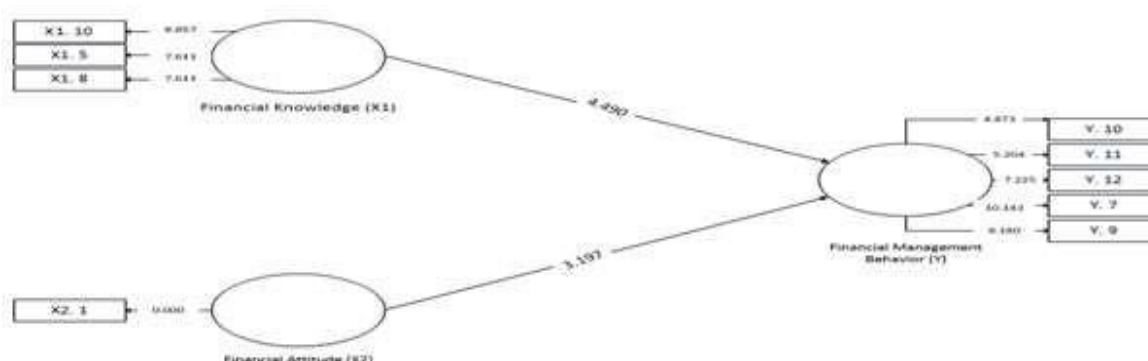


Figure 1. Outer Model Run Results

Table 1. Construct Reliability and Validity Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Financial Literacy (X1)	0,731	0,733	0,848	0,650
Financial Management (Y)	0,807	0,815	0,864	0,559
Financial Attitude (X2)	1,000	1,000	1,000	1,000

Output: SMART PLS.3

Based on table 1, the results of construct reliability and validity show that the estimation model in the construct has been fulfilled and is reliable on the variables of Financial Literacy (X1), Financial Attitudes (X2), and Financial Management (Y). The construct reliability results obtained show that all Cronbach's alpha, rho_A, CR and AVE values have been met on all variables in this study.

Table 2. Multicollinearity Test Results using Inner VIF Values

	Financial Literacy (X1)	Financial Management (Y)	Financial Attitude (X2)
Financial Literacy (X1)		1,097	
Financial Management (Y)			
Financial Attitude (X2)		1,097	

Output: SMART PLS.3

Based on table 2 shows that all variables in this study such as Financial Literacy (X1), Financial Attitudes (X2) and Financial Management (Y) have met the classical assumptions by setting the VIF significance criteria <5.

Table 3. T- Statistic Test Results and Coefficient of Determination

	T Statistics (O/STDEV)	P Values	R Square	R Square Adjusted
Financial Literacy (X1) -> Financial Management (Y)	4,626	0,000	0,498	0,474
Financial Attitude (X2) -> Financial Management (Y)	3,363	0,001		

Output: SMART PLS.3

Based on table 3, the first finding results show that partially there is a significant effect of the financial literacy variable (X1) on Financial Management (Y). These findings can be proven by the acquisition of a t-statistic value of 4.626 > t table value of 1.679 and a p-value of 0.000 < 0.05.

The second finding shows that partially there is a significant influence of the financial attitude variable (X2) on Financial Management (Y). This finding can be proven by the acquisition of a t-statistic value of 3.363 > t table value of 1.679 and a p-value of 0.001 < 0.05.

The third finding shows that the ability of Financial Literacy variables (X1) and financial attitudes (X2) in explaining Financial Management variables (Y) is 0.498. While the contribution of the variables of Financial Literacy (X1) and financial attitudes (X2) to Financial Management (Y) is 0.474 or 47.4%.

3.2 Discussion

3.2.1 Relationship between Financial Literacy (X1) and Financial Management (Y)

The results show that Financial Literacy (X1) significantly influences Financial Management (Y), as indicated by a t-statistic of 4.626, surpassing the t-table value of 1.679, and a p-value of 0.000, which is below the 0.05 threshold. This confirms the alternative hypothesis (Ha) and rejects the null hypothesis (H0). These findings are consistent with the research of Susyanti and M. Khoirul Anwarodin Broto S (2020), who also found that

Financial Literacy significantly impacts Financial Management [13]. However, it contrasts with the study by Eni Puji Estuti et al. (2021), which found no significant effect of Financial Literacy on Financial Management [14].

Financial Literacy was very an important role in effective financial management. Housewives with higher financial literacy are better prepared to manage their finances, are smart at planning expenses and income, understand financial concepts such as interest rates, credit, insurance and investment, and make the right decisions. Good financial literacy allows housewives who run MSMEs to set long-term goals, allocate resources wisely, and avoid consumerist behavior. Therefore, comprehensive financial education is very important, especially for housewives, to encourage good financial management practices.

3.2.2 Relationship between Financial Attitude (X2) and Financial Management (Y)

The results show that financial attitude (X2) has a significant influence on Financial Management (Y), with a t-statistic value of $3.363 > t\text{-table } 1.679$ and a p-value of $0.001 < 0.05$. This means that the alternative hypothesis (Ha) is accepted and the null hypothesis (H0) is rejected. This research is in line with research by Eni Puji Estuti et al. (2021) who also found that financial attitudes have a significant effect on financial management at the Memayu Jogo Tonggo Cooperative in Kopeng Village, Getasan District, Semarang Regency [14].

A positive financial attitude is closely related to good financial management. Housewives who run culinary SMEs with good financial attitudes tend to plan and manage finances wisely, have strong self-control, control consumer desires, and are careful in making financial decisions. They are open to learning and understand the importance of Financial Literacy for effective management. A positive financial attitude encourages smart and responsible financial decision making, thus having a significant impact on Financial Management.

4. CONCLUSION

Based on the results of data analysis in this research, it can be concluded as follows:

- a. The results of the first hypothesis test show that Financial Literacy (X1) has a significant effect on Financial Management (Y), which means that the higher the Financial Literacy of housewives as MSMEs, the greater their Financial Management will be. These results are supported by a t-statistic value of $4.626 > t\text{ table value of } 1.679$ and a p-value of $0.000 < 0.05$. Thus the alternative hypothesis (Ha) is accepted and the null hypothesis (H0) is rejected.
- b. Second, it shows that financial attitude (X2) has a significant effect on Financial Management (Y). The higher the financial attitude of housewives as MSMEs, the greater their financial management. These results are supported by the t-statistic value of $3.363 > t\text{ table value of } 1.679$ and p-value of $0.001 < 0.05$. Thus the alternative hypothesis (Ha) is accepted and the null hypothesis (H0) is rejected.
- c. Finally, the coefficient of determination test shows that Financial Literacy (X1) and financial attitude (X2) contribute to Financial Management (Y) by 0.474 or 47.4%.

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