



## MSMES Financial Management From The Perspective Of Financial Literacy, Financial Attitudes And Income

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### **Abstract:**

**Purpose** – *This study aims to analyze the influence of Financial Literacy, Financial Attitudes and Income on Financial Management (MSMES in East Bekasi).*

**Design/methodology/approach** – *This research method is quantitative research. Data collection is used through the distribution of questionnaires. Measurement of the Variables using the Likert scale. The population in this study is culinary MSMES in East Bekasi which amounted to 147 MSMES actors. The sample used was 107 respondents using the simple random sampling method.*

**Findings** – *The findings of this research state that financial literacy has a significant and influential effect on financial management. Financial attitudes do not have a significant effect on financial management  
Income does not have a significant effect on financial management*

**Research limitations/implications** – *The limitations of this research in the respondents studied are related to the number, and only to MSMES in the culinary sector in the East Bekasi sub-district area.*

**Practical implications** – *The main research results emphasize the importance of MSMES players considering improving financial literacy and financial attitudes so that financial management will be more effective and efficient in order to support higher income, by increasing knowledge and skills through education or training related to how to manage MSMES finances.*

**Originality/value** – *The results of this study show that financial literacy significantly affects financial management, financial attitudes have an insignificant effect on financial management, and income has no effect and is not significant on financial management. Meanwhile, simultaneously financial literacy, financial attitudes and income have a significant effect on financial management.*

**Keywords:** *Financial Literacy ; Financial Attitude ; Income; ; Financial Management, MSMEs*

## **Introduction**

Indonesia is a country has unlimited capabilities in the economic aspect. Not a few micro, small and medium enterprises (MSMEs) that are still active in the territory of Indonesia are now supporting the situation. One of the causes of the nation's economic crisis is micro, small and medium enterprises (MSMEs) (Astadi et al.2022). With a percentage in 99% of each business unit, MSMEs are a significant contributor to Indonesia's economic growth. In addition, MSMEs account for 96.9% of all national employment and provide more than 60% of GDP Coordinating Ministry for Economic Affairs of the Republic of Indonesia, (2022). In 2019 of the Ministry of Cooperatives and MSMEs, 65.47 million micro, small and medium enterprises (MSMEs) were registered in Indonesia, an increase of 1.98% from 64.19 million units in the previous year. This number represents 99.99% of all companies doing business in Indonesia. In addition, only 5,637 large businesses or 0.01% of all MSMEs in Indonesia exceed 64.6 million micro business units or 98.67% of all MSMEs.

Financial management is one of the main problems for MSMEs in Indonesia. Performance and access to financing will be hampered by poor financial management (Rumbianingrum & Wijayangka, 2018). In addition, this is in line with Pusporini, (2020) financial management can hinder MSMEs owners because they ignore its significance, especially the application of financial management and appropriate accounting standards. Strategic efforts are needed to increase the productivity and growth capacity of MSMEs to achieve long- term goals, such as expanding the knowledge of MSMEs actors regarding financial management Kodu et al., (2023).

Based on 2021 data from West Java province, the total number of MSMEs is 6,257,390, an increase of 5.83% with the average value of the number of MSMEs each year is 5,413,679.5 in the last 6 years and there are 258,170 units in the city of Bekasi. Like other sub-districts, East Bekasi Regency is home to a large number of MSMEs. In East Bekasi, there were around 147 MSMEs businesses in 2019, based on data from the Central Bureau of Statistics of Bekasi city.

MSMEs business owners need to master financial management and financial literacy. If MSMEs actors understand financial literacy, they will be able to manage their finances and make better and better business considerations (Kodu et al., 2023). The financial literacy program was developed together with the Financial Services Authority (OJK), the government and Bank Indonesia to ensure that everyone in Indonesia can access the same financial sector services. Studies show that knowledge of finance can have an impact on how a person manages their finances. A study (Rumbianingrum & Wijayangka, 2018) of financial management is positively influenced by financial literacy, and another study Kodu et al., (2023) found a substantial and beneficial relationship between financial management and understanding of financial literacy.

Financial attitude is the second important factor. Financial budgeting, decision making, and financial management can be influenced by the perspective of one's financial attitude (Yogasnumurti, Sadalia, & Irawati, 2020). Influencing a long time on how someone manages their finances well or not from the perspective of others and oneself is known as financial attitude (Pradinaningsih & Wafiroh, 2022). This is in accordance with research (Amelia, 2022), which

shows that financial attitudes have a beneficial and significant influence on financial management. The analysis is supported by research (Pradinaningsih & Wafiroh, 2022).

The third aspect can affect financial management, namely income. All receipts from other individuals or businesses, whether in the form of cash or goods, are considered income, and the result is the financial value of current assets (Dewi et al., 2021). His research also shows that income has a positive and significant effect on financial management, in line with research (Muntahanah et al., 2021) and (Izza, 2020) that income also has a positive and significant effect on financial management. There are a number of problems with understanding, and efforts must be made to improve the business in general, especially the micro and small ones. One of the aspects inhibiting the development of micro and small businesses in the East Bekasi Regency area is the lack of knowledge of MSMEs actors related to financial management. Some MSMEs actors assert that businesses that are not booked operate profitably and efficiently. Many MSMEs players mistakenly think that their business is running well when in fact it is not developing. To show their profits over a certain period of time, MSMEs actors are required to use actual assets instead of numbers, such as houses or vehicles (Reni Fatwitawati, 2018). MSMEs (micro, small, and medium enterprises) usually just keep basic records of income and expenditure. Some traders don't even report rent and other expenses as operating expenses because they are not well recorded. As a result, this effort is reckoned. The contribution in this research that the author makes as research novelty is the use of research variables, Financial Literacy, Financial Attitudes and income in the financial management of MSMEs. This research is different from previous research in terms of the variables used, financial management research is usually carried out on large companies, but in this research the objects studied are Micro, Small and Medium Enterprises in Bekasi, which will later be useful for the development of small industries.

### **Literature Review**

financing will be hampered by poor financial management bad (Rumbianingrum & Wijayangka, 2018). Moreover, this is in line with (Pusporini, 2020) financial management can hinder MSMEs owners because they ignore its significance, especially management applications appropriate financial and accounting standards.

### **Financial Management.**

Financial management is an important step in the process of achieving welfare to prevent problems that can cause failure occurs (Wiharno, 2018) In the description of financial management for (Rumbianingrum & Wijayangka, 2018) management is a procedure, preparation, preparation and control of energy sources to achieve targets efficient and effective. Planning, organizing, guiding, and supervising activities related to finance, such as the provision and use of resources business power, known as financial management (Purba et al., 2021).

### **Financial Literacy**

The Financial Services Authority (OJK, 2017) defines financial literacy as knowledge, abilities and values that influence a person's attitudes and behavior to improve decision making and management effective finance.

According to Arianti (2021), financial literacy is the ability to understand everything that is monetary, such as savings, investments, debt, insurance, and other financial instruments. When making everyday decisions or analyzing events economics, financial literacy is the ability to

identify between financial difficulties and financial choices without transition (Pradinaningsih & Wafiroh, 2022).

### **Financial Behaviourial**

Financial attitudes are ways of thinking, feeling, and judging about Money. This idea is related to the learning process, the emotions experienced during that time, and the subsequent tendency to behave well (Rahmayanti et.al., 2019). Financial attitudes are defined by Yap et al., (2018) as attitudes that can be influenced by daily activities and how a person judges whether a financial action is good or negative by considering his own point of view or that of others. A financial attitude is a perspective on money that is demonstrated by a person the capacity to control one's financial burdens, planning finances, predicting the budget, and taking the best possible action in making decisions (Muhammad and Nadia, 2018).

### **Income**

Income is the amount of money a person earns from running its business and other related activities. In essence, make money originates from the use of material resources to meet basic needs people and invest their income (Sari, 2019). The amount of income shows all financial profits or profits other tangible results resulting from the use of resources or services acquired by individuals or households during economic activities. (Rahma Eit al., 2022) revenue is the growth in profits generated from the production of goods or services during a specified specific time period in monetary units.

### **The influence of financial literacy on financial management**

According to Widya Eika Putri (2020), financial literacy is an ability someone in managing finances obtained through income for make decisions. In his research, financial literacy had a good effect and significant to MSMEs financial management. In other research (Dewi et al., 2021) the results show that Financial literacy influences financial management where with proper financial management and supported by financial literacy well, it is hoped that the standard of living will increase.

H1: It is suspected that there is an influence of financial literacy on management Finance

### **The Influence of Financial Attitudes on Financial Management**

In terms of financial planning, decision making, and financial management, financial attitudes can influence behavior and attitudes the whole person (Yogasnumurti, Sadalia, & Irawati, 2020). Financial literacy and attitudes finance has a significant effect on the financial management of MSMEs, according to previous research on financial attitudes by (Seitiawan, 2022). I Gede and Ellen Patricia (2020), show results that show attitudes finance has a significant positive effect on financial management. Attitude finances are considered as the state of mind and income are applied to attitude in making financial decisions.

H2: It is suspected that there is an influence of financial attitudes on management

### **The Influence of Income on Financial Management**

Income is the amount of money a person earns from running its business and other related activities (Sari, 2019) as well as income is basically the end result of someone using a resource material to finance investments that enable it to fulfill basic needs. In previous research conducted by (Deiwi et.al., 2021) it is known that the impact on income is positive and significant regarding financial management. From (Muntahah et.all, 2021), in his research the results were obtained if Income partially has a significant and positive effect on management finance.

H3: It is suspected that there is an influence between income and management finance

### The Influence of Financial Literacy, Financial Attitudes, and Income

Regarding Financial Management According to research conducted by (Sari et al., 2020) management finances are significantly influenced by financial literacy, financial attitudes and income.

H4: It is suspected that there is an influence between financial literacy, financial attitudes, and income on financial management. From the explanation above, the research framework can be described as follows:

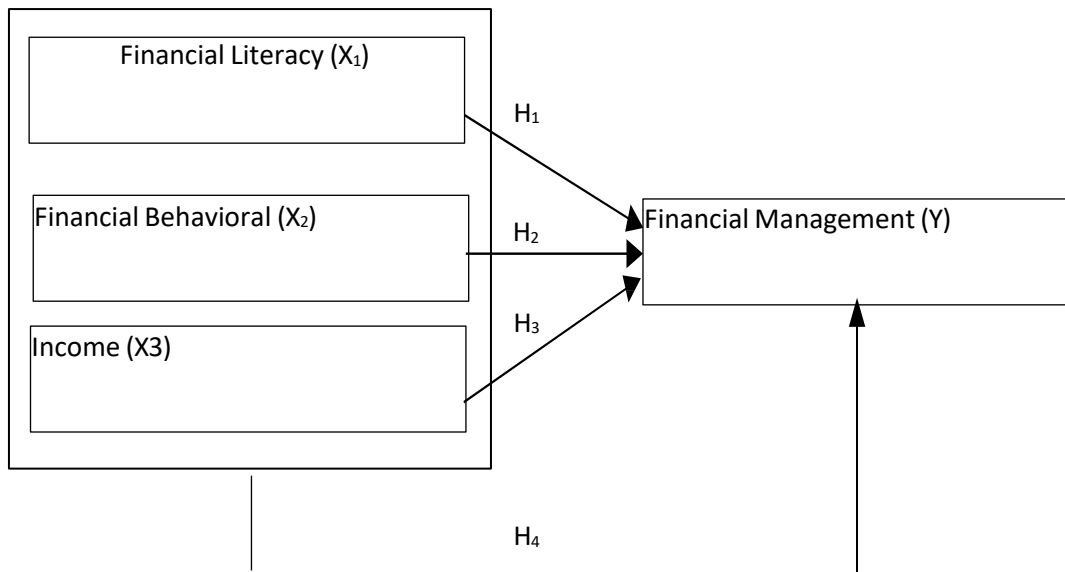


Figure 1 Empirical Model

### Method

This study adopts quantitative methodology, and the type of data used is the amount of information from respondents who answered the questionnaire and respondents' responses to questionnaire questions, which were measured using the Likert scale. Sugiyono (2018) claims that positivist-based quantitative research is a type of research used to examine a particular population or group. The purpose of this study is to establish a causal relationship or causal relationship between the variables investigated, or the impact of each variable on other variables.

A total of 147 East Bekasi MSMEs became the study population. The sampling method is based on simple random sampling, which is done randomly without taking into account the current population strata. Researchers used the Slovin formula to determine the number of samples. So from the existing population, samples were taken with the culinary category, the sample results obtained were 107 samples.

To support the research results, the data collected will be used through data analysis methods. The available information will then be processed statistically and can be used to answer the formulation of the research problem. Sample testing using multiple linear regression data analysis and spss 26 program.

**Results and Discussion**

The data processing techniques used in this research are using multiple linear regression analysis with the help of SPSS version 26. Five (5) sequential tests of validity, reliability, classical assumptions, hypotheses, and coefficient of determination was carried out in SPSS version 26, which was used for processing data in this research.

**Table 1.** Validity Test

Variable	Indicator	Pearson Correlation	R-Table	Conclusion
Financial Literacy	FL.1	0,548	0,1900	Valid
	FL.2	0,833	0,1900	Valid
	FL.3	0,676	0,1900	Valid
	FL.4	0,834	0,1900	Valid
	FL.5	0,576	0,1900	Valid
Financial Behavioral	FB.1	0,690	0,1900	Valid
	FB.2	0,524	0,1900	Valid
	FB.3	0,535	0,1900	Valid
	FB.4	0,648	0,1900	Valid
Income	IN.1	0,671	0,1900	Valid
	IN.2	0,600	0,1900	Valid
	IN.3	0,834	0,1900	Valid
	IN.4	0,764	0,1900	Valid
Financial Management	FM.1	0,596	0,1900	Valid
	FM.2	0,717	0,1900	Valid
	FM.3	0,699	0,1900	Valid

The table above shows that the questions in the variables in this study is valid because the calculated r value is > from the r table value with a value of 0.1900.

**Hypothesis Testing**

**Table 2.** Research Hypothesis Test

Variable	t tabel	t count	Sig.	Information
Financial Literacy	1.659	3.989	0.000	3,989 > 1,65, sig value, 0,000 < 0,05, then it has an effect and is significant on financial management
Financial Attitude	1.659	1.924	0.057	1,924 > 1,659, sig value , 0,057 > 0,05, then it has an effect and is not significant on financial management
Income	1.659	0.774	0.441	0,774 > 1,659, sig value, 0,441 > 0,05, then it has no effect and not significant on financial management

H1: Financial literacy has an effect and is significant on financial management

Financial literacy has a t count of 3,989 and a significance value of 0.000 based on the findings of the analysis that has been done. Financial management is significantly impacted by financial literacy, as shown by the estimated t value, which is more than the t table (3,989 > 1,659) and the significance value, which is less than 0.05 (0.000 < 0.05). Ha subsequently agreed, but HO declined.

H2: Financial attitudes have no significant effect on financial management

That financial attitudes have a t count of 1.924 and a significance value of 0.057 in accordance with the results of the analysis that has been done. Because the significance value is greater than

0.05 ( $0.057 > 0.05$ ) and t count is greater than t table ( $1.924 > 1.659$ ), it can be said that financial attitudes have an insignificant effect on financial management.  $H_a$  is accepted while  $H_0$  is rejected.

H3: Income does not have a significant effect on financial management

Income has a t count of 0.774 and a significance value of 0.441 based on the results of research that has been done. Because the level of significance is higher than 0.05 ( $0.441 > 0.05$ ) and t count is smaller than t table (0.774 1.659). The conclusion that income has no effect or is insignificant on financial management. so  $H_0$  is accepted and  $H_a$  is rejected.

H4: Financial literacy, financial attitudes and income have a significant effect on financial management

According to the findings of the analysis, the value of ANOVA in studies on the impact of income, financial literacy, and technology use on financial performance has a F count of 14,389. F count  $>$  F table with a  $14,389 > 2.69$  value and a  $0.00 < 0.05$  significance level. According to this study, financial management is significantly influenced simultaneously by factors like income, financial attitude, and financial literacy. Then,  $H_a$  is approved whereas  $H_0$  is denied.

## **Discussions**

In this study, financial literacy has a significant effect on financial management. This shows that there is a conformity that the increase in financial literacy of MSMEs actors in East Bekasi is in line with the improvement of their financial management. That is, with good financial literacy, business financial management will be more planned and in accordance with the desired achievements. This is reinforced by statements from respondents who have financial knowledge tend to be positive. As seen from the questions LK.4 and LK.5 state that having financial literacy can understand the attitudes that need to be considered in carrying out financial management and have good financial behavior in carrying out financial management. This is in line with the research carried out by (Pusporini, 2020) that financial literacy has a significant effect on financial management. Where MSMEs actors have the ability to manage finances, MSMEs actors have the ability to choose financial products and services according to their needs, and good financial planning skills. In another study (Dewi et al., 2021) it shows the results that financial literacy affects financial management where with proper financial management and supported by good financial literacy, it is expected that living standards will increase.

Financial attitude has no significant effect on financial management. So that it can be assumed that the financial attitude of MSMEs actors in East Bekasi is in line with financial management. However, the effect is not significant because each respondent has a different point of view from other respondents on financial management. The focus on the attitude of happiness will result in the efficiencies and efficiencies of the attitude. Insignificant results in this study may be reinforced by answers from respondents whose financial attitudes. As seen from the PK.1 statement stating that preparing a budget is important in finance with the majority of respondents answering very affirmatively, this shows that respondents tend to be able to prepare budgets well. Then judging from the statement PK.2 states that they prefer to owe or mortgage goods for unexpected needs with respondents tend to choose to agree, because some respondents think that the money they use must be flexible where this is because most respondents when there is an urgent need inevitably have to be used and even if they do not have money they tend to be forced to choose to mortgage goods it is also done if There are goods to mortgage, if there are none they are forced to go into debt. Insignificant results in this study may be reinforced by answers from respondents whose financial attitudes. As seen from the PK.1 statement stating that preparing a budget is important in finance with the majority of respondents answering very affirmatively, this shows that respondents tend to be able to prepare budgets well. Then judging from the statement PK.2 states that they prefer to owe or mortgage goods for unexpected needs with respondents tend to choose to agree, because some

respondents think that the money they use must be flexible where this is because most respondents when there is an urgent need inevitably have to be used and even if they do not have money they tend to be forced to choose to mortgage goods it is also done if there are goods to mortgage, if there are none they are forced to go into debt. In line with research (Zainiati N, 2017) that financial attitudes has a positive and insignificant effect on financial management behavior. Which means that financial attitudes can indirectly affect financial management through other variables. If someone has an intention (desire), then this attitude can be implemented into behavior. So that the amount of intention to address finance greatly influences the implementation of better financial management activities.

Income has no significant effect on financial management. This can be explained by the fact that MSMEs investors with different income levels are not always able to manage the expenses they need properly due to lack of bookkeeping so that income that should be business capital can be used for other or personal needs. This can be reinforced by the statement item in the PK.4 questionnaire which states that the income received must meet the needs of the family with most respondents answering in the affirmative. Which means that different income levels do not guarantee if MSMEs actors are able to manage good finances in meeting family needs. Therefore, it is important for MSMEs players to pay attention to other factors that can affect financial management such as spending patterns and long-term planning. It is better for MSMEs researchers to be more careful in managing their knowledge.

## **Conclusion**

This study aims to determine the effect of literacy finance, financial attitudes and income towards financial management MSMEs in East Bekasi. After analyzing the data and discussing the results of the research, the following conclusions can be drawn:

1. Financial literacy (X1) has a significant effect on the financial management (Y) of MSMEs in Bekasi.
2. Financial attitude (X2) has no significant effect on financial management (Y) MSMEs in East Bekasi.
3. Income (X3) no significant effect on financial management (Y) MSMEs in Bekasi.
4. Financial literacy (X1), financial attitude (X2) and income (X3) has a significant effect on the financial management (Y) of MSMEs in Bekasi.

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## **Conflict of Interest**

The author does not state any conflict of interest in this article..

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