

The Effect Of Financial Literacy And Attitudes Towards Money On Financial Management In The Millennial Generation

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Abstract

This study aims to determine the influence of financial literacy and attitudes towards money on financial management in the millennial generation. This research is a descriptive quantitative research using 130 Millennials as a sample. Data collection method using questionnaire and data used in this study are primary data and secondary data, data analysis method using SPSS 25 analysis tool. The results of this study show that financial literacy partially affects the financial management of the millennial generation. Attitudes towards money have a significant effect on the financial management of the millennial generation in Palopo City. Financial literacy and attitudes towards money simultaneously affect the financial management of the millennial generation in Palopo City.

Keywords: Financial Literacy, Attitude towards Money, Financial Management

1. Introduction

Basically, everyone will use their own financial policies. However, financial problems are often caused by various bad habits. Financial conditions may worsen over time if left without improvement. Get used to managing your finances with precise and realistic calculations, where income and expenses are comparable. By managing personal finances in this way, all needs will be met and various financial goals will be achieved on target. The current generation, especially the millennial generation, has a unique way of managing money. According to [1].

The millennial generation was born in an era where people can easily access financial institutions. Because they are the first generation, the Millennial generation was born in an era where people can easily access financial institutions. Because they are the first generation to grow up with computers and the internet, it will be easier for them to learn the financial sector quickly and apply it to their lives. Millennials can easily access all their needs via electronic devices via the internet. The majority of millennials adhere to the principle "you live once/you only live once", which results in an increase in their lifestyle and social costs [2]. Especially in Palopo City, the millennial generation really understands internet developments, but they are still lacking in managing finances because of their monotonous lifestyle and tend to focus on entertainment. Where they have difficulty differentiating between what they need and what they want. They buy nice things at the mall without thinking whether they are needed. In the end, they regret having bought the item. Avoid buying something just because you want it rather than need it.

Investing and saving are the best ways to manage the finances of the millennial generation. This is where the younger generation must apply the SIP method, which includes saving (saving), investment (investment) and protection [3]. Saving should become a daily habit from the moment you get a job or regular income. One financial management option is

investment, which must be started early to achieve various financial goals in the future. Financial management is related to financial literacy: the more knowledge about one's finances, especially financial management, the better. Millennials usually manage their own money. When it comes to businesses, entrepreneurs, or individuals, financial management means earning and spending money wisely on all types of ventures. The study [4] found that attitudes and knowledge about finance were positively correlated with locus of control, and then positively correlated with financial management behavior of the millennial generation.

Where the millennial generation is responsible for their financial decisions so that they do not have a negative impact on other people, including themselves and their families. They must help build the financial wealth that the millennial generation desires so that the results can improve their welfare in the future. As stated [5], financial attitude is the way a person thinks, thinks and assesses financial matters. The financial perspective is associated with the level of financial difficulty. In addition, financial perceptions are associated with financial problems that are often faced by young people. According [6], several factors that can influence financial attitudes are security, self-development and self-confidence. Protection position social and happiness individual is a number of example from Lots related matters with money. Experience and situation somebody form attitude they towards money.

2. Methodology

Study This use approach quantitative with share questionnaire to respondents . data used in study This namely primary data and secondary data . as for method data collection using field data that is share questionnaire to the millennials of Palopo City . As for method used For determined sample namely probability sampling (sampling technique) which is used technique random sampling sample . whereas population and sample from study This is generation millennial totaling 130 respondents . The data analysis used namely validity test , reliability test , multiple linear regression , t test, f test and coefficient test determination.

3. Result and Discussion

3.1. Result

Validity Test Results

The validity testing process is carried out to determine whether the designed measuring instrument really has the ability to measure the size that must be measured. To test the validity of each item, item analysis was used. This means correlating the score of each item with the total score, which is the sum of each item, and the value is displayed in the statistical item-total table in the correlated item-total correlation column. A question is declared valid if the calculated r value, which is the correlated item-total correlation value, is greater than r table. Questionnaires that are declared valid mean they have the ability to measure. According to [7], the calculated r value of the corrected total correlation is greater than the r table of 0.30, which indicates that the twelve statement items for the financial literacy variable are valid. Where the questionnaire items regarding attitudes towards money and financial management, which consist of 9 statements, were also declared valid because the total corrected correlation value was greater than 0.30, and can be used as a reference for further research.

Reliability Test Results

Based on table summary results reliability test above, value *alpha Cronbach* for literacy _ finance is 0.930 , attitude against money 0, 875 , and management financial 0.932. This means that statement for all items statement is _ very good to literacy finances , attitude on money and management finances like that stated [8].

Table 1. Estimation Results Table Linear Regression

| Variable | Estimate | Standard Error | t | Significant | Hypothesis |
|--------------------|----------|----------------|--------|-------------|------------|
| Constant | ,072 | 1,729 | ,042 | ,967 | |
| X ₁ | ,497 | ,050 | 10,016 | ,000 | Accepted |
| X ₂ | ,337 | ,072 | 4,670 | ,000 | Accepted |
| N | 130 | | | | |
| SiF | ,000 | | | | |
| R ² | ,789 | | | | |
| Adj R ² | ,786 | | | | |
| F Valu | 2,37,9 | | | | |

Multiple regression analysis is an analysis to see the extent The Influence of Financial Literacy and Attitudes Towards Money on Financial Management in Generations Millennials. This analysis is needed to find the multiple regression equation, namely: $Y = a + X_1 + X_2 + e$ whose components (α , b) are obtained using the SPSS program.

Information:

Y = management finance generation millennial

a = number constant

b = coefficient direction of the regression line

X₁=regression coefficient financial literacy

X₂=regression coefficient attitude towards

e=maney e

$$Y = 0.072 + 0.497 + 0.337 + \bar{e}$$

1. Constant/alpha value = 0.072 The value above is a constant / alpha value, where the value is 0.072 which means the value of the financial manager is 0.0872 if financial literacy and attitude towards constant
2. Value of coefficient X₁ = 0.497 The value of 0.497 is positive, meaning that there is an addition to the financial literacy variable which results in increased financial management as well.
3. Value of coefficient X₂ = 0.337 The value of 0.337 is a positive sign, meaning that there is an addition to the attitude variable towards money which results in an increase in financial management variables as well.

Test T (Partial)

To be able to test whether the influence of financial literacy, and attitudes towards money, a calculation test can be carried out with a confidence level of 95%, with the following formulation:

1. For the results of the financial literacy variable t test, it can be seen in the significant table above that the significant value of financial literacy is 0.000. In this test, this research was accepted because the significant value was smaller than the significant probability value of 0.05.
2. For the results of the t variable test attitude towards money, it can be seen in the significant table above that the significant value of the variable attitude towards money is 0.000. In this test, this research was accepted because the significant value was smaller than the significant probability value of 0.05.

Test F

The results of hypothesis 3 test can be seen in the table, the variables financial literacy (X1) and attitude towards money (X2) simultaneously have a significance level of 0.000. This indicates that financial literacy and attitudes towards money simultaneously have a positive and significant effect on financial management because the level of significance possessed by the variables financial literacy and attitudes towards money are simultaneously smaller than 0.05 or $0.000 < 0.05$ and the value of $F_{table} = (\alpha/2; n-k-1) = F_{table} (0.05/2; 130-2-1) = (0.025; 127) = 3.07$. Meaning the value of $F_{calculate}$ is greater than F_{table} ($237.902 > 3.07$), then H_0 is rejected and H_3 is accepted.

Coefficient of Determination Test

Based on the calculation results in the table above, the adjusted value of R square is 0.888 or 0.789 so the influence of variables X1 and X2 on Y is 78.9% and the rest is influenced by other factors as much as 21.1%

3.2 Discussion

The Influence of Financial Literacy on Generational Financial Management Millennials

Hypothesis 1 test results can be seen in the table testing , literacy variable finance (X1) has a significance level of 0.000 . This indicates that literacy Finance has a positive and significant effect on management finance because of the level of significance that the literacy variable has finance is smaller than 0.05 or $0.000 < 0.05$ and the $t_{table\ value} 1.97882$. This means that the $t_{calculated}$ value is greater than the t_{table} ($10.016 > 1.97882$), then H_0 is rejected and H_1 is accepted. So the hypothesis that reads is thought to be literacy finances influence management finance generation millennials are partially acceptable.

Literacy Finance really supports millennials _ in arrange finance they specifically purchase by online. With exists literacy finances are very helpful in matter form character and habits manage finances for the future millennial become kind and understanding the true meaning of money. Literacy finance is fundamental factor for growth economy and stability finance for consumer provider service finance and government. Literacy finances are very close connection with abilities and skills individual in manage finance personal. Literacy level finances and influencing factors _ will influence behavior finance individual in manage his finances. For formation level literacy finance there is factor affecting _ literacy decisive finances _ magnitude from level literacy finance the. Literacy finance is ability somebody or

something series of knowledge processes in arrange or manage. At the moment development technology and information make public become very consumptive, and forget save For preparation for the future , especially for generations millennial .

The results of this research are in line with research conducted by [9] which shows that financial literacy has a significant positive effect on management . finance.and Based on results research conducted by [10] that literacy finance influential positive significant to management finance.

The Influence of Attitudes on Generational Financial Management Millennials

Hypothesis 2 test results can be seen in the table testing, variables attitude (X2) has level significance of 0.000. This matter indicated that attitude influential positive and in a way significant to management finance Because level its significance _ variable attitude more small of 0.05 or $0.000 < 0.05$ and value t_{table} 1.97882. Means mark t_{count} more big from t_{table} ($4.670 > 1.97882$), then H_0 is rejected and H_2 is accepted. So that hypothesis that reads allegedly attitude money has an influence to management finance generation millennial in a way Partial can accepted. Attitude towards good money is reflection in manage finance, way every manager dealing with money will depends of the importance of money. When money is considered means so attitude towards money will increase vigilance to mark currency. In the meaning of attitude for money or behavior management finance is needed knowledge to get it form *locus of control* so that can help millennial termination problem in matter management finance. Every individual have method different views and behavior _ related with money. Money can be earned influence somebody for think and act in a way irrational. Attitude to money can bring up traits and behavior greed, revenge, fear and antisocial behavior. This matter possible because you can get money give experience psychosocial for the owner. Attitude against money shows that money has many appropriate meanings with level understanding and personality somebody including money _ part important in his life, source of respect, quality life, freedom and even crime.

The results of this research are in line with research conducted by [11] which shows that attitudes towards money have a significant positive effect on management . finance.and based on results research conducted by [12] attitude variables money has an influence positive significant to management finance generation millennial

The Influence of Financial Literacy and Attitudes on Generational Financial Management Millennials By Simultaneous

The results of hypothesis 3 test can be seen in the test table, the variables financial literacy (X1) and attitude towards money (X2) simultaneously have a significance level of 0.000. This indicates that financial literacy and attitudes towards money simultaneously have a positive and significant effect on financial management because the level of significance possessed by the variables financial literacy and attitude towards money are simultaneously smaller than 0.05 or $0.000 < 0.05$ and the value of F_{table} 3.07. Meaning the value of $F_{calculate}$ is greater than F_{table} ($237.902 > 3.07$), then H_0 is rejected and H_3 is accepted. So that the hypothesis that reads allegedly financial literacy and attitudes towards money simultaneously affect the financial management of the millennial generation simultaneously can be accepted.

Of the statement items between the variables of financial literacy and attitudes towards money, the most influential value is the money statement item is everything to achieve goals on the variable attitude towards money, while in the variable financial literacy the most influential statement item is how to manage debt well.

Financial literacy is basic knowledge in financial management that must be possessed by every circle, especially the millennial generation, in line with adequate knowledge of attitudes towards money in financial management is an element that has a vital influence on managing finances. So that financial literacy and attitudes towards money are very important in financial management. The importance of awareness of resources and the desire to manage their finances so that they can be used for one month, makes millennials have to spend money according to needs. This makes the millennial generation must have good financial planning and control activities. Healthy financial management behavior can be demonstrated through good financial planning and control activities.

The results of this study are in line with research conducted by [13] which shows that financial literacy and attitudes towards money simultaneously affect financial management. while research [14] means that simultaneously the variables of financial literacy and financial attitudes simultaneously affect the variables of financial management behavior of the millennial generation.

4. Conclusion

This research aims to determine the influence of literacy finances and attitudes towards management financial generation _ Palopo City millennials . The following conclusions can be made based on the results of the analysis and discussion carried out with multiple linear regression:

1. Financial literacy influences the financial management of the Palopo City millennial generation.
2. Attitudes towards money influence the financial management of the Palopo City millennial generation.

Based on the explanation and conclusions that have been described, it is stated that the two independent variables, namely literacy finances and attitudes has a significant influence on the dependent variable, namely management partial finance . It is hoped that the results of this research will have implications for relevant agencies in particular, and for the development of the world of education in general.

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