

# The Influence Of The Level Of Financial Literacy On The Financial Management Of Micro, Small And Medium Enterprises (Msmes) Case Study Of Baebunta Village, Baebunta District (Tourist Village)

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## Abstrak

This research aims to determine the influence of the level of financial literacy on the financial management of Small Micro and Medium Enterprises (MSMEs) in the case study of Baebunta Village, Baebunta District (Tourism Village). This research uses quantitative methods using primary data by distributing questionnaires directly to MSME actors in Baebunta village. The population in this research is MSME actors located in Baebunta village. This sampling technique uses a saturation technique. The sample in this study was 81 people with an error rate of 5%. Data analysis in this research uses simple linear regression analysis and data processing uses the SPSS application. The scale used to evaluate the performance of the dependent variable in this study uses systematic differential. The results of this research show that the influence of the level of financial literacy has a positive and significant effect on the financial management of MSMEs in Baebunta village. This result can be seen from the probability value, namely  $0.000 < 0.05$  with a calculated  $t$  value of  $3.895 > t$  table 1.99045. This shows that the influence of financial literacy is a determining factor in managing the finances of MSMEs in Baebunta village

Keywords: Financial literacy; financial management; (MSMEs); Baebunta Village

## 1. Introduction

The Ministry of Finance of the Republic of Indonesia (2016) acknowledged that Indonesia is one of the developing countries in the Asian region which experienced a currency crisis in 1998, and the region's resilience as MSMEs is still good. The MSME sector also has an important role in the country's economic development, thereby contributing to the growth of the Indonesian economy

With the existence of the MSME sector, unemployment due to lack of job opportunities can open businesses, creating new jobs for the Indonesian people. [1] argue that delays often occur in the development process (MSMEs). [2] People who manage their finances well can be responsible for their own money. All people must have the opportunity to manage their finances so that their lives and the lives of their families run smoothly and sustainably in the future [3] The economic situation in Indonesia is greatly affected, so that all middle and lower classes are trying as hard as possible to survive living in inadequate economic conditions

Indonesia is a country with attractive nature-based tourist destinations. Local Environment Governments at both district and provincial levels have begun to realize the importance of managing tourism destinations in their regions to increase regional income [4]. Therefore, the government decided to improve facilities and infrastructure supporting natural tourism, such as beaches and mountains. Therefore, the state finances tourist destinations so that the places and their surroundings are more attractive and comfortable for tourists [5].

Apart from that, one of the potential tourism consumers currently is Muslim tourists. They have purchasing power and care about halal things such as non-pork food when they travel to tourist attractions. According to the World Youth Student and Educational Travel Confederation (WYSETC), halal attributes in tourism do not only appear in Muslim countries, but also in other non-Muslim countries such as Singapore, Taiwan, Korea and Japan. They attract Muslim tourists as potential income from the tourism industry. They emphasized that halal or Muslim-friendly tourism is one of the fastest growing businesses in recent times. Battour et al. describes halal tourism or Muslim-friendly tourism as tourism products or activities that are halal according to sharia law to meet the needs of Muslim tourists and achieve Islamic hospitality in a destination. Halal tourism meets the requirements of Muslim tourists, which may differ from non-Muslim tourists [6]. Muslim-friendly tourism refers to tourism that meets the needs of Muslim tourists based on their religious beliefs. These tourist destinations must pay attention to several characteristics of Islamic Tourism Destinations (ITDA) such as places of worship [6] [7].

Reported on the [bbc.com](http://bbc.com) news site in 2020, not only the lower middle class were affected, but also those with high incomes. In this digital era, the majority of people do not yet realize the importance of financial knowledge and management for their personal lives (BBC, 2020). MSMEs really need to increase their knowledge in managing finances well with efforts to strategically improve the performance and sustainability of MSMEs. One way to achieve this is to increase the financial literacy of MSMEs so that their management and responsibilities are more responsible than large corporations [8]. To avoid things that often happen to MSMEs in Beabunta Village, namely a lack of understanding and lack of control over their finances. And what's worse, MSMEs in Baebunta village do not manage their finances well, do not separate money from business results and daily expenses, and never record income and expenses. In research [9] MSMEs whose finances are managed and reported transparently and accurately have a positive impact on the MSMEs themselves. If every entrepreneur can achieve this, there is great hope that they will be able to transform from small businesses to medium businesses or even large businesses, [10].

Financial knowledge or financial “smartness” includes 10 types of intelligence that society should have. People who are not financially intelligent, whether rich or middle class, will soon realize that they lack the finances to pay debts and expenses and have nothing to save. However, this is different from the flow of money from rich people who are getting richer thanks to the financial information they have.

They don't spend all their income, but instead use it to own assets to generate more income, then manage their expenses well, don't go into too much debt so they still have a little left to save. There is no point in having someone who is smart at school, has good emotions, but cannot manage their finances well. Without realizing it, the money he earned from his work disappeared without a trace due to poor management [11] [12] MSMEs are a source of livelihood for many people and have the potential to provide jobs for people with low levels of education and skills as well as has the potential to reduce poverty [13].

Even today, MSMEs are considered an effective way to advance the Indonesian economy. The number of MSMEs in Indonesia has now reached 57 million MSMEs, divided into micro, small and medium enterprises. The share of MSMEs in total Indonesian products

is around 53% and the share of exports is 20.52%. MSMEs also attract a large workforce, namely micro businesses with more than 77 million employees, small companies with around 10 million employees, and medium businesses with almost 5 million employees. This is certainly a good development because MSMEs can reduce unemployment in Indonesia [14]. It can be said that the number of MSMEs is growing very rapidly, but currently there are still MSMEs that are still in the small business sector so it is difficult for them to develop into large businesses. In general, MSMEs often face general problems that have not been fully resolved (closed circular problems), such as human resource capacity, ownership, financing, marketing, and many other problems. compete with big companies. [15] [14] Small and medium businesses are innovative industries that are usually short-term oriented when making business decisions

## 2. Methodology

This research was conducted on Micro, Small and Medium Enterprises (MSMEs) in Baebunta District. The data collected in this research is quantitative. The data source used in this research is primary data. If data is obtained by collecting directly from the subject, ie. by sending questionnaires directly to selected respondents. Micro, small and medium enterprises (MSMEs) participating in this research are located in Baebunnta District.

The sampling technique uses a saturated sampling technique, namely determining the sample using all members of the population as the sample. The samples used in this research were collected from micro, small and medium enterprises (MSMEs) in Baebunta Village. The sample size determined in this research was 81 micro, small and medium enterprises (MSMEs) in Baebunta Village. To obtain data for this research, the technique used was distributing questionnaires.

A questionnaire is a data collection technique that involves collecting answers from respondents using structured questions and written reports. Data analysis in this study used simple linear regression analysis with data processing using the SPSS 23 application. For this research instrument, researchers used a structured questionnaire where this research questionnaire was given directly to respondents. Meanwhile, the form of declaration used is a closed declaration. The scale used to evaluate the performance of the dependent variable in this study uses semantic differential. The semantic differential scale used to measure the performance of the dependent variable can be measured by giving a score of 1 to 5. Meanwhile, the measurement scale used for the dependent variable of corporate sustainability provides a different semantic scale.

The quality of the data can be seen from the validity and reliability tests used in this research related to the questionnaire used. The use of questionnaire testing is intended to ensure that the questionnaire distributed is a measurement tool that allows variables to be measured for further interpretation.

The validity test in this research is used to check the validity of the data collected in the form of a questionnaire. States that an instrument is said to be valid if the instrument can measure precisely what it wants to measure so as to produce valid data. In this research, the tool testing uses the Pearson Product Moment formula with the condition that if

rcount>rttable then the item is considered valid and if rcount<rttable then the item is considered invalid [16].

### 3. Result and Discussion

The results of this research show that the influence of the level of financial literacy has a positive and significant effect on the financial management of actors (MSMEs) in Baebunta Village. This result can be seen from the probability value, namely  $0.000 < 0.05$  with a calculated t value of  $3.895 > t$  table 1.99045. This shows that the influence of financial literacy is a determining factor in managing the finances of actors (MSMEs) in Baebunta Village.

#### 3.1. Result

Based on the results of data testing and data analysis that has been carried out with using SPSS 23 data processing, then a discussion is carried out regarding the results of data analysis regarding the influence of financial literacy as an independent variable (X) with financial management as a dependent variable (Y).

##### Validation test

**Table 1.1 validity test results of the financial literacy variable (X)**

Item	Mark Corrected Item Total Correlation/ $r_{hitung}$	Sig.	R <sub>table</sub>	Criteria
1	0.756	0.000	0.218	Valid
2	0.813	0.000	0.218	Valid
3	0.845	0.000	0.218	Valid
4	0.860	0.000	0.218	Valid
5	0.758	0.000	0.218	Valid

Based on table 1.2, it can be seen that all statements for the financial literacy variable have valid status, because the rcount value (Corrected Item Total Correlation Value) > rtable is 0.218

**Table 1.2 Financial management test results (Y)**

Item	mart Corrected Item Total Correlation/ $r_{hitung}$	Sig.	r <sub>tabel</sub>	Criteria
1	0.801	0.000	0.218	Valid
2	0.842	0.000	0.218	Valid
3	0.913	0.000	0.218	Valid
4	0.884	0.000	0.218	Valid
5	0.721	0.000	0.218	Valid

Based on the table, it can be seen that all statements for the financial literacy variable have valid status, because the calculated value (Corrected Item Total Correlation Value) > rtable is 0.218

### Reliability test

**Tabel 2 Reliabiliti test results**

Variable	r	Crite
Financial Literracy	0	Relia
Financial management	.865	bel
	0	Relia
	.888	bel

Based on the table, the reliability test is carried out on variable statement items which are declared reliable or meet the requirements

### Normality test

**Tabel 3 Results of the one – sample kolmogorov – smirnov normality test**

Kolmogorov – Smirnov	Sig.
Unstandardized Residual	<b>0.200</b>

Based on the table, the results show that the significant value is  $0.200 > 0.05$ , so it can be concluded that the data in this study is normally distributed or that the residual is normally distributed.

### Classical Assumptions

#### Multicolinearity test

**Tabel 4 multilinearity test results**

Variable	Toleran	VIF	Information
Financial literacy	<b>1.000</b>	<b>1.000</b>	<b>Non Multicolineary</b>

Based on the table of multicolinearity test results, it can be said that there is no multicolinearity because the VIF value is less than 10, so it can be stated that the model does not experience symptoms of multicolinearity.

### Heteroscedasticity test

**Tabel 5 Heteroscedasticity test results**

Variabel	Sig	Information
Financial literacy	<b>0.931</b>	<b>No Heteroscedasticity</b>

Based on the results of the heteroscedasticity test, it can be seen that the significant value is more than 0.05, so it can be concluded that there is no heteroscedasticity problem in the regression model.

### Simple linear regression test

**Tabel 6 Simple linear regression test**

#### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12.147	2.194		5.570	0.000
Literacy finance	0.432	0.111	0.401	3.895	0.000

a. Dependent Variable: financial Management

Finding the regression equation:

$$Y = a + bX$$

$$Y = 12.147 + 0.432X$$

From this, it can be explained that:

1. The financial literacy variable financial literacy has a coefficient direction that is positive towards MSMEs in Baebunta village, Baebunta subdistrict
2. The financial literacy coefficient (X) is 0.432, which means that if the financial literacy value is higher assuming other variables, the financial management of MSMEs in North Luwu will increase.

### T test

Statistical tests consisting of financial literacy, namely the t test, can be used to determine the partial impact on financial planning. Testing the first hypothesis (H1) Based on the table, it can be seen that the significance value of the variable "Financial Literacy" is 0.000, less than 0.05. This means that H1 is accepted. Therefore, it can be said that financial literacy has a significant influence on the financial management of MSMEs in Beabunta village, Baebunta subdistrict. North Luwu Regency

### 3.2. Discussion

#### **Financial Literacy Has a Positive Influence on the Financial Management of Micro, Small and Medium Enterprises (MSMEs) in Baebunta Village**

Financial literacy has a positive effect on the financial management of MSMEs in Baebunta Village. This means that the higher the level of financial literacy, the better the financial management of MSME players. Having financial literacy skills allows individuals to make informed decisions regarding their money and minimizes the risk of being cheated in financial matters. The higher the level of financial literacy, the better the ability of MSMEs to manage their business. Financial literacy influences the financial management of MSME players, namely financial literacy helps MSME players understand basic financial concepts, such as income, expenses, profits and losses. With good understanding, they can make more precise and informed financial decisions.

With financial literacy, MSMEs can plan their finances more effectively. They can create realistic budgets, identify financial priorities, and set short- and long-term financial goals. MSMEs players who have good financial literacy will be more likely to manage their debt wisely. They can understand the risks and benefits of various forms of debt and make better decisions when it comes to taking on debt. With financial literacy, MSMEs can manage their cash flow more efficiently. They can anticipate periods of financial uncertainty and make appropriate decisions to maintain business liquidity. Financial literacy helps MSMEs choose financial instruments that suit their needs. They can understand the differences between various financial products and choose the most suitable one. MSME players who have good financial literacy will be better able to adapt to economic changes. They can identify risks and opportunities, and take the necessary steps to maintain the sustainability of their business

The results of this research are that financial literacy has a positive effect on the financial management of small, micro and medium enterprises (MSMEs) in Baebunta Village. Thus, it can be concluded that  $H_a$  is accepted while  $H_o$  is rejected. This is in accordance with previous research findings by (Setiawan & Suarmanayasa, 2022) Financial Literacy has a positive and significant effect on Financial Management in MSMEs

### 4. Conclusion

. The results of this research show that the influence of the level of financial literacy has a positive and significant effect on the financial management of actors (MSMEs) in Baebunta Village. This result can be seen from the probability value, namely  $0.000 < 0.05$  with a calculated  $t$  value of  $3.895 > t$  table  $1.99045$ . This shows that the influence of financial literacy is a determining factor in managing the finances of actors (MSMEs) in Baebunta Village. This means that the higher the level of financial literacy, the better the financial management of MSME players. With financial literacy, MSMEs can manage their cash flow more efficiently. They can anticipate periods of financial uncertainty and make appropriate decisions to maintain business liquidity. MSME players who have good financial literacy will be better able to adapt to economic changes. They can identify risks and opportunities, and take the necessary steps to maintain the sustainability of their business

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