

Financial Literacy Analisis of MSME Financial Management in Palopo City

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Abstrak

Individuals can maintain financial stability and ensure a better and engraved life in economic terms. It also improves quality of life and helps achieve overall individual goals. In this study, the type of data used is qualitative data and with primary and secondary data sources. Premier data by interviewing sources from several MSMEs in Palopo City and secondary data obtained from the cooperative and MSME offices. The population of MSMEs in Palopo City is 15,669 using purposive sampling research methods in selecting samples and in accordance with predetermined criteria. The result of this study is that there are still many MSMEs in Palopo City who do not understand financial literacy ranging from knowledge, financial skills, financial beliefs, financial attitudes and financial behavior, so it is difficult for these MSME actors to manage their finances and can develop in terms of financial management itself.

Keywords: Financial, Literacy, Management

1. Introduction

In today's modern life, having realistic and rational thinking is essential for every individual in various fields, including educational, religious, social, economic, and cultural. This helps achieve efficiency and better decisions. For example, in economics, understanding good finances and ensuring good financial management is the key to meeting the needs of life and maintaining a healthy financial condition. Thus, individuals can maintain financial stability and ensure a better and engraved life in economic terms. It also improves quality of life and helps achieve overall individual goals. May everyone always have a realistic and rational mind in making decisions in each field.

Micro, Small and Medium Elements (MSMEs) have a very strategic role in the Indonesian economy. It contributes about 57% to Domestic Product (GDP) and affects 97% of the national workforce. With the number of MSMEs that continue to grow, an increase in national development can be achieved. However, slow growth and cases of going out of business are important challenges that must be addressed. To overcome this problem, MSMEs must be given the opportunity to expand their knowledge of entrepreneurship, business management, and financial management. More effective and accessible educational assistance and programs can help MSMEs to develop and achieve further success. Thus, all parties engaged in economic and business development must collaborate with each other and provide the necessary support for MSMEs to strengthen the national economy and build further progress in Indonesia.

The first factor that affects financial management is financial literacy, which is the ability of individuals or communities to understand and recognize financial products and financial services. Financial literacy plays an important role in financial decision making and

effective financial management. An OJK survey in 2016 showed that only around 29.7% of Indonesians have sufficient knowledge, skills, and trust in the understanding of financial products and services. Lack of financial literacy can negatively affect individual and community financial management, make people more susceptible to investment fraud and fraud in the financial sector, and reduce public interest in investing their money. (Kulsum, 2019) To remedy this situation, governments and financial institutions should consider the need for more and effective financial education programs. This can help Indonesians improve financial literacy and build better economic leadership. In order to improve financial literacy, all parties must work together to reform the education system and develop programs aimed at introducing basic concepts of finance and financial management in the community. This can help Indonesians become more insightful in financial decision making and strengthen effective financial management. Thank you for your attention, hope this information is useful.

Financial literacy is very important in building a competitive and competitive society in financial management. (Nugraha Riki Ilman, 2020) By understanding basic financial concepts such as managing spending, saving, investing, and debt reduction, people can make wiser and more effective choices in managing their busy finances. This helps society become more independent from the impact of financial shocks and strengthens the competitiveness of individuals and society as a whole.

A good understanding of financial literacy also affects the selection of the right investment. They can decide on investments that will bring good results for long-term wholeness and strengthen economic well-being. This can avoid unnecessary or ineffective investment risks. To achieve the goal of more stable economic well-being, the teaching of financial literacy must be integrated in the education system and widely provided in society. Thus, society can improve individual financial management and reduce the possibility of poverty. Comprehensive financial literacy education will help people become more competitive and strengthen smooth economic welfare.

2. Methodology

In this study, the type of data used is qualitative data and with primary and secondary data sources. Premier data by interviewing sources from several MSMEs in Palopo City and secondary data obtained from the cooperative and MSME offices. The population of MSMEs in Palopo City is 15,669 using purposive sampling research methods in selecting samples and in accordance with predetermined criteria.

3. Result and Discussion

The following are the results of research and discussion:

3.1. Result

The result of this study is that there are still many MSMEs in Palopo City who do not understand financial literacy ranging from knowledge, financial skills, financial beliefs, financial attitudes and financial behavior, so it is difficult for these MSME actors to manage their finances and can develop in terms of financial management it self.

3.2. Discussion

3.2.1 Financial Knowledge

Most MSMEs in Palopo City still do not understand about financial knowledge so that most MSMEs do not have money turnover in their business. Therefore, MSMEs in Palopo City are difficult to develop in any way. So we made training for MSMEs that we have interviewed in order to change their habits in terms of financial turnover.

3.2.2 Financial Attitude

In terms of responding to the finances of MSMEs that we interviewed in Palopo City, we hereby found that MSME actors in Palopo City are sufficient in terms of responding to finances, so that MSMEs know to manage their finances

4. Conclusion

From this study, it can be concluded that the lack of knowledge about financial literacy makes it difficult for MSME actors to manage their business finances. So it is difficult to know the turnover that exists during their business and MSME players also feel that there is no significant increase in profits during their business, so MSME players feel that they want to go out of business when they don't get a profit.

5. Acknowledgement

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6. Reference

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