

The Influence of Financial Knowledge on Financial Management Behavior Among Fashion MSME Actors in Palopo City

Muh. Anugrah Ardana^{1*}, Fitrianti²

^{1,2}Management Study Program, Faculty of Economics and Business, Universitas Andi Djemma

Corresponding Author Email: anugrah@unanda.ac.id

Abstract

MSMEs (Micro, Small, and Medium Enterprises) are one of the important sectors in the economy, including in Palopo City. Fashion MSMEs in Palopo City not only contribute to job creation but also become part of the development of the creative economy with potential for further development. However, many MSME actors still face challenges in financial management. One factor believed to influence this is the level of financial knowledge possessed by business actors. Good financial knowledge can help MSME actors make appropriate financial decisions, manage cash flow, and allocate capital effectively. This study aims to determine the influence of financial knowledge on financial management behavior among fashion MSME actors in Palopo City. The data used is primary data obtained from questionnaires distributed to fashion MSME actors. The data analysis techniques used include descriptive analysis, simple linear regression analysis, T-test (partial), and coefficient of determination test (R^2). The T-test results show that financial knowledge has a significant effect on financial management behavior among fashion MSME actors in Palopo City with a t-value of $8.030 > 2.051$ and significance value of $0.000 < 0.05$.

Keywords: Financial_Knowledge; Financial_Management_Behavior; MSMEs; Fashion_Industry

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) according to Law Number 20 of 2008 are small businesses owned and managed by a person or owned by a small group of people with a certain amount of wealth and income. MSMEs play a very important role in improving the Indonesian economy. The important role of MSMEs in driving economic growth is directly proportional to their number which continues to increase. In 2023, MSME business actors reached around 66 million, contributing 61% of Indonesia's Gross Domestic Product (GDP) equivalent to Rp9,580 trillion, and absorbing around 117 million workers (97%) of the total workforce.

Specifically in Palopo City, the MSME sector continues to develop along with increasing public interest in entrepreneurship, including in the fashion sector which is one of the leading creative sectors. Fashion MSMEs in Palopo City not only contribute to job creation but also become part of the development of the creative economy with potential for further development.

However, in running their businesses, MSME actors often face various problems, one of which is related to financial management. Many business actors still manage their business finances traditionally, mixing personal and business finances, and not keeping financial records systematically. This reflects the low level of financial knowledge possessed by some MSME actors. In the context of MSMEs, financial knowledge is very important for making wise decisions. Financial knowledge includes understanding financial planning, cash flow management (income and expenses), recording, savings and investment planning, and financial evaluation which are important for business continuity and growth.

Competition in business cannot be avoided, therefore it must be faced in a measured way. Business actors need to improve their ability to compete, one of which is the ability of MSME actors to manage their own finances and their financial management behavior. Good financial

management behavior can help business actors make the right decisions, avoid bankruptcy risks, and increase business profitability. Conversely, lack of understanding of financial basics can lead to wrong decision-making and risks to business continuity.

Previous literature consistently shows that financial knowledge plays a significant role as a determinant in shaping financial management behavior. Previous studies have confirmed a significant relationship between the level of financial knowledge and financial management behavior [1], [2], [3]. However, the results of research which do not support these findings provide an interesting perspective that needs to be studied further [4].

This study aims to determine the influence of financial knowledge on financial management behavior among fashion MSME actors in Palopo City. It is expected that the research results can contribute to developing financial management strategies for MSMEs and determine whether increased financial knowledge can truly encourage behavioral changes in business management optimally.

2. Methodology (Font 12, Times New Roman, 1.15 Spacing)

This research uses a quantitative approach with a survey method [5]. The research location is in Palopo City, focusing on fashion MSME actors. The research was conducted from June to August 2025.

The population in this study consists of all fashion MSME actors in Palopo City. The sample was determined using the Slovin formula with an error tolerance of 10%, resulting in a sample size of 30 fashion MSME business actors.

Data was collected through questionnaires distributed to respondents. The questionnaire consists of 30 statements divided into two main variables: Financial Knowledge (X) with 15 statements covering 5 indicators (basic personal finance knowledge, financial management knowledge, savings and loan knowledge, insurance knowledge, and financial investment knowledge), and Financial Management Behavior (Y) with 15 statements covering 5 indicators (types of financial planning and budgets, techniques in financial preparation, financial management activities, financial management monitoring, and financial management evaluation). All statements were measured using a Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

3. Result and Discussion

Data analysis was performed using SPSS 22 software with the following stages:

- Descriptive statistical analysis to describe respondent characteristics and variable perceptions
- Validity test with Pearson correlation ($r\text{-table} = 0.361$)
- Reliability test with Cronbach's Alpha criteria > 0.60
- Simple linear regression analysis with the equation: $Y = a + bX + e$
- T-test (partial) with significance level $\alpha = 0.05$
- Coefficient of determination test (R^2) to measure the influence of independent variables on dependent variables

3.1. Result

Based on the collected data, respondents in this study have the following characteristics: 90% are female and 10% male, indicating that the fashion MSME sector in Palopo City is more dominated by women. In terms of age, 83.3% of respondents are aged 26-35 years, showing that this sector is mostly run by individuals in productive age. The educational background of respondents varies, with 50% being high school graduates, 36.7% bachelor's degree graduates, 6.7% junior high school graduates, and 6.7% master's degree graduates.

Descriptive Analysis

The average value of the Financial Knowledge variable (X) is 4.01, which falls into the "Agree" category. This shows that fashion MSME actors in Palopo City generally have a good level of financial knowledge and adequately understand basic concepts in financial management. The highest indicator is basic financial knowledge (4.14), while the lowest is savings and loan knowledge (3.91).

The average value of the Financial Management Behavior variable (Y) is 3.18, which falls into the "Moderately Agree" category. The highest indicator is types of financial planning and budget ownership and techniques in financial preparation (both 4.07), while the lowest is financial management evaluation (3.85).

Validity and Reliability Test

The validity test results show that all statement items for both variables are valid with r-values > 0.361 . The reliability test shows that the Financial Knowledge variable has a Cronbach's Alpha value of 0.921 and Financial Management Behavior 0.902, both exceeding 0.60, so all variables are declared reliable.

Simple Linear Regression Analysis

The simple linear regression analysis results produce the equation:

$$Y = 13.360 + 0.771X + e$$

This equation shows that if the Financial Knowledge variable value is 0, then the Financial Management Behavior value is 13.360. The regression coefficient of the Financial Knowledge variable (X) is positive at 0.771, meaning that if the Financial Knowledge variable increases by 1 unit, Financial Management Behavior will increase by 0.771.

3.2. Discussion

The research results show that financial knowledge has a significant positive effect on financial management behavior among fashion MSME actors in Palopo City. This means that the more business actors increase their financial knowledge, the better their financial management behavior becomes [6], because the financial knowledge they possess can become strong capital that helps them overcome risks that may arise in the financial management and decision-making process.

These findings are consistent with Theory of Planned Behavior which explains that behavior is influenced by attitudes, subjective norms, and perceived control. Good financial knowledge shapes positive attitudes toward financial management, thereby influencing business actors' behavior in managing business finances more professionally [7].

The results of this study are in line with previous research conducted by [1], [2], [3]) which state that financial knowledge has a significant effect on financial management behavior.

This strengthens the argument that financial literacy is a crucial foundation in shaping responsible and sustainable financial management practices among MSME actors.

However, the lowest indicator in the Financial Knowledge variable is savings and loan knowledge, indicating that most fashion MSME actors still have limitations in understanding banking products, especially those related to savings and loans. Meanwhile, the lowest indicator in the Financial Management Behavior variable is financial management evaluation, indicating that most fashion MSME actors have not conducted regular and comprehensive evaluations of their business cash flows

4. Conclusion

Based on the analysis and discussion results, it can be concluded that financial knowledge has a significant positive effect on financial management behavior among fashion MSME actors in Palopo City. This is evidenced by a t-value of $8.030 > 2.051$ and a significance value of $0.000 < 0.05$. The contribution of financial knowledge in explaining variations in financial management behavior is 69.7%, while the remaining 30.3% is influenced by other factors not examined in this study.

The implications of this research are that increasing financial literacy among MSME actors is very important to improve the quality of financial management which in turn will support business continuity and growth [8]. It is recommended that MSME actors improve their understanding of banking products, especially savings and loans, and conduct regular financial evaluations.

For further research, it is recommended to expand research variables that may also influence financial management behavior such as financial attitudes, personality, and locus of control, as well as use different research methods such as qualitative methods to gain a deeper understanding of the reasons behind financial management behavior.

5. Acknowledgement

The authors would like to thank Universitas Andi Djemma Palopo for supporting this research, all fashion MSME actors in Palopo City who participated as respondents, and all parties who contributed to the completion of this research.

6. Reference

- [1] S. Dayanti, J. Susyanti, and M. K. A. B. S, "Pengaruh Literasi Keuangan, Pengetahuan Keuangan, dan Sikap Keuangan Terhadap Perilaku Manajemen Keuangan pada Pelaku Usaha UMKM Fashion di Kabupaten Malang," *E-Journal Riset Manajemen*, vol. 9, no. 1, pp. 160–174, 2020.
- [2] M. A. Handayani, C. Amalia, and T. D. R. Sari, "Pengaruh Pengetahuan Keuangan, Sikap Keuangan dan Kepribadian Terhadap Perilaku Manajemen Keuangan (Studi Kasus pada Pelaku UMKM Batik di Lampung)," *Jurnal Ekombis Review: Jurnal Ilmiah Ekonomi Dan Bisnis*, vol. 10, no. 2, pp. 647–660, 2022.

- [3] I. Marlisa and Muzakir, “Pengaruh Pengetahuan Keuangan, Sikap Keuangan dan Kepribadian Terhadap Perilaku Manajemen Keuangan pada pelaku UMKM di Kecamatan Meureubo Kabupaten Aceh Barat,” *Jurnal Rimba: Riset Ilmu Manajemen Bisnis Dan Akuntansi*, vol. 3, no. 1, pp. 53–68, 2025.
- [4] A. M. Maulana and D. R. Indirastuti, “Pengaruh Pengetahuan Keuangan, Sikap Keuangan dan Kepribadian Terhadap Perilaku Manajemen Keuangan pada Pelaku UMKM di Kecamatan Ampel,” *Jurnal Manajemen Dan Bisnis*, vol. 3, no. 1, pp. 216–229, 2024.
- [5] Sugiyono, *Metode Penelitian Bisnis: Pendekatan Kuantitatif, Kualitatif, Kombinasi dan R&D*. Alfabeta, 2017.
- [6] Y. Amelia, E. Kusnanto, and N. Permana, “Pengaruh Pengetahuan Keuangan, Sikap dan Kepribadian terhadap Perilaku Manajemen Keuangan Pelaku UMKM,” *Jurnal Ekobistek*, vol. 12, no. 2, pp. 3–5, 2023.
- [7] Sriyono, *Peran Manajemen untuk Mengevaluasi dan Meningkatkan Kinerja UMKM*. UMSIDA Press, 2023.
- [8] M. Ariadin and T. A. Safitri, “Perilaku Manajemen Keuangan pada UMKM Sentra Kerajinan Kayu di Kabupaten Dompu,” *Jurnal Among Makarti*, vol. 14, no. 1, pp. 31–43, 2021.