

The Influence of Financial Literacy, Love of Money Attitude, and Financial Report Knowledge on The Financial Management Behavior of MSME Actors In Jepara City

Silvia Hendrayanti¹, Rodyah Widyarini²

¹STIE SEMARANG, Semarang, Indonesia

²Universitas Primagraha, Banten, Indonesia

Corresponding email: silviahendrayanti45@gmail.com

Received: January,20, 2025 | Revised: January,25, 2025 | Accepted: January,31, 2025

Abstract. In running their business, most MSMEs only focus on their operational activities and do not pay much attention to the financial management process. Most MSME tend not to think about accounting-based financial management, which results in the low quality of their business financial reports, even though this financial management behavior is very important in determining the sustainability and success of their business. This research aims to determine the influence of financial literacy, love of money attitudes, and knowledge of financial reports on the financial management behavior of MSMEs in Jepara City. The population in this study was 80,966 MSMEs in Jepara Regency. Sampling used the Convenience Sampling technique where the researcher chose samples based on the ease of taking/selecting samples so that a sample of 50 people was obtained. There are four variables in this research, namely Financial Literacy, Love of Money Attitude and Knowledge of Financial Reports and Financial Management Behavior. The data collection method used was to make observations and then distribute questionnaires directly to research respondents. The analytical methods used are classical assumption tests, multiple linear regression tests and hypothesis tests. The results of this research show that financial literacy has a significant effect on the financial management behavior of MSME actors with a significant value of 0.028 < 0.05. The love of money attitude has a significant effect on the financial management behavior of MSME players with a significant value of 0.002 < 0.05. Knowledge of financial reports has a significant effect on the financial management behavior of MSME players with a significant value of 0.011 < 0.05. Suggestions for MSME players in the city of Jepara to expand their knowledge about financial reports and not only know but also apply them by making financial reports for their business. And for future researchers to add other independent Variables such as gender, locus of control, HR competency and so on.

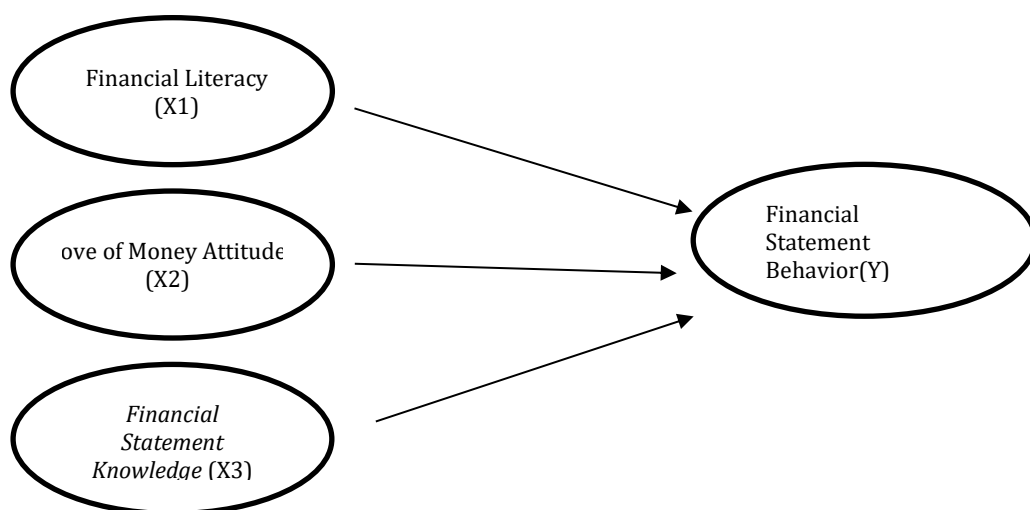
Keywords: Financial Literacy; Love of Money Attitude; Reporting Knowledge; Financial Management Behavior

INTRODUCTION

Economic development in Indonesia not only grows formal sectors such as large businesses but also informal sectors such as Micro, Small and Medium Enterprises (MSMEs). According to Law No. 20 of 2008 in article 3, MSMEs aim to grow and spread their business in order to form a national economy in accordance with a fair economy. MSMEs are also stand-alone business units managed by individuals or groups. The establishment of MSMEs helps in reducing the number of unemployed, because it grows new businesses that will later open job vacancies for the community. One of the many MSMEs in Indonesia is in the Central Java area, precisely in Jepara City. According to data from the cooperative office, Jepara MSME trade in Jepara totals 80,966 spread across 16 sub-districts in Jepara City. Of the total 11,527 MSMEs that have NIB (Business Identification Number) and those that have been registered in the data of the Central Java Province MSME Cooperative Office as many as 1,920 MSMEs.

MSME actors, of course, have experience or knowledge about financial management. However, there are still many who do not understand and implement the financial management system properly and correctly in order to provide convenience for MSME actors in knowing the profits obtained. The lack of awareness of MSME actors to do bookkeeping, recording, and financial management can hinder MSME actors in carrying out the bookkeeping and financial management process. Financial management behavior has become a problem that is often overlooked by MSME actors, especially in implementing financial management correctly. Most MSME actors feel comfortable and tend not to think about accounting-based financial management and regret the money to recruit professional personnel or provide accounting training to existing employees. This attitude illustrates that MSME actors have a very excessive love of money attitude (love of money attitude), so they have an excessive view of the use of money for other purposes that are considered unimportant. A person who has a high level of Love of Money attitude often thinks that money is biased to bring happiness and become a benchmark for an achievement (Irwan Fathurrahman et al., 2020)

One of the requirements for managing finances properly is the existence of financial records or bookkeeping called financial statements. The low quality of financial reports may be due to the fact that in general, MSMEs are family-owned businesses that tend not to separate family financial administration from their company finances, which makes it difficult for banks to know how far and how much MSMEs are able to pay for the credit they get (Irwan Fathurrahman et al., 2020). There are many MSME actors in Jepara and with the phenomenon faced by MSME actors, they do not really understand or there are already those who understand but are not so fluent in knowing about financial literacy, love of money attitude, and financial report knowledge. Researchers can find the reason why they chose objects that are in Jepara. Several previous studies have been conducted on financial literacy variables, (Irwan Fathurrahman et al., 2020) stated that financial literacy, love of money attitude, and financial statement knowledge have an effect on the financial management behavior of MSME actors. In contrast to the results of research by (Aini & Rahayu, 2022) who stated that the love of money attitude has no influence on the financial management of MSME actors. The results of (Safitri et al., 2023) research show that financial literacy and financial attitudes have no effect on the financial management behavior of MSME actors.



Picture 1. Thought Framework

Based on the above background and there are differences in the results in previous research, it is necessary to conduct a study with the title "The Influence of Financial Literacy, Love of Money Attitude and Financial Statement Knowledge on the Financial Management Behavior of MSME Actors in Jepara City".

The formulation of the msalah in this study: 1) Does financial literacy have a significant effect on the financial management behavior of MSMEs in Jepara district? 2) Does the love of money attitude have a significant effect on the financial management behavior of MSMEs in Jepara district? 3) Does financial report knowledge have a significant effect on the financial management behavior of MSMEs in Jepara district?

METHOD

Population is a combination of all elements in the form of events, things or people who have similar characteristics and become the center of a person's attention in research because that is what is seen as a research universe (Augusty Ferdinand, 2014). In this study, the population is 80,966 MSME actors in Jepara Regency. Data collection was obtained through the distribution of online questionnaires in the form of Google Forms by distributing questionnaires through social media.

(Sugiyono, 2019) stated that the sample is part of the number and characteristics possessed by the population. The sampling technique in this study uses the Convenience Sampling technique, which is a sampling technique when the researcher does not have data about the population in the form of a sampling frame and the researcher chooses a sample based on the ease of taking/selecting samples ((Jogiyanto Hartono, 2018). The number of samples used was 50 MSME actors.

In this study, data analysis using Multiple Regression Analysis and Classical Assumption Test which consists of several other tests, namely, Normality Test, Multicollinearity Test, Heterokedasticity Test, Hypothesis Test to find out whether the x variable and the y variable have an effect or not. In addition, this data analysis was carried out to answer the formulation of the problem ((Imam Ghozali, 2016).

a. Validity test

Table 1 Outer Loading

Variable	Items	r Calculate	r Table df = n-2	Criterion
Financial Literacy (X1)	X1.1	0.726	0.279	Valid
	X1.2	0.739	0.279	Valid
	X1.3	0.719	0.279	Valid
	X1.4	0.766	0.279	Valid
	X1.5	0.562	0.279	Valid
Love of Money Attitude (X2)	X2.1	0.643	0.279	Valid
	X2.2	0.651	0.279	Valid
	X2.3	0.677	0.279	Valid
	X2.4	0.693	0.279	Valid
	X2.5	0.587	0.279	Valid
Financial Statement Knowledge (X3)	X3.1	0.640	0.279	Valid
	X3.2	0.706	0.279	Valid
	X3.3	0.533	0.279	Valid
	X3.4	0.722	0.279	Valid
	X3.5	0.660	0.279	Valid

Variable	Items	r Calculate	r Table df = n-2	Criterion
Financial Management Behavior (Y)	Y1	0.594	0.279	Valid
	Y2	0.716	0.279	Valid
	Y3	0.640	0.279	Valid
	Y4	0.608	0.279	Valid
	Y5	0.640	0.279	Valid

Based on the table above, the correlation results obtained a significance value of each question item greater than 0.279. So it can be concluded that the question items of financial literacy variables, love of money attitudes, financial statement knowledge, and financial management behavior are declared valid by having a value above 0.279 ((Imam Ghozali, 2016)

b. Reliability

Table 2. Reliability Test

Variable	Cronbach's Alpha	Information
Financial Literacy (X1)	0.744	Valid
Love of Money Attitude (X2)	0.651	Valid
Financial Statement Knowledge (X3)	0.660	Valid
Financial Management Behavior (Y)	0.638	Valid

Based on table 2, it can be concluded that each construct has a high level of reliability test, this can be shown from the Cronbach's Alpha value of all constructs greater than > 0.60.

RESULTS AND DISCUSSION

1. Normality Test

Table 3
Residual Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		50
Normal Parameters ^a	Mean	15.5600
	Std. Deviation	2.17744
Most Extreme Differences	Absolute	.126
	Positive	.101
	Negative	-.126
Kolmogorov-Smirnov Z		.890
Asymp. Sig. (2-tailed)		.407

a. Test distribution is Normal.

Source: Primary data processed in 2024

Based on table 1, the results of the Kolmogorof Smirnov test show that the Asymp value of 0.407 is more than 0.05. This means that residual data is normally distributed.

2. Multicollinearity Test.

Table 4
Multilinearity Test Results

Variable	Tolerance	VIF	Conclusion
Financial Literacy (X1)	0,893	1,120	No Multicollinearity Occurs
Love of Money Attitude (X2)	0,933	1,071	No Multicollinearity Occurs
Financial Statement Knowledge (X3)	0,872	1,147	No Multicollinearity Occurs

Source: Primary data processed, 2024

From the table above, it can be seen that each independent variable has a tolerance value of ≥ 0.1 and a VIF value of ≤ 10 . So it can be concluded that there is no multicollinearity between free variables in this regression model.

3. Heterokedasticity Test

Table 5 Heterokedasticity Test Results

Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2,357	1,367		1,724	,091
Financial Literacy	,009	,063	,021	,137	,891
Love of Money Attitude	-,027	,059	-,070	-,463	,646
Financial Statement Knowledge	-,046	,065	-,111	-,709	,482

a. Dependent Variable: Financial Management Behavior

Based on table 5, the results of the heteroscedasticity test using the glacier test show that the value of sig. between the independent variables to the residual absolute value is not significant because it is greater than 0.05, namely financial literacy of 0.891, love of money attitude of 0.646, and financial statement knowledge of 0.482. With the results, it can be concluded that there is no heteroscedasticity in the regression model.

4. Multiple linear regression analysis

Table 6 Results of multiple linear regression analysis

Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,001	2,421		,414	,681
Financial Literacy	,253	,111	,265	2,274	,028
Love of Money Attitude	,339	,104	,369	3,243	,002
Financial Statement Knowledge	,307	,115	,313	2,662	,011

a. Dependent Variable: Financial Management Behavior

Source : Primary data processed, 2024

From the results of the analysis with the SPSS program, it can be known that the regression equation of this study is known. The linear regression equations that are formed are:

$$Y = 1.001 + 0.253 X_1 + 0,339 X_2 + 0,307 X_3 + e$$

5. Determination Coefficient Test

Table 6
Determination Coefficient Test Results
Model Summary^b

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666a	.444	.408	1.676

a. Predictors: (Constant), financial literacy, love of money attitude, and financial statement knowledge

b. Dependent Variable: financial management behavior

Source: primary data processed, 2024

From table 6 above, the determination coefficient (*R Square*) is 0.408. This means that the variables of financial literacy, love of money attitude, and financial statement knowledge are able to explain financial management behavior by 40.8% ($0.408 \times 100.0\%$). While the remaining 59.2% ($100\% - 40.8\%$) is explained by other variables that affect financial management behavior

The Effect of Financial Literacy on Financial Management Behavior

Based on the results of the hypothesis test, it is proven that financial literacy has an effect on financial management behavior, with the results of the t-test of 2.274 with sig. 0.028 is smaller than 0.05. The positive results obtained show that the more financial literacy of MSME actors increases, the more financial management behavior will be

improved. A person with high financial literacy will know how to manage their own financial resources, tend to behave frugally and have more responsible financial planning ((Opletalová, 2015). Managing finances in a business is very important, because with good financial management, the business can develop and its goals can be achieved(Silvia Hendrayanti, 2023). Good financial management can occur if a person has a good level of financial literacy, in other words, high financial literacy will give many ideas in doing or applying financial management rules(Silvia Hendrayanti, Wachidah Fauziyanti, 2022).

The results of this study are in line with research conducted by (Irwan Fathurrahman et al., 2020), (Putu Agus Arta Setiawan & I Nengah Suarmanayasa, n.d.) and (Khamimah & Retni Aji, 2022)) where the results of the study show that financial literacy has an effect on the financial management behavior of MSME businesses.

The Effect of Love of Money Attitude on Financial Management Behavior

Based on the results of the hypothesis test, it was proved that the love of money attitude had an effect on financial management behavior, with the results of the t test of 3.243 with sig. 0.002 is smaller than 0.05. The positive results obtained show that the increasing love of money attitude of MSME actors will further improve financial management behavior. A high love of money attitude tends to think that money is important, they consider money to bring happiness because money can be a motivation for them to work harder, and become a benchmark for their success.

The results of this study are in line with research conducted by (Irwan Fathurrahman et al., 2020) and (Khamimah & Retni Aji, 2022) where the results of the study show that the Love of money attitude has a positive and significant effect on the financial management behavior of MSME businesses

The Effect of Financial Statement Knowledge on Financial Management Behavior

Based on the results of the hypothesis test, it is proved that knowledge of financial statements has an effect on financial management behavior, with the results of the test — t of 2.662 with sig. 0.011 is smaller than 0.05. The positive results obtained show that the more knowledge of financial statements of MSME actors increases, the more financial management behavior will be improved. A person with a high knowledge of financial statements will know how to manage and use their financial statements for the sustainability of their business and to attract investors to invest in the business they are running(Silvia Hendrayanti; Fidyah Yuli Ernawati; Wahidah Fauziyanti, 2024).

The results of this study are in line with research conducted by (Humaira, 2018) and (Maya Novianti & Abdul Salam, 2021) where the results of the study show that knowledge of financial statements has a positive and significant effect on the financial management behavior of MSME businesses.

CONCLUSION

Based on the results of the research on the Influence of Financial Literacy, Love of Money Attitude, and Financial Statement Knowledge on MSME Financial Management Behavior in Jepara City, it can be concluded as follows:

- 1) Financial literacy has a significant effect on the financial management behavior of MSME actors in the city of Jepara.
- 2) The love of money attitude has a significant effect on the financial management behavior of MSME actors in the city of Jepara.
- 3) Knowledge of financial statements has a significant effect on the financial management behavior of MSME actors in the city of Jepara

The suggestions that researchers can give with this study are as follows:

1. For Micro MSMEs: a) Further increase their level of financial literacy so that in the future it can be even better, b) Must increase their love for money, so that in the future they will not be wasteful on spending, c) Micro MSME actors are advised to further expand their financial knowledge and not only know but apply it by making financial reports for their business.
2. For the next researcher: a) If you are interested in conducting research in the same study, you can use variables that are not used in this study or add independent variables such as gender, locus of control, HR competence and so on b) Increase the number of respondents in order to obtain better and appropriate answers and results

REFERENCES

- Aini, K. A., & Rahayu, R. A. (2022). Love of Money, Financial Literacy, Locus of Control dan Gender Terhadap Pengelolaan Keuangan Pribadi Pelaku UMKM. *Jurnal Ilmiah Akuntansi Kesatuan*, 10(3), 433–442. <https://doi.org/10.37641/jiakes.v10i3.1417>
- Augusty Ferdinand. (2014). Metode penelitian manajemen : pedoman penelitian untuk penulisan skripsi tesis dan disertasi ilmu manajemen. In *MANAGEMENTS - RESEARCH METHODS* (5th ed., p. 389). adan Penerbit Universitas Diponegoro.
- Humaira, I. (2018). THE INFLUENCE OF FINANCIAL KNOWLEDGE, FINANCIAL ATTITUDE, AND PERSONALITY TOWARDS FINANCIAL MANAGEMENT BEHAVIOR ON SMALL MEDIUM ENTERPRISES AT BATIK CRAFT OF BANTUL REGENCY. *JURNAL NOMINAL*, 7(1). <https://doi.org/https://doi.org/10.21831/nominal.v7i1.19363>
- Imam Ghozali. (2016). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 23*. Univ. Diponegoro Press.
- Irwan Fathurrahman, Ichi, & Asep Kurniawan. (2020). PENGARUH LITERASI KEUANGAN, SIKAP LOVE OF MONEY, DAN PENGETAHUAN LAPORAN KEUANGAN TERHADAP PERILAKU PENGELOLAAN KEUANGAN UMKM DI WILAYAH KABUPATEN SUBANG. *Journal of Accounting for Sustainable Society*, 2(1). <https://doi.org/https://doi.org/10.35310/jass.v2i01.615>
- Jogiyanto Hartono. (2018). Metoda Pengumpulan dan Teknik Analisis Data. In Jogiyanto Hartono (Ed.), *Business & Economics > Research & Development* (p. 350). Penerbit ANDI. https://books.google.co.id/books?hl=en&lr=&id=ATgEEAAAQBAJ&oi=fnd&pg=PA6&dq=info:WWv123p_uB8J:scholar.google.com&ots=zjY9-i94Xb&sig=V9JTqYDkeeUAr_18Usfslc5aGpl&redir_esc=y#v=onepage&q&f=false

- Khamimah, & Retni Aji, F. (2022). Analisis Pengelolaan Keuangan UMKM Di Kecamatan Ungaran Timur. *Jurnal Ilmiah UNTAG Semarang*, 11(1).
<https://doi.org/https://doi.org/10.56444/sa.v11i1.545>
- Maya Novianti, & Abdul Salam. (2021). PENGARUH PENGETAHUAN KEUANGAN, SIKAP KEUANGAN DAN KEPERIBADIAN PENGARUH PENGETAHUAN KEUANGAN, SIKAP KEUANGAN DAN KEPERIBADIAN TERHADAP PERILAKU MANAJEMEN TERHADAP PERILAKU MANAJEMEN KEUANGAN PELAKU UMKM DI MOYO HILIR). *JURNAL MANAJEMEN DAN BISNIS*, 4(2). <https://doi.org/https://doi.org/10.37673/jmb.v4i2>
- Opletalová, A. (2015). Financial Education and Financial Literacy in the Czech Education System. *Procedia - Social and Behavioral Sciences*, 171, 1176–1184.
<https://doi.org/10.1016/j.sbspro.2015.01.229>
- Putu Agus Arta Setiawan, & I Nengah Suarmanayasa. (n.d.). Pengaruh Literasi Keuangan dan Sikap Keuangan terhadap Pengelolaan Keuangan UMKM di Kecamatan Gerokgak pada Masa Pandemi COVID-19. *Jurnal Ilmiah Akuntansi Dan Humanika*, 12(2).
<https://doi.org/https://doi.org/10.23887/jiah.v12i2.44783>
- Safitri, E., Sriyuniati, F., Chandra, N., Keuangan, L., Keuangan, S., & Perilaku Pengelolaan Keuangan, dan. (2023). Pengaruh Literasi Keuangan dan Sikap Keuangan terhadap Perilaku Pengelolaan Keuangan UMKM (Studi Kasus pada Usaha Mikro Bidang Kerajinan di kota Padang). *Bisnis Dan Ekonomi Indonesia*, 2(1), 118–128.
<https://doi.org/https://doi.org/10.30630/jabei.v2i1.64>
- Silvia Hendrayanti; Fidyah Yuli Ernawati; Wahidah Fauziyanti. (2024). *PENGARUH EFEKTIVITAS PENGENDALIAN INTERNAL, KESESUAIAN KOMPENSASI DAN BUDAYA ORGANISASI TERHADAP KECURANGAN DALAM PELAPORAN KEUANGAN*. 16(1).
- Silvia Hendrayanti, W. F. E. P. E. C. T. S. A. I. (2023). *Manajemen Keuangan: Teori dan Praktik*. NEM.
https://books.google.co.id/books?id=LK61EAAAQBAJ&hl=id&source=gbs_navlinks_s
- Silvia Hendrayanti, Wachidah Fauziyanti, E. P. E. (2022). *Konsep Dasar Manajemen Keuangan*. NEM.
https://books.google.co.id/books?id=OYp0EAAAQBAJ&dq=info:0MUP7CA9WIUJ:scholar.google.com&lr=&source=gbs_navlinks_s
- Sugiyono. (2019). *Metode penelitian pendidikan: (pendekatan kuantitatif, kualitatif dan R \& D)*. Alfabeta. <https://books.google.co.id/books?id=0xmCnQAACAAJ>