

## **The Influence of Financial Literacy on Financial Management (Sase Study of Shallot Farmers in Wonorejo Village)**

**Yunita Nirmalasari<sup>1\*</sup>, Ratih Pratiwi<sup>2</sup>**

<sup>1,2</sup>Wahid Hasyim University, Semarang, Indonesia

**\*Corresponding email: yunitanirmala785@gmail.com**

**Received: June 28, 2025 | Revised: July 10, 2025 | Accepted: July 15, 2025**

**Abstract.** This case study aims to measure the effect of financial literacy on financial management of shallot farmers in Wonorejo Village. Good financial management is one of the important factors in improving farmer welfare. The method used is a case study with a quantitative approach by distributing questionnaires to farmers as respondents. The results of the study indicate that a high level of financial literacy has a significant effect on farmers' ability to plan, manage, and evaluate their farming finances. Financial literacy not only helps in making wise financial decisions but also increases farmers' economic independence. Thus, increasing financial literacy can be an effective strategy in encouraging better financial management among farmers.

**Keywords :** Financial Literacy; Financial Management; Farmers; Shallots; Wonorejo Village

### **INTRODUCTION**

In the era of rapid development of digital technology, digital financial literacy is becoming increasingly important in building a financially savvy society while supporting the achievement of Sustainable Development Goals (SDGs) in Indonesia. In addition to being essential for financial inclusion, this literacy helps shield the general public from the dangers of illicit online loans, which are becoming more and more common, particularly among younger people.

The popularity of online lending (pinjol) has increased rapidly, offering convenience and speed in disbursement of funds. However, many illegal pinjol platforms abuse consumer trust by applying extremely high interest rates and unethical collection methods. Preventing the public, particularly the younger generation, from falling into this trap can be achieved in large part through digital financial literacy (Ekonomika et al., 2024).

Finance is an important aspect for farmers to manage resources, overcome risks, and increase productivity of agricultural businesses, but low financial literacy and limited access to financial institutions make it difficult for many farmers to develop their businesses. Financial education and training, government support, and the use of digital technology are needed to empower farmers to better manage their finances, plan for the future, and improve their welfare in a sustainable manner. Financial literacy is a key foundation for the advancement of the agricultural sector and the local economy as a whole (Sakuru et al., 2024).

Effective financial management is an important factor in maintaining the sustainability of agricultural businesses, especially for farmers in rural areas. In the midst of commodity price fluctuations and limited access to formal financial institutions, farmers' ability to manage their income and expenses is crucial. For farmers to be able to live financially and enhance their well-being, financial literacy—which involves knowledge of fundamental financial concepts, financial planning, and the capacity to make prudent financial decisions—is a crucial component (Sari et al., 2023).

Financial literacy is the level of public understanding of all matters related to finance, for example not being involved in illegal investments. Thus, financial literacy is the ability to manage and what is owned so that it develops and life can be more prosperous in the future (Herdinata, C., & Pranataasari, 2020) in (Trisuci, 2023). Habib Ristiono in (Putri et al., 2024) defines financial management as a process that includes a comprehensive view of one's finances, including how individuals organize and use their funds with the aim of achieving financial security and well-being in the future. The urgency of the influence of financial literacy on financial management is because financial literacy directly affects an individual's ability to manage finances wisely, reduce unnecessary expenses, avoid uncontrolled debt, and improve investment skills and future financial planning. Financial literacy also helps a person understand the importance of budgeting, saving, and using money wisely, so as to improve financial well-being and reduce the risk of financial mismanagement (Apri et al., 2024).

.The pre-survey showed that Wonorejo Village, as one of the onion production centers, has a strategic role in the horticultural supply chain in the region. However, despite this potential, farmers still face challenges in terms of financial management. Many farmers have not recorded their business finances, do not understand the importance of emergency funds, or even still mix business and household finances. This risks causing financial losses, especially in the event of crop failure, falling prices, or other urgent needs.

Some previous studies provide an overview of the economic conditions of shallot farmers in the Demak region. (Putri utami et al., 2023), For instance, research on the welfare and profitability of farmers in Demak district's Mijen sub-district revealed that shallot farming yields a respectably high profit margin. However, this study only focused on economic outcomes without discussing how farmers' financial literacy levels affect the way they systematically manage their income and expenses. Research by (Rejeki, 2023) also shows the relationship between production costs and selling prices to farmers' income, but has not examined how farmers' financial literacy plays a role in planning and managing farming outcomes. Meanwhile, (Widiastuti & Yudiono, 2024) discussed financial literacy, but within the scope of shallot MSMEs in urban areas, not farmers in rural areas who face different challenges, both in terms of access to information, education, and socio-economic conditions.

In addition, (Masfufah, 2018) has examined the financial literacy of shallot farmers in the context of microcredit decision making in Mojokerto. The focus of this research is on specific financial decision-making (credit), not covering all aspects of financial management such as financial recording, budget supervision, and evaluation of personal or farm business finances. Research on financial literacy generally focuses on urban communities, SMEs, or students (Lusardi & Mitchell, 2013). Not many studies have specifically examined the conditions of horticultural farmers in villages, which have different social and economic characteristics. In fact, contextual financial literacy is needed so that they can manage crop yields wisely, manage seasonal expenses, and have the ability to plan long-term investments.

A key component of enabling people, including farmers, to manage their money sensibly and sustainably is financial literacy. In the context of shallot farmers, good financial management can help them plan their farming business, manage their harvest, and prepare funds for future productive needs. Few scientific studies currently directly look at the relationship between financial literacy and the financial management of shallot growers, particularly at the village level like Wonorejo Village.

## METHOD

This study uses a quantitative approach to measure the effect of financial literacy on the financial management of shallot farmers in Wonorejo Village. Data were obtained through a closed questionnaire with a Likert scale of 1-5, which was distributed to farmers who had been in business for at least two years using a purposive sampling technique. Before being analyzed, the instruments were evaluated in terms of validity and consistency. In addition to standard assumption checks like normality, multicollinearity, and heteroscedasticity, the data analysis process includes descriptive statistics and basic linear regression. Understanding the connection between farmers' financial management and financial literacy is the goal of this project, which will also serve as a foundation for creating locally relevant empowerment tactics.

The indicators used in the Financial Literacy of Shallot Farmers in Wonorejo Village are sourced from, (Chen & Volpe, 1998) in (Anggraini & Cholid, 2022) including basic knowledge of personal and business finance, savings and credit, investment, insurance. The Financial Management indicators adopt the theory from (Putri et al., 2024), namely Spending money as needed, Paying monthly obligations on time, Making long-term financial planning, Consistency in saving, Recording and maintaining cash flow regularly.

## RESULTS AND DISCUSSION

### 1. RESEARCH RESULTS

According to the findings of the survey given to the shallot farmers in Wonorejo Village, 45 respondents provided information for the study. The validity and reliability tests were conducted to ascertain the status and validity of the data used. Every variable utilized in this study is tested by the validity test. Respondents are required to provide answers to 18 questions pertaining to each research variable.

Table 1. validity test Result

Variable	Indicator	Code	r-count	r - table	Description
Financial Literacy (X)	1	X1	0,560	0,2940	Valid
	2	X2	0,481	0,2940	Valid
	3	X3	0,360	0,2940	Valid
	4	X4	0,528	0,2940	Valid
		X5	0,395	0,2940	Valid
		X6	0,188	0,2940	Invalid
		X7	0,423	0,2940	Valid
		X8	0,471	0,2940	Valid
Financial Management (Y)	1	Y1	0,441	0,2940	Valid
	2	Y2	0,568	0,2940	Valid
	3	Y3	0,043	0,2940	Invalid
	4	Y4	0,521	0,2940	Valid
	5	Y5	0,341	0,2940	Valid
		Y6	0,364	0,2940	Valid
		Y7	0,255	0,2940	Invalid
		Y8	0,259	0,2940	Invalid
		Y9	0,255	0,2940	Invalid
		10	0,221	0,2940	Invalid

Source of processed primary data, 2025

It is known that certain statement items do not satisfy the  $r\text{-count} > r\text{-table}$  (0.2940) based on the results of the validity test. This may be due to a lack of understanding of the contents of the statement by the respondent, or due to low variation in answers due to a common understanding of the item. In the regression analysis process, only items that are declared valid are used as the basis for calculations to ensure accurate analysis results.

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	Description
Financial Literacy	0,361	Reliable
Financial Management	0,080	Not reliable

Source of processed primary data, 2025

The Cronbach's Alpha value for the Financial Literacy variable (x) is  $0.361 > 0.60$ , which suggests that the variable is reliable, according to the reliability test results in Table 2. However, the Financial Management variable's (Y) Cronbach's Alpha value is 0.080, well below the required minimum of 0.60. Therefore, it can be said that the Financial Literacy variable's instrument is deemed reliable and suitable for use in research, whereas the Financial Management variable's instrument is deemed unreliable and unsuitable for use in future studies.

Table 3. Normality Test Results

One- Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		45
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	4,2286667
	Absolute	114
Most Extreme Differences	Positive	106
	Negative	-,114
Test Statistic		764
Asymp. Sig. (2-tailed)		603 <sup>c,d</sup>

Source of processed primary data, 2025

Finding out if the study's data is regularly distributed is the goal of the normality test. Because the significant value of 0.603 is more than the significance level of 0.05 ( $0.603 > 0.05$ ), it may be used to deduce that the data in this study are regularly distributed. As a result, the data meets the normality condition and can be used in further statistical research.

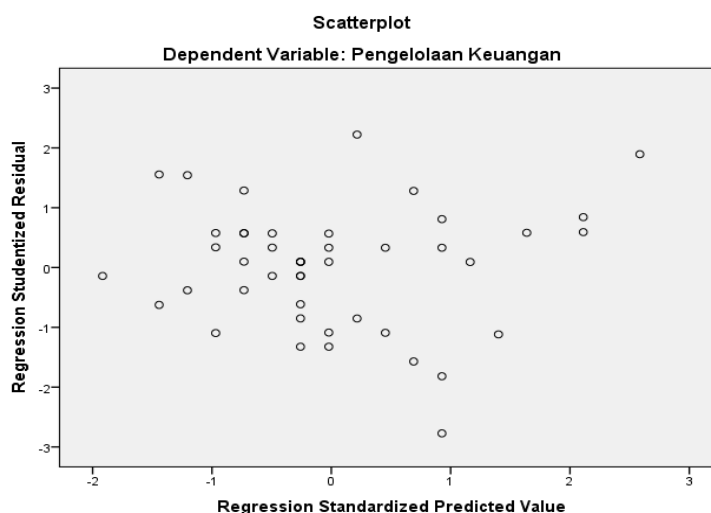
Table 4. Multicollinearity Test Results

Model	Coefficients <sup>a</sup>						Collinearity Statistics
	Unstandardized Coefficients		Standardized Coefficients				
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
Constant	34.693	4.312		8.045	.000		
Financial Literacy	-.003	.153	-.003	-.022	.983	1.000	1.000

a. Dependent Variable: Financial Management

Source of processed primary data, 2025

The multicollinearity test is used to determine whether a regression model finds a relationship between independent variables. Multicollinearity does not exist if the tolerance value is higher than 0.10 or if the Variance Inflation Factor (VIF) value is less than 10.0. The independent variable has a tolerance value of  $1,000 > 0.100$  and a VIF value of  $1,000 < 10.00$ , according to the multicollinearity test results in Table 4, which suggests that neither multicollinearity is present.



If the points spread up and down and the points form a certain pattern, there is no heteroscedaticity.

Table 5. Multiple Linear Regression Results

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	34.693	4.312		8.045	.000
1 FINANCIAL LITERACY	-.003	.153	-.003	-.022	.983

a. Dependent Variable: Financial Management

Source of processed primary data, 2025

The coefficients table for the independent variable Financial Literacy shows a value of 0.153 based on the results of multiple linear regression tests.

$$Y = \alpha + \beta_1 X_1$$

$$Y = 34.693 + (-0.003)$$

This leads to the following explanation:

1. Other factors, including Financial Literacy as  $x_1$ , have no effect on the status of the Financial Management variable, which is represented by the constant value an of 34.693. The financial management variable remains unchanged in the absence of the independent variable.
2. A  $\beta_1$  (regression coefficient value  $x_1$ ) of -0.003 indicates that the Financial Literacy variable has a negligible detrimental effect on Financial Management. Assuming that

no other factors are taken into consideration, this indicates that for every unit gain in financial literacy, the value of financial management actually decreases by 0.003 units.

Table 6. F Test Result

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.009	1	.009	.000	.983 <sup>b</sup>
Residun	786.791	43	18.297		
Total	786.800	44			
a. Dependent Variable: Financial management					
b. Predictors: (Constant), Financial literacy					

Source of processed primary data, 2025

The influence of the Financial Literacy variable (X1) on Financial Management (Y) has a significance value of 0.983, which is higher than the significance level of 0.05 ( $0.983 > 0.05$ ), according to Table 6. Furthermore, the F table value of 3.22 ( $0.000 < 3.22$ ) is larger than the computed F value of 0.000. Therefore, it may be said that  $H_0$  is not rejected and  $H_a$  is not accepted, indicating that financial management (Y) is not significantly impacted by financial literacy (X1).

Table 7. T-test Results  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	34.693	4.312		8.045	.000
1 Financial Literacy	-.003	.153	-.003	-.022	.983

Source of processed primary data, 2025

Table 7 shows that the partial t test results show that there is a significant value of 0.983 for the relationship between Financial Literacy (X1) and Financial Management (Y), which is higher than the 0.05 significance level ( $0.983 > 0.05$ ). Furthermore, the t table of 2.018 ( $-0.022 < 2.018$ ) is larger than the computed t value of -0.022. As a result,  $H_{01}$  is approved and  $H_{11}$  is denied, indicating that financial literacy has little bearing on financial management.

Table 8. Determinant Coefficient Test Results

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.003 <sup>a</sup>	.000	-.023	4.27755
a. Predictors: (Constant), Financial literacy				
b. Dependent Variable : Financial management				

Source of processed primary data, 2025

The degree to which the independent variables can account for the variance in the dependent variable is indicated by the coefficient of determination (R Square). The closer the R Square value is to 1, the more the independent variables can account for the dependent variable.

The coefficient of determination (R Square) is 0.000, or 0%, according to Table 8. This demonstrates that the variance in the Financial Management variable cannot be explained by the Financial Literacy variable.

## 2. DISCUSSION

Based on the results of data processing using SPSS (Statistical Package for Social Sciences) software version 20, it is found that the financial literacy variable has no significant effect on the financial management of shallot farmers in Wonorejo Village. This is evidenced by the results of the t test which shows a significance value of 0.983 ( $> 0.05$ ) and a calculated t value of -0.022 ( $< t$  table 2.018). Consequently, the alternative hypothesis ( $H_1$ ) is rejected and the null hypothesis ( $H_0$ ) is accepted, indicating that financial literacy has no partial impact on the financial management of the village's farmers.

In addition, the linear regression test shows a regression coefficient value of -0.003. This indicates that every one unit increase in financial literacy is followed by a decrease in financial management by 0.003 units. This coefficient value is very small and insignificant, even showing a negative relationship. These findings are further supported by the coefficient of determination (R Square) value of 0.000, which indicates that the financial management variable's fluctuation cannot be explained by the financial literacy variable.

This research shows that although financial literacy is generally seen as an important element in supporting financial management, in a local context such as Wonorejo Village, the link is not yet apparent. This could be due to several factors. First, the low reliability of the instrument on the financial management variable indicates that most of the indicators used are not fully in line with the local farmers' conditions. Second, the implementation of financial literacy in farmers' daily lives is still very limited. Many farmers do not keep financial records, mix business and household money, and are not accustomed to making long-term financial plans.

This study supports the findings of (Widiastuti & Yudiono, 2024), which indicate that financial literacy remains difficult for economic players in rural areas, particularly farmers, to apply. (Masfufah, 2018) also explained that financial decision-making among farmers often relies more on experience and intuition than formal financial knowledge.

Therefore, the findings of this study help to clarify that, in the absence of contextual and appropriate education, financial literacy does not always directly affect financial management. Future interventions should consider practical and local culture-based approaches so that the understanding of financial literacy can be applied in real life, especially in managing farm business finances systematically and sustainably.

## 3. CONCLUSION

The findings of a study on shallot farmers in Wonorejo Village suggest that their financial management is not much impacted by financial literacy. The results of the t test, F test, and simple linear regression test all demonstrate a significance value above 0.05, supporting this. Furthermore, the finding that financial literacy cannot account for differences in farmers' financial management is supported by the coefficient of determination ( $R^2$ ) of just 0.000.

The study also found that most farmers still do not apply the basic principles of financial management, such as recording business finances, separating business and household finances, and long-term financial planning. This is likely due to the low level of implementation of financial literacy in daily practice. In addition, the reliability test of the

instrument measuring financial management variables showed low results, so it needs to be improved for future research.

Based on the research findings, it is suggested that in the future, research instruments should be developed that are more appropriate and in line with farmers' conditions, especially in measuring financial management variables. In addition, it is necessary to organize practical and applicable financial literacy education programs, such as training in recording farm business finances, seasonal financial planning, and separating household and business finances. This educational approach should be based on local culture to make it more easily accepted by farmers. To strengthen the results, further studies with a larger number of respondents and considering additional variables such as income, experience, and access to financial institutions are also highly recommended.

## REFERENCES

- Anggraini, P. S., & Cholid, I. (2022). [Judul artikel tidak disebutkan]. [Nama jurnal tidak tersedia], 3(2), 178–187. (Catatan: Judul artikel dan nama jurnal perlu dilengkapi.)
- Apri, R., Sinaga, Y., Asiah, A. N., & Firdausi, I. (2024). On student financial management. [Nama jurnal tidak disebutkan], 25(2). (Catatan: Tambahkan nama jurnal dan halaman jika tersedia.)
- Departemen Ekonomika dan Bisnis Vokasi, Universitas Gadjah Mada. (2024, October). Building digital financial literacy: Effective strategies to prevent online lending and support SDGs (pp. 1–7). (Catatan: Jika ini prosiding, tambahkan nama seminar atau konferensi.)
- Lusardi, A., & Mitchell, O. S. (2013). The economic importance of financial literacy. *Journal of Economic Literature*, 52(1), 5–44. <https://doi.org/10.1257/jel.52.1.5>
- Masfufah, D. (2018). The effect of financial literacy level of shallot farmers on microcredit decision making in Pacet Village, Pacet District, Mojokerto Regency [Undergraduate thesis, Nama universitas tidak disebutkan].
- Putri, K., Dewi, R., & Ulfiana, N. (2024). Analysis of the influence of financial accounting knowledge on the personal financial management skills of high school students. [Nama jurnal tidak disebutkan], 2(12). (Catatan: Perlu ditambahkan nama jurnal.)
- Putri Utami, I. R., Roessali, W., & Gayatri, S. (2023). Profitability analysis and welfare level of shallot farmers in Mijen Subdistrict, Demak Regency. *Agrimor*, 8(3), 130–138. <https://doi.org/10.32938/ag.v8i3.2039>
- Rejeki, S. S. (2023). The effect of production costs and selling prices of shallots on farmers' income in Bandungrejo Village, Karanganyar District, Demak Regency [Undergraduate thesis or article—media penerbit tidak disebutkan].
- Sakuru, R., Lawodi, E., & Kayupa, O. O. (2024). The effect of financial literacy on farm performance (Case study of rice paddy farmers in Buyumpondoli Village). [Nama jurnal tidak disebutkan], 1, 37–46.
- Sari, P. P., Iskandar, E., & Zikri, I. (2023). Analysis of farmers' financial literacy in rice farming business financing in Indrapuri District, Aceh Besar Regency. *Scientific Journal of Agricultural Students*, 8(1), 89–102. <https://doi.org/10.17969/jimfp.v8i1.23178>
- Trisuci, I. (2023). The effect of financial literacy on financial well-being through family financial management in micro businesses in Batang Hari Regency. *Journal of Applied Management and Finance (Mankeu)*, 12(1), 181–193.



Widiastuti, C. T., & Yudiono, H. (2024). Financial literacy for fried shallot MSMEs in Cibagor Thematic Village, Mlatiharjo Village, Semarang. *Journal of Nation Community Service*, 2(3), 516–520. <https://doi.org/10.59837/jpmba.v2i3.851>