THE INFLUENCE OF FINANCIAL LITERACY AND LOCUS OF CONTROL ON FINANCIAL MANAGEMENT BEHAVIOR IN MICRO, SMALL AND MEDIUM ENTERPRISES IN BIMA CITY

Nurul Huda[1], Aliah Pratiwi[2], Aris Munandar[3], Nafisah Nurul Rahmatia[4], Fitrianingsih Amalo[5]
E-mail: nurulhuda.stiebima@gmail.com
[1] [2] [3] [4] Sekolah Tinggi Ilmu Ekonomi Bima
[5] Universitas Muhammadiyah Kupang

ABSTRACT

This study aims to see whether Financial Literacy has an effect on Financial Management Behavior of MSME Actors in Bima City, Does Locus Of Control affect Financial Management Behavior of MSME Actors in Bima City, and which of the variables Financial Literacy and Locus of Control have an influence dominance of Financial Management Behavior in UMKM Actors in the City of Bima. This research was conducted on SMEs in the City of Bima for 6 (six) months. The research method used is explanatory research using a sample survey approach. Conventionally, explanatory research is used to explain the relationship between variables through hypothesis testing. The population in this study was 3,218 MSME actors with a sample of 34 MSME actors in Bima City using a purposive sampling technique, where the questionnaire was tested for validity and reliability and then processed using SPSS so that the accuracy of the analysis tool could be reliable. The results showed that Financial Literacy had an effect on Financial Management Behavior on MSMEs in Bima City while Locus Of Control had no effect on Financial Management Behavior on MSMEs in Bima City. smallest significance (0.000),
Keywords: Financial Literacy, Locus Of Control, Financial Management Behavior

INTRODUCTION

Economic growth is closely related to the business world. The improvement in economic growth conditions in Indonesia also has an impact on the growing development of the business world in Indonesia. Talking about the business world in Indonesia, the existence of Micro, Small and Medium Enterprises (MSMEs) is increasingly clear and increasingly taken into account in the Indonesian economy. The role and contribution of business actors from small, micro and medium scale businesses is very large, not only in terms of employment which exceeds 90%, but also their contribution to Indonesia's GDP which is more than 50% (Ministry of Cooperatives and UMKM, 2021). The government always strives to continue to increase the role and contribution of MSMEs in the national economy. Efforts made include: stipulating that equitable distribution of development results must include programs to provide opportunities for micro, small and medium enterprises to expand and manage their businesses, strengthen capital, improve skills, and assist marketing. as much profit as possible even in addition to other missions. The number of MSMEs that are developing and advancing in Indonesia, including the city of Bima, also contributes to the GDP revenue of the city of Bima.

Financial management behavior is an important factor in improving the welfare of life because it can manage income well so that it can be used effectively and efficiently (Iriani et al., 2021). Failure in financial management will trigger the emergence of problems of financial difficulties which will in turn have an impact on failure in achieve prosperity. The problem of financial management is known as financial management behavior (Financial Management Behavior). Financial Management Behavior is a person's ability to be responsible for how to

manage money and assets financially in a way that is considered productive. Then Financial Management Behavior can be concluded as a person's basic ability to manage daily finances as well as possible.

The application of financial management behavior is influenced by several factors, namely financial literacy (Ameliawati & Setiyani, 2018), locus of control (Asih & Khafid, 2020), income (Sampoerno & Asandimitra, 2021), and hedonism lifestyle (Putra et al., 2020) . Financial literacy is an understanding that is owned by someone in an effort to improve financial well-being by carrying out good management (Akmal & Saputra, 2016). According to Prihartono & Asandimitra (2018), financial literacy is economic learning such as how to earn money, understand, and evaluate all information obtained so that decisions are made right. Laily (2016) shows that someone with high financial literacy tends to be wiser in managing and making financial decisions. These results are supported by Ameliawati & Setiyani (2018), Aulianingrum & Rochmawati (2021), Herawati & Suharsono (2018), Iriani et al. (2021), Joseph (2020), Prihartono & Asandimitra (2018), Putra et al. (2020), Putri & Lestari (2019), Rachman & Rochmawati (2021), and Rosa & Listiadi (2020). This differs from Mutahanah et al. (2021) and Sampoerno & Asandimitra (2021), which state that financial literacy does not affect financial management behavior.

Locus of control is a person's point of view in controlling himself to determine his destiny in situations that occur to him and the environment (Yusnia & Jubaedah, 2017). Research by Pradiningtyas & Lukiastuti (2019) shows that someone with a high locus of control tends to have better financial management behavior. These results were reinforced by the research of Asih & Khafid (2020) and Rachman & Rochmawati (2021). However, different results were obtained by Mien & Thao (2015) and Prihartono & Asandimitra (2018), where there was no influence of locus of control on financial management behavior.

According to Trimartati (2014), pleasure and enjoyment of life are the main goals of someone with a hedonic lifestyle. Sampoerno & Asandimitra (2021) show that the higher the hedonism lifestyle, the worse the financial management behavior. These results were reinforced by the research of Aulianingrum & Rochmawati (2021) and Pulungan et al. (2018). Putra et al. (2020) and Mutahanah et al. (2021) showed different results, namely the hedonism lifestyle has a negative and significant effect on financial management behavior. On the basis of this background, the purpose of this study is to analyze the effect of financial literacy, locus of control, income, and hedonism lifestyle on financial management behavior in MSMEs in Bima City.

LITERATURE REVIEW
FINANCIAL MANAGEMENT BEHAVIOR

Financial management behavior is a person's efforts to manage income that is related to responsibility for managing, using, and treating these financial resources (Nababan & Sadalia, 2013). According to Asandimitra & Kautsar (2019), financial management behavior is a person's ability to plan finances, make budgets, manage, control, find and store their funds. Financial management behavior is related to one's financial responsibility in managing finances. Financial obligations are the process of financial management and the process of controlling the productive use of financial assets and other assets. Based on research by Dew & Xiao (2011), there are four important indicators for measuring good financial management behavior, namely consumption, cash flow, credit, savings, and investment.

FINANCIAL LITERACY

Financial literacy is an individual's understanding of financial knowledge, how an individual's ability to analyze and apply it in everyday life, is able to make financial decisions, and can be aware of the risks that will be faced in making decisions (Humaidi et al., 2020). Financial literacy is a knowledge and financial ability possessed by a person to improve skills in management and keep away from financial problems, so that life welfare can be achieved (Rosa & Listiadi, 2020). According to Rachman & Rochmawati (2021), financial literacy is something that can have an impact on financial management behavior, if a person's level of financial literacy is higher, the financial management behavior they have is also high. According to Istiqomah et al. (2018), financial literacy can be started from the smallest environment, namely the family and done as early as possible. According to Chen & Volpe (1998), there are four indicators to measure financial literacy, including the following. (1) General knowledge, namely the ability of individuals to understand basic financial knowledge for themselves. (2) Saving and borrowing, namely personal understanding of savings and loans. (3) Insurance, namely personal knowledge related to insurance and its products. (4) Investments

LOCUS OF CONTROL

Locus of control is a belief, desire, or attitude related to a person's behavior and results in his life which are grouped into two types, namely internal locus of control and external locus of control. The internal locus of control assumes that what determines the outcome in life is skill, ability, and effort, while the external locus of control considers life to be determined by external factors such as luck, fate, destiny, and someone who has power over him (Rotter, 1966). Kholilah & Iramani (2013) define locus of control as an attitude towards life, the ability to realize ideas, the ability to make decisions, the ability to manage daily finances, the ability to solve financial problems, the ability to make significant changes in life, and confidence in the future.

Figure 1 Research framework
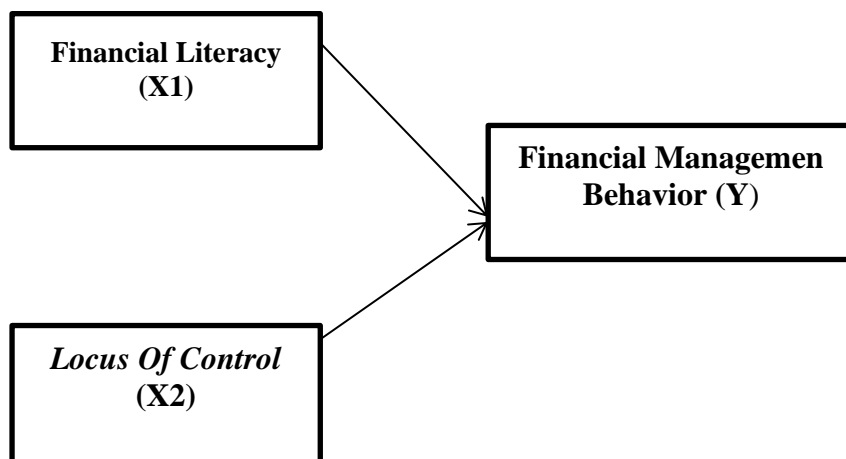
RESEARCH METHODOLOGY

The type of research used in this research is quantitative research. The research method used is explanatory research using a sample survey approach. Conventionally, explanatory research is used to explain the relationship between variables through hypothesis testing. Quantitative data used a survey approach, namely research conducted using the Google Form questionnaire with a Likert scale used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena. In giving weight to each variable, the answer choices are Strongly Agree (SS) which is given a score of 5, Agree (S) which is given a score of 4, Neutral (N) which is given a score of 3, Disagree (TS) which is given a score of 2, and Strongly Disagree (STS) which was given a score of 1. The data analysis technique used multiple linear regression using the SPSS analysis tool.

Population and Sample

This research was conducted in the city of Bima with a population of 3218 SMEs. as many as 34 MSMEs in Bima City, with the criteria of productive MSMEs with large turnover.

Analysis Techniques
Classic assumption test

Before carrying out the regression test, a classic assumption test is first carried out to obtain the best predictor model in 4 ways, including: normality test, heteroscedasticity test, autocorrelation test, and multicollinearity test.

Multiple Linear Regression Analysis

This analysis aims to find the regression equation or influence between Financial Literacy (X1) Locus Of Control (X2), Financial Management Behavior (Y)

RESULTS AND DISCUSSION
Validity test

Table 1. Validity Test Results

r. Hitung Variabel X	r. Hitung Variabel Y	r. Tabel	Keterangan
(X1.item 1) 0,532	(Y.item 1) 0,711	0, 300	Valid
(X1.item 2) 0,472	(Y. item 2) 0,721	0, 300	Valid
(X1.item 3) 0,553	(Y. item 3) 0, 795	0, 300	Valid
(X1. Item 4) 0,521	(Y. item 4) 0, 757	0, 300	Valid
(X1.item 5) 0,503	(Y.item 5) 0,748	0, 300	Valid
(X1. Item 6) 0, 530	(Y.item 6) 0,760)	0, 300	Valid
(X1. Item 7) 0,477	(Y item 7) 0,542	0,300	Valid
(X1. Item 8) 0, 501	(Y. item 8) 0,511	0,300	Valid
(X1. Item 9) 0,486	(Y. Item 9) 0,672	0,300	Valid
(X2.Item 1) 0,626	(Y. item 10) 0,796	0, 300	Valid
(X2.Item 2) 0,626	(Y. item 11) 0,441	0,300	Valid
(X2. Item 3) 0,740	(Y. item 12) 0, 522	0, 300	Valid
(X2. Item 4) 0,561		0,300	Valid
(X2 Item 5) 0,743		0, 300	Valid
(X2 Item 6) 0, 733		0,300	Valid
(X2. Item 7) 0, 541		0, 300	Valid

Source: Data processed in 2021

Based on table 1 it can be seen that all items used to measure the variables used in this study have a correlation coefficient that is greater than r-Table. Standard Corrected item-total correlation > 0.300. The results of this validity test indicate that the questionnaire statements in this study are valid.

Reliability Test

Table 2. Reliability Test Results

Variabel	*Cronbach Alpha*	Keterangan
Financal Literacy (X1)	.632	Reliabel
Locus Of Control (X2)	.664	Reliabel
Financial Managemen Behavior (Y)	.710	Reliabel

Source: Data processed in 2021

Based on table 2. The results of research testing using this measurement can be said to be reliable at Cronbach alpha > 0.600. The results of this reliability test indicate that the questionnaire statements in this study are reliable.

Descriptive Statistical Analysis

Descriptive statistical analysis is used to find a picture or description which includes the average value, as well as the standard deviation value of the variables in the study. For this study, there were 34 samples of MSME actors

Table 3. Descriptive Statistics

Descriptive Statistics

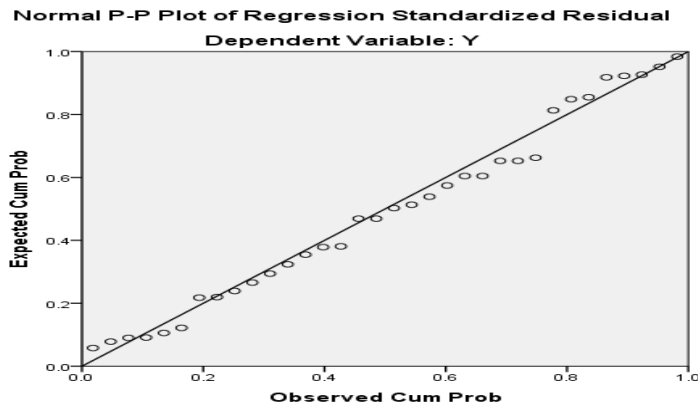|	Mean	Std. Deviation	N
Y	25.5000	2.54951	34
X1	17.0882	1.83183	34
X2	21.1176	2.22608	34

Source: Data processed in 2021

The average value of Financial Literacy is 17.08 with a standard deviation of 1.831. This result shows that the average value of the company's Financial Literacy is greater than the standard deviation. This shows quite good results.The average value of Locus Of Control is 21.11 which is greater than the standard deviation of 2.226. This also shows good results. Likewise, the average value of Financial Management Behavior is 25.50 which is greater than the standard deviation of 2.549.

Classic assumption test

The classical assumption test was carried out to obtain an unbiased and efficient estimator value of the regression equation using the ordinary least squares interpretation method. Therefore, in the implementation of data analysis must meet the classical assumptions. Testing the regression model includes testing the assumptions of normality, multicollinearity, heteroscedasticity, and autocorrelation. The description of the calculation of the regression model assumption test can be explained

Normality test

To test the normality of the data in this study using the graphical method and the Kolmogorof-Smirnov test. This study uses two independent variables, so the data normality test is divided into

Table 4.Kolmogorov-Smirnov test

	One-Sample Kolmogorov-Smirnov Test	Unstandardized Residual
N		34
Normal Parameters a,b	Mean	0E-7
	Std. Deviation	1.22278753
Most Extreme Differences	Absolute	.097
	Positive	.097
	Negative	-.072
Kolmogorov-Smirnov Z		.568
Asymp. Sig. (2-tailed)		.904

a. Test distribution is Normal.
b. Calculated from data.

The table above shows that the p-plot of the regression residuals for the Normality Test can be concluded that the regression residuals have normally distributed because the residual pattern approaches the diagonal line pattern. Besides that, the Kolmogorov-Smirnov test was carried out, obtained a significance value of $\alpha = 0.904 > 0.05$ (based on the regression model), meaning that the normality test was fulfilled

For Multicollinearity Test
In this study, in detecting the presence or absence of multicollinearity, it can be seen from the Variance Inflation Factor (VIF). If the VIF value is > 10, it indicates multicollinearity. If on the other hand VIF < 10 then there is no multicollinearity.

Table 5. Multicollinearity Test

Model	Standardized Coefficients	t	Sig.	Collinearity Statistics	
	Beta			Tolerance	VIF
(Constant)		1.042	.305		
X1	.859	9.848	.000	.976	1.024
X2	.093	1.061	.297	.976	1.024

Source: Data processed in 2021

The table above shows that for testing multicollinearity in this study, it can be concluded that after each transformation, the VIF value is not more than 10, so multicollinearity does not occur.

Heteroscedasticity Test

The heteroscedasticity test in this study was carried out by looking at the plot graphs. Indications of the occurrence of heteroscedasticity can be seen in certain patterns formed in the plot. If there is no visible pattern and the distribution points above and below the $Y = 0$ axis, then there is no indication of heteroscedasticity.
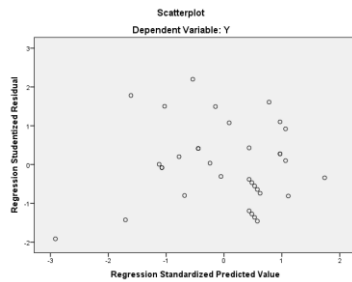
The graph above shows the plot above. It can be seen that the plot points do not form a certain pattern and tend to spread around the Y=0 axis. Therefore it can be concluded that there is no heteroscedasticity

Autocorrelation Test

In this study, it was carried out by testing whether there was autocorrelation in the dependent variable regression by examining the Durbin-Watson (DW) statistics. Autocorrelation Test Results Based on the output of SPSS Version 20.0,

Table 6. Autocorrelation Test

Model	Change Statistics					Durbin-Watson
	R Square Change	F Change	df1	df2	Sig. F Change	
1	.770	51.882	2	31	.000	1.280

Source: Data processed in 2021

Table 6 shows the results of the Durbin-Watson test showing that $1.5805 < 1.280 < 2.4195$. It can be seen based on criterion number 2 If dU < D-W < 4 – dU, it can be concluded that the data shows signs of autocorrelation. The D-W test value is in the area where autocorrelation occurs, so it can be concluded that the resulting regression equation has autocorrelation symptoms. And the rust test is also used to overcome the symptoms of autocorrelation. The autocorrelation test shows that the Runt Test value is $0.904 > 0.05$, so there is no autocorrelation.

Hypothesis Test Results

Furthermore, to find out whether the hypothesis proposed in this study is accepted or rejected, hypothesis testing will be carried out using the t test. The results of hypothesis testing are explained as follows:

Table 7. Uji T

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.844	2.729		1.042	.305
	X1	1.195	.121	.859	9.848	.000
	X2	.106	.100	.093	1.061	.297

Source: Data processed in 2021

First Hypothesis Testing.

The statistical results of the t test for variables obtained a tcount value of 9.848 with a ttable value of 2.0395 (9.848 <2.0395) with a significance value of 0.000 less than 0.05 (0.000 <0.05), using α = 5%: 2 = 2.5% (Test two sides) then Hypothesis 1 is accepted which states that "Financial Literacy influences Financial Management Behavior of MSME actors in Bima City". This gives that meaning

This is because the respondents in this study are MSME actors who already have large turnover who have separated personal finance and business finance and are considered to have high financial literacy. This is in line with the respondents' responses, the majority of respondents agreed to each statement on the financial literacy variable indicating that the majority of respondents have a good understanding of financial concepts so that high financial literacy can improve financial management behavior. This indicates that the high or low level of financial literacy influences the good or bad of the respondent's financial management.

This result is consistent with the theory of planned behavior where the principle of financial literacy is that a person can develop wise financial behavior, such as how a person uses and divides his income to meet needs, save and invest (Sina, 2014). Even so, MSMEs must continue to improve their financial literacy, especially related to insurance to protect against unexpected things, and make financial management better. These results were reinforced by Ameliawati & Setiyani (2018), Aulianingrum & Rochmawati (2021), Herawati & Suharsono (2018), Iriani et al. (2021), Joseph (2020), Prihartono & Asandimitra (2018), Putra et al. (2020), Putri & Lestari (2019) and Rosa & Listiadi (2020). However, these results are not in line with Muthanaah et al. (2021) and Sampoerno & Asandimitra (2021), financial literacy has no effect on financial management behavior.

Second Hypothesis Testing.

The statistical results of the t test for the variable obtained a tcount value of 1.061 with a ttable value of 2.0395 (1.061> 2.0395) with a significance value of 0.297 greater than 0.05 (0.227 > 0.05). by using α = 5%: 2 = 2.5% (Test two sides) then Hypothesis 1 is rejected which states that "Locus Of Control has no effect on Financial Management Behavior of MSME actors in Bima City". The results of this study prove that MSME actors, especially knowledge of self-control, are still lacking and do not think that everything that happens to them is a result of their behavior. This is in line with the respondents' responses in which the majority of respondents answered that they did not agree with each statement of the locus of control variable. These results indicate a high locus of control has a positive impact on high financial management

behavior. That is, the level of locus of control can influence success in financial management behavior.

Third Hypothesis Testing

Based on the results of the research that has been done, it can be seen that the most dominant variable in the study. To determine the most dominant independent variable on the performance of SMEs, namely by looking at the significance of the smallest value. The variable that has the dominant influence on the performance of MSMEs is Financial Literacy with the smallest significance value (0.000).

CLOSING

The conclusions of this study are as follows

Financial Literacy has an effect on Financial Management Behavior on MSMEs in Bima City while Locus Of Control has no effect on Financial Management Behavior on MSMEs in Bima City. The dominant variable on Financial Management Behavior on MSMEs in Bima city is Financial Literacy with the smallest significant value (0.000),

REFERENCE

Akmal, H., & Saputra, Y. E. K. A. (2016). Analysis of the level of financial literacy. JEBI (Journal of Islamic Economics and Business, 1(2), 235–244. http://journal.febi.uinib.ac.id/index.php/jebi/article/view/37

Ameliawati, M., & Setiyani, R. (2018). The Influence of Financial Attitude, Financial Socialization, and Financial Experience to Financial Management Behavior with Financial Literacy as the Mediation Variable. KnE Social Sciences, 3(10), 811–823. https://doi.org/10.18502/kss.v3i10.3174

Asandimitra, N., & Kautsar, A. (2019). The influence of financial information, financial self efficacy, and emotional intelligence to financial management behavior of female lecturer. Humanities and Social Sciences Reviews, 7(6), 1112–1124. https://doi.org/10.18510/hssr.2019.76160

Chen, H., & Volpe, R. P. (1998). An Analysis of Personal Financial Literacy Among College Students. Financial Services Review, 7(2), 107–128. https://doi.org/10.1016/S1057-0810(99)80006-7

Humaidi, A., Khoirudin, M., Adinda, A. R., & Kautsar, A. (2020). The Effect of Financial Technology, Demography, and Financial Literacy on Financial Management Behavior of Productive Age in Surabaya, Indonesia. International Journal of Advances in Scientific Research and Engineering, 06(01), 77–81. https://doi.org/10.31695/ijasre.2020.33604

Iriani, A., Rahayu, C., & Rahmawati, C. (2021). The Influence of Demographic Factors and Financial Literacy on The Financial Behavior. Jurnal Kajian Manajemen Bisnis, 10(1), 33–45. https://doi.org/10.24036/jkmb.11220500

Joseph, C.N. (2020). The Influence of Financial Literacy and Demographic Factors on the Behavior of Personal Financial Management in Ukim Faculty of Economics Lecturers. Journal of Soso-Q, 8(1), 1–11. https://doi.org/10.30598/sosoq.v8i1.1073

Laily, N. (2016). The Effect of Financial Literacy on Student Behavior in Managing Finance. Journal of Accounting and Business Education, 1(4), 64–72. https://doi.org/10.26675/jabe.v1i4.6042

Mien, N., & Thao, T. (2015). Factors Affecting Personal Financial Management Behaviors : Evidence from Vietnam. Proceedings of the Second Asia-Pacific Conference on Global

Business, Economics, Finance and Social Sciences (AP15Vietnam Conference), 1–16. https://doi.org/10.1161/01.HYP.0000200705.61571.95

Mutahanah, S., Cahyo, H., Setiawan, H., & Rahmah, S. (2021). Financial Literacy, Income and Lifestyle on Financial Management in the Pandemic Period. Scientific Journal of Batanghari University, Jambi, 21(3), 1245–1248. https://doi.org/10.33087/jiubj.v21i3.1647

Nababan, D., & Sadalia, I. (2013). Personal Analysis of Financial Literacy and Financial Behavior of Undergraduate Students, Faculty of Economics, University of North Sumatra. Journal of Management Information Media, 1(1), 1–16.

Rosa, I., & Listiadi, A. (2020). Effects of Financial Literacy, Financial Education in the Family, Peers, and Self-Control on Personal Financial Management. Journals of Economics and Business Mulawarman (JEBM), 12(2), 244–252. http://journal.feb.unmul.ac.id/index.php/JURNALMANAJEMEN%0APpengaruh

Rachman, C., & Rochmawati. (2021). The impact of financial literacy, financial attitude, financial self-efficacy, social economic status, locus of control on financial management behavior. Journals of Economics and Business Mulawarman (JEBM), 17(3), 417–429. http://journal.feb.unmul.ac.id/index.php/INOVASI

Rotter, J. B. (1966). Generalized expectancies for internal versus external control of reinforcement. Psychological Monographs: General and Applied, 80(1), 1–28. https://doi.org/10.1037/h0092976

Sugiyono. (2016). Quantitative Qualitative Research Methods And R&D. Alphabet.