

The Influence of Academic Ability, Financial Literacy, and Self-Control on the Personal Financial Management

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Abstract

*This study focuses on scholarship recipients because they have greater responsibility in managing personal finances. This is due to the funding coming from government or private budgets for education, and not all underprivileged students can enjoy it. Management students are already familiar with economic and financial concepts learned during lectures. This research uses an explanatory method and is conducted at Universitas Muhammadiyah Gombong. Data is collected through questionnaires and analyzed using the Statistical Package for Social Science (SPSS) version 25 and multiple linear regression analysis techniques. Data quality tests include validity and reliability tests, while classical assumption tests include normality tests, autocorrelation tests, multicollinearity tests, and heteroscedasticity tests. The *t*-test is used to measure the influence of an independent variable on the dependent variable, while the coefficient of determination (R^2) is used to predict the contribution of independent variables to the dependent variable. This study aims to determine the influence of academic ability, financial literacy, and self-control on personal financial management and to see the differences in personal financial management between economics and non-economics students.*

Key words: academic ability, financial literacy, self-control, and financial management.

INTRODUCTION

In the current technological advancement, people can carry out various activities more easily, including shopping through online sites. According to data from the Central Statistics Agency (BPS), there was an increase in Gross Domestic Product (GDP) in 2018 by 729% compared to 2017, with an average per capita income reaching Rp 56 million per year (Hartono 2019). This ease of online shopping and increased per capita income, if not

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properly managed, can have negative impacts, such as increasing lifestyle and consumerism. Financial management is crucial for society to control finances wisely and avoid financial problems. Financial management involves managing funding sources and controlling expenditures for daily activities by individuals or groups. It applies not only to individuals who are already married or earning but also to students, especially those who need to manage personal finances from parents or scholarships. This aims to train discipline and consistency in managing funds, so when they have their income, they are already accustomed to managing finances wisely and can avoid various financial problems. One factor that is suspected to influence personal financial management in students is academic ability. Students with high academic achievements tend to have good knowledge, including financial concepts, making it easier to implement them in daily life. Academic ability is reflected in the Cumulative Grade Point Average (GPA). Financial problems often arise due to ignorance of financial concepts, which can affect material welfare. For example, many fall victim to fraudulent investments. In October 2019, the Financial Services Authority (OJK) Investment Alert Task Force found 22 unauthorized pawnshops and 27 unauthorized business activities that harmed the public. This condition reflects that the public's financial knowledge is still low (Oktariani 2019). Therefore, financial literacy is needed to increase public awareness of investment products and other financial knowledge. Financial management supported by good financial literacy can improve public welfare. Self-control is also needed in financial management to avoid consumerism. With high self-control, individuals can stick to principles and reduce negative influences that can hinder financial goals. Self-control helps someone spend according to budget. This research is conducted on scholarship students because they have greater responsibility in managing personal finances due to funding from government or private budgets for education, and not all underprivileged students can get it. Scholarship students come from various majors, meaning the knowledge obtained during lectures also differs. Individual knowledge can be a driving factor in financial decision-making. Management students, who are familiar with economic and financial concepts learned during lectures, should be more capable of managing finances well compared to non-economics students. From the above description, this study aims to determine the influence of academic ability, financial literacy, and self-control on personal financial management and the differences in personal financial management between economics and non-economics students. Students with high GPA tend to understand financial concepts better than students with lower GPA (Wijayanti et al. 2016). Yusri's (2018) study shows that academic ability has a significant and positive impact on financial management.

LITERATURE ANALYSIS AND METHODOLOGY

Academic Ability

The concept of academic ability refers to an individual's belief and self-assessment related to their academic skills and abilities. According to Woodworth and Marquis (2012: 161), ability has three meanings:

1. Achievement: Actual ability that can be directly measured with specific tools or tests.
2. Capacity: Potential ability measured indirectly through individual proficiency that develops from a combination of basic training and intensive experience.
3. Aptitude: Quality that can only be revealed or measured with special tests designed for that purpose.

Financial Literacy

According to Nababan and Sadalia, financial literacy is the knowledge and skills in managing finances to improve individual welfare (Putri and Susanti 2018:325). To achieve welfare, one must understand how to manage finances comprehensively, from planning to usage. Financial literacy also significantly influences decisions related to saving, investing, insurance, and general financial management. Chen and Volpe (1998) in Ulfatun et al. (2016) categorize individual financial literacy into three levels:

1. Below 60% (<60%): Indicates a low level of financial literacy.
2. 60% - 79%: Indicates a moderate level of financial literacy.
3. Above 80% (>80%): Indicates a high level of financial literacy.

Self-Control

Self-control is an essential personal competence that every individual should have. The ability to control oneself influences good, constructive behavior and harmony with others. Experts conclude that self-control is the individual's ability to prevent, regulate, and manage impulses to avoid violating moral standards to achieve greater benefits. According to Block and Block (Lazarus 1976), self-control has three types:

1. Over control: Excessive self-control, causing individuals to hold back a lot in reacting to stimuli. People with over control tend to have difficulty expressing themselves in various situations.
2. Under control: The tendency of individuals to release impulsivity freely without careful calculation. Under control makes individuals prone to losing control in various matters and difficult to consider decisions wisely.

3. Appropriate control: The right self-control in managing impulses. Appropriate control is essential for individuals to relate well with themselves and their environment. This type of control reduces potential negative impacts. Individuals with

Financial Management

According to Purba et al. (2021:114), financial management is the process of planning, organizing, directing, and controlling financial activities, including the procurement and utilization of business funds. Nurdiansyah and Rahman (2019:74) outline the functions of financial management as follows:

1. Financial Planning and Budgeting:

Involves planning the use of the company's budget for various activities and interests of the company. Thorough planning aims to maximize profits and minimize inefficient use of the budget.

2. Controlling:

Supervisory actions in financial management include the distribution of funds and bookkeeping. Financial evaluation is carried out to serve as a reference for conducting future company activities.

3. Auditing:

Internal audits are conducted to ensure that all financial management activities comply with accounting standards and that no discrepancies occur.

4. Reporting:

Every year, financial management produces financial reports that are used to analyze the company's profit and loss ratios.

METHOD

This research uses an explanatory research method, which explores how independent variables affect the dependent variable. The approach used in this study is a quantitative approach. The research will be conducted at Universitas Muhammadiyah Gombong. The reason for selecting this location is that Universitas Muhammadiyah Gombong is the largest university in Kebumen Regency with a large number of students. This study uses a population consisting of all students of Universitas Muhammadiyah Gombong from both the Faculty of Health and the Faculty of Science and Humanities who receive scholarships, totaling 83 individuals. The type of data used in this research is primary data collected through questionnaires. The analysis method uses the Statistical Package for Social Science (SPSS) version 25. The data analysis technique employed is multiple linear regression.

There are four hypotheses in this study:

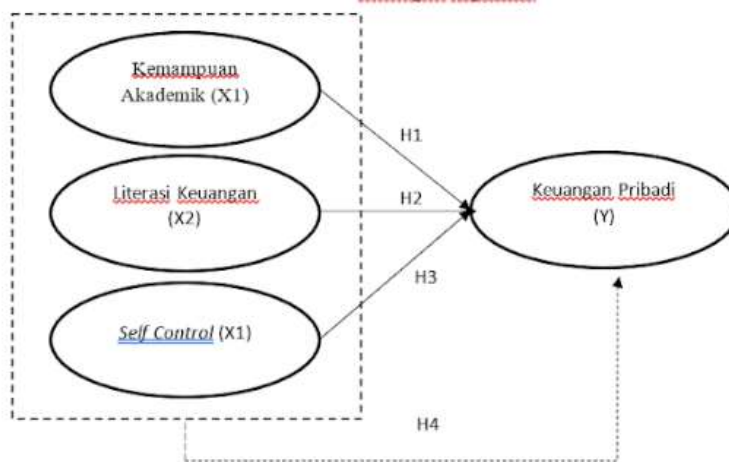
Based on the above description, the researcher can propose the first hypothesis, which is:

H1: Academic Ability (X1) has a significant influence on personal financial management.

H2: Financial Literacy (X2) has a significant influence on personal financial management.

H3: Self-control (X3) has a significant influence on personal financial management.

H4: Academic Ability (X1), Financial Literacy (X2), and Self-control (X3) collectively have a significant influence on personal financial management.



Picture 1. The role of information protection in public safety

RESEARCH AND RESULTS

Validity tes and Reliability test

The results of the validity test show that the calculated r value is $\geq$ the table r value (0.344), indicating that the data for all statement items of the variables are declared valid. The reliability test has a Cronbach's alpha value of 0.911, which is ≥ 0.50 , indicating that the variables X1, X2, X3, and Y are considered reliable.

Hypothesis testing

The results of the Sig test in the table indicate that with a significance level of less than 0.05, the academic ability value is $0.831 > 0.05$, meaning that academic ability does not have a partial or significant influence on the personal financial behavior of students at Universitas Muhammadiyah Gombong. The financial literacy value is $0.011 \leq 0.05$, indicating that financial literacy has a partial or significant influence on the personal financial behavior of students at Universitas Muhammadiyah Gombong. Lastly, the self-control value is $0.000 \leq 0.05$, meaning that self-control has a partial or significant influence on the personal financial behavior of students at Universitas Muhammadiyah Gombong.

The influence of academic ability on personal financial management

The results of the hypothesis testing regarding the influence of academic ability on personal financial management indicate that the calculated t-value < the table value and the significance value is $0.8311 > 0.05$. From these values, it is evident that the first hypothesis examining the proposal can be rejected. This means that academic ability does not significantly affect the personal financial management of students receiving scholarships at Universitas Muhammadiyah Gombong (UNIMUGO). Higher academic ability does not influence the improvement of students' personal financial management. This research finding contradicts Yusri's (2018) study, which demonstrated that academic ability, as measured by students' personal financial management behavior, has a positive and significant contribution.

The influence of Self Control on Personal Financial Management

The results of the hypothesis testing regarding the influence of self-control on personal financial management show that the calculated t-value > the table value and the significance value is $0.011 < 0.05$. The positive calculated value indicates that self-control has a direct relationship with personal financial management. From these values, it is evident that the researcher's hypothesis can be accepted. This means that self-control significantly and positively influences the personal financial management of students receiving scholarships at Universitas Muhammadiyah Gombong (UNIMUGO). Higher levels of self-control in individuals correspond to improved personal financial management among students.

Students with self-control are capable of adhering to principles and reducing influences that may hinder them from achieving their goals. Conversely, students lacking high self-control might make purchases without thorough consideration or behave irrationally. Self-control enables individuals to spend money in line with their budget. Therefore, with self-control, students can manage their personal finances more effectively.

The Influence of Financial Literacy on Personal Financial Management

The results of the hypothesis testing regarding the influence of financial literacy on personal financial management indicate that the calculated t-value > the table value and the significance value is $0.000 < 0.05$. The positive calculated t-value indicates that financial literacy has a direct relationship with personal financial management. From these values, it is evident that the second hypothesis proposed by the researcher can be accepted. This means that financial literacy significantly and positively influences the personal financial management of students receiving scholarships at Universitas Muhammadiyah Gombong.

Higher levels of financial literacy among students correspond to improved personal financial management.

High levels of financial literacy reflect students' ability to understand how to manage their finances wisely according to their needs. With the ongoing development of the global economy, individuals are increasingly expected to become smart consumers to manage their finances by fostering financial literacy that leads to wiser and healthier financial management behaviors. Financial issues often arise from a lack of knowledge about financial concepts, which can affect material well-being. Therefore, financial literacy helps students make informed financial decisions and avoid financial problems.

CONCLUSION

Based on the above discussion related to the research findings, several conclusions can be drawn. First, academic ability does not have an impact. Second, financial literacy significantly and positively influences personal financial management. This means that higher financial literacy among students corresponds to improved personal financial management. Financial literacy enables students to understand how to manage their finances wisely and avoid financial issues.

Third, self-control has a positive and significant influence. This means that higher self-control is associated with improved personal financial management. Self-control helps students restrain from impulsive behaviors and enables them to spend money according to their budget.

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