

The Influence Of Financial Literacy And Financial Planning On The Financial Management Of Msmes In Burau District

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Abstract

The purpose of this study was to analyze the influence of financial literacy and financial planning on the financial management of MSMEs in Burau District. The approach used in this study is a quantitative method, with a population of 130 MSMEs and a sample of 60 respondents taken using the Slovin formula. Data were collected through questionnaires and analyzed using validity tests, reliability tests, multiple linear regression tests, and T tests (partial), F tests (simultaneous), and R2 tests (determination coefficients). The results of this study indicate that (1) Financial Literacy does not have a significant effect on financial management, (2) financial planning has a significant effect on financial management, and (3) financial literacy and financial planning simultaneously have a significant effect on financial management.

Keywords: *Financial Literacy, Financial Planning, Financial Management.*

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are one of the pillars of the Indonesian economy. MSMEs play an important role in creating jobs, encouraging economic growth, and improving the welfare of the community. However, MSMEs still face various challenges, including financial management that is still not optimal. With the MSME sector, the unemployed due to the lack of job opportunities can open a business, creating new jobs for the Indonesian people (Ilham et al., 2016). This can affect business performance, such as reduced income, increased costs, and even bankruptcy. Good financial management is one of the important factors for business success (Amin et al., 2021). Good financial management can help micro, small, and medium enterprises (MSMEs) to monitor the development of their business, both in terms of income, expenditure, and net profit. This can help micro, small, and medium enterprises (MSMEs) to make the right decisions for the development of their business (Rahayu et al., 2021). Micro, small, and medium enterprises (MSMEs) that have good financial management

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will be more able to monitor the development of their business (Saifudin et al., 2021). This can help micro, small, and medium enterprises (MSMEs) to make the right decisions for the development of their business, such as business expansion or the development of new products (Istanti & Sanusi, 2020). Micro, small, and medium enterprises (MSMEs) that have good financial management will be more able to increase their competitiveness (Jaurino et al., 2022). This is because micro, small, and medium enterprises (MSMEs) that have good financial management will be more able to meet their customers' needs, such as guaranteed product quality and competitive prices (Yunia et al., 2021).

Most MSME actors assess their activities run normally and without obstacles. In fact, many MSMEs have not developed. One of the obstacles to the development and success of MSMEs is the lack of regularity in financial management and the low level of financial literacy (Rodriguez, velastequi, 2019). According to several studies, a person's ability to recognize and access financial institutions affects their business growth rate (Lauria et al., 2016). MSMEs must have the knowledge and ability to manage finances effectively to run a business. Therefore, financial literacy is very important for every entrepreneur. One strategy that can be implemented to develop good performance is by enriching the financial knowledge of MSME business actors, because financial education and financial management have a correlation in MSME business development and this correlation has a strong direct link with a person's income growth. Understanding knowledge in determining financial services towards the performance of the MSME itself (Lauria et al., 2016).

Financial literacy refers to a person's understanding and ability to assess financial concepts and manage finances responsibly (Amram Rohi Bire a, Heni Matelda Sauw b, 2019). When business stakeholders in the MSME sector have a good understanding of financial literacy, their business decisions and financial management have the potential to develop better over time (Apristi Yani Rahayu, year 2017; Hsan et al. 2021).

Financial management includes all activities related to the acquisition, financing, and management of assets for general purposes (Kasmir, 2016). Financial management skills are very important for business smoothness, functioning to reduce financial problems and regulate financing sources, fund allocation, and profit distribution. Financial management is the ability to plan, organize, and manage finances effectively in everyday life. In financial management, it is very important to implement financial planning to achieve goals, both short-term and long-term (Yushita, 2017).

Financial planning is a process that aims to manage finances in order to achieve certain goals. This process includes budgeting, revenue projection, and debt management. With good planning, micro, small, and medium enterprises (MSMEs) can remain focused and directed in their financial management. However, there is often a gap between financial literacy and financial planning, because many MSME owners may

not understand the importance of budget management or existing financial risks. On the other hand, effective planning can actually increase understanding of financial literacy.

Several previous studies that examined the factors affecting financial management showed mixed results. According to Gunawan and Safira (2022), financial literacy has a positive impact on MSME financial management. However, research by Mutahana et al. (2021) shows the opposite, namely that financial literacy does not have a positive effect on financial management. In addition, there are inconsistencies in the findings of previous studies. For example, Angraini and Cholid (2022) argue that financial planning affects financial management behavior. On the other hand, Satianingsi et al. (2022) state that financial planning does not have a significant effect on financial management.

Based on the explanation that has been submitted, this study aims to identify the relationship between independent variables and dependent variables. In this context, the focus is on the effect of financial literacy on financial management, and the effect of financial planning on financial management, carried out by MSME actors in Burau District. Thus, this research can make a significant contribution in understanding how MSMEs can improve their ability to manage finances and face financial challenges in the future. Based on the explanation above, I as the author feel interested in conducting research with the title "The Influence of Financial Literacy and Financial Planning on the Financial Management of MSMEs in Burau District".

METHOD

The research was conducted in Burau District, East Luwu Regency, South Sulawesi. The type of data used in this research is quantitative data. The quantitative method is a process of finding data knowledge in the form of numbers as a tool of information regarding what is known. The data source used in this study is primary data obtained from questionnaires distributed to MSME actors in Burau District. The data collection method in this study is in the form of a questionnaire by asking questions that have been prepared in the form of a questionnaire regarding financial literacy, financial planning, and financial management. This questionnaire method uses a Likert scale by distributing questionnaires via Google Form. The population in this study was carried out on Micro, Small, and Medium Enterprises (MSMEs) actors in Burau District. The population in this study was 130 people with a sample of 60 respondents. The data analysis technique used in this study consists of several steps, namely: Validity Test, Reliability Test, Linear Regression Test, T Test (Partial), F Test (Simultaneous), and R2 Test (Coefficient of Determination).

The determination of the sample that will be made respondents in this study uses the Slovin formula, namely:

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$$n = \frac{N}{(1 + n(e)^2)}$$

$$n = \frac{130}{(1 + 130 \cdot (0,10)^2)}$$

$$n = 56,52$$

With the formula above, the number of MSME samples in Burau District is obtained, namely: 56.52 rounded to 60. Explanation:

n = number of individuals in the sample

N = total individuals in the population

E = critical value (accuracy limit 0.10 or 10%)

In the Slovin formula, there are two provisions for determining error tolerance, namely:

Value of e = 10% (0.1) if the population is large in number

Value of e = 20% (0.2) if the population is small in number.

RESULTS AND DISCUSSIONS

Validity Test

This validity test is used to evaluate the validity of the questionnaire. A questionnaire is considered valid if it can measure the objective and reveal data from the variables being studied accurately. The results of the validity test on the variables of Financial Literacy (X1), Financial Planning (X2), Financial Management (Y). a) If calculated $r > r$ table Where the statement is declared valid. b) If calculated $r < r$ table Where the statement is declared invalid then R table = 0.252.

Table 1. Validity Test Correlation Results

Variable	Item	Calculated R	R Table	Note
Financial Literacy (X1)	LK.1	0.378	0.256	Valid
	LK.2	0.608	0.256	Valid
	LK.3	0.796	0.256	Valid
	Lk.4	0.826	0.256	Valid
Financial Planning (X2)	PK. 1	0.792	0.256	Valid
	PK. 2	0.789	0.256	Valid
	PK. 3	0.752	0.256	Valid



PK. 4	0.855	0.256	Valid	
PK. 5	0.724	0.256	Valid	
Financial Management (Y)	PK.1	0.826	0.256	Valid
PK.2	0.823	0.256	Valid	
PK.3	0.754	0.256	Valid	
PK.4	0.704	0.256	Valid	

The table above shows the calculated r value for each element states it is greater than the r value in the table. So, we can say that all statement items present in this study are valid.

Reliability Test

The reliability test is a part of the research that aims to evaluate the consistency of a measuring tool or measurement instrument in providing comparable or identical results when simultaneously. Repeatedly talking about a matter or problem in the same situation. In short, the reliability test ensures that the research tool provides reliable and consistent results. a) If Cronbach's alpha > 0.60 the instrument is said to be reliable. b) If Cronbach's alpha < 0.60 the instrument is said to be invariable.

Table 2. Reliability test results

Variable	Cronbach's Alpha	Description
Financial Literacy	0.724	Reliable
Financial Planning	0.836	Reliable
Financial Management	0.703	Reliable

The table above shows that the Cronbach's alpha value is greater than 0.60, which means it indicates that all variables in this study are declared reliable. Therefore, all statements in this study can be used as a research measurement tool.

Multiple Linear Regression Analysis Test

Table 3 Summary of Multiple Linear Regression Analysis Test Results

Variable	t-Statistic	Sig.
Constant	4.034	3.721
Financial Literacy (X1)	-0.015	-0.102
Financial Planning (X2)	0.603	5.580



N = 60
R ² = 0.660
Adj. R ² = 0.649
F_Statistic = 55.431, Sig = <.001
The dependent variable is Financial management and the independent variables are financial literacy and planning
Significant at a = 0.05
A is the constant value; B1 and B2 are the regression coefficients for the items of the independent variables

From the multiple linear regression equation, it can be explained that the constant value (a) of 4.034 indicates that if the financial literacy variable (X1), and financial planning (X2) have a value of 0, then the Financial Management variable (Y) remains at 4.034.

1. The coefficient value of the Financial Literacy variable (X1) is -0.015, this indicates that along with a Decrease in Financial Literacy (X1), there will be a Decrease in Financial Management (Y) by -0.015.
2. The coefficient value of the Financial Planning variable (X2) is 0.603, this indicates that along with an increase in Financial Planning (X2), there will be an increase in Financial Management (Y) by 0.603.

R² Test (Coefficient of Determination)

From the calculation results of the coefficient of determination in the table above is 0.660. Then 66% of the dependent variable or Financial Management has a major influence on the independent variables, namely Financial Literacy And Financial Planning. While the remaining (100% - 66% = 34%) is influenced by other factors not included in the regression model.

Partial T Test

The Partial T Test consists of individual testing of the impact of each independent variable on the dependent variable. This t-test is carried out by comparing the t-value with the t table looking at the significant column in each t count.

1. According to the analysis results in the table above, the obtained Tcount value is (-0.102) < Ttable (1.672) and Sig (0.919) > 0.05, so it can be concluded that there is no significant influence between financial literacy and financial management.
2. According to the analysis results in the table above, the obtained Tcount value is (5.580) > Ttable (1.672) and Sig (0.001) < 0.05, so it can be concluded that there is a significant influence between financial planning and financial management.

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Simultaneous F Test

The simultaneous F test, also known as the regression F test, is a statistical technique used to determine whether the combination of all independent variables in a linear regression model has a significant influence on the dependent variable. Based on the table above $F_{count} > F_{table}$ ($55.431 > 3.16$) and a significant value of $0.001 < 0.05$. This means that the Financial Literacy (X1) and Financial Planning (X2) variables simultaneously provide a positive and significant influence on the Financial Management (Y) variable.

DISCUSSION OF RESEARCH RESULTS

The Influence of Financial Literacy on the Financial Management of MSMEs in Burau District

Financial literacy does not show a significant influence on financial management. Because the results of the t statistic analysis obtained a t count of -0.102 with a significant of 0.919, and a t table of 1.672. With this significant value $0.919 > 0.05$ and t count $-0.102 < t$ table 1.672. This means that Financial Literacy has an insignificant influence on the financial management of MSMEs in Burau district. So that it can be stated that the first hypothesis is rejected. Based on this problem, it can be concluded that minimal financial literacy or lack of knowledge about important financial concepts and practices can be the main factor causing financial literacy to not significantly influence the financial management of MSMEs in Burau district. This emphasizes the importance of education and training in the field of financial literacy for MSME actors so that they can improve their understanding and ability in managing business finances more effectively, which in the end can support the sustainable growth of their business. The results of this study are not consistent. this study (Sari & Listiadi, 2021) shows that financial literacy has no influence on financial management.

The Influence of Financial Literacy and Financial Planning on the Financial Management of MSMEs in Burau District

Financial planning has a significant influence on MSME financial management because the results of the t statistic analysis obtained a t count value of 5.580 with a significant value of $< .001$, and a t table of 1.672. With a significant value of $0.001 < 0.05$ and a t count value of $5.580 > 1.672$ so that, it can be concluded that there is a significant influence between Financial Planning on Financial Management. Based on the respondents' answers, it can be concluded that in managing a business's finances, good financial planning is needed. To achieve financial goals, namely to obtain maximum profit. financial planning can help predict the financial future of your business with mature planning, MSME actors will be easier in managing their financial activities. Based on this,

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it can be concluded that actors who have a good level of financial planning will be able to manage finances more effectively, so that the business being run can develop optimally. The more planning is done, the better the financial management that is implemented. The results of this study are in line with the findings (Fadilah & Purwanto, 2022) which state that financial planning has an influence on MSME financial management. with financial planning, the financial goals to be achieved within a certain period of time can be more directed and organized.

The Influence of Financial Literacy and Financial Planning on the Financial Management of MSMEs in Burau District

The influence of financial literacy and financial planning on MSME financial management is because the results of the F count analysis $> F$ table ($55.431 > 3.16$) and a significant value of $0.001 < 0.05$. This means that the Financial Literacy (X1) and Financial Planning (X2) Variables simultaneously have a significant influence on the Financial Management (Y) of MSMEs. the results of this study are in line with the findings revealed (Olive, Rismawati, n.d.). which shows financial literacy and financial planning have a positive and significant impact on financial management that supports the sustainability of MSMEs. this shows that the better the financial education and planning implemented by MSME actors. The better the financial management they can do.

CONCLUSION

Based on the results of the research and discussion above, it can be stated that namely it can be concluded that the financial literacy variable does not have a significant effect on the dependent variable, namely the financial management of MSMEs in Burau district. In this study, the financial planning variable has a positive and significant influence on the financial management of MSMEs in Burau district.

In the study, the financial literacy and financial planning variables simultaneously have a significant influence on the financial management of MSMEs in Burau district.

The results of this study offer several recommendations that can be considered and implemented. Used to determine the financial behavior of MSMEs, including it is hoped that MSME stakeholders are expected to be able to understand financial education or literacy before starting their business, because this knowledge is very important, as explained by the researchers. It is also expected that MSME actors implement financial planning in the management of their business, considering that financial planning is an important aspect in business management. For further researchers, it is recommended to add other variables, such as education level, personality, income, and lifestyle of MSME stakeholders. This aims to better understand the impact of financial management on MSMEs and expand the scope of the research sample.



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