

Financial Level Analysis of Female Micro Entrepreneur

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Abstract

The condition of female micro entrepreneur in Bondowoso Nangkaan Market currently still has limitations with various problems. These limitations include capital, lack of knowledge in financial management, financial management skills, low financial and financial behavior, limited access to information and technology, and the limited scope of the market which is still a limiting factor for the SME space. This study aims to determine the level of financial literacy based on financial knowledge, financial behavior, financial skills, financial attitude, and financial performance. The research design used in this study is quantitative research because it uses data in the form of numbers in descriptive statistical analysis. The population in this study is the economic actors of SME Women in the Nangkaan Market Bondowoso Regency with a sample of 68 SME of Women. The results of this study indicate that based on financial knowledge, financial behavior, financial attitude, financial skills, and financial performance are classified as low because they are under 60%. The high level of financial literacy is believed to be able to improve welfare because by increasing the level of financial literacy, female micro entrepreneur economic actors can make financial decisions better so that business financial planning becomes more optimal, which in turn can improve welfare. The results of this study indicate that based on the five variables that use the financial literacy rate of female SME are in the middle category.

Keywords

financial literacy; financial knowledge; financial skills; financial behavior; financial attitude; financial performance



I. Introduction

Financial literacy is very important to support economic functions. The more people know about the benefits of financial products and services, the greater the financial transactions that can be created and will ultimately drive the wheels of the economy. In addition, the impact of financial literacy on the economy is very large. This is very reasonable considering the increase in the number of people who understand financial products and services will be accompanied by an increase in the use of financial products and services so as to move the wheels of the economy faster. In Indonesia, financial literacy has become one of the focuses of government policies and financial institutions. There is concern that people tend to lack understanding of financial concepts and do not have the knowledge to manage and make financial decisions in the future. With this special attention to financial literacy, it is hoped that the community will be more knowledgeable, capable and have skills in managing and making financial decisions well, so that they can contribute to financial system stability and can reduce vulnerabilities in the financial system in Indonesia. Not a few who explain about financial literacy are written by various parties, both individuals and institutions. The definition of financial literacy according to Masrurroh (2016) is a set of skills and knowledge that allows an individual to make decisions and be effective with all their financial resources. With this definition, the

community is provided with adequate and sufficient education to make better financial decisions, according to what they need and provide greater. financial literacy benefits is influenced by several factors. According to Chen & Volpe (2002) there are several factors that affect the level of financial literacy, namely education, place of residence, age, and family background.

According to World Bank data (World Bank), Indonesia is the third country that has the weakest level of financial literacy after India and China, with this opinion it can be concluded that the level of financial literacy of the Indonesian people is low. This condition is clearly unfavorable for efforts to improve the welfare of the Indonesian people. Because the level of a community's welfare is in line with the level of financial understanding and the closeness of the community to financial access. Therefore, there is a need to develop more effective and efficient microfinance and financial inclusion programs. According to (Wiharno 2015) one of the causes of the lack of public welfare in Indonesia is due to the low level of financial literacy of the Indonesian people. Currently, women's participation in the business sector is increasing. In 2012 the involvement of women in the field of entrepreneurship increased by 58% (kumparan.com). Bank Indonesia data states that the total number of Micro, Small and Medium Enterprises (SME) in 2018 reached 57.83 million with more than 60% managed by women, meaning that female SME actors in Indonesia reached 37 million. This shows that the ratio of women's business ownership in Indonesia is higher than that of men.

The 2017 national financial literacy survey, the group of SME workers who have the knowledge, skills and confidence in using financial products and services is only 15.7%, much lower than the non-informal worker group of 2.9% (OJK, 2013b) . Meanwhile, the 2016 national survey also showed that the literacy rate of SME was low, where micro-entrepreneurs had the lowest literacy rate, which was 29.7%, (OJK, 2017). In addition to the low level of financial literacy, SME also have a low level of use of financial products and services, especially financing. It can be concluded that the level of SME financial literacy from 2013-2016 has increased by 14%. The object of this research is the female SME actors in the Bondowoso Nangkaan Market. The reason for doing it at the Nangkaan Market,

The current condition of female micro entrepreneur in the Nangkaan Market still has limitations with various problems. Basically, in general, there are limited human resources from SME actors themselves. The limitations experienced include capital, lack of knowledge in financial management (financial knowledge), financial management skills (financial skills), low financial attitude (financial attitude) and financial behavior (financial behavior), limited access to information and technology, and the narrow scope of the market which is still a limiting factor for SME.

Based on the description of the problem, the author feels very interested in studying financial literacy in women because it has limitations with the various problems described above, it is still a limiting factor for female micro entrepreneur.

II. Review of Literature

Literacy is a person's ability to use the potential and skills in processing and understanding information while carrying out reading, writing, arithmetic, and solving problems of daily life. Meanwhile, the definition of Financial Literacy is the skills, public confidence in financial institutions and their products and services as outlined in the index size parameters. Financial Literacy provides an understanding of how to manage finances

and opportunities to achieve a prosperous life in the future. The implementation of education in order to improve public finances is very necessary because based on a survey conducted by Chen and Volpe (2002), financial literacy categorizes into 3 groups (low is less than 60%, moderate is 60-79%, high is more than 80%). The purpose of this financial literacy is so that the income earned is not only spent on consumptive things, but for more productive investments and brings great benefits in the future. The importance of financial literacy is not only beneficial for the community but also for financial institutions. People know and understand the products of financial institutions, so people will have a desire to buy one of their products. People who originally kept their money in the cupboard after knowing and understanding about the products of the financial services industry, they will save money in the bank, so that It is also beneficial for the financial institution itself because one of its products is in demand by the public.

On the other hand, financial knowledge has a close relationship with financial literacy or financial education. Financial knowledge can be channeled and can be understood well through financial education or financial literacy. Several studies have shown that low financial literacy is the result of a lack of financial knowledge (Chen and Volpe 2002). Financial knowledge is important, not only for individual interests. Financial knowledge is not only able to make us use finances wisely, but also can provide benefits to the economy. Financial knowledge has the power to change the world. Lack of knowledge about financial management principles and financial problems can cause an individual or family's financial condition to become irregular (Al Kholilah, 2013). To have financial knowledge, it is necessary to develop skills that are known about finance such as recording money in and money out. Financial expertise is a technique for making financial management decisions. For that skill is the ability to use ideas and creativity in doing, changing or making something more meaningful so as to produce a value from the work. Skills have 3 indicators, namely Technical skills, Management skills, Entrepreneur skills. The large number of people who do not understand finance causes many people to experience losses, either due to declining economic conditions and inflation or due to the development of an economic system that tends to be wasteful because people are increasingly consumptive. So,

Ansong & Gyensare (2012) stated that knowledge in the context of financial literacy includes knowledge, education, and information about finance and its sources, banking, deposits, credit, insurance, and taxes. Financial knowledge possessed by a person develops into financial skills, where financial skills are defined as the ability to apply their financial knowledge in everyday life. Financial skills allow a person to be able to make rational and effective decisions related to finances and economic resources. So financial skills are very important in making financial decisions for the welfare of the business in the long term. The public needs to be given sufficient knowledge about various matters related to financial issues such as an introduction to financial service institutions, what financial products and services are, the features attached to financial products and services, the benefits and risks of financial products and services, and rights. and obligations as consumers of financial services users. Knowledge and skills regarding financial service institutions and financial products and services are not complete if they are not accompanied by increased confidence the community that the money they save or manage in financial service institutions is carried out properly and correctly so that people believe that their money will not be lost. This aspect of attitude and behavior is important because financial attitudes and behaviors encourage a person to set financial goals, have financial planning to determine financial goals, have financial planning, take financial decisions to manage finances better.

Many studies show that financial literacy has a positive correlation with financial behavior (Financial Behavior). A person's financial behavior can be demonstrated by how people treat, manage, and use the financial resources available to them. The emergence of financial behavior is the impact of a person's desire to fulfill his life needs in accordance with the behavior of the income earned. A person's financial behavior can be seen from four things, namely consumption, cash flow management, cash flow savings, and credit management. While Budi (2018), financial behavior is behavior related to financial practices or applications. Financial behavior relates to how a person can manage and use the financial resources available to him (Della, 2017).

Lusardi & Mitchell (2010) stated that there is a relationship between financial attitude and the level of financial problems. Thus it can be said that a person's financial attitude also affects the way a person regulates his financial behavior. Meanwhile, according to Wibowo & Kurniawan (2015), attitude is an evaluative statement both pleasant and unpleasant towards objects, individuals, and events.

III. Research Method

This research is descriptive because this research serves to describe or provide an overview of the object under study through data or samples that have been collected as they are. The research design used in this study is quantitative research because it uses data in the form of numbers in descriptive statistical analysis. The data of this research are data obtained directly in the field related to this research, namely the female SME sector actors in Bondowoso. The sample in this study used 68 respondents of economic actors of female micro entrepreneur at Pasar Nangkaan Bondowoso,.The sampling technique in this study is adjust to the population because there are only a few SME actors in the Nangkaan Market, namely only 68 female SME actors. The following is the conceptual framework of this research:

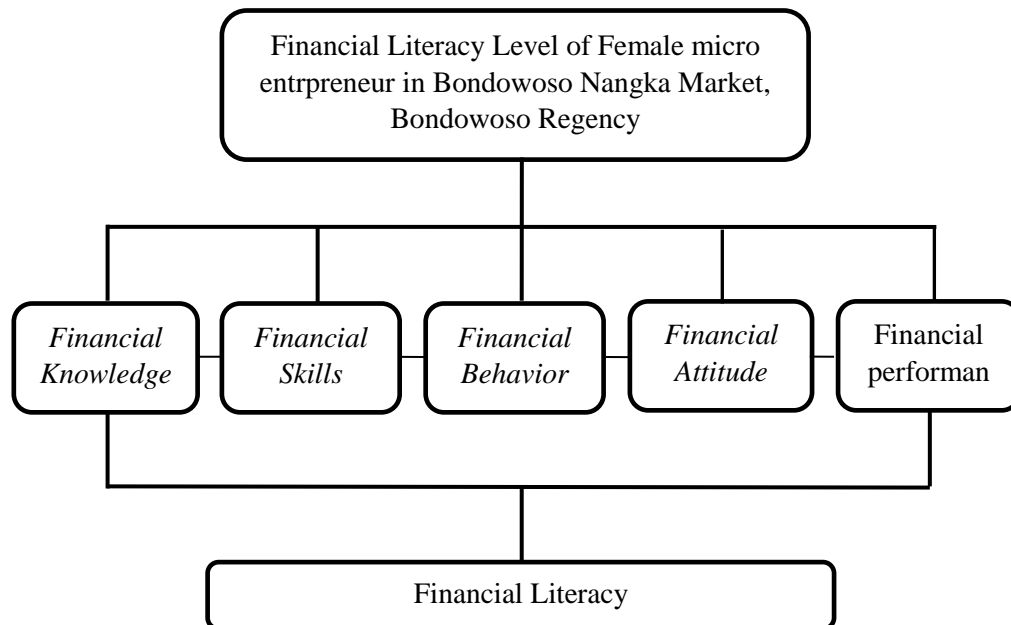
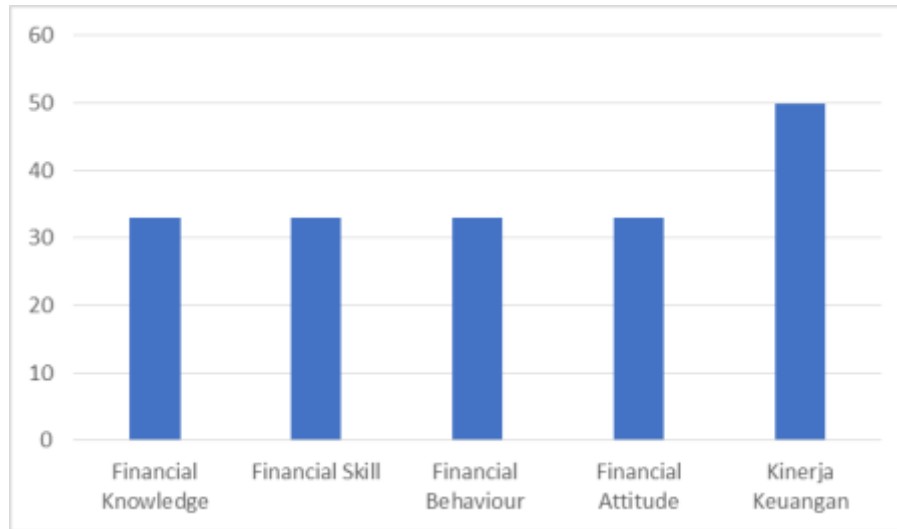


Figure 1. Conceptual Framework

IV. Results and Discussion

This study aims to determine the level of financial literacy in female micro economic actors in Bondowoso from 68 respondents with 14 indicator questions based on financial knowledge, financial skills, financial behavior, financial attitude and financial performance. From the respondent's data, it can be seen in the graph below:



Source: Primary Processed Data, 2022

Figure 2. Overall Results of Financial Literacy Level Criteria

In this study, based on the results of the financial knowledge variable from three indicator questions, namely the indicator of knowledge of the benefits of financial management the average answer from respondents is 33%. From 68 respondents female micro entrepreneur in Bondowoso Nangkaan Market are classified in the low category, namely <60%, respondents do not understand financial knowledge. Education about financial literacy is needed so that financial performance in the business is relatively stable for the long term of the business. Indicators of knowledge of how to manage finances the average answer from the respondents was 39%. From 68 respondents female micro entrepreneur in Bondowoso Nangkaan Market, Bondowoso Regency are classified in the low category, namely <60%, respondents do not understand how to manage the finances. And indicators of knowledge about the importance of financial statements the average answer from respondents is 34%. From 68 respondents the female micro entrepreneur in the Bondowoso Nangkaan Market are in the low category, namely <60%, respondents do not understand about financial product knowledge such as the aspects needed when getting profits and losses in their business. These results are more or less in line with the study of Andrew (2014) who conducted research on the analysis of the characteristics of private employees in Surabaya. The results of this study concluded that the level of financial literacy of private employees is categorized as low, due to the level of education most of whom are high school graduates. The same applies to the women micro-enterprises in this study, who on average have low education.

While the results of financial skills show that the investment indicator is a very difficult thing to do, the average answer from respondents is 33%. That is, out of 68 respondents in Bondowoso's Nangkaan Market are in the low category, which is between <60%. Indicator use business funds for personal interests, the average answer from respondents is 33%. From 68 respondents in Bondowoso's Nangkaan Market are in the low

category, namely <60%. There are still some respondents who still find it difficult to separate their personal finances from their business, due to unexpected needs such as the cost of children's education, household expenses, etc. However, many are able to separate personal money from business money, because these respondents are able to manage their finances. Indicator can make financial reports, the average answer from respondents is 35%. Some the 68 respondents in the Bondowoso Nangkaan Market, they are in the low category, namely <60%. stated that knowledge in the context of financial literacy includes knowledge, education, and information about finance and its sources, banking, deposits, credit, insurance, and taxes. Financial knowledge possessed by a person develops into financial skills, where financial skills are defined as the ability to apply their financial knowledge in everyday life. Financial skills allow a person to be able to make rational and effective decisions related to finances and economic resources

Meanwhile, based on financial behavior, it shows that the indicator of looking at interest before saving in a bank, the average answer from respondents is 34%. Out of 68 female SME actors in Bondowoso Nangkaan Market are in the low category, which is between <60%. More respondents are very careful in borrowing funds from bank and non-bank institutions, because the interest offered is relatively high, it is feared that they will not be able to pay credit to banks or non-banks. The higher the criteria for the level of financial literacy, the better the financial literacy of the business. Indicators Financial records do not help in planning needs, the average answer from respondents is 28%. From 68 respondents are in the low category, namely <60%. More respondents do not apply good financial records, for example recording cash in and cash out, due to low financial knowledge. There needs to be education about financial literacy so that the financial performance of the business is said to be good in the long term. However, there are also some business owners who have implemented simple financial records to make it easier for them to manage their finances. Indicator of saving money for unforeseen purposes, the average answer from respondents is 37%. From respondents of female SME actors in Bondowoso Nangkaan Market belong to the low category, namely <60%. From the overall results on financial behavior on average, respondents answered 33% of the three indicator questions. It can be seen that female SME economic actors in Bondowoso Nangkaan Market are included in the category of low financial literacy level, namely <60%.

Financial attitude shows that on the indicator saving money in children is safer the average answer from respondents is 40%. From 68 respondents female micro entrepreneur in the Bondowoso Nangkaan Market are in the low category, namely <60%. Many respondents are hesitant or do not dare to save in the bank because they are afraid of being charged very high interest. Money indicator for purposes that are not really needed, the average answer from the respondents is 28%. From 68 respondents female micro entrepreneur in the Bondowoso Nangkaan Market are in the low category, namely <60%. Most of the respondents are unsure of what to use their money for, so they immediately use their money for purposes that are not too important. The indicator will insure the items I have, the average answer from the respondents was 37%. It means of 68 respondents of female SME economic actors in the Bondowoso Nangkaan Market belong to the low category, namely <60%. These results are in line with Chen and Volpe (2002) who conducted research with the aim of looking at the picture of personal financial literacy among students, analyzing the relationship between student characteristics and financial literacy, and analyzing the impact of financial knowledge on student opinions and decisions on issues. -financial issues. The results showed that respondents had financial knowledge with a percentage of the ability to answer questions correctly by 53%. Students from non-business study programs, female, junior, aged under 30 years, and little work

experience are associated with low levels of personal financial literacy, and tend to have wrong financial opinions and decisions. Herdjiono and Angela (2016) also mapped out how the role of financial attitude determines financial behavior.

Finally, the financial performance shows that the indicators financial performance in able to get increased profit on my business, the average answer from respondents is 50%. From 68 female micro entrepreneur in the Bondowoso Nangkaan Market are in the low category, namely <60%. On average, respondents were able to increase their profit in their business and the profit itself to meet their daily needs, including paying for electricity and paying rent. Indicator financial performance with inflation has a negative impact on business, the average answer from respondents is 50%. From 68 respondents female micro entrepreneur in the Nangkaan Market Bondowoso belong to the low category, namely <60% - 79%. The overall results on the financial performance variable on average respondents answered 50%. Of course, the phenomenon captured by this study shows that these women micro-entrepreneurs are not well literate. Such conditions are certainly homework for both the government and the academic world who must determine appropriate policies and programs to improve their financial literacy. This was stated by Cahyono (2012) who succeeded in discovering the important role of financial literacy for micro-enterprises in Indonesia. The results of this study are also supported by Della (2017) and Adib (2016) who identify what factors determine the level of financial literacy of women micro business actors. Can be concluded that, The purpose of this business financial performance assessment is to determine the level of liquidity, namely the company's ability to obtain its financial obligations that must be fulfilled immediately or the company's ability to meet its finances when billed and to determine the level of profitability or profitability, which shows the ability of the business to generate profits during a certain period. . Therefore, financial performance is related to the level of financial literacy, if the financial performance of the business is good, the level of financial literacy of female SME economic actors is also good.

V. Conclusion

The results of the study show that the average financial knowledge of respondents answering 33% is included in the category of low financial literacy level, namely <60% due to lack of financial knowledge in terms of managing expenses, income and savings. The average financial skill of respondents who answered 33% was included in the category of low financial literacy level, namely <60% because respondents were a little more aware of making financial decisions. Financial behavior on average respondents answered 33% included in the category of low financial literacy level, namely <60% due to lack of information in terms of credit, preparing financial budgets and controlling things in shopping. The average financial attitude of respondents answered 33% included in the category of low financial literacy level, namely < 60% because respondents can be said to be a little wise in dealing with finances. The average financial performance of respondents answered 50% was included in the category of low financial literacy level, namely <60% because respondents were more aware in terms of managing and utilizing resources. That is, the higher the financial knowledge, financial skills, financial behavior, financial attitude, and financial performance possessed by female SME actors in the Nangkaan market, Bondowoso District, Bondowoso Regency, the higher quality financial literacy in running their businesses. With good financial literacy, female SME actors in the market of Bondowoso District, Bondowoso Regency are increasingly aware that financial literacy must be applied in every business activity. The average financial performance of

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