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## FINANCE | RESEARCH ARTICLE

## The Effect of Financial Self-Efficacy and Financial Knowledge on Financial Management Behavior

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**Abstract:** This study aims to determine financial knowledge and financial self-efficacy on the financial management behavior. All respondents who were sampled in this study were young entrepreneurs who started a business from the beginning as many as 85 respondents, taking samples using a non-probability sampling method with purposive sampling technique. The data is processed use Warp-Pls 7.0 based on multiple regression. Financial self-efficacy and financial knowledge has a positive and significant contribution to financial management Behavior for young entrepreneurs. The results of this study have managerial implications that the government's attention is essential in providing facilities and infrastructure, favorable regulations for SMEs by creating an excellent entrepreneurial climate and facilitating the adoption of information technology so that SMEs can be technology literate. In addition, the relevant government, in this case for SME entrepreneurs' existence helps the government to succeed in development, especially in the economic field, and reduce unemployment. Based on our study states financial self-efficacy and financial knowledge has positive and significant effect on financial management behavior for young entrepreneurs. Both, play a vital role in helping to build confidence in financial planning and management knowledge, understanding, and being able to overcome all business risks to achieve the expected success.

**Keywords:** Financial Behavior, Financial Self- Efficacy, Financial Management Behavior**JEL Classification Code:** G10, D53, Mo

### 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSME) believe that the opportunities for MSME in the future are growing. It is proven by the rise of business actors among the younger generation of Millennials. It takes confidence in success and sound financial management skills to achieve business success. The ability to manage a business can be reflected in the economic behavior of Young Entrepreneurs. Financial behavior is related to psychological factors and responsible financial management of a person. Shefrin & Statman (2011) defines behavior finance as a study that studies how psychological phenomena affect financial behavior. Nofsinger (2001) defines behavioral finance as studying how humans behave in a financial setting (a financial setting), particularly investigating how psychological factors influence financial decision-making. The concept describes clearly that psychological factors play an essential role in determining a person's economic behavior. Financial management behavior consists of four according to Dew & Xiao (2011) state is consumption, cash-flow management, saving, and investment.

In addition to financial behavior, which is an aspect that young entrepreneurs must own is financial self-efficacy, namely a person's belief or confidence regarding his financial ability to achieve goals (Farrell et al., 2016). Economic self-efficacy influences financial decision making so that financial satisfaction can be felt (Sina et al., 2018; Bodla et al., 2007). Further, Farrell et al (2016) stated that the concept of financial efficacy is based on the idea of self-efficacy, it just focuses on one's belief to succeed in managing and managing personal finances because a person's belief in success will affect his attitude. The government, in this case, provides support to MSME actors to take advantage of the advantages of the digital world in marketing their products so that they can develop properly. In 2017, there have been around 8 million SMEs that have implemented digital technology. Go-Digital users have reached 14% of the total SMEs in Indonesia, so 59.2 million



MSMEs. This number is 14% of the total 59.2 million MSMEs in Indonesia. It is hoped that the government's goal of making Digital Energy of Asia in 2020 can be achieved by increasing technology users in the SME sector (Hayashi, 2002; Nurhilalia et al., 2019). During the current COVID-19 pandemic, all business sectors, both large and small, are facing several problems, including SME sector, one of which is a decline in sales figures. During this pandemic, there are various problems such as declining sales, capital, hampered distribution, difficulty in raw materials, decreased production, and layoffs of workers (Amankwah-Amoah et al., 2020; Björklund et al., 2020; Obradović et al., 2021). In addition, the nominal capital for starting a business, especially micro-enterprises, is considered not too large so that anyone can become an SME actor quickly. That way, it will attract the growth of the number of SMEs in Indonesia. On the other hand, few SME business actors cannot survive the blows of increasingly competitive competition due to behavioral factors in managing finances and confidence in carrying out their business financial management. Besides that, the entrepreneurial ability factor is also an essential factor that impacts the financial performance of their business. Therefore, Asmara et al (2019); Firman et al (2020); Putra et al (2018); Ramlawati (2011) suggests that SMEs in Indonesia play an essential role in the Indonesian economy. However, its contribution to the national economy (i.e., GDP and value of exports) is relatively minimal compared to the number of units and the number of workers involved and lower than that of large companies. This shows that the productivity of SMEs is relatively low (Arfah & Putra, 2020; Olilingo & Putra, 2020)

After studying various studies that discuss the financial performance of SMEs, quite a variety of topics have been studied related to financial management behavior. However, there are still very few that discuss psychological issues as determinants of economic decision-making. This motivates the author to conduct research related to financial aspects about financial management behavior and self-confidence in financial management in business and the need to install an entrepreneurial mindset for SMEs; this research uses information technology as moderation. While in several previous studies, information technology functions more as a dependent variable (free), so this motivation is the research gap that will be investigated further. The growth of SMEs in Makassar City is experiencing a relatively rapid pace. This is indicated by the large number of SMEs with various types of businesses such as fashion, culinary, health, necessities, and other types of companies that crowded almost all corners of Makassar City. Referring to data from the Makassar City Cooperatives and MSMEs Office, the number of SME actors in 2019 was 13,277, consisting of 4,647 Household Businesses, 3,319 Micro Enterprises, and 5,311 Medium Enterprises. Thus, the development of SMEs in Makassar City as one of the Big Cities that has led to becoming a Business and Industrial City in Eastern Indonesia is encouraging as one of the driving wheels of the economy, especially in South Sulawesi Province. This provides great potential for economic growth, especially in Makassar City, and makes it more attractive to cultivate an entrepreneurial climate for the future.

The phenomena that occurred during the COVID-19 pandemic can be an extraordinary event that cannot be predicted. The government took preventive steps by imposing Large-Scale Social Restrictions (PSBB), but it also had a severe impact and killed various business activities of SMEs. Meanwhile, the community's daily needs cannot be postponed, so one way that can be done is to carry out business activities from home even though it is not optimal as if the situation is normal. The SME players who have been hardest hit amid this pandemic survive by making technological sophistication through online sales applications or messages between Grab or Gojek without leaving the house (Lestari, Leon, et al., 2020; Lestari, Muhdaliha, et al., 2020). The type of payment can also be varied cash and non-cash. In general, based on observations during pre-study, SMEs in Makassar City show that the use of technology in SME business activities has not been able to be used as a means of innovation to increase sales through social media (Facebook, Instagram, web) or online business marketplace facilities. So that SMEs are only fixated on conventional sales. This is the author's interest in finding out the extent of the use of information technology to bridge financial behavior, financial self-efficacy, and entrepreneurial mindset to increase SMEs' income or business performance, especially during a pandemic situation. This is in line with recent study by Wahid & Iswari (2007) and Merdika et al (2019), who found that, in general, the adoption of information technology (IT) by SMEs is still low. Many factors hinder the adoption of IT, such as

the lack of need for IT to support business processes and the lack of financial support. As a result, SMEs that use IT is still operational or opportunistic and have not yet reached the strategic level. Another phenomenon seen during the pre-research is that SMEs in Makassar City are generally still dominated by businesses from generation to generation, thus shaping the behavior or character of business actors who are very difficult to accept change. In addition, the business experience they have is quite helpful in managing their business finances. Still, SME actors only believe in starting a business without being accompanied by business management knowledge. This contradicts Kooskora (2021) opinion that the entrepreneurial mindset plays a role in digital technology.

Financial knowledge is significant for someone, especially those related to financial decision-making. Financial knowledge cannot make someone wise and considerate in behavior in managing their finances. Robb & Woodyard (2011) their research results show that objective and subjective financial knowledge influences financial behavior, including financial satisfaction, income, education, age, race, and ethnicity. Al Kholilah & Iramani (2013), in their research, use indicators in measuring financial knowledge. namely having knowledge of interest and credit, knowledge of dividends, financial budgeting, insurance, investing in mutual funds, understanding how to invest in deposits, understanding how to invest in property, and knowledge of credit report details. Young entrepreneurs who are still in the learning stage face many challenges; the mistakes that often occur are too confident to succeed without properly preparing business strategies and managing their business finances. Not separating personal finances from business assets, and the most urgent thing is not to prepare funds for possible business risk. The purpose of this study was to determine the effect of financial self-efficacy and financial knowledge on young entrepreneurs who pioneered MSMEs in Makassar City.

## 2. Literature Review

Resource Based View (RBV) theory discusses the company's internal resources and capabilities and their relationship to strategic decision-making. In addition, RBV explains how company resources affect externally competitive outcomes and processes. In addition to the RBV are the company's competitive factors and internal resources in determining competitive results. RBV is a theory rooted in the economy; RBV is content-oriented and strategy formulation (Lorenzo et al., 2018) (Antonioli et al., 2013; Brouthers & Brouthers, 1997). RBV theory views the firm as a collection of resources and capabilities. The RBV assumes that the companies competence based on resources and capabilities. Therefore, differences in the company's resources and capabilities with competing companies will provide a competitive advantage (Gangi et al., 2018; Gannon et al., 2015). Company resources can be divided into three types, namely, tangible, intangible, and human resources (Todericiu and Stăniț 2015).

According to RBV, strategy is carried out by allocating resources to market needs when the capabilities of competing companies are not sufficient so that it will provide effective results for the company. Company resources and capabilities are essential in business-level strategy. And valuable resources that can influence a company's efforts are central to corporate-level strategy (Buffington & Montgomery, 1997). At the business level, researchers have examined the relationship between resources and the sustainability of competitive advantage (Dierickx & Cool, 1989; Barney, 1991). The focus of RBV is on what makes a resource superior and why competitors cannot quickly obtain, create or imitate a better resource. The answer is that the characteristics of resources and capabilities are referred to as 'strategic assets' (Amit & Schoemaker, 1993). Strategic assets such as socially complex, silent, and habitual corporate cultures have become a concern.

The RBV dynamics pay attention to the relationship of these things (Helfat & Peteraf, 2003). One side of the RBV with a synergistic relationship in the RAP model focuses on organizational resources, referred to as leaders who have expertise and abilities (Nyamrunda & Freeman, 2021). This study views the company's top management as an essential resource in achieving a sustainable competitive advantage over its competitors (Helfat & Peteraf, 2003). The managerial abilities of top managers, including the ability to lead the company, will differ over time (Helfat & Peteraf, 2003). Top managers with high skills can generate significant financial benefits for both the company and themselves. The problem is simple, namely, the strategy at the business level must be consistent with

the corporate level strategy so that the company continues to grow (Montgomery & Hariharan, 1991). Therefore, corporate ties are an essential aspect of corporate strategy.

There is another role for top management, namely to ensure that the business and corporate level strategies are appropriate. Thus, top management will not allow a business unit to exist or make additions that can change the company's direction (Oliveira Neto et al., 2018). In differentiating companies, top management plays a role in designing strategies that can play out uniquely. The RBV on corporate strategy makes this clear (Lieberman and Montgomery 1998). The RBV states that companies compete based on their resources and capabilities (Wernerfelt, 1984). Therefore, companies with significant resources have a competitive advantage in creating more value than their competitors (Helfat & Peteraf, 2003). But this must be realized by using the strategy as a guide in its implementation.

RBV pays attention to organizational dynamics and adaptation to environmental changes. RBV considers variation, selection, retention, and competition as essential processes, the importance of routine, and the role of aspirations in achieving change. The first to pioneer the theory of Resource-Based View (RBV) was Wernerfelt (1984) which was later developed by several researchers, including Barney (1991). A resource is anything that can be considered a company's strength or weakness. These resources are divided (tangible and intangible) into assets in the company's semi-permanent all of recent pioneers of RBV suggests that the RBV theory is a sustainable competitive advantage that comes from the capabilities controlled by companies that are valuable, rare, cannot be perfectly imitated, and cannot be replaced. These resources and capabilities can be viewed as a collection of tangible and intangible assets, including the firm's proprietary management skills, its organizational processes and routines, and the information and knowledge it controls

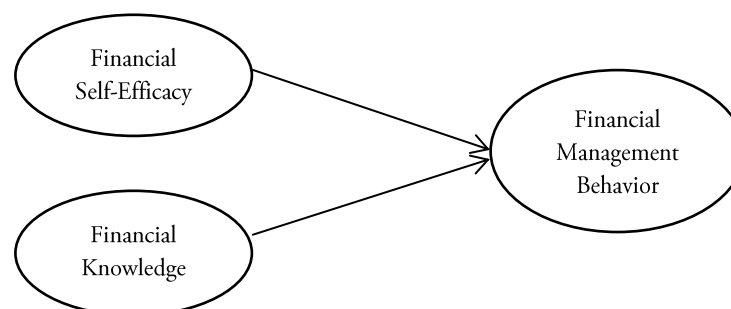
Vázquez et al (2001) and Lorenzo et al (2018) argues that RBV can theoretically inform and expand current research on entrepreneurship. They suggest that through entrepreneurship, the processes of cognition, discovery, understanding of market opportunities, and knowledge are coordinated with inputs into heterogeneous outputs. RBV attaches great importance to the role of heuristic-based logic in enable the entrepreneur to quickly learn and assimilate the implications of a new change for a particular invention. Entrepreneurial opportunities arise when specific individuals have insight into the value of resources that others do not have. The resource-based view (RBV) analyzes and interprets organizational resources to understand how the organization achieves a sustainable competitive advantage. RBV focuses on the concept of firm attributes that are difficult to imitate as sources of superior performance and competitive advantage (Lestari, Leon, et al., 2020; Ahmad Firman & Putra 2020). RBV helps company managers to understand why competencies can be best regarded as essential assets for the company and, at the same time, to appreciate how these assets can be used to improve business performance. (Lu et al., 2020; Zhang et al., 2020).

The resource-based view (RBV) was first proposed by Penrose in 1959, which emphasized that company growth is based on company resources and is limited by organizational resources (Kor & Mahoney, 2004), in line with Wernerfelt (1984), who also emphasizes internal resource management. Lippman & Rumelt (1982) develop by suggesting that sustainable competitive advantage stems from the rich connection between uniqueness and causal ambiguity. Then, Lippman & Rumelt (1982) argues that the company is a collection of resources. Further, Barney (1991) argues that the strategic theory of the company is based on the idea of the company as a collection of resources. The resource-based view focuses on analyzing the various resources owned by the company, stating that differences in company performance can be related to differences in resources and capabilities. Resources can be defined as intangible and tangible factors that the company can control (Amit & Schoemaker, 1993).

The development of the theory of reasoned action (TRA) is the theory of planned behavior (Ajzen & Fishbein, 2012) which is a theory that reveals three factors that can influence a person's behavior change, namely attitudes, subjective norms, and perceived behavioral control (Fishbein & Ajzen, 1976) who continue to explain an attentional interest in psychology (Farouk et al., 2018; Razak et al., 2016). Both models consider the deliberate process carried out and its implications for individual behavior. The theory of reasoned action (TRA) comes from Fishbein's research on personal attitudes or attitudes caused by behavior. Ajzen & Fishbein (2012); Fishbein & Ajzen, (1976) and analysis of disorders to predict individual behavior towards attitudes.

Social Cognitive Theory (SCT) is a learning theory that explains behavioral patterns, developed by Albert Bandura in the 1960s. At first, this theory was born as a critique of from idea but forgot the phenomenon factor as developed by behavioristic experts. The behavioristic paradigm understands that the learning process can predict human behavior but ignores that humans can have emotions, think and regulate their behavior, and learn from social observations. Bandura suggests a relationship between self-efficacy and changes in one's behavior, known as human agency, which forms the concept of self-efficacy. A person's behavior determines how to behave about what to do. The belief in self-efficacy includes skills, self-confidence and can also choose the way a person behaves. For example, they were determining what to do (Bandura, 1971; Lim et al., 2020).

Practically financial behavior examines how humans behave in economic decision-making (Shahzad et al., 2016; Świecka et al., 2021), particularly concerning how psychological factors affect financial decisions. Concerning the importance of financial behavior, it becomes a necessity for individuals (Marilena & Alice, 2012; Świecka et al., 2021) and companies and financial markets (Chakroun et al., 2014; Gupta & Krishnamurti, 2016) (Greenwald & Stiglitz, 1990). Economic behavior in finance, capital markets, and companies can also be interpreted as a theoretical approach based on psychology that seeks to understand how emotions and cognitive storage affect investor behavior (Fong, 2013; Pertiwi et al., 2019). The results of the study (Strömbäck et al., 2017) explain that self-control is one of the fundamental reasons for creating good financial behavior conditions; self-control referred to by Strömbäck et al (2017) is by saving a little of one's monthly income. Financial management behavior is a person's ability to plan, budget, manage, control, seek and store personal and business monetary funds. According to Dew and Xiao (2011), a person's financial management behavior consists of consumption, cash flow management, saving and investment, and credit management. Financial Self efficacy Self-efficacy is the extent to which one's self-confidence is accompanied by reasonable and necessary actions in a clear and directed direction (Tokar Asaad, 2015; Ngek, 2015; Asandimitra et al., 2019) with the belief that the self can take the expected action. Financial self-efficacy is one of the factors in making financial decisions. Self-efficacy is an attitude that exists in oneself and is inherent; of course, someone with other people will have differences. Study results (e.g., Qamar et al, 2016; Arifin & Anastasia, 2017; (Asandimitra & Kautsar, 2019; Wahyudi et al., 2020) show that financial beliefs affect financial management behavior. Financial knowledge is knowledge and understanding for financial management to manage finances for financial decision making (Powell & Ansic, 1997; De Bondt & Thaler, 1995; Asandimitra & Kautsar, 2019). Financial knowledge is divided into four areas: general knowledge of personal finance, savings and loans, insurance, and investment. Knowledge and understanding of all about money, the function and role of money itself, where the money comes from, how to get it, and the ability to manage it (Šályová et al., 2015). The study results from (e.g., Qamar et al, 2016; Arifin & Anastasia, 2017; (Asandimitra & Kautsar, 2019; Wahyudi et al., 2020) show that there is a positive influence on Financial Knowledge that contributes positively to Financial Management Behavior by Jiang et al (2019) shows that financial knowledge does not contribute to economic behavior. Al Kholilah & Iramani (2013) find no direct influence of financial management behavior with financial knowledge and income. Based on the recenty study, the following hypothesis displayed in Fig.1



**Figure 1: Conceptual Framework**

- H1: Financial self-efficacy has positive and significant effect on financial behavior management for young Entrepreneurs
- H2: Financial Knowledge has positive and significant effect on financial behavior management for young entrepreneurs.

### 3. Research Method and Materials

#### 3.1. Sample Criteria

The population of this research is Fashion SMEs in Makassar City; data collection is done by conducting a survey using a questionnaire directly (interview) and online (Google Form), which is distributed through social media (e.g., WhatsApp and Facebook). All respondents who were sampled in this study were young entrepreneurs who started a business from the beginning as many as 85 respondents, taking samples using a non-probability sampling method with purposive sampling technique. Testing the data is processed using Warp-PLs 7.0 with the measurement scale used is the Likert scale to measure attitudes, opinions, and individual perceptions of the phenomenon about the variables studied.

#### 3.2. Measurement

The results of the distribution of from the respondents' answers in the form of a Likert scale will be processed using Microsoft Excel to conclude in the form of a Likert scale coding (1 = disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = agree). Using Warp-PLS and the steps in its two-step approach, (1) perform a confirmatory factor analysis and (2) test the overall structural model. Several advantages cause Warp-PLS to be used in a study, namely: It can estimate p-values for path coefficients automatically. Most other PLS software only gives the T value, so the user has to compare it with the table T value or look up the p-value again. Can provide several model fit indicators that can be useful for comparing the best model between different models. The resulting fit indicators include the R-squared average (ARS), Average Path Coefficient (APC), and average variance inflation factor (AVIF). Can provide the indirect effect and total effect output along with p-value, standard error, and effect size. The following is the evaluation of the model in Warp-PLS in two steps: outer-model (convergent and discriminant validity), while reliability with composite reliability with criterion value > 0.70. R Square (R<sup>2</sup>) for endogenous latent variables: The results of R<sup>2</sup> are 0.67 (excellent), 0.33 (moderate) and 0.19 (weak) (Chin, 1998; Hair et al., 2014). F-Square (F<sup>2</sup>), which is the F<sup>2</sup> value of 0.02 (weak). 0.15 (medium), and 0.35 (large). (Chin, 1998; Hair et al., 2014). Estimated Path Coefficient, i.e., the estimated value for the path relationship in the structural model must be significant. The bootstrapping procedure obtained significant value (Chin, 1998; Hair et al., 2014). Evaluation of the Inner model (Predictive Relevance) can be done by looking at the value of Q<sup>2</sup> (predictive relevance). To calculate Q<sup>2</sup> can be used with the formula:  $Q^2 = 1 - (1 - R_1^2) (1 - R_2^2) \dots (1 - R_n^2)$ . The hypothesis testing use confidence interval with sig. level < 0.50.

### 4. Results and Discussion

#### 4.1. Description Research Variables

Based on the results of the data obtained that the male sex dominates as many as 55 people (65%) and women 30 people (35%), the respondent's age is classified as productive age, which ranges from 20 - 30 years as many as 62 respondents (73%) and 31-40 years (27%). The variable validity test or Convergent validity is carried out to determine the loading value of each indicator with the provisions of the loading value >0.70. Seen as follows Table. The cross-loading value shows that the latent variable has excellent discriminatory validity.

**Table 1: Loading Factor**

Item	Loading Factor	Standard Error	P-Value	Description
FSE1	(0.837)	0.084	<0.001	Valid
FSE2	(0.891)	0.083	<0.001	
FSE3	(0.822)	0.084	<0.001	
FSE 4	(0.820)	0.084	<0.001	
FK1	(0.893)	0.083	<0.001	Valid
FK2	(0.895)	0.083	<0.001	
FK3	(0.811)	0.085	<0.001	
FK4	(0.868)	0.083	<0.001	
FB1	(0.885)	0.083	<0.001	Valid
FB2	(0.903)	0.082	<0.001	
FB3	(0.881)	0.083	<0.001	
FB4	(0.871)	-0.176	(0.635)	

**Table 2: Average Variant Extracted (AVE)**

Variable	AVE	Cut Off	Description
Financial Self-Efficacy (FSE)	0,710	>0,5	Valid
Financial Knowledge (FK)	0,753	>0,5	Valid
Financial Behavior Management	0,783	>0,5	Valid

The discriminant validity value can also be known by looking at the average variant extracted (AVE) value for each indicator, and a required value is  $> 0.5$  for a good model. For example, the AVE value of Financial Self-Efficacy is 0.710, and Financial Knowledge is 0.753, and Financial Behavior Management is 0.783, which is greater than 0.5, So that each variable has good validity. The variable reliability test was carried out based on the Composite Reliability and Cronbach's Alpha values. The cut-off limit used is more significant than 0.7 so that the research data can be declared reliable. More details can be seen in the following table 3.

**Table 3: Composite Reliability dan Cronbach's Alpha**

Variables	Composite Reliability	Cronbach Alpha	Cut Off	Description
Financial Self-Efficacy (FSE)	0.907	0.864	$> 0,7$	Reliable
Financial Knowledge (FK)	0.924	0.890	$> 0,7$	Reliable
Financial Management Behavior (FMB)	0.935	0.908	$> 0,7$	Reliable

The value of composite reliability and Cronbach's alpha of each variable is categorized as reliable because the weight is more significant than 0.70. So, it is concluded that all indicators of each variable have good reliability or meet the requirements to be used in measuring all variables in this study. The coefficient of determination R-square ( $R^2$ ) was carried out to determine the ability of the Endogenous variable to explain all the required information on the Exogenous variable. More clearly as follows table 4.

**Table 4: R-square ( $R^2$ )**

Variable	R square	P-Value
Financial Management Behavior (FMB)	0,69	0,001

The value of R-square ( $R^2$ ) Financial Behavior Management 0.69 reflects that Financial Self-Efficacy and Financial Knowledge can provide all the information needed for Financial Behavior Management by 0.69 (69%) while 0.31 (31%) not investigated in this study.

**Table 5: Hypothesis Testing Results**

Hypothesis	Path coefficients	Value	P-Values < 0,05	Info
H1	Financial Self-Efficacy $\rightarrow$ Financial Management Behavior	0.38	0,001	Support
H2	Financial Knowledge $\rightarrow$ Financial Management Behavior	0.53	0,001	Support

The results of the hypothesis testing (See. Table 5) show that financial self-efficacy has a positive and significant effect on financial behavior management, as evidenced by the part coefficients value of 0.38 (38%) and the p-value of 0.001. In comparison, financial knowledge has a positive and significant effect on financial behavior management, evidenced by the value of part coefficients of 0.53 (53%) and the importance of p-values of 0.001.

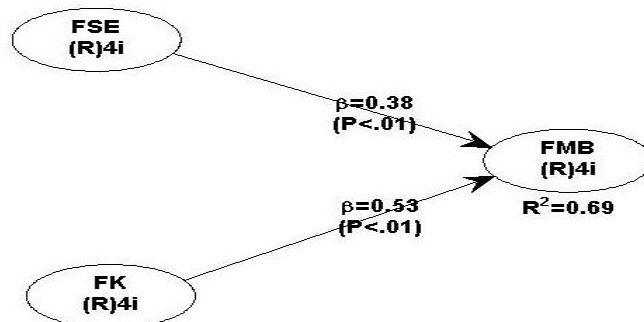


Figure 2. Warp-PLS Bootstrapping Result

## 4.2. Discussion

The results of hypothesis testing, show that financial self-efficacy has a positive and significant effect on Financial behavior management in young entrepreneurs working in MSMEs in Makassar City, as evidenced by the part coefficients value of 0.379 (37.9%) and the p-value of 0.001. It means that the better the financial self-efficacy that entrepreneurs have when starting a business from the start, the better the financial management behavior of their business. Therefore, confidence in financial management ability, business risk, and belief in success plays a Very Important role in understanding business financial management; a very productive age between 20 - 40 years has the potential to develop its business in a better direction. The results of this study are in line with research (i.e., Qamar et al., 2016; Arifin et al., 2017), showing that financial beliefs affect financial management behavior. The results of hypothesis testing indicate that financial self-efficacy has a positive and significant effect on the economic behavior of young entrepreneurs working in SME in Makassar City. It is proven by the value of part coefficients Financial Knowledge that entrepreneurs have when starting a business from the start will make a positive contribution to the behavior of their business financial management. Young entrepreneurs must have a good general knowledge base, save for urgent needs, know the importance of ensuring a business from possible business risks, and invest part of the business profits, which influence the management of young entrepreneurs' financial behavior doing business. The study results (Qamar et al., 2016; Arifin et al., 2018; Rizkiawati and Asandimitra, 2018) show that there is a positive influence on Financial Knowledge that contributes positively to Financial Management Behavior. However, contradiction with the study results (Kholilah and Iramani, 2013) shows that financial knowledge does not contribute to economic behavior.

## 5. Conclusion

The results of this study have managerial implications that the government's attention is essential in providing facilities and infrastructure, favorable regulations for SMEs by creating an excellent entrepreneurial climate and facilitating the adoption of information technology so that SMEs can be technology literate. In addition, the relevant government, in this case, the Office of SME and Cooperation-office of Makassar City, conducts data collection on SMEs to know the data and conditions for confident SMEs in Makassar City. SME entrepreneurs' existence helps the government succeed in development, especially in the economic field, and reduce unemployment; SME entrepreneurs are pillars of an independent economy that should receive attention from the government. Including support in terms of licensing regulations, ease of obtaining working capital,



providing education in the form of independent entrepreneurial skills training. Based on our study states Financial Self-Efficacy and Financial Knowledge make a positive and significant contribution to Financial Management Behavior for young entrepreneurs. Both, play a vital role in helping to build confidence in financial planning and management knowledge, understanding, and being able to overcome all business risks to achieve the expected success.

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