

# The Effect Of Financial Literacy On Financial Management Of Smes In Building An Ectourism-Based Coffee Village In Mekarbuana Village, Tegalwaru District, Karawang District

Ery Rosmawati\*

*Universitas Buana Perjuangan Karawang, Indonesia*

Wike Pertiwi

*Universitas Buana Perjuangan Karawang, Indonesia*

Dini Yani

*Universitas Buana Perjuangan Karawang, Indonesia*

Zenita Apriani

*Universitas Buana Perjuangan Karawang, Indonesia*

## ABSTRACT

One of the villages in South Karawang, which is located at the foot of Mount Sanggabuana, has a very high natural tourism potential, with a distance between the village and the city center of around 45.30 km. The demographic location which is quite far from the City Center coupled with post-pandemic conditions means that people's income is still below average and has even decreased. Financial management is one of the main problems in MSMEs because many ignore the importance of financial literacy. This is in line with the results of the National Financial Literacy and Inclusion Survey (SNLIK) conducted by the Financial Services Authority (OJK) in 2019 which shows that both in terms of understanding and use of financial products/services, people in rural areas are still quite behind compared to the rest of the population. who live in the city area. This research was conducted to determine the effect of financial literacy on financial management. The method used in this research is quantitative research. Based on the results of research with the help of SPSS version 26, it is known that the R square is 0.373. Which means bthat the variable financial literacy affects financial management 37.3% and the remaining 62.7 is influenced by other factors. The results of the calculation of the t test show that t count is greater than t table ( $4.084 > 2.048$ ) so it can be concluded that there is a significant influence between financial literacy and financial management in MSMEs in Mekarbuana Village.

**Keywords:** MSME, Financial Literacy, Financial Management

\*Corresponding author: [eryrosmawati@ubpkarawang.ac.id](mailto:eryrosmawati@ubpkarawang.ac.id)

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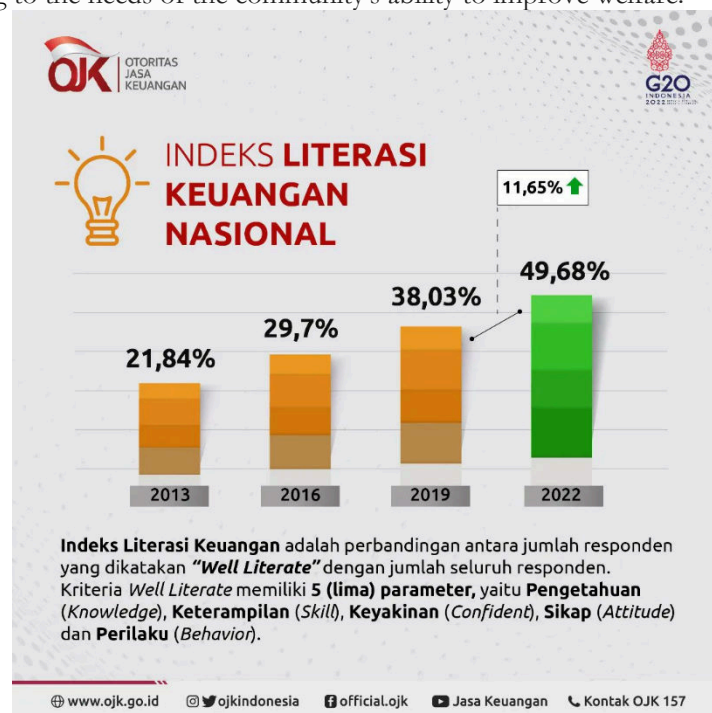
## INTRODUCTION

MSMEs are a support for the economy in a country. MSMEs are expected to improve the overall business economy with various business opportunities from the economic crisis. The challenge most often encountered by business actors is financial management. One thing that is always associated with fund control is accounting. For some business actors, accounting is difficult to apply because they do not have expertise in this matter. So that many business actors consider financial management to be unimportant (Khadijah, 2021). Based on data from the Ministry of Cooperatives and Small and Medium Enterprises (KemenkopUKM) for March 2021, the number of MSMEs reached 64.2 million with a contribution to the Gross Domestic Product of 61.07 percent or IDR 8,573.89 trillion. MSMEs are able to absorb 97 percent of the total existing workforce, and can collect up to 60.42 percent of the total investment in Indonesia.

Various efforts and programs initiated by the government need to be strengthened and supported by various parties, including the private sector, so that they can provide optimal benefits for MSMEs. Various strategic steps continue to be taken for economic recovery through collaboration with various authorities. According to the 2020 survey by the Central Bureau of Statistics, around 69.02 percent of MSMEs experienced capital difficulties during the Covid-19 pandemic. Meanwhile, according to the Complaint Report to the Ministry of Cooperatives and SMEs as of October 2020, as many as 39.22 percent of MSMEs experienced difficulty with capital during the Covid-19 pandemic. The data shows that capital assistance for MSMEs is important.

A survey conducted by the Ministry of Cooperatives proves that the competitive ability of SMEs in Indonesia is quite good, however National Financial Literacy and Inclusion Survey (SNLIK) 2022 which has been officially released by the OJK shows that the financial literacy and inclusion index in Indonesia has increased to 49.68% and 85.10% respectively. This figure has increased when compared to the 2019 SNLIK results, with a financial literacy index of 38.03% and a financial inclusion index of 76.19%. The increase in the national index shows that OJK continues to make various efforts to increase financial literacy and inclusion that have an impact on society. (<https://sikapiuangmu.ojk.go.id/FrontEnd/CMS/Article/40780>).

The financial literacy index is knowledge, skills and beliefs that influence attitudes to improve the quality of decision making, as well as financial management in achieving prosperity. Meanwhile, the financial inclusion index is the availability of access to various financial institutions, products, and services according to the needs of the community's ability to improve welfare.



Picture 1. Financial Literacy Index

Source :<https://twitter.com/ojkindonesia/status/1586953518849478658>

Similar results were also expressed by Bank Indonesia (2012), that SMEs in Indonesia have low knowledge regarding business management capabilities, especially in financial aspects. Now that the ASEAN Economic Community (AEC) has been declared ongoing, it is important for Indonesian SMEs to improve their capabilities and strategies related to financial management. In the current era of the global economy, it is not only strategic capabilities related to competition that must be developed. Capacity in financial management, selection of funding sources and selection of places to allocate funds for investment also need to be improved. According to research conducted by Fatoki (2014) in (Dwi Latifiana, 2017), financial literacy has a positive effect on the ability to make financial decisions and the welfare of the company's household and the sustainability of the company. Fatoki's statement indicates that financial literacy is something that is really needed by every business organization, especially SMEs in Indonesia to increase their ability to compete in global competition.

One of the villages in South Karawang, which is located at the foot of Mount Sangabuana, turns out to have a lot of natural potential which is a very high tourism potential and is famous for

its natural beauty which is still cool and beautiful. The advantage of this tourist location is that the main object is the natural tourism of Mount Sanggabuana with an altitude of 1,074 meters above sea level. Other tourism potentials are Cigeuntis Waterfall, Bandung Waterfall, Tourist Village, Cinta Bridge and Empang Sari. Mekarbuana Village is an area located at the southern tip of Tegalwaru District, Karawang Regency which is at an altitude of 200 meters above sea level with an area of around 106,982 Ha. Village Mekarbuana which is a research area has an area percentage of 24% or an area of 21.22 Ha which is the Village with the largest area in the District Tegalwaru. Mekarbuana Village consists of 4 Hamlets, 4 RWs and 12 RTs and has a distance between the Village and the City Center of around 45.30 Km.

Apart from being a tourist area, one of its natural potentials is coffee plantations, where the coffee from Mekar Buana Village has very good quality, even the Robusta type coffee produced ranks second at the level of West Java Province. Tegalwaru District is divided into 9 Villages where the Income Village of the people of Mekarbuana Village 56% earn below 2,000,000, 27% earn 3,000,000 and 17% earn above 4,500,000. Mekarbuana residents with income still rely on their agricultural potential, namely by working as farmers and there are still not many people who rely on tourism potential for their income. In order to support Village independence,

With a demographic location that is quite far from the Regency City Center coupled with post-pandemic conditions, people's incomes are still below average and have even decreased. In this case the role of MSMEs is very important in supporting economic activity. To increase people's income and restore economic activity is the empowerment of MSMEs, armed with knowledge of entrepreneurship, business management and financial literacy so they are able to manage finances. Financial management is one of the main problems in MSMEs because many MSME actors run their businesses without good financial management. Many MSME owners ignore the importance of financial literacy in managing their business finances.

This is in line with the results of the National Financial Literacy and Inclusion Survey (SNLIK) conducted by the Financial Services Authority (OJK) in 2019. When viewed based on regional strata, for urban areas the level of financial literacy and inclusion reached 41.41% and 83.60%. Meanwhile, the level of financial literacy and inclusion in rural communities is 34.53% and 68.49%. This shows that both in terms of understanding and using financial products/services, people in rural areas are still quite behind compared to people living in urban areas.

Financial literacy is the knowledge and skills of people related to finance in order to be able to manage and make the most of finances. With financial literacy, it is hoped that the community will have qualified financial education so that they are able to take a stand and make wise financial decisions. This has been proven by research which states that the higher a person's financial knowledge tends to be wiser in managing his finances (Andrew & Linawati, 2014). An understanding of financial literacy really helps MSMEs in using financial service products such as making deposits at banks, loans or credit, making investments, as well as related financial management from managing sources of business funds, making budget planning, to making good financial reports.

## **LITERATURE REVIEWS**

### **Financial Literacy**

The definition of financial literacy according to the Financial Services Authority Regulation (POJK) Number 76/POJK/07/2016 is knowledge, skills, and beliefs, which affect attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity. Vidovicova (2012) in Wicaksono (2015: 86) states that financial literacy is an understanding of financial products and concepts with the help of information and advice, as the ability to identify and understand financial risks in order to make the right financial decisions. Likewise Mandell (2007) in (Wicaksono, 2015) defines financial literacy as the ability to evaluate new and complex financial instruments, and to be able to make judgments on financial instruments.

The Association of Chartered Certified Accountants (2014) formulated that the concept of financial literacy includes knowledge of financial concepts, ability to understand communication about financial concepts, skills in managing personal/company finances and the ability to make financial decisions in certain situations. Lusardi (2014) states that financial literacy consists of a number of financial abilities and knowledge possessed by someone to be able to manage or use a certain amount of money to improve their standard of living. Financial literacy is closely related to behavior, habits and the influence of external factors.

According to sources from the Developing Indonesian Literacy Index (2013: 4) the dimensions of financial literacy are divided into two parts, namely basic financial literacy and advanced financial literacy.

- 1) Basic financial literacy consist of
  - a. Knowledge of formal financial products such as requirements for opening a savings account (identity for opening a bank account, minimum amount of funds when opening a bank account, and minimum balance in a bank account, savings account guaranteed by the government).
  - b. Numeracy regarding finance (financial calculations) such as simple interest, compounded interest, loan interest calculations.
  - c. Basic concepts regarding inflation, discounts, time value of money, money illusion
- 2) Advanced financial literacy consists of the stock market, average interest and bond prices, returns on stocks and bonds, stock and bond risk, the meaning of buying bonds, penalties before selling bonds, investments that provide the highest returns, investments that produce the highest fluctuations in returns, and asset diversification.

Meanwhile, according to the Financial Services Authority (OJK), Indonesia's financial literacy level is divided into four parts, namely:

- 1) Well literate, namely having knowledge and beliefs about financial service institutions and financial service products, including features, benefits and risks, rights and obligations related to financial products and services, and having skills in using financial products and services.
- 2) Sufficient literate, has knowledge and confidence about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services.
- 3) Less literate, only have knowledge of financial service institutions, financial products and services.
- 4) Not literate, do not have knowledge and confidence in financial service institutions and financial products and services, and do not have skills in using financial products and services.

According to Lusardi in Nababan and Sadila (2012) there are five indicators or aspects of financial literacy, namely (1) basic knowledge of personal finance (2) knowledge of financial management (3) knowledge of credit and debt (4) knowledge of savings and investment and ( 5) knowledge of risks.

Planning for a better future financially is one of the benefits one can experience in understanding financial literacy. The Financial Services Authority (OJK) has also released several benefits that you can feel when you learn about financial literacy.

- 1) As a provision and investment  
Financial literacy is a science about wise money management. As knowledge, of course this becomes provision as well investment for the future. By understanding financial literacy well, you can apply this knowledge in your daily life, so that your ability to manage money increases and is wiser over time.
- 2) Support financial growth  
Understanding financial literacy is a support for financial growth. By having sufficient and good financial literacy, you can carefully choose the right product or investment instrument for future financial planning. Choosing a product or investment instrument carefully can be aligned with your abilities and needs.
- 3) Develop the right financial strategy  
By understanding financial literacy, it is possible to develop the right financial strategy. In fulfilling daily needs and lifestyle, money is the main medium of exchange that needs to be owned. Therefore, financial literacy can help avoid extravagant lifestyles with the right strategy. By avoiding extravagant lifestyles, it will be easier to manage finances based on needs to maintain the stability of current financial literacy skills.
- 4) Responsible for finances  
Besides being able to develop the right financial strategy, you can also be more responsible for using money if you understand financial literacy correctly. Responsibility for the use of money is of course related to wise money management. Because knowing the basics of financial literacy means you can analyze important factors in using money for your daily needs.

## Financial Management

James C. Van Horne in Kasmir (2010: 5) defines financial management or financial management as all activities related to the acquisition, financing and management of assets with several overall objectives. According to Sutrisno, 2003 in (Ritransih, 2017: 43) Financial management is management related to allocating investment funds and efforts to collect funds for financing efficiently. According to Nasution et al., (2017) defines that "financial management is managing wealth to generate profits and utilizing capital sources to finance businesses". Meanwhile, according to Irawati in Mulyawan (2015: 30) says that the process of regulating activities or financial activities in an organization which includes planning, analysis, Kasmir (2010: 16) in (Rubianingrum and Wijayaangka, 2018) writes that in general the functions of financial management are:

- 1) Forecast and plan finances. In this case the function of financial management is to predict conditions that will occur in the future and which are likely to have an impact, both directly and indirectly, on the achievement of company goals. After forecasting, plans can be drawn up, especially those related to company finances, namely customer needs and financial management.
- 2) Capital, investment, and growth decisions. Financial management also functions to collect the funds needed, both short and long term.
- 3) Exercising control. This control is very much needed in the company because financial irregularities may occur in the company's activities. From here there is a function of financial management, namely as control in the company's finances so that the company can still achieve its goals.
- 4) Relations with the capital market. Financial management is used as a liaison between the company and the capital market so that the company can obtain alternative sources of funds or capital.

### **Micro, Small and Medium Enterprises (MSMEs)**

Micro, Small and Medium Enterprises (MSMEs) are productive businesses owned by individuals or business entities that have met the criteria for micro-enterprises, as stipulated in legislation no. 20 of 2008. According to BPS (2013), small businesses are businesses that have a workforce of five to 19 people. Meanwhile, medium-sized businesses are businesses that have a workforce of 20 to 99 people.

According to Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as stipulated in this Law. Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part either directly or indirectly of medium-sized businesses or large businesses that meet the business criteria. Small as referred to in this Law. Meanwhile Medium Enterprises are productive economic enterprises that stand alone, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with small or large businesses with total net worth or annual sales proceeds as stipulated in the Act.

Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises or abbreviated as MSMEs explains the criteria for these MSMEs based on the number of assets and turnover they have.

- 1) Micro Enterprises have a maximum net worth of Rp. 50,000,000 (fifty million Rupiah) excluding land and buildings for business premises or having annual sales of a maximum of Rp. 300,000,000 (Three hundred million Rupiah).
- 2) Small businesses have a net worth of more than Rp. 50,000,000 (Fifty Million Rupiah) up to a maximum of Rp. 500,000,000 (Five Hundred Million Rupiah) excluding land and buildings for business premises or having annual sales of more than Rp. 300,000,000 (Three hundred million Rupiah) up to a maximum of Rp. 2,500,000,000 (Two Billion Five Hundred Million Rupiah).
- 3) Medium Enterprises have a net worth of more than Rp. 500,000,000 (Five Hundred Million Rupiah) up to a maximum of Rp. 10,000,000,000 (Ten Billion Rupiah) excluding land and buildings for business premises or having annual sales of more than Rp. 2,500,000,000 (Two Billion Five Hundred Million Rupiah) up to a maximum of Rp. 50,000,000,000 (Fifty Billion Rupiah).

Characteristics of SMEs

- 1) The types of commodities/goods in his business are not fixed, or can change at any time
- 2) Place of doing business can change at any time

- 3) His business has not yet implemented administration, even personal finance and business finance are still unified
- 4) Usually MSMEs do not have access to banking, but some already have access to non-bank financial institutions. In general, they do not have a business license or legality, including NPWP

## METHODS

This study used a quantitative approach with a survey method conducted on 30 MSMEs in Mekarbuana Village. In determining the sample, Sugiyono (2019: 143) suggests that an appropriate sample size in research is between 30 and 500. The Sampling technique used is Non Probability Sampling. According to Sugiyono, Non Probability Sampling is a sampling technique that does not provide equal opportunities or opportunities for each element or member of the population to be selected as a sample. The measurement scale used in the questionnaire is a Likert scale with five answer choices, ranging from 1: strongly disagree, to 5: strongly agree. Data collection techniques in this study used observation, interviews, questionnaires and literature studies. This research was conducted to determine the effect of financial literacy on the financial management of MSMEs in Mekarbuana Village. The stages in this study are: (1) Test the validity of the data using the Validity Test & Reliability Test, (2) Normality Test using the Kolmogorov-Smirnov test (3) Simple Linear Regression Test (4) Hypothesis Test using the t-test technique and (5) Determination Test, where the data is analyzed using the SPSS Version 26 application.

### Characteristics of Respondents

Researchers created and distributed questionnaires to 30 MSMEs in Mekarbuana Village, with the characteristics of the respondents consisting of gender, age and level of education.

**Table 1. Grouping of Respondents Based on Gender**

Gender	Frequency	Percentage (%)
Man	13	43
Woman	17	57
Total	30	100

Source: Processed questionnaire data (2022).

Based on the table above regarding the sex of MSME actors, it shows that women are the most respondents, namely 17 people or 57%.

**Table 2. Grouping of Respondents by Age**

No	Age	Frequency	Percentage (%)
1	<30 Years	2	7
2	31-40 Years	8	27
3	41-50 years	14	47
4	>50 Years	6	20
	Total	30	100

Source: Processed questionnaire data (2022).

Based on the table above regarding the age of MSME actors, it is known that the majority of respondents from MSME actors are aged 41 to 50 years, namely as many as 14 people or 47%.

**Table 3. Grouping of Respondents Based on Education Level**

No	Education Level	Frequency	Percentage (%)
1	No school	7	23
2	Primary school	13	44
3	Junior high school	6	20
4	Senior High School	4	13
5	Academy / University	0	0
	Total	30	100

Source: Processed questionnaire data (2022).

Based on the table above regarding the sex of MSME actors, it shows that the educational level of MSME actors is the number of respondents with elementary school education level, namely 13 people or 44%.

## Hypothesis

Septiani & Wuryani Research (2020) shows that the higher the level of financial literacy, the higher the development of MSME performance in the Sidoarjo region. Thus, the level of financial literacy is very important for the development of a business, because a good business needs to be supported by good financial management as well. These results are in line with research conducted by Rubianinrum and Wijayaangka (2018) that financial literacy has a positive effect on MSME financial management and financial literacy has an effect of 32.4% on financial management. Likewise research conducted by Sriani (2022), the results obtained by financial literacy and entrepreneur demographics have a significant positive effect simultaneously on financial management with an influence contribution of (87.0%) and the influence of other variables of 13.0% basic knowledge of personal finance, knowledge of financial management, knowledge of credit and debt, knowledge of savings and investments and knowledge of risks to financial management with the following hypotheses:

Ha: There is an influence between financial literacy on financial management

Ho: There is no influence between financial literacy on financial management

## RESEARCH RESULTS AND DISCUSSION

### Validity test

Based on the results of data processing using the SPSS program, the results of the validity test are shown in the following table:

**Table 4. Financial Literacy Validity Test Results (X)**

X variable	r count	r table ( $\alpha=5\%$ )	Information
Statement 1	0.626	0.361	Valid
Statement 2	0.556	0.361	Valid
Statement 3	0.827	0.361	Valid
Statement 4	0.870	0.361	Valid
Statement 5	0.681	0.361	Valid
Statement 6	0.828	0.361	Valid
Statement 7	0.754	0.361	Valid
Statement 8	0.894	0.361	Valid
Statement 9	0.823	0.361	Valid
Statement 10	0.480	0.361	Valid

Source: Data processed by SPSS version 26.2022

Based on the results of the validity test on the Financial Literacy variable (X) it shows that r count for 10 statements is greater than r table at a significance level of 5% which is equal to 0.361 meaning that the entire research instrument variable X has a valid value so it can be used for research.

**Table 5. Financial Management Validity Test Results (Y)**

Y variable	r count	r table ( $\alpha=5\%$ )	Information
Statement 1	0.496	0.361	Valid
Statement 2	0.613	0.361	Valid
Statement 3	0.703	0.361	Valid
Statement 4	0.613	0.361	Valid
Statement 5	0.510	0.361	Valid
Statement 6	0.591	0.361	Valid
Statement 7	0.615	0.361	Valid

Source: Data processed by SPSS version 26.2022

Based on the results of the validity test on the financial management variable (Y), it shows that the r count for the 7 statements is greater than the r table at the 5% significance level, which is 0.361. So it can be concluded that all of the statement items are valid.

### Reliability Test

The results of the reliability test of the financial literacy variable (X) and the financial management variable (Y) in this study can be seen in the following table:

**Table 6. Reliability Test Results**

Variable	Total tatement Items	Cronbach's Alpha value	Critical Value	Information
Financial Literacy	10	0.904	0.60	Reliable
Financial Management	7	0.643	0.60	Reliable

Source: Data processed by SPSS version 26.2022

The results of the reliability test for each variable showed that the Cronbach's Alpha value was greater than the critical value, namely 0.904 and 0.643, which was greater than 0.60. This means that all statements in the questionnaire are declared reliable and meet the requirements to be used for research as an instrument variable.

### Normality test

The normality test in this study uses the Kolmogorov-Smirnov method with a significance of 0.05, then the SPSS processing results are obtained as follows:

**Table 7. Normality Test Results**

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residuals
N		30
Normal Parameters, b	Means	.0000000
	std. Deviation	3.43582923
Most Extreme Differences	absolute	.094
	Positive	.094
	Negative	-.069
Test Statistics		.094
asympt. Sig. (2-tailed)		.200c,d

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Data processed by SPSS version 26.2022

From the results of the normality test above, the significance value of the test on the unstandardized residual variable obtained a significance result (Asymp.Sig. (2-tailed) of 0.200 where the result is greater than the significance level of 0.05 , so it can be concluded that the test the normality test in the study has a normal distribution level and the results of the test can be continued to a simple linear regression analysis.

### Simple Linear Regression Analysis

Simple linear regression analysis is required to calculate the regression coefficients. Based on the results of calculations using SPSS, the regression coefficients are obtained as follows:

**Table 8. Simple Regression Coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	8,754	2,188		4,002	.000
	LITERACY	.327	.080	.611	4,084	.000



a. Dependent Variable: MANAGEMENT  
 Source: Data processed by SPSS version 26.2022

Based on the calculation of the regression coefficient, a constant of 8.754 is obtained while the coefficient b is 0.327, which means that every time there is one increase in the financial literacy variable, there will be an increase of 0.327 plus a constant of 8.754. So from the results of the simple regression analysis table above, the following equation can be obtained:

$$Y = \alpha + \beta_1 X + e$$

$$Y = 8.754 + 0.327X$$

### Significance Analysis (t test)

Based on table 8, it is obtained that t count is 4.084 while t table is 2.048 which is obtained from degrees of freedom = 30-2 = 28. So for the significance test t count is greater than t table (4.084 > 2.048) it can be concluded that there is a significant influence between financial literacy and financial management. From the results of the t test it is stated that the Hypothesis Effect of Financial Literacy on financial management in MSMEs in Mekarbuana Village results in Ho being rejected and Ha being accepted, because the t\_count value is greater than t\_table.

### Determination Analysis (R. T<sup>2</sup>)

**Table 9. Test Results for the Coefficient of Determination**

Summary models				
Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.611a	.373	.351	3,497

a. Predictors: (Constant), LITERACY

Source: Data processed by SPSS version 26.2022

Based on the results of table 9, it is known that the percentage of influence of the independent variables on the value of the dependent variable is the magnitude of the coefficient of determination R square of 0.373. Which means that the financial literacy variable affects financial management 37.3% while the remaining 62.7% are other factors that are not included in this study.

### Discussion

Financial literacy is the level of individual or community understanding, where in this study MSME actors are able to manage their finances well so that it is hoped that there will be growth and sustainability of their business. Good financial literacy can be a driver of the economy where MSME actors are able to manage their finances effectively so that they can make financial decisions to achieve their goals. In addition to basic financial knowledge, good knowledge of credit, savings and investment will protect MSME actors from financial risks. Based on statistical calculations, financial literacy variables have a significant influence on financial management if basic financial knowledge is higher, it will result in MSME financial management getting better. The results of this study support the theory and results of previous research (Aribawa, 2016) in Septiani and which revealed that if business actors in the MSME sector have adequate financial literacy skills, then the business and financial decisions made will lead to good development. improve from time to time, increase the ability of businesses to survive in the midst of a crisis, and in the end will make the business have long-term sustainability

### CONCLUSION

Based on the results of research and data analysis that has been carried out on MSME actors in Mekarbuana Village regarding financial literacy in financial management, the researchers draw the following conclusions:

- 1) Based on the results of research on the Effect of Financial Literacy on Financial Management in MSMEs in Mekar Buana Village, the results of a simple regression analysis with the help of SPSS version 26 show that the R square value is 0.373. This number indicates that the influence of Financial Literacy (X) on Financial Management (Y) is 37.3% while the remaining 62.7% is influenced by other factors not examined.
- 2) The results of hypothesis calculations using the t-test technique with the help of the SPSS

version 26 application show that the significance value of the Financial Literacy variable is  $0.000 < 0.05$  and the value value  $> t_{table} (2.048)$  is equal to 4.084. It can be concluded that there is a significant influence between financial literacy on management finance for MSMEs in Mekarbuana Village.

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