

# The Influence of Flow of Fund, Financial Knowledge, Financial Attitudes and Personality Towards Financial Management Behavior in the Owners MSMEs Kupang City

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**Abstract**— This study aims to determine The Influence of Flow of Fund, Financial Knowledge, Financial Attitudes, and Personality Towards Financial Management Behavior In The Owners Micro Small and Medium Enterprises (MSMEs) Kupang City. This research is included in associative causal research. The subjects of this study were the owners of the woven fabric MSMEs in Kupang City as many as 30 MSMEs. Data collection techniques using a questionnaire. Validity and reliability tests were carried out on 20 people outside the subject who were registered as woven fabric MSMEs in Kupang City. Analysis prerequisite tests include linearity test, multicollinearity test, and heteroscedasticity test. Data analysis techniques with multiple linear regression. The results showed that (1) there was a positive Influence Of Financial Knowledge On Financial Management Behavior of The Owners Woven Fabric MSMEs Kupang City (2) there was a positive Influence Of Financial Attitudes On Financial Management Behavior of The Owners Woven Fabric MSMEs Kupang City (3) there was a positive Influence Of Personality On Financial Management Behavior of The Owners Woven Fabric MSMEs Kupang City (4) there is a positive Influence of Financial Knowledge, Financial Attitudes, and Personality towards Financial Management Behavior on the The Owners Woven fabric MSMEs Kupang City.

**Keywords**—Financial Knowledge, Flow of Fund, Financial Attitudes, Personality, and Financial Management Behavior

## 1. Introduction

Micro Small and Medium Enterprises (MSMEs) are business units that are managed by individuals and micro business groups. MSMEs contribute to the creation of national investment, the national Gross Domestic Product (GDP), national labor, and the creation of national foreign exchange. The

performance of MSMEs shows an increase so that MSME contributes greatly to the improvement of Indonesia's economic growth. Besides the improved performance of MSMEs, there are also problems faced by MSMEs, namely the behavior of financial management of MSMEs owners.

The problem of financial management behavior is related to the problem of financial knowledge possessed. Flow of fund and Financial knowledge consists of financial skills and the authority of financial tools. Financial skills as a technique for making decisions in financial management behavior, such as preparing a budget, choosing investments, choosing an insurance plan, and using credit are examples of financial skills [1].

The MSMEs never prepare a financial budget in the management of their businesses, most MSMEs have never made any book keeping related to business management [2]. MSMEs should keep books on budget planning, implementation, and control in their finances. But the facts found are the awareness of MSMEs to make bookkeeping for financial management of their businesses is still very low. The reason for the low awareness of MSMEs owners in making budget planning is due to the thinking of MSMEs owners that budget planning is not important and can be easily managed and there is no adverse impact on the sustainability of their businesses even though MSMEs owners do not do budget planning.

Various problems experienced by MSMEs owners reflect the poor financial knowledge and financial attitudes possessed by MSMEs owners which will later influence the behavior of financial management they have. Many attempts were made to reveal what fowners influence the low behavior of financial management. The fowners that influence the behavior of financial management in young people aged 19-30 years include financial attitudes, financial knowledge, and locus of control [3]. Research stating that financial knowledge, financial attitudes, and personalities influence financial management behavior [4].

Kupang City is the capital of the province of NTT where as one of the MSMEs activities is growing very rapidly. Based on data from the Department of Industry and Trade of the City of Kupang, that the number of MSMEs reached 364 business units with a total workforce of 568 people, and total production reached Rp 6,852,400,000 (BPS, 2012). Furthermore, there are centers of ikat industry that act as collectors. The ikat weaving industry center buys fabric products from the MSMEs, and then resells them to distributors. Distributors are marketing to various cities in Indonesia, even exporting to other countries. One of the market share of East Nusa Tenggara ikat woven fabric is Australia. For ikat weaving there are 79 units in Kupang city with details of 27 units of Maulafa sub-district, 27 units of Kota Raja sub-district, 15 units of Alak sub-district and 10 units of Oebobo sub-district. The issue of marketing and financial management makes MSMEs run halting. Lack of financial knowledge is one of the fowners. Based on the above problems, it is necessary to conduct research on "The Influence of Financial Knowledge, Financial Attitudes and Personality on Financial Management Behavior in Kupang City MSMEs".

## 2. Literature Review and Hypothesis Development

### Financial Management Behavior

Financial management behavior is considered as an important concept in the discipline of finance. Many definitions are given in connection with this concept [5], for example, the behavior of financial management as the determination, acquisition, allocation and utilization of financial resources. Whereas the behavior of financial management as a financial decision making, the harmonization of individual motives and corporate goals. Financial management is related to the effectiveness of fund management [6].

There are many opinions and theories that explain the behavior of financial management. Behavioral finance is a relatively new field that seeks stocombine behavioral and cognitive psychological theory with conventional economics and finance to provide explanations for why people make irrational financial decisions [7].

Financial management behavior is related to one's financial responsibility regarding the way financial management is owned [8]. Financial responsibility is the process of managing other funds set funds in ways that are considered productive.

There are several fowners that influence the behavior of financial management including, financial attitudes, financial knowledge, and Locus of Control. There are several fowners that

influence the behavior of financial management including, Locus of Control, Financial Knowledge, and Income. Personality is one of the significant fowners that influence financial behaviour [9]. The personality aspect often influences financial management because it is the cause of bad management.

### Financial Knowledge

Financial knowledge is everything about finance that is experienced or that occurs in everyday life. Financial knowledge can also be defined as someone's mastery of various things about the financial world, which consists of financial tools and financial skills [10]. To have financial knowledge it was necessary to develop financial skills and learn to use financial tools. Financial tools are a form of financial behavior in decision making [11]. Financial skills as a technique for making decisions in personal financial management. Setting up a budget, choosing an investment, choosing an insurance plan, and using credit are examples of financial skills. While financial tools (financial tools) are tools or tools used in making personal financial management decisions, such as checks, credit cards, and debit cards.

In general, the lack of a person's financial knowledge is caused by education. Assuming that education can increase financial knowledge which will result in more effective financial decision making. Financial knowledge can be obtained from formal education and informal sources [12]. This formal education such as high school programs or lectures, seminars, and training classes outside of school.

Financial knowledge has been shown to have a significant impact on financial management, and is more consistent when a variety of policies are use. This can be explained by the way a person manages his personal finances and financial management is a major factor that contributes to one's financial satisfaction or financial dissatisfaction. Someone who has financial knowledge is more likely to behave financially in financially responsible ways. Financial knowledge and financial behavior have a positive effect [13]. Based on the description, individuals who have better financial knowledge will have more targeted financial behavior, such as paying bills on time, posting expenses every month, and having a reserve fund for conditions - emergency conditions.

### Financial Attitude

Attitude is an evaluative statement both pleasant and unpleasant towards objects, individuals, and events. Attitude has 3 main components which consist of:

- Cognitive
- Affective (feeling)
- Behavior or action

The understanding of financial attitude is defined as a state of mind, opinion, and evaluation of finance that is applied to attitude [14]. Attitudes can be positioned as the results of evaluations of attitude objects that are expressed into cognitive, affective (emotional) and behavioral processes. Financial attitudes are psychological tendencies expressed when evaluating financial management practices that are recommended with several levels of agreement and disagreement [15]. Financial attitude is defined as the application of financial principles to create and maintain value through decision making and proper resource management [16].

Financial attitudes can be considered psychological tendencies expressed when evaluating financial management practices that are recommended with some degree of agreement or disagreement [17]. Financial attitudes play an important role in determining one's financial behavior. Financial attitudes shape the way people spend time, save, hoard, and waste money [18].

There are two fowners that affect financial behavior in general, namely knowledge and financial attitudes. Financial attitude is defined as the application of financial principles to create and maintain value through decision making [19].

### Personality

Personality is a relatively permanent pattern of character, and a unique character that provides consistency as well as individuality for one's behavior. Personality is an overall psychic quality inherited or obtained that is unique to someone who makes it unique. Besides that personality is a characteristic or characteristic or style or characteristic of a person that comes from the formations received from the environment. Personality is a set of assumptions about the quality of human behavior along with its empirical definition.

Someone in choosing to behave basically relates to their personality, including managing their finances. Someone will feel comfortable in working if the job is in accordance with personality.

Based on the opinion of some experts above it can be concluded that personality is a character possessed by someone who is formed from the environment and is unique. The traits that must be possessed by an entrepreneur or perpetrator business namely as follows:

- Confidence
- Task and results oriented
- Risk taking
- Leadership

- Originality
- Future oriented

### Research Paradigm

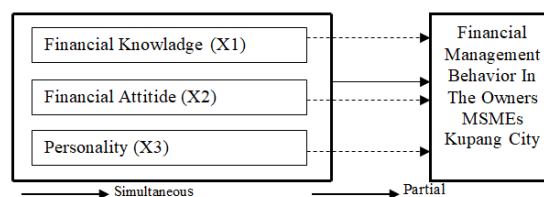


Figure 1. Reseach Paradigm

## 3. Research Methods

### Time and Place of Research

This research do in Kupang City on August 2018 till December 2018. This research do at MSMEs woven cloth Kupang City

### Research Variables

There are some variables in this research :

- Dependent Variable in this research is Financial Management Behavior.
- Independent Variable in this research are Financial Knowledge, Financial Attitude, and Personality.

### Research Sample and Population

The population used in this research are 72 Micro Small and Medium Enterprises (MSMEs) of woven cloth in Kupang City. While the research sample that use are 30 MSMEs.

### Data Collection Techniques

Primary data obtained by field research techniques, in which in this study the authors went to MSMEs that were studied directly to obtain data. Primary data in this study were obtained from research instruments in the form of questionnaires. The questionnaire was filled out by the research respondents, namely the owners of Woven fabric MSMEs in Kupang City.

### Research Instrument

The instrument used in this study is the instrument that has been used previously in relevant research. The scale used is a Likert Scale.

### Data Analysis Techniques

- Classic assumption test
- Multiple linear regression

## 4. Results and Discussions

### 1. Equations Classic Assumption Test

- **Linearity Test**

Linearity testing criteria is if the significance value is greater than 0.05, then the relationship between the independent variable and the dependent variable is linear. The linearity test can be seen in the following table 1:

**Table 1.** Linearity Test Result

Variable	Significance	Information
Financial Knowledge	0,265	Linear
Financial Attitude	0,164	Linear
Personality	0,388	Linear

Source: Primary Data Processed 2018

The linearity test results in table 1 show that all variables have a significance value greater than 0.05 (sig> 0.05), this shows that all research variables are linear.

- **Multicollinearity Test**

To detect the presence or absence of multicollinearity can be seen in the value of tolerance and VIF. If the tolerance value is above 0.1 and the VIF value is below 10 then there is no multicollinearity. The results of the multicollinearity test for the regression model in this study are presented in Table 2 below:

**Table 2.** Multicollinearity Test Result

Variable	Tolerance	VIF	Conclusion
Financial Knowledge	0,936	1,087	No multicollinearity occurs
Financial Attitude	0,878	1,268	No multicollinearity occurs
Personality	0,952	1,072	No multicollinearity occurs

Source: Primary Data Processed 2018

From table 2 it can be seen that all variables have tolerance values above 0.1 and VIF values below 10, so it can be concluded that the regression model in this study did not occur multicollinearity.

- **Heteroscedasticity Test**

Glejser Test is used to determine the presence of heteroscedasticity. If the independent variable is not statistically significant and does not affect the dependent variable, then there is an indication that heteroscedasticity does not occur. Following are the results of the heteroscedasticity test on the regression model presented in table 3:

**Table 3.** Heteroscedasticity Test Result

Variable	Sig.	Conclusion
Financial	0,161	No
Financial	0,735	No
Personality	0,783	No

Source: Primary Data Processed 2018

### 2. Multiple Linear Regression

Multiple linear regression analysis using statistical analysis whose results can be seen in table 4 below:

**Table 4.** Summary of Results of Multiple Regression Analysis

Variable	Regression Coefficient (b)	T <sub>count</sub>	Sig.	Conclusion
Financial Knowledge	0,355	5,345	0,000	Significant
Financial Attitude	0,495	2,426	0,013	Significant
Personality	0,670	3,170	0,002	Significant
A constant = - 10,451				
R <sup>2</sup> = 0,623				
F <sub>count</sub> = 16,884				
F <sub>table</sub> = 2,89				
t <sub>table</sub> = 2,304				
Sig. = 0,000				

Source: Primary Data Processed 2018

Based on the regression results, it is known that the multiple linear regression equation:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3$$

$$Y = - 10,1451 + 0,355 X_1 + 0,495 X_2 + 0,670 X_3 + e$$

- **Coefficient of Determination (R2)**

The magnitude of the coefficient of determination ranges from 0 to 1, the coefficient of determination approaches 1, the greater the influence of the independent variable on the dependent variable. The results of the coefficient of determination (R2) in this study obtained a value of 0.623. This proves that the variables of financial knowledge, financial attitudes and personalities influence the behavior of financial management in Kupang weaving SMEs of 62.3%. While the remaining 38.7% is influenced by other variables not included in this research model.

- **Partial influence (t)**

The results of the partial influence study prove that there is a positive influence of financial knowledge, financial attitudes and personalities on the behavior of financial management in Kupang SME weaving entrepreneurs. This can be seen from the results of t arithmetic greater than t table, and a significance smaller than 0.05. For financial knowledge variables, this means that the

more individuals increase financial knowledge, the better the behavior of financial management. Financial knowledge is obtained from formal and non formal education. The results of this study are consistent with the results of research which state that financial knowledge can be a supporting factor for individuals to manage finances more wisely. Individuals who know the basic principles of finance will have a better retirement plan, have greater wealth, and can better avoid debt for consumptive activities. For the financial attitude variable, this means that the better the financial attitude, the better the financial behavior. There is a significant relationship between financial attitudes and financial management behavior. Thus it can be said that a person will tend to have wiser financial behavior if he has a good financial attitude. For personality variables, this means that a good person will produce good financial behavior. The personality aspect is one of the significant indicators that influences one's success in managing their finances.

#### • **Simultaneous influence (F)**

The results of the study simultaneously the influence of financial knowledge, financial attitudes and personalities have a positive effect on financial behavior of Kupang SME weaving entrepreneurs. This can be seen from the results of F count greater than F table. This means that every individual who has good financial knowledge, financial attitudes and personalities results in good financial behavior.

## 5. Conclusion

Based on the result and discussion so that can be concluded :

- Financial knowledge, financial attitudes and personalities have a positive effect on the behavior of financial management in Kupang SMEs weaving in a partially woven city.
- Financial knowledge, financial attitudes and personalities have a positive effect on the behavior of financial management in Kupang SMEs weaving simultaneously in Kupang.

## 6. Limitation and Study Forward

This study aims to determine the influence of flow of fund, financial knowledge, financial attitudes, and personality towards financial management behavior in the owners micro small and medium enterprises (MSMEs) Kupang City with simultaneous and partial influence.

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