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Analysis Factors Influencing Financial Management Behavior

Setiyo Purwanto[1], Fathihani Fathihani[2], Yanthy Herawaty Purnama[3]
[1]Dian Nusantara University, Jakarta, Indonesia, email: setiyo.purwanto@undira.ac.id
[2]Dian Nusantara University, Jakarta, Indonesia, email: fathihani@undira.ac.id
[3]Dian Nusantara University, Jakarta, Indonesia, email: yanthy.herawaty.purnama@undira.ac.id

*Corresponding Author: Setiyo Purwanto[1]

Abstract: Financial management is a person's behavior in managing finances as managing planning, budgeting, checking, managing, controlling, searching, and saving finance funds that arise because of someone's habits and a sense of responsibility for finances. The low level of understanding of financial management for millennials tends to be consumptive, giving rise to various irresponsible financial behaviors. The purpose of this research is to find out that final knowledge, final attitude, and self-efficacy can affect financial management behavior. The result of this research expects to contribute to the millennial generation being wiser in managing finances and prioritizing needs over wants. The population used is the Millennial General in the Jakarta region. The sample used was 100 respondents spread across the Jakarta area. Data collection operated using a questionnaire method in which respondents answered questions arranged in the form of choices and scaled using a Likert scale (1-5). The system used in this study is a quantitative analysis using SEM analysis tools and SmartPLS 3.3 tools.

Keywords: Financial Knowledge, Financial Attitude, Self-Efficacy, Financial Management Behavior

INTRODUCTION

The current era of the industrial revolution 4.0 requires people to have intelligence in terms of finance (Dewanti & Asandimitra, 2021). The intelligence in question is responsible and managing one's finances so that there is a balance between income and expenditure (Adiputra & Patricia, 2020). In its development, there are still many people who do not realize the importance of having financial management in their personal lives, especially for the millennial generation group born in the range of 1982-2002 (Murti Wijayanti, 2022). One of the characteristics of the millennial generation is those who understand the digital world very well (N. M. E. Putri & Andarini, 2022). This behavior can be seen from a high lifestyle such as how to dress that follows trends, and frequent online shopping (Prihastuty & Rahayuningsih, 2018). This condition is one of the causes of the millennial generation cannot be wise in financial behavior (Marpaung et al., 2021).

The problem of financial management is known as financial management behavior. Financial management behavior refers to the level of financial ability of a person's personal daily management starting from planning, budgeting, checking, managing, storing, searching, and controlling (Saurabh & Nandan, 2018). While (Rohmah et al., 2021) describes financial management behavior as a financial decision-making, and regarding how to manage finances. The Indonesia Millennial Report, states that 51% of millennial money is spent on consumptive needs, 10.7% for savings and 2% for investment (Afriani & Kartika, 2021). From these data it can be said that the millennial generation does not yet have good financial planning.

Low understanding of financial management will have an impact on financial decisions to be taken, such as financial losses, spending and consumption problems tend to be wasteful, unwise use of credit cards, and improper investment (Hamid et al., 2022). Effective management of financial resources is needed by the millennial generation to be able to make the right and wise financial decisions (N. M. E. Putri & Andarini, 2022). Therefore, basic understanding and knowledge about finance, especially for millennials, is needed to direct them to more responsible financial behavior and how to be able to apply this knowledge (Ningtyas, 2019). Failure in financial management will trigger the emergence of financial difficulties which will subsequently have an impact on failure to achieve prosperity (Rahma & Susanti, 2022).

This study aims to provide financial education that can be done by providing understanding to the younger generation about finance and its management properly and wisely. Nowadays millennials tend to buy things as they wish. The urgency of this study is to provide an understanding to millennials that understanding financial management behavior requires skills and tools for individuals to be able to provide financial decisions with confidence to be able to manage finances efficiently. This research is also supported by the Theory of Planned Behavior or commonly referred to as the theory of planned behavior in 1985 by Icek Ajzen (Serly Novianti, 2019). This theory is intended to explain all behaviors that belong to a person's ability to exercise self-control, that a person behaves based on their conscious intention to consider all information about their knowledge, attitudes, and self-control regarding decision making in financial management behavior (Adiputra & Patricia, 2020).

LITERATURE REVIEW

Human Resource Management

Theory of Planned Behavior

Theory of Planned Behavior This theory is intended to explain all behaviors that belong to a person's ability to exercise self-control, that a person behaves based on their conscious intention to consider all information about their knowledge, attitudes, and self-control regarding decision making in financial management behavior (Alfanada et al., 2021). In behavior, each individual has beliefs about the consequences of attitude/behavior. This theory shows that background such as gender, age, experience, knowledge, will affect a person's belief in something which will ultimately affect a person's behavior (Adiputra & Patricia, 2020).

Financial Management Behavior

Financial management behavior is a person's ability to manage in terms of planning, budgeting, checking, managing, controlling, disbursing and storing daily financial funds (Rohmah et al., 2021). Financial management behavior relates to a person's financial responsibility related to how to manage finances (Hamid et al., 2022). Good financial behavior can be seen from healthy financial management and control planning activities. Indicators in financial management behavior according to (Rindivenessia & Fikri, 2021):

1. Consumption

2. Cash-flow Management
3. Saving and Investment
4. Credit Management

Financial Knowledge

Financial Knowledge is a person's mastery over various things about the financial world (Pramedi & Haryono, 2021). Financial knowledge It is important to know the financial knowledge used for daily needs and long-term needs. According to (Fessler et al., 2020) Financial Knowledge is a measurement of a person's understanding of financial concepts and having the ability and confidence to manage personal finances through short-term and long-term decision making It can be concluded that financial knowledge Demonstrate the level of financial understanding and knowledge possessed by an individual which is an important element needed by every individual in carrying out his life activities. According to (Pramedi & Haryono, 2021) Indicators in Financial Knowledge:

1. General Personal Finance Knowledge
2. Saving and Borrowing
3. Insurance
4. Investment

Financial Attitude

According to (Coskun & Dalziel, 2020) financial attitude is an attitude towards finances seen from the way of behaving and making decisions about finances. According to (N. M. E. Putri & Andarini, 2022) financial attitude refers to how a person can feel about personal financial matters as measured by responses to a statement or opinion. According to (Adiputra & Patricia, 2020) financial attitude is the application of financial principles to creating and maintaining value through decision-making and best management of resources. It can be concluded that the understanding of financial attitude can help an individual in determining attitudes in terms of managing, budgeting, and making financial decisions. Indicators in financial attitude according to (Komaria, 2020):

1. Obsession
2. Effort
3. Inadequacy
4. Retention
5. Security

Self-Efficacy

Self-Efficacy is a person's trust or confidence in his ability to achieve his financial goals and is influenced by several factors including financial, personality and social skills (Tanuwijaya & Garvin, 2019). According to (Alfanada et al., 2021) self-efficacy is a positive belief in the ability to successfully manage finances. According to (Rindivenessia & Fikri, 2021) Self-efficacy is defined as personal confidence in his ability to bring an impact that affects his life. It can be concluded that self-efficacy determines how a person feels, how to think, motivate himself and behave that can affect financial decision making. Indicators in self-efficacy according to (Rindivenessia & Fikri, 2021):

1. Ability to plan financial expenses.
2. Ability to achieve financial goals.
3. Decision-making ability when faced with unexpected events.
4. Ability to face financial challenges.
5. Confidence in the ability to manage finances.
6. Confidence in future financial conditions.

Hypothesis Development

1. The Effect of Financial Knowledge on Financial Management Behavior

Individuals who have a high awareness of finance are individuals who have knowledge of personal finance, and this affects financial behavior (Riitsalu & Murakas, 2019). Individuals with good financial knowledge will exhibit more responsible financial management behavior (Lianto & Elizabeth, 2017). Individuals with higher financial knowledge are able to make good decisions so that indirectly these individuals will be skilled in dealing with economic shocks, and able to increase economic security and well-being (Amagir et al., 2020). Research conducted by (Shinta & Lestari, 2019) states that financial knowledge positive effect on financial management behavior. Based on the description above, the hypothesis of this study is:

H1: Financial Knowledge positive effect on Financial Management Behavior

2. The Effect of Financial Attitude on Financial Management Behavior

The influence of financial attitudes on financial management behavior is based on theory of planed behavior which states that a person does some behavior because he has the intention or purpose in doing it motivated by several factors including personal factors, one of which is attitude (Handayani & Handayani, 2022). Every individual has financial attitude which is different in financial management because each individual also has different financial conditions (Handayani & Handayani, 2022). Individuals who have a good financial attitude will be able to determine how to make the right decisions both in terms of personal finance, financial budgeting and future investments (Rohmah et al., 2021). Conversely, poor individual financial attitudes lead to undesirable consumerist behavior (Saurabh & Nandan, 2018). Research conducted by (Rohmah et al., 2021) shows that financial attitude has a positive effect on financial management behavior. Based on the description above, the hypothesis of this study is:

H2: Financial Attitude positive effect on Financial Management Behavior

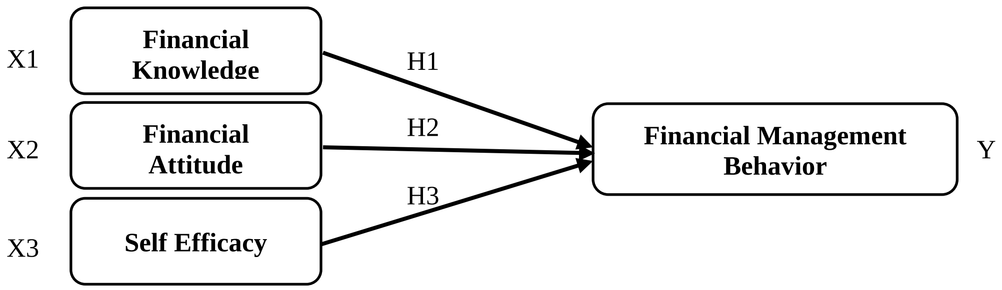
3. The Effect of Self Efficacy on Financial Management Behavior

Self-efficacy is an individual's belief regarding their ability to organize when carrying out an action or action to achieve a desired goal in terms of the ability to manage finances which is influenced by several factors such as financial skills, personality, social, and other factors (Buana & Patrisia, 2021). Basically every individual has the desire to try, continue, and complete tasks when they have a good financial level (Khoirotun & Asandimitra, 2022). Research conducted by (Buana & Patrisia, 2021), (M. H. Putri & Pamungkas, 2019) shows that self-efficacy has a positive effect on financial management behavior. Based on the description above, the hypothesis of this study is:

H3: Self Efficacy positive effect on Financial Management Behavior

Conceptual framework

Based on the description previously explained, the following framework is obtained:



RESEARCH

This research was conducted on millennials aged 20-30 years in the Jakarta area. The instrument used is a questionnaire using a Likert scale with a score of 1-5 which is expressed ranging from the most negative, neutral to the most positive, The population of this survey is the millennial generation in the Jakarta area. The sampling technique used in this study was using convenience sampling techniques. Convenience sampling is the collection of information from members of the population who agree to provide the information (Sekaran & Bougie, 2017). So in this study using 100 respondents as a sample.

The model used in this study is a causal or influential relationship model. The analytical technique used to test the hypothesis proposed in this study is SEM or structural equation modeling. The analysis method in this study is quantitative method, and the analysis tool is SEM. The validity and reliability test of the instrument (questionnaire) and the hypothesis test of 5% alpha (0.05) were tested first before being analyzed by path analysis.

This research was conducted using descriptive and quantitative approaches. Descriptive studies aim to explain the characteristics of a particular group. Because this study aims to determine the relationship between these variables and express values in numerical form or focus on data in the form of numerical values that are processed mathematically with statistical formulas. A quantitative approach is a research method based on the philosophy of potivisme and is used to research a particular population or sample. The survey is conducted in the form of numbers, and the analysis uses statistics to measure and obtain survey results through questionnaires.

RESULT AND DISCUSSION

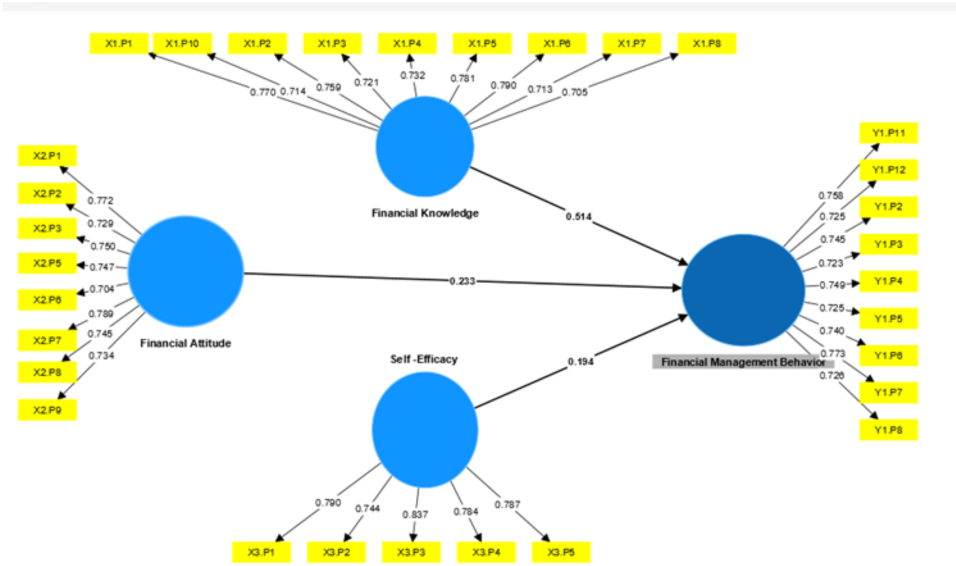
In PLS, testing each relationship is done using simulations with bootstrapping methods against samples. This test aims to minimize the problem of abnormalities in research data. The test results with the Bootstrapping method from PLS analysis are as follows:

Table 1. Result of Hypothesis

	Original sample (O)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Significance Levels
Financial Attitude -> Financial Management Behavior	0.233	0.096	2.421	0.016	Significant Positive
Financial Knowledge -> Financial Management Behavior	0.514	0.116	4.442	0.000	Significant Positive
Self -Efficacy -> Financial Management Behavior	0.194	0.086	2.245	0.025	Significant Positive

The Effect of Financial Knowledge on Financial Management Behavior

Based on the results of the tests that have been carried out, it is known that the t-calculated value of the test results between financial knowledge variables and financial management behavior is 4.442. When compared with the criteria that have been set, the t-count value of the test results is greater than 1.96. Based on these results, it can be concluded that there is an influence between financial knowledge and financial management behavior. Financial Knowledge is knowledge to manage finances in a decision making related to finance including general knowledge of personal finance, savings, loans, investments and insurance (Pramedi & Haryono, 2021).



Individuals who have a high awareness of finance are individuals who have knowledge of personal finance, and this affects financial behavior (Riitsalu & Murakas, 2019). Individuals with good financial knowledge will show more responsible financial management behavior (Lianto & Elizabeth, 2017). Individuals with higher financial knowledge are able to make good decisions so that indirectly these individuals will be skilled in facing economic shocks, and able to increase economic security and welfare of their lives (Amagir et al., 2020). When the millennial generation has good financial knowledge, they will have adequate understanding and knowledge about various things related to the financial world so that they are able to carry out smart financial management. In line with this presentation, the results of this study show that financial knowledge affects financial management behavior. The results of this study are also in line with research conducted by Shinta and Lestari (2019) which states that financial knowledge has a positive effect on financial management behavior.

The Effect of Financial Attitude on Financial Management Behavior

Based on the results of the tests that have been carried out, it is known that the t-calculated value of the test results between financial attitude variables towards financial management behavior is 2.421. When compared with the criteria that have been set, the t-count value of the test results is greater than 1.96. Based on these results, it can be concluded that there is an influence between financial attitude to financial management behavior. The influence of financial attitudes on financial management behavior is based on the theory of planed behavior which states that a person in doing some behavior because he has the intention or purpose in doing so motivated by several factors including personal factors, one of which is attitude (Noh, 2022). Financial attitude is an attitude towards finances seen from how to behave and make decisions about finances (Coskun &; Dalziel, 2020). Financial attitude can be influenced by habit and perspective in seeing financial actions that are considered good or bad by looking at one's own perspective or others' (Ramalho &; Forte, 2019).

Each individual has a different financial attitude in managing their finances because each individual also has a different financial condition. Every individual who has a good financial attitude will be able to determine how to make the right decisions both in terms of personal finance, financial budgeting and future investment (Rohmah et al., 2021). But on the contrary, poor individual financial attitudes towards financial problems cause unwanted consumerism behavior (Saurabh &; Nandan, 2018). In this study, financial attitude affects financial management behavior. Firm attitude to the policy of using money. With a firm attitude towards the use of money, students create a positive attitude towards money management because they can manage the use of money wisely and carefully according to needs. The results of this study are in line with research conducted by Rohmah et al., (2021) which shows that financial attitude has a positive effect on financial management behavior.

The Effect of Financial Self-Efficacy on Financial Management Behavior

Based on the results of the tests that have been carried out, it is known that the t-calculated value of the test results between the variables of financial self-efficacy to financial management behavior is 2.245. When compared with the criteria that have been set, the t-count value of the test results is smaller than 1.96. Based on these results, it can be concluded that there is no influence between financial self-efficacy and financial management behavior. Self-efficacy is an individual's belief regarding their ability to organize when carrying out an action or action to achieve a desired goal in terms of the ability to manage finances which is influenced by several factors such as financial skills, personality, social, and other factors (Buana &; Patrisia, 2021). Basically, every individual has the desire to try, continue, and complete tasks when they have a good financial level (Khoirotun &; Asandimitra, 2022). A higher feeling of self-efficacy will have an impact on greater effort, persistence, and resilience to form positive attitudes towards finances when facing a choice and action taken related to financial aspects (Mindra &; Moya, 2017). Conversely, if the feeling of low self-efficacy will have an impact on consumptive behavior and tend to use money for purposes that are not a necessity (Noh, 2022).

The higher the level of efficacy or the level of confidence of the individual, the better and more responsible the individual is in managing finances, and vice versa (Amagir et al., 2020). In line with this presentation, the results of this study show that the influence between financial self-efficiency affects financial management behavior. This is because the efficiency carried out by the millennial generation, namely separating needs and desires, encourages the emergence of a form of self-control that produces a good form of financial management. The results of this study are in line with research conducted by Buana and Patrisia (2021) and M. H. Putri and Pamungkas (2019) showing that self-efficacy has a positive effect on financial management behavior

CONCLUSION

Based on the results of the research and discussion that have been described, conclusions can be drawn to answer the research questions:

1. Financial Knowledge has a positive and significant effect on Financial Management Behavior in the Millennial generation
2. Financial Attitude has a positive and significant effect on Financial Management Behavior in the Millennial generation
3. Self-Efficacy has a positive and significant effect on Financial Management Behavior in the Millennial generation

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