

The Influence of Financial Literacy, Financial Attitude, Locus of Control, and Government Assistance on the Financial Behavior of Aid-Recipient Small and Medium Enterprises (SMEs) in the City of Langsa

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ABSTRACT

This research aims to determine the influence of financial literacy, financial attitudes, locus of control and government assistance on financial behavior in MSMEs receiving assistance in Langsa City. The sample in this study amounted to 374 people. The data analysis method uses multiple linear regression analysis, t test, F test, and coefficient of determination test. The regression equation in this research is $Y = 4.116 + 0.311X_1 + 0.120X_2 + 0.060X_3 + 0.201X_4$. A constant of 4.116 shows the value of financial behavior in MSMEs if financial literacy, financial attitude, locus of control and government assistance have a fixed value. The regression coefficients of financial literacy, financial attitudes, locus of control and government assistance show a positive influence on the financial behavior of MSMEs. Financial literacy, financial attitudes, locus of control and government assistance partially have a significant effect on the financial behavior of MSMEs receiving assistance in Langsa City, where from the t test the t sig value is obtained. each variable is $0.00 < 0.05$. Financial literacy, financial attitudes, locus of control and government assistance simultaneously have a significant effect on the financial behavior of MSMEs receiving assistance in Langsa City, where from the F test the F sig value is obtained. equal to $0.00 < 0.05$. From the analysis of the coefficient of determination it is known that the variables financial literacy, financial attitude, locus of control and government assistance influence the financial behavior of MSMEs receiving assistance in Langsa City by 52.4%, while the remaining 47.6% is influenced by other variables outside this research model.

Keywords: Financial Literacy, Financial Attitude, Locus of Control, Government Assistance, Financial Behavior

INTRODUCTION

Financial behavior has become a very important thing at this time, with the modern era and increasingly developing and increasing growth at this time humans must have intelligence, one of which is financial intelligence, namely intelligence in managing their personal finances (Sahara et al., 2022). Financial behavior is also very important for MSME players in managing finances for future business development. According to Tambunan (2012) Micro, Small and Medium Enterprises (MSMEs) are stand-alone productive business units, which are carried out by individuals or business entities in all economic sectors. .Micro, Small and Medium Enterprises (MSMEs) have an important role in creating jobs, which can improve people's welfare and equalize income. One of them is by including Micro, Small and Medium Enterprises (MSMEs) as recipients of government programs

such as financial capital and the latest is BPUM (Micro Business Productive Assistance) which is given to MSMEs.

According to the Financial Services Authority (2017), financial literacy is knowledge, skills and beliefs that influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity. Lack of knowledge means that MSME actors have not learned the importance of making budget planning which will have a positive impact on the progress of their business, seen in the low motivation to continue to improve their ability to manage finances or what is often called financial literacy.

Locus of control is a belief in an event that occurs in an individual's life, as a result from within him or due to help from other sources outside himself, such as fate, luck, or the intervention of other people (Hastuti, 2021). If MSME actors who receive government assistance believe that their financial situation in the future is the result of financial management in the present, then MSME actors will be able to control themselves not to behave consumptively by prioritizing the needs for the progress of their business, because most MSME actors cannot control financially well.

Results of interviews conducted with Mrs. Hidayati, S.Ag. As the Head of UKM Supervisor for the Department of Industry, Trade, Cooperatives (Disperindag) and UKM, Langsa City stated that since the existence of productive business assistance for business actors in Langsa City there has been a lot of improvement, compared to before where there was no assistance program, many of the MSME players have closed their doors. their business because they do not have sufficient capital to continue their business. With the help of MSMEs, they can get up and start their business again. Productive assistance for micro businesses (BPUM) provided by the Ministry of Cooperatives and SMEs is in the form of financial capital. This government assistance began when Covid-19 emerged, so the Disperindag office started collecting data and the public registered themselves at the Disperindag office and started running from 2020 until it took place in 2021. Mrs. Hidayati, S.Ag. We hope that with this assistance, business actors can increase their income and income and improve the economy of Langsa City.

This research focuses on MSME actors receiving aid in Langsa City for the 2021 period. Based on preliminary research on 30 MSME actors, the following interview results were obtained, namely on the financial literacy variable, 20 respondents stated that they did not understand budget planning due to their lack of knowledge and understanding. have and 10 other respondents stated that they made budget planning because they thought that making budget planning was important in managing their business finances to achieve prosperity.

In the financial attitude variable, 19 respondents stated that they often made mistakes in decision making because they did not plan a budget so they often experienced problems in their business finances, and 11 other respondents stated that they did not experience difficulties in making financial decisions because they carried out financial budget planning. no need.

In the locus of control variable, 17 respondents stated that their business did not make a profit because of their own mistakes in managing their business or not being able to control their finances well and the other 13 respondents stated that they made a profit from the sale of their business because they had the ability to manage their business well.

In the government assistance variable, 15 respondents stated that government assistance did not really affect their business because it was not in accordance with their business needs and 15 other respondents stated that government assistance really helped them in developing their business.

METHODS

In this research, we utilized a combination of qualitative and quantitative data to gain a comprehensive understanding of the financial behavior of aid-recipient Small and Medium Enterprises (SMEs) in Langsa City. Qualitative data was employed to provide a theoretical framework and offer a general description of the SMEs in question. Quantitative data, on the other

hand, was instrumental in quantifying the number of SMEs receiving aid from Langsa City and in capturing the responses collected through questionnaires distributed to these beneficiaries.

Primary and secondary data sources were tapped into for this research. Primary data was gathered through a range of research methods including observations, interviews, and the administration of questionnaires to SMEs receiving aid from Langsa City. Secondary data, on the other hand, was derived from pertinent books, journals, and theses that related to the subject under investigation.

Our population encompassed a total of 5,862 SMEs that were recipients of aid from Langsa City. To determine our sample size, we employed the Slovin formula as recommended by Noor (2011): $n = N / (1 + (N \times e^2))$

Here, 'n' represents the number of sample elements, 'N' stands for the population size, and 'e' signifies the error level. For this study, we selected an error level of 5%. As a result, our calculations yielded a sample size of 374.

In selecting our sample, we employed a Purposive Sampling technique, guided by the principles laid out by Sugiyono (2018). This approach allowed us to target a specific group of SME actors who were not currently accessing credit or financing from banks, making the sample highly relevant to our research objectives.

RESULT

Classic Assumption Test Results

1. Normality test

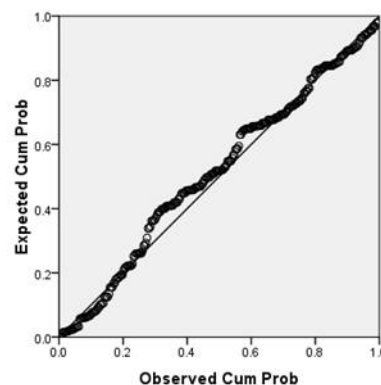


Figure 1. Normal Probability Plot

Source: SPSS processing results (2023)

From the graph above, it can be seen that the normal probability plot graph shows dots depicting the actual data following the diagonal line, this line shows that the regression model meets the normality assumption. After viewing the P-Plot graph, next analysis is carried out on the histogram graph.

The histogram graph of the normality test can be seen in the following image.

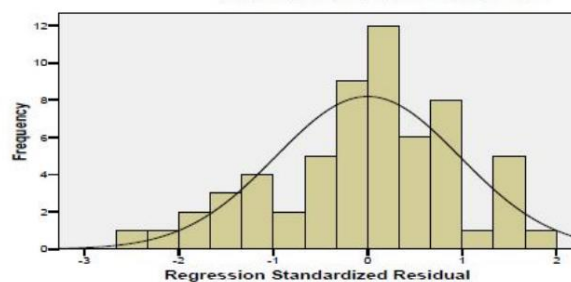


Figure 2. Histogram Graph

Source: SPSS processing results (2023)

The histogram graph above forms a bell and does not lean to the right or left so the histogram graph is declared normal.

2. Multicollinearity Test

Table 1. Tolerance and Variance Inflation Factor (VIF) Values

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Financial Literacy	,718	2,224
	Financial Attitude	,822	1,918
	Locus of Control	819	2,104
	Government Assistance	,736	1,936

Table 2 above, it can be seen that the VIF value < 10 , namely financial literacy (x1) is 2,224, financial attitude (x2) is 1,918, locus of control (x3) is 2,104 and government assistance (x4) is 1,936. It can be concluded that in this study There was no multicollinearity because the VIF value was less than 10 and it can be stated that the study did not experience symptoms of multicollinearity.

3. Heteroscedasticity Test

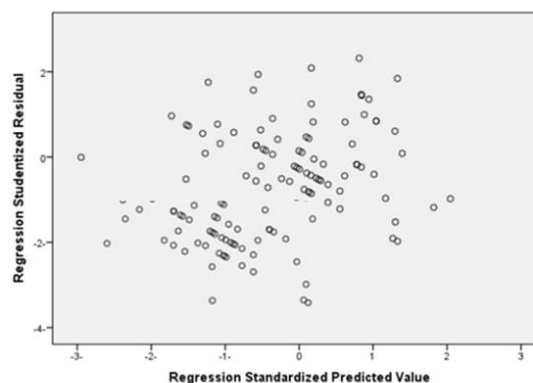


Figure 2. Scatter Plots

Source: SPSS processing results (2023)

Based on the image above, it can be seen that the dots are spread randomly and evenly distributed both on the X and Y axes, and the dots gather in one place and do not form a particular pattern. It can be concluded that the regression model in this study does not experience heteroscedasticity problems, because the independent variables do not influence each other.

Results of Multiple Linear Regression Analysis

The results of the multiple linear regression analysis used in this research can be seen in this table:

Table 3. Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	4,116	,333		4,110	,000
	Financial Literacy	0.31	,240	,213	1,987	0.02
	Financial Attitude	,120	0.127	0.016	2,218	0.02
	Locus of Control	,060	0.135	0.021	1,872	0.03
	Government Assistance	,201	0.109	0.144	1,890	,032

a. Dependent Variable: Financial Behavior

Source: Research Results, processed (2023)

Based on table 3.2, a multiple linear regression equation can be created, namely:

$$Y = 4.116 + 0.311X_1 + 0.120X_2 + 0.060X_3 + 0.201X_4$$

Hypothesis Test Results

A. t test results

Based on table 2 above with a sig α value of 0.05 (5%). From this table it can be explained that:

1. The results of the significance value of the financial literacy variable (X1) are $0.023 > 0.05$, so the hypothesis is accepted. This means that financial literacy (X1) has a significant effect on financial behavior (Y).
2. The results of the significance value of the financial attitude variable (X2) are $0.019 < 0.05$, so the hypothesis is accepted. This means that financial inclusion (X2) has a significant effect on financial behavior (Y).
3. The result of the significance value of the locus of control variable (X3) is $0.026 < 0.05$, so the hypothesis is accepted. This means that income (X3) has a significant effect on financial behavior (Y).
4. The results of the significance value of the government assistance variable (X3) are $0.000 < 0.032$, so the hypothesis is accepted. This means that income (X3) has a significant effect on financial behavior (Y).

B. F Test Results

Table 4. F Test Results

	Model	Sum of Squares	df	Mean Square	F	Sig.
	Regression	,288	4	,339	2,128	,000a
1	Residual	5,120	369	,081		
	Total	7,227	373			

a. Predictors: (Constant), Financial Literacy, Financial Attitude, Locus of Control, Government Assistance

b. Dependent Variable: Financial Behavior

Source: Primary Data, processed (2023)

From table 3 above it can be explained that the significance value is $0.000 < 0.05$, so the hypothesis is accepted. This means that financial literacy (X1), financial attitude (X2), locus of control (X3) and government assistance simultaneously have a significant effect on the financial behavior (Y) of MSMEs who receive assistance in Langsa City.

C. Ui Coefficient of Determination Results (Adjusted R2)

Table 4 Coefficient of Determination Test Results (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,599a	,561	,524	,316

a. Predictors: (Constant), Financial Literacy, Financial Attitude, Locus of Control, Government Assistance

b. Dependent Variable: Financial Behavior

Source: Research Results, processed (2023)

Based on the results in table 4, it can be seen that the Adjusted R Square is 0.524 or 52.4%. This value explains that 52.4% of financial behavior is influenced by financial literacy, financial attitudes, locus of control and government assistance. Meanwhile, the remaining 47.6% was influenced by other variables not examined in this research.

DISCUSSION

Financial literacy has a significant effect on the financial behavior of MSMEs receiving aid in Langsa City, where from the t test the t sig value is obtained. equal to $0.023 < 0.05$. The occurrence of good financial behavior among MSMEs receiving aid in Langsa City is due to a good understanding of financial literacy. A society with a high level of literacy has the potential to provide high productivity values. The higher the financial literacy, the better the financial behavior. The

results of this research are in line with research conducted by Humaira and Sagoro (2018), and Djou (2019) which states that financial literacy has a significant effect on financial behavior.

Financial attitudes have a significant effect on the financial behavior of MSMEs receiving aid in Langsa City, where from the t test the t sig value is obtained. equal to $0.019 < 0.05$. Financial attitude is a state of mind, opinion and judgment regarding financial matters. The financial attitudes of MSMEs who receive aid in Langsa City tend to be good because in general they create concepts regarding the use of finances for MSME activities. The better the financial attitude of MSMEs who receive aid in Langsa City, the better their behavior in managing their finances will be and will make someone tend to be wiser in their financial behavior. The results of this research are in line with research conducted by Humaira and Sagoro (2018), Sahara et al. (2022) and Djou (2019) who state that financial attitudes have a significant effect on financial behavior.

Locus of control has a significant effect on the financial behavior of MSMEs receiving aid in Langsa City, where from the t test the t sig value is obtained. equal to $0.026 < 0.05$. The better the locus of control of MSMEs receiving aid in Langsa City, the better their financial behavior will be. According to MSMEs who receive aid in Langsa City, financial welfare also depends on individual behavior in running MSMEs and confidence in achieving the desired results from the business they run. The results of this research are in line with research conducted by Afriani and Kartika (2021) which states that locus of control has a significant effect on financial behavior.

Government assistance has a significant effect on the financial behavior of MSMEs receiving assistance in Langsa City, where from the t test the t sig value is obtained. equal to $0.032 < 0.05$. The existence of government assistance has apparently made an important contribution to MSMEs who receive aid in Langsa City, such as increasing the need for trade goods for MSMEs. The results of this research are in line with research conducted by Fahrizal (2021) which states that government assistance has a significant effect on financial behavior.

Financial literacy, financial attitudes, locus of control and government assistance simultaneously have a significant effect on the financial behavior of MSMEs receiving assistance in Langsa City, where from the F test the F sig value is obtained. equal to $0.00 < 0.05$. This shows that the financial literacy level of MSME players is good and financial attitudes, especially in financial management, can be implemented effectively. Likewise, regarding the locus of control, according to MSME players, they believe that good financial management will contribute to financial behavior. The government's role also makes a positive contribution to the finances of MSMEs receiving aid in Langsa City. The results of this research are in line with research conducted by Fahrizal (2021) which states that financial literacy, financial attitudes, locus of control and government assistance simultaneously have a significant effect on financial behavior

CONCLUSION

In light of the research findings and the extensive discussions conducted, several key conclusions can be drawn:

Firstly, the results derived from the multiple linear regression analysis clearly demonstrate that financial literacy, financial attitudes, locus of control, and government assistance exert a positive and significant influence on the financial behavior of MSMEs benefiting from aid in Langsa City. This suggests that a combination of factors related to financial knowledge, attitudes, perceived control, and government support plays a pivotal role in shaping the financial decisions and behaviors of these businesses.

Furthermore, the outcomes of the t-test (partial) provide additional confirmation that each of these factors - financial literacy, financial attitudes, locus of control, and government assistance - individually contributes significantly to the financial behavior of MSMEs in the context of Langsa City. This underscores the importance of each of these aspects in understanding and enhancing the financial conduct of these enterprises.

The results of the F-test present a compelling case for the collective impact of these factors. When considered together, financial literacy, financial attitudes, locus of control, and government assistance exhibit a substantial and statistically significant influence on the financial behavior of aid-

recipient MSMEs. This implies that a holistic approach, encompassing these elements, is essential for comprehensively addressing and fostering positive financial behaviors among this group.

Lastly, through an analysis of the coefficient of determination (R^2), it becomes evident that financial literacy, financial attitudes, locus of control, and government assistance account for 52.4% of the observed variation in the financial behavior of MSMEs who receive assistance in Langsa City. The remaining 47.6% of the variation is attributed to other variables not encompassed within the scope of this study, suggesting that further research and considerations may be needed to fully comprehend the multifaceted nature of financial behavior in this context.

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