The Influence of Financial Knowledge, Financial Attitudes, and Personality on Financial Management Behavior in Creative Economy MSMES Entrepreneurs throughout Lombok Island

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Abstract:- **This study aims to analyze the effect of financial knowledge, financial attitude, and personality on financial management behavior in Creative Economy MSME actors throughout Lombok Island. This research is cause associative research with a quantitative approach. Sampling using proportional random sampling technique, namely as many as 92 respondents from a total population of 1111 creative economy actors. Data analysis used the PLS-SEM technique with Smart PLS 4 software. The results indicated that financial knowledge has no significant positive effect on financial management behavior, and financial attitudes and personality have a positive and significant effect on financial management behavior.**

Keywords:- Component ; *Financial Knowledge, Financial Attitude, Personality, Financial Management Behavior.*

I. INTRODUCTION

Micro, small, and medium enterprises commonly referred to as UMKM are stand-alone business units that are managed by individuals or can even be managed by a group of people. The role of MSMEs which is quite large in the Indonesian economy is one of the focuses of the Indonesian government (Nalini, 2021). The type of industry that currently contributes to the economy of a region is called the creative economy.

(Ambarwati et al., 2022) Stating that the creative economy is a concept for realizing sustainable economic development based on creativity. Utilization of resources that are not only renewable, but even unlimited, namely ideas, ideas, talents, or talents and creativity. The economic value of a product or service in the creative era is no longer determined by raw materials or production systems as in the industrial era, but rather by the use of creativity and the creation of innovations through increasingly advanced technological developments so as to be able to compete in the global market. Several types of creative economy exist in West Nusa Tenggara, namely: Media, Arts and Culture, Design and Science and Technology. The Indonesian Ministry of Tourism and Creative Economy (2014) defines

the creative economy as the creation of added value based on ideas born from the creativity of human resources (creative people) and based on knowledge, including cultural and technological heritage. This is in line with (Pangestu, 2008) that the creative economy focuses on sustainable development efforts through creativity.

Financial management behavior is a person's behavior in managing their finances from a psychological perspective and individual habits (Humaira & Sagoro, 2018) . Financial management behavior requires financial planning to achieve goals, both long-term and short-term goals (Silvy & Yulianti, 2013) . Indicators to measure financial management behavior include financial planning, financial budgeting, financial evaluation, and control.

Financial knowledge is knowledge possessed by individuals related to their financial situation, so they can make decisions based on existing financial conditions. (Delavande et al., 2008) . (Kholilah & Iramani, 2013) that financial knowledge is a person's mastery of various matters regarding the financial world. Financial knowledge includes general knowledge about finance, knowledge about income and expenses, savings, loans and investments. Indicators in Financial Knowledge include 4 concepts, knowledge of personal financial management, knowledge of money and asset management, knowledge of credit and debt, and knowledge of savings and investments.

Financial knowledge is very influential on everyone's financial management behavior because financial knowledge has a function to determine the direction or basis for making good financial decisions that not only use money wisely but can be beneficial to the economic sector. This is supported by research (Arifin, 2018) that financial knowledge has a positive effect on financial behavior. Research conducted by (Humaira & Sagoro, 2018) shows that financial knowledge and financial attitudes have a positive effect on financial management behavior in MSME actors and there is a significant value. Research (Utami, 2021) obtained the results of financial knowledge, financial attitudes have a positive effect on financial management behavior in actors. However, research conducted by Ardianti (2021) shows different

results, namely financial knowledge does not affect financial management behavior. Apart from the financial knowledge variable, another variable that influences financial management behavior is financial attitude. Financial are states of mind, opinions and judgments about personal finance attitudes that are applied to attitudes (Humaira & Sagoro, 2018). According to Muhammad & Nadia, (2018), Financial Attitude is a view of money seen from a psychological aspect which is shown by the ability to control oneself over financial expenses, make financial plans, make budgets, and act in making the right financial de cisions. (Zahroh, 2014) states that the Financial Attitude indicator consists of Orientation to personal finance, Money Security and Assessing personal finance.

Financial attitude greatly influences financial management behavior, if an individual has a good financial attitude, then he will have good financial management behavior, and vice versa if someone has a bad financial attitude then he will have bad financial management behavior. Therefore, it is very necessary to pay attention to one's financial attitude. This is supported by research conducted by (Handayani et al., 2022), the results of which show that financial attitudes have a positive and significant effect on financial management behavior. but research conducted by (Linting, 2020) states that financial attitudes do not have a significant effect on financial management behavior.

Another variable that can also affect financial management behavior is the personality variable. Personality is a set of ingrained behaviors, feelings, and thought patterns (Hasni 2020). understanding aspects of personality in managing finances is needed to successfully manage finances because each personality type is different in how to manage their finances (Sina, 2014). Indicators of personality variables are self-confidence, resilience in facing trials, and courage to take risks (Sujanto, 2004). The results of previous research conducted (Humaira & Sagoro, 2018) regarding the influence of personality on financial management behavior shows a positive influence. Research conducted by (Linting, 2020) also shows that personality has a significant effect on student financial management behavior. while research conducted by (Nisa & Haryono, 2022) revealed that personality does not affect financial management behavior.

II. LITERATURE REVIEWS

➤ *Financial Management Behavior*
Financial management behavior is a person's behavior in managing their finances from a psychological perspective and individual habits (Humaira & Sagoro, 2018). Financial management behavior requires financial planning to achieve goals, both long-term and short-term goals (Silvy & Yulianti, 2013). Indicators to measure financial management behavior include financial planning, financial budgeting, financial evaluation, and control.

➤ *Financial Knowledge*
Financial knowledge is knowledge possessed by individuals related to their financial situation, so they can make decisions based on existing financial conditions. (Delavande et al., 2008). (Kholilah & Iramani, 2013) that financial knowledge is a person's mastery of various matters regarding the financial world. Financial knowledge includes general knowledge about finance, knowledge about income and expenses, savings, loans and investments. Indicators in Financial Knowledge include 4 concepts, knowledge of personal financial management, knowledge of money and asset management, knowledge of credit and debt, and knowledge of savings and investments.

➤ *Financial Attitude*
Financial attitudes are states of mind, opinions and judgments about personal finances that are applied to attitudes (Humaira & Sagoro, 2018).

Attitude indicators consist of Orientation to personal finance, Money Security and Assessing personal finances.

➤ *Personality*
Another variable that can also affect financial management behavior is the personality variable. Personality is a set of ingrained behaviors, feelings, and thought patterns (Hasni 2020). understanding aspects of personality in managing finances is needed to successfully manage finances because each personality type is different in how to manage their finances (Sina, 2014). Indicators of personality variables are self-confidence, resilience in facing trials, and courage to take risks (Sujanto, 2004).

III. METHODS

This study uses a quantitative approach. Quantitative research is a type of research that performs numerical data collection and statistical-based analysis to explain phenomena. (Creswell, 2014). This type of research is causal associative, namely research that examines the relationship of one or two other variables (Sugiyono, 2014). The number of samples was obtained using the Slovin formula and the samples were collected using a proportional random sampling technique, namely 92 people from a total population of 1111 Creative Economy MSME actors throughout Lombok Island. Data was collected through a questionnaire with a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Then the research data were analyzed using the Partial Least Square-Structural Equation Model (PLS-SEM) with smart PLS 4.0 software.)

IV. RESULTS AND DISCUSSIONS

➤ *Evaluation of Structural Capital (Iner Model)*
Structural model evaluation or hypothesis testing is carried out through a bootstrapping process (percentile method). The statistical test used in this method is the t-test. The test results seen from the t-values for the two-tailed test is 1.96 (significant level = 5%). The test criterion with the t-test is if the value is *t-statistik* > *t-tabel* or a significance value <0.05, it can be said that the hypothesis is accepted.
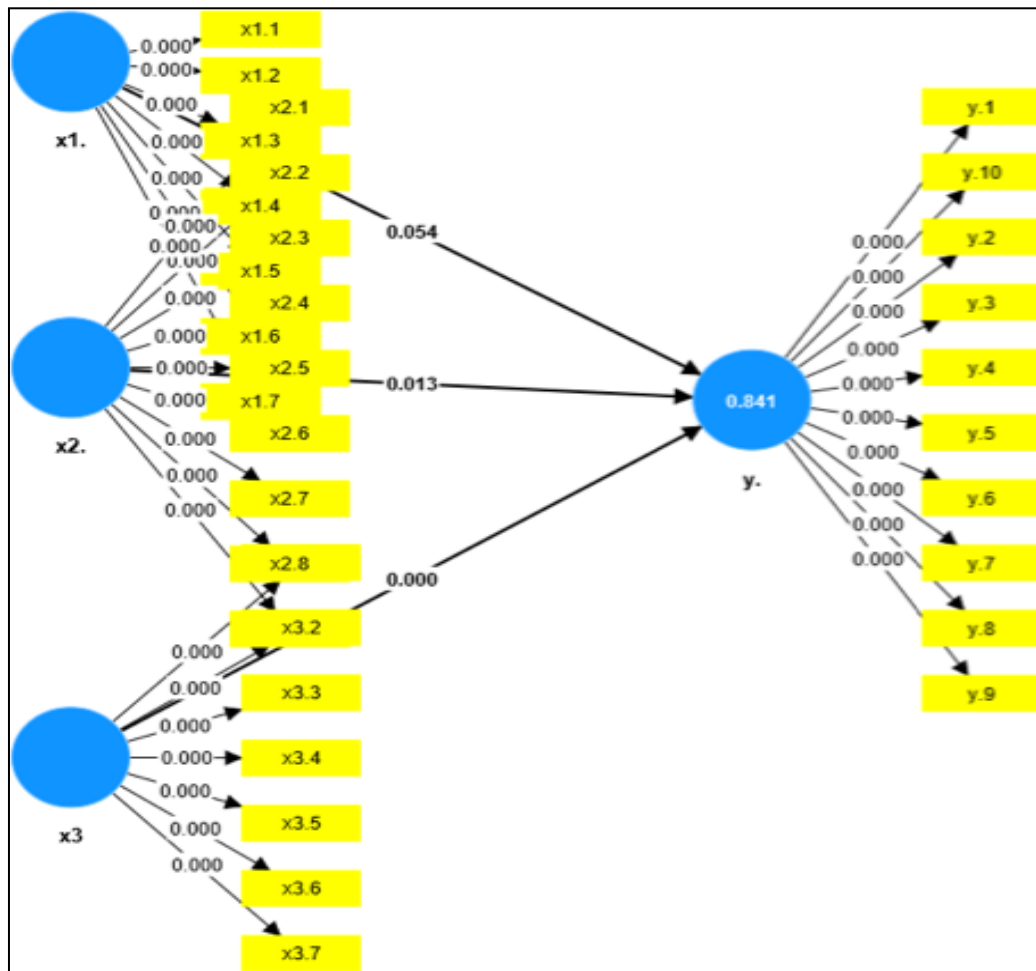
Fig 1 Path Diagram Model and Outer Loading Value

> *Composite Reliability and Average Variance Extracted*

Composite Reliability is a measure to show how far the reliability of the variable is, while Average Variance Extracted shows how far the overall variable can explain the variation of the measurement items. The Composite Reliability and Average Variance Extracted values can be seen in the following table **:**

Table 1 Composite Reliability and AVE

Variables	Composite reliability (rho_c)	Average variance extracted (AVE)
Financial Knowledge	0.913	0.599
Financial Attitude	0.931	0.600
Personality	0.929	0.653
Financial Management Behavior	0.952	0.667

The table above shows that the Composite Reliability (CR) value of each research variable is greater than 0.7, with the lowest value being in the financial knowledge variable whose value is still above 0.7, namely 0.913. Thus, it can be concluded that each variable in the model has met the expected reliability criteria. Based on the table above, it can be seen that the Average Variant Extracted (AVE) value of each variable has an AVE value greater than 0.5, thus, it can be concluded that the convergent validity measure in the simulation model can be fulfilled or the latent variables can explain the average of more than half (50%) of the variance of the indicators.

> *Evaluation of the Structural Model (Iner Model)*

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Table 2 Structural Model (Inner Model)

Relations Between Variables	Coefficient	T statistics (|O/STDEV|)	P-Values	Information
FK->FMB	0.185	1,926	0.054	No Significant Positive Effect
FA->FMB	0.193	2,489	0.013	Positive and Significant Effects
P->FMB	0.590	6,291	0.000	Positive and Significant Effects

Sources: Research Data, 2023

From the table, it can be seen that the first hypothesis in the study cannot be accepted/rejected because the t-statistic value is < 1.96 and the p-value is > 0.05 for each relationship between the variables. However, the second and third hypotheses can be accepted because the t-statistic value is > 1.96 and the p-value < 0.05 is the relationship between the variables.

➢ *Evaluation of Model Quality and Fit*

Evaluation of the quality and suitability of this model can be seen from several measures to declare the model acceptable, namely:

- *R Square*

R square value to describe the overall effect of exogenous/endogenous variables on other endogenous in the model. The following is a table of R square values in this study:

Table 3 R Square

Variables	R-Square	R Square Adjusted
Financial Management Behavior	0.841	0.836

Sources: Research Data, 2023

The magnitude of the influence of financial knowledge, financial attitudes, and personality on financial management behavior is 84.1 percent which is included in the high category and the rest is influenced by variables outside the model.

- *F Square*

The F square value is used to determine the influence of exogenous variables on endogenous variables. The F square value can be seen in Table 4 below

Table 4 F Square

Variables	FMB
Financial Knowledge	0.050
Financial Attitudes	0.063
Personality	0.608

Sources: Research Data, 2023

The table above shows that financial knowledge and financial attitudes have a small effect with an F Square value of 0.050 and 0.063 on financial management behavior, and personality has a large influence with an F Square value of 0.608 on financial management behavior.

- *Q-Square*

Q Square is used to describe how well the model has predictive relevance (predictive accuracy), or shows how well each change in exogenous variables is able to predict the endogenous variables. The Q Square value can be seen below:

- ✓ *Q2 = 1-(1-R1 2) (1-R2 2)*
- ✓ *Q2 = 1-(1-0.836) * (1-0.836)*
- ✓ *Q2 = 1-0.164*0.164*
- ✓ *Q2 = 1- 0.026*
- ✓ *Q2=0.973*

In this case, Q2 is the same as the interpretation of the determinant coefficient (Q2) in the regression analysis. Based on a total determination coefficient of 0.973, it means that the diversity of data from what can be explained by models of Financial Knowledge, Financial Attitudes, and Personality towards Financial Management Behavior in Creative Economy MSME Actors throughout Lombok Island in this study is 97, 3%. While the rest is explained by other variables from outside the model that is not included in this research model.

➢ *The Effect of Financial Knowledge on Financial Management Behavior*

The results show that financial knowledge has a coefficient of 0.185 and a p-value of 0.054 > 0.05, meaning that it has no significant effect on financial management behavior in Creative Economy MSME business actors throughout Lombok Island, so hypothesis 1 is rejected. This means that the respondents in the study tend not to be

influenced by financial knowledge in managing their finances. So it is not in accordance with the theory of planned behavior which explains where a person acts because of a specific purpose. The factors behind one of them are information, which is obtained by someone including ups and downs, science, and the media. In this case financial knowledge is included in knowledge because it refers to an individual's knowledge of personal financial problems (Ajzen, 1991).

This means indicating that the high and low roles of financial knowledge are not necessarily effective and have implications in providing perspectives on the financial management of respondents. Other factors that can affect financial behavior are the environment, association, and ways of socializing, parental control, habitual factors, locus of control (Joo et al., 2003), impulsive behavior, life satisfaction, stress (Norvilitis & Santa Maria, 2002) , parental socialization (Palmer et al, 2001), materialism (Pinto et al, 2000) and psychological factors that are difficult to measure and were not included in this study. The tendency of respondents to practice financial management behavior is expected not to increase consistently with an increase in financial knowledge. This is because a person's behavior is not always influenced by the level of knowledge he has, but is also influenced by other factors such as psychological and emotional factors (Nababan & Sadalia, 2012) . This is because based on descriptive criteria the level of financial knowledge of all respondents is in the medium category even though their financial management behavior is included in the high or good category. The results of this study are following research conducted by, (Pramedi & Asandimitra, 2021) , and (Dwiastanti, 2017) showing that financial knowledge has no significant effect on financial management behavior. However, this research is not in line with that conducted by (Sari & Listiadi, 2021) and (Wasita et al., 2022) that financial knowledge influences financial management behavior.

➢ *The Effect of Financial Attitudes on Financial Management Behavior*

The results show that financial attitude has a coefficient of 0.193 and a p-value of 0.013 <0.05, meaning that it has a positive and significant effect on financial management behavior in Creative Economy MSME business actors throughout Lombok Island, so hypothesis 2 is accepted, which means that if there is or whether or there is an increase in one's financial attitude, it will be followed by an increase in behavior in managing finances.

By having a good financial attitude, then People will be able to effectively manage their finances. What this application lacks in sense, it is anticipated that it will be challenging for people to save enough money for the future, much alone have enough money to invest. Individual reactions to their ideas about money are typically used to gauge attitude, while financial management behavior influences how people act concerning their finances as shown by their activities. Several researchers, like Irine and Damanik (2016) and Puneet and Mediry (2014), have already conducted research that examines the impact of

financial views on financial management behavior. Irine and Damanik (2016) suggest that there is a relationship between financial management and financial mindset.

➢ *The Effect of Personality on Financial Management Behavior*

The results show that personality has a coefficient of 0.490 and a p-value of 0.000 <0.05, meaning that it has a positive and significant effect on financial management behavior in Creative Economy MSME business actors throughout Lombok Island, so hypothesis 3 is accepted. This means that in this case business actors have confidence in their abilities, dare to take business risks, and their orientation towards the future can be improved so that they can open themselves up to current developments in financial management.

A person's personality can influence their financial management behavior. Personality can influence financial decisions and how a person perceives and processes financial information. Several studies show that people who have a personality that tends to be extroverted and confident are more likely to take risks in making financial decisions. Conversely, people who are more introverted and less confident tend to be more conservative in making financial decisions. In addition, the habit of procrastinating or tending to be impulsive can also affect one's financial management behavior. People who tend to procrastinate may be less likely to do adequate financial planning or delay making investment decisions, while people who tend to be impulsive can be more easily tempted to make impulse purchases or investments that are not well planned.

V.   CONCLUSIONS

Based on the results of the research and discussion described above, it can be concluded from this study as follows:

Financial knowledge has no significant and positive effect on financial management behavior in Creative Economy MSME business throughout Lombok Island. This means that the high or low financial knowledge possessed by business actors will not affect them in behaving in managing their business finances, because if Creative Economy MSME actors have good financial management behavior then they are able to manage their business finances from a psychological point of view.

Financial attitude has a positive and significant effect on financial management behavior in Creative Economy MSME business throughout Lombok Island. This means that the high or low way of behaving in finance owned by business actors will affect them in behaving in managing their business finances because financial attitudes are opinions or judgments about personal finances.

Personality has a positive and significant effect on financial management behavior in Creative Economy MSME business throughout Lombok Island. This means that the better the personality of a business actor affects their

behavior in managing their business finances, because the better the personality of a Creative Economy MSME business actor, the better their behavior in managing the finances of their business.

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