THE EFFECT OF FINANCIAL LITERACY ON MSME FINANCIAL MANAGEMENT IN TANJUNGSARI DISTRICT, SUMEDANG REGENCY

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ARTICLEINFO	ABSTRACT
Keywords: *Financial Literacy,* *Financial Management,* *MSMEs*	The realization of effective management, accountable financial management, and genuine added value is the key to success for micro, small, and medium-sized enterprises (MSMEs) while competing in worldwide marketplaces. This is especially true in light of the period of globalization. Literacy in financial matters is absolutely required for actors in MSME businesses in order to manage their companies' finances. This study aims to inquire into and evaluate the effect that financial literacy has on the management of MSME's (small and medium-sized companies) finances in the Tanjungsari District. Both quantitative and descriptive methods were used to achieve the study's goals. The research showed that MSME in the Tanjungsari Sumedang District benefited from increased financial literacy, and that this benefit amounted to 18.2% better financial management overall.
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1. INTRODUCTION

Micro-, small-, and medium-sized enterprises (MSMEs) are one of the many important sectors that contribute to Indonesia's economic growth. If you're looking for a business that can weather economic storms with relative ease, look no further than the group with the most members and a track record of success. Although small and medium-sized businesses (SMBs) make up the rest of the Micro, Small, and Medium-sized Enterprises (MSMEs) population, Micro Enterprises still make up nearly all of them (98.68%). As reported by (Aprilyan & Sasanti, 2022).

The best solution to the issue of unemployment is the creation of employment opportunities through micro, small, and medium-sized enterprises (also known as MSMEs). The reason for this is because MSMEs have the capability to do so. Since the Micro, Small, and Medium Enterprises (MSMEs) sector is a producer of goods and services, especially for the middle class and lower class individuals who have considerable purchasing power, there is always a market for the creation of their goods and services. This means there are huge openings for businesses in the micro, small, and medium size categories Atmaja (2018).

There has been a dramatic increase in the number of MSMEs, however many of these companies are struggling and have closed their doors because of the lack of growth they have experienced. Many times, the limitations of MSMEs themselves are to blame for their owners' incapacity to expand their operations. Limited available money, bad management, insufficient use of information and technology, and a lack of financial literacy all contribute to these flaws in the business (Budiarto et al. , 2018; Nurwulandari et al., 2022; Suwanto et al., 2022).

OJK's 2013 Indonesian National Financial Literacy Survey (SNLKI) reveals an intriguing correlation between financial literacy and financial inclusion. The more financially educated a population is, the more likely its members are to be able to take use of financial products and services. (Keuangan, 2019). Financial literacy can be thought of as the process of gaining the knowledge, skills, and confidence necessary to better one's financial status and one's capacity to manage money. Septiani and Wuryani's (2020) Financial Literacy Index is a useful tool for assessing the general public's understanding of and comfort with the financial system.

Huston (2010) defines financial literacy as the ability to make informed judgments about one's financial situation, both in the near term and over time, taking into account changing needs and economic circumstances. Financial literacy, as defined by Lusardi and Mitchell (2011), is "the ability to apply knowledge and expertise to accomplish better financial conduct," with "knowledge," "skills," and "behavior" as a cohesive whole. One can be considered financially literate if they have a firm grasp of fundamental financial concepts such as those underlying compound interest, the real vs. nominal value of money, the benefits of diversification, the time value of money, and so on.

*The Effect of Financial Literacy on MSME Financial Management in Tanjungsari District, Sumedang Regency. **Beureukat Beureukat, et.al***

684

The bigger the number of MSME actors who are financially literate, the more MSMEs will be able to take advantage of financial goods and services. They will be able to better manage their company's finances and spend any gains in productivity rather than waste them on frivolous purchases if they have a firm grasp of financial fundamentals (Sugiarti et al., 2019).

MSMEs are expected to have confidence and knowledge of financial service institutions. With the understanding possessed by MSME actors regarding financial literacy, this is very helpful for MSMEs in using financial service products such as making bank deposits, loans or credit, making investments, and managing their finances related to managing sources of business funds, making budget plans, to preparing financial reports. well. Making it easier for MSMEs if they want to develop their business, MSMEs can borrow money/loans at the bank by fulfilling the requirements of having financial reports on their business (Arianti & Azzahra, 2020).

Financial management is a common source of stress for MSME owners and operators. Micro, small, and medium-sized businesses (MSMEs) rely heavily on effective financial management to ensure their survival (Ali & Kodrat, 2020; Achmad, 2022). Financial management is an area that can benefit from accounting's methodical approach. Accounting is a process that is followed methodically to deliver financial information that may be used as a foundation for decision-making. Effective financial management recorded using accounting standards is crucial to the success of micro, small, and medium-sized enterprises (MSMEs).

Maintaining a continuous corporate operation will be easier if proper financial management is implemented. According to Rubianingrum and Wijayaangka (2018), micro, small, and medium-sized enterprises (MSMEs) whose financial management and information are conducted in an open, honest, and precise manner will have a good effect on the MSMEs themselves. According to Bahiu et al (2021), "financial management relates to all areas of management, involving finance not only the sources and uses of finance in companies but also the financial implications of investment, production, marketing, or personnel decisions and the total performance of the company." Financial management involves not only the sources and uses of finance in companies but also the financial implications of investment, production, marketing, or personnel decisions. On the other hand, effective fiscal management will result in beneficial effects for the continuation of corporate operations.

The authors acknowledge, based on the problem mentioned above, that there are research possibilities to explore the internal conditions of MSMEs; one of these opportunities is to investigate financial literacy. Therefore, the authors of this study are deliberating whether or not to treat this factor as an independent one. For this reason, the authors of this study opted to administer questionnaires to small and medium-sized enterprises (SMEs) in the Tanjungsari Sumedang subdistrict to ascertain the extent to which the aforementioned variables affect SMEs' financial management. Empowerment programs for micro, small, and medium-sized enterprises (MSME) can benefit from this study as well because it is expected that this will increase the MSMEs' chances of survival..

2. METHODS

Using a quantitative strategy and an associational research framework, this investigation draws on the findings of the previous. The term "quantitative method" is used to describe a specific type of study that is grounded in the positivist philosophy and is used to analyze data in order to test hypotheses about populations or specific samples taken from those populations. Reference: (Sugiyono, 2011). The author employed primary data for this investigation. Primary data collected directly from the research item by the author. The primary sources of data for this study were collected from respondents through observation, interviews, and the delivery of questionnaires. Tanjungsari District micro, small, and medium-sized enterprise (MSME) participants were surveyed. Thirty small- and medium-sized enterprises (SMEs) made up the sample size for this analysis. Nonprobability sampling was used for this analysis. Saturation sampling. One definition of a representative sample is one that contains an abundance of data from the population at large. Thirty business owners and employees from MSME organizations made up the study's sample. This study's authors used a survey approach to data collection and a regression analysis strategy for data interpretation. Simplified Linear Model with Hypothesis Analyze the data with the use of the t-test and the coefficient of determination.

3. RESULTS AND DISCUSSION
1. Validity test

It is possible to determine the validity of a questionnaire by putting it through a series of validity tests. If the value of r count is more than r table, then a questionnaire is regarded to be genuine. [Case in

point:] [Case in point:] Within the scope of this investigation, a total of thirty questionnaires were collected, each of which had been finished by a respondent who had a r table value of 0.361. The original data that was obtained served as the basis for the collection of these questions. On the basis of the findings of the validity test, which indicated that every question from the financial literacy variable (X) and the financial management variable (Y) have a correlation that is greater than the r table, it is possible to draw the conclusion that the financial management variable has been declared valid and is now available for use in research.

2. Reliability Test

This analysis was performed to determine the extent to which the research data might be trusted. If the value of Cronbach's alpha is more than 0.60, then it can be considered credible, and the data below is comprehensive.

Table 1 Reliability Test Results

Variable	Cronbach's alpha	Std Reliability	Information
Financial literacy (X)	0811	0.60	Reliable
Financial management(Y)	0.877	0.60	Reliable

Table 1 shows the results of analyzing the collected data, and it can be shown that all research variables were reliable because their respective Cronbach Alpha values were higher than the cutoff of 0.60.

3. Simple Linear Regression Analysis

The purpose of a simple linear regression analysis is to calculate how much each independent variable affects the outcome variable. Specifically, financial management is the dependent variable, while financial literacy is the independent variable in this analysis. What follows are the findings from running the data through a basic linear regression analysis:

Table 2 Simple Linear Regression Results
Coefficients [a]

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	b	std. error	Betas		
1. Constant	4.866	10.442		.464	.643
Financial literacy	.652	.237	.458	2,738	0.011

a. Dependent Variable: Financial management

Based on data analysis with SPSS 22, the following are the results of the regression equation: Y = 4.862+0.652X+e.

a) The costanta value is 4,866, which means that if there is no change in the financial literacy variable (value X = 0), then MSME financial management in the Tanjungsari subdistrict is 4,866 units.
b) The value of the financial literacy regression coefficient is 0.652, which indicates that if the financial literacy variable (X) grows by 1% and the constant (a) is 0 (zero), then MSME financial management in the Tanjungsari subdistrict will increase by 0.652. This indicates that financial literacy has a favorable effect on the financial management variable for Tanjungsari District MSMEs.

4. t test

Table 3 Simple Linear Regression Results
Coefficients [a]

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	b	std. error	Betas		
2. Constant	4.866	10.442		.464	.643
Financial literacy	.652	.237	.458	2.738	0.009

b. Dependent Variable: Financial management

Observing the t and sig columns of the table reveals that financial literacy has a positive and statistically significant effect on MSME financial management in the Tanjungsari subdistrict. The significant financial literacy 2.738 demonstrates this. It indicates that tcount is more than ttable (2.738 > 2.045), and hence H1 is acceptable. So that the idea that financial literacy has an effect on the financial management of MSMEs is partially accepted.

5. Determinant Coefficient (R^2)

Explanatory power of a model is measured by its coefficient of determination (R2). The coefficient of determination is both zero and one. A low value for (R2) suggests that the independent factors cannot adequately explain the variance in the dependent variable. Close to one indicates that the variation of the dependent variable can be predicted using only the information provided by the independent variables. The table below displays the outcomes of the R2 test:

Table 4 The coefficient of determination (R2)

Summary Model [b]

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.458 [a]	.210	.182	8.13291

Coefficient of determination is 0.182, as seen in the above table, when the Adjusted R Square is used. What this means is that the independent variable can only explain the dependent variable to the tune of 18.2%; the remaining 81.8% must be accounted for by other factors not tested or considered in this study.

Discussion

Using a basic linear regression analysis using financial literacy as the independent variable, we find statistical significance (p 0.05) with a t-count of 2.738 > t table 2.045 for the derived coefficients. These results suggest that financial literacy significantly influences personal finance management for the better. If this is the case, then it follows that the level of financial literacy of MSME players directly correlates to the efficiency with which they carry out financial management.

One of the most common errors that micro, small, and medium-sized enterprise (MSME) operators make when operating a business is failing to keep personal funds and business finances separate, which leaves them unable to determine if the organization is making a profit or a loss. The lack of precise financial planning leads to spending that is well beyond what is necessary. According to Yushita (2017), in order to conduct out financial management, there must first be financial planning in order to reach a goal, and this applies to both short-term and long-term objectives..

Most MSMEs in the Tanjungsari Sumedang District relied on personal cash rather than set aside funds for business development. Despite some MSMEs' best intentions to save a portion of their revenues in order to invest in the future growth of their enterprises, this rarely happened. People who have a high disposable income but lack the perspective to prioritize wants over needs are unlikely to ever learn the value of putting money down for retirement or other long-term goals (Waveni, 2013).

According to Anggraeni's (2016) findings, business owners' financial management skills suffer when they have a low degree of education. Evidence from the work of Dayanti et al. (20 2 0) reveals that financial literacy significantly affects how people approach money management. This suggests that it is envisioned that MSMEs with proper financial literacy will be able to make solid managerial and financial decisions that will increase their performance and secure the life of their operations. The findings of Dewi and Purbawangsa (2018), who revealed a substantial association between financial literacy and sensible decision-making, lend validity to this hypothesis. As Handayani et al. (2022) indicate, financial literacy has a good and statistically significant effect on the money management practices of micro, small, and medium-sized businesses (MSME) participants. The conclusion is that competent financial management practices are directly proportional to one's level of financial literacy. When it comes to managing money, MSME actors that are financially literate not only fare better than their peers, but also better equip their peers to make important business decisions.

4. CONCLUSION

As a result of the research undertaken and the conversation held, it is feasible to make the following conclusions: (1) Financial literacy has a good impact on MSME financial management in Tanjungsari sub-district, Sumedang district. (2) Financial literacy has an 18.2% impact on financial management. In order

to compete in the global economy, MSMEs have cooperative business practices in order to complement each other's limitations and gain different competitive advantages. This is because SMBs have a propensity to overcome the obstacles they encounter. Future researchers will hopefully be able to do study on the financial management of micro, small, and medium-sized firms (MSMEs) using characteristics related to financial literacy as well as other variables that influence it, such as marketing mix, financial inclusion, etc.

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*The Effect of Financial Literacy on MSME Financial Management in Tanjungsari District, Sumedang Regency. **Beureukat Beureukat, et.al***

688

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