THE ROLE OF FINANCIAL LITERACY FOR SMEs OWNERS: STUDY ON RIBBON EMBROIDERY SMEs IN SEMARANG

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Abstract

The purpose of this study is to determine the understanding and role of financial literacy of business owners in managing their business and to find out what information plays a role in increasing business financial literacy intelligence where the ownership of UKM Sulam Pita in the city of Semarang is dominated by female gender. The research method used is qualitative with a narrative approach. Where this method is used to get a picture of the data in the form of the level of understanding of the owner's financial literacy as a business actor in managing his business and trying to capture interpretations from various community perspectives that will be used as research objects. The results of the study show that education and length of business indicators play a very significant role in business management. Based on the results of the research and discussion described above, it can be concluded that the level of education and the length of time a business has been established have a major influence on the understanding of business owners. Because the higher one's education, the more open one's mastery of knowledge is in managing a good business from a financial standpoint. While the duration of the business indicates that a person will be more skilled in managing his business both in terms of finance and production because he will be more honed in managing his business. The new variable used in this research is to include cost-efficiency-based feminism variables which is a new thing as a development of this research.

Keywords: Financial Literacy, Education, Income Level, Time of Business, and Age of Owner, Feminism Based on Cost Efficiency

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INTRODUCTION

The city of Semarang as a developed city is a city whose population development increases in line with the development of the number of businesses. This is evidenced by the increasing number of SMEs which are numerous and spread in various sub-districts in Semarang City. Business actors have a goal other than to increase family income as well as to create jobs for the surrounding community (Aqida Setya dan Fitria, Shoimatul, 2019). Leading MSMEs that are no less important are handicrafts or handicrafts, whose products can be used as souvenirs or souvenirs typical of the city of Semarang. The city of Semarang has ribbon embroidery SMEs which are not as many as Semarangan Batik SMEs, but their work and existence cannot be underestimated. Ribbon embroidery, according to (Ilahi Kurnia and Marniati, 2017) is a craft that adds colorful ribbon stitches (made from Japanese satin ribbon) of various sizes on a particular object, so that the object becomes more beautiful attractive. so that the object has a higher selling value than before it was decorated.

According to data compiled from the Department of Cooperatives and Micro Enterprises of Semarang City from 2016 to 2020, it can be seen an increase in the number of SMEs. There is a very significant increase from 2016 to 2017 which increased by 100% and there is an increase in the number of SMEs every year. The number of Micro, Small, and Medium Enterprises in Semarang City continues to experience growth every year. The average growth every year is around 1.97%. Until 2018 the number. Especially for MSMEs registered in 2018 in Semarang City as many as 3,839 business actors spread over 11 clusters involving 6,358 workers. The increase in the number of SMEs in the city of Semarang indicates that many residents have played an active role in creating or making home-based businesses that are creative and able to support the economy not only for themselves but can be useful for residents around the place of business (Department of Cooperatives and SMEs Semarang City, 2020).

Ribbon embroidery in the city of Semarang has been started in 2010 precisely in the Tlogosari area, where at that time there were several housewives who initially only knew and chatted with each other every day starting to be interested in doing an activity that was useful and added value for the family's economy. The development of ribbon embroidery SMEs in the city of Semarang is dominated by the ownership of a woman. Owners who also act as business actors must have the ability to understand financial literacy. Because financial literacy that is owned can help business owners in realizing good business management starting from budget planning, orderly administration, neat financial records, as well as increasing knowledge related to access to capital or other finance in supporting business operations. According to a report by the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (2018) in (Sabilla Oktara dan Wijayangka, Candra, 2019), home-based businesses are mostly dominated by the female gender, while medium-sized businesses are dominated by the male role. The different information needs of each business need to be addressed with a carefully managed policy because it turns out that the understanding of the differences in information needs is different between women and men.

Failure in financial planning can lead to poor business management and decreased profitability. This can be overcome by basic
level financial training related to financial literacy (Bayrakdaroğlu & Şan, 2014). Financial literacy can help SMEs acquire the knowledge, skills, and abilities to develop financial strategies to make informed financial decisions and choices. Thus financial literacy facilitates the expansion of SMEs and increases their profitability, productivity, and competitive advantage in developing countries (Okello Candiya Bongomin et al., 2017).

The results of the National Financial Literacy Survey (SNLIK) conducted by the Financial Services Authority (OJK) in 2019, stated that the MSME financial literacy index reached 38.03 percent. This achievement is higher than the survey conducted in 2016 which was only at a percentage of 29.7 percent. The increase in financial literacy results in 2019 is in line with the government program launched in 2013 regarding the National Strategy for Indonesian Financial Literacy, where the government seeks to strengthen the understanding of financial literacy through education and social campaigns related to financial literacy, especially for MSMEs as the driving force of the country's economy, which absorbs a lot of energy work in to become more resilient in the face of existing competitive conditions. The results were obtained using the parameters and indicators of knowledge, skills, gender, attitudes, beliefs, and behavior of business owners. The survey results show that the literacy index based on the male gender is 39.94 percent greater than the female gender by 36.13 percent. it can be concluded that there is a problem of differences in understanding of business financial literacy between female gender and male gender, where female gender financial literacy understanding is lower than the male gender. The research questions posed are as follows: What is the role of financial literacy in the management of ribbon embroidery SMEs in the city of Semarang, and what- factors can affect the financial literacy of ribbon embroidery business owners in the city of Semarang in managing their business?

According to the Financial Services Authority (2014), what is meant by financial literacy is a person's ability to understand the knowledge and skills that can be used for managing financial resources to achieve prosperity. Financial literacy is always associated with an individual's ability to manage finances from time to time. This is to avoid the occurrence of bankruptcy or insolvency (in a business) so that each individual must understand and know how to make the best financial decisions in their best interest, individual financial knowledge related to practices or activities that can provide benefits (Mandell Linda, Schmid, 2009).

According to (Lajuni et al., 2018), understanding financial literacy encourages positive financial behavior related to timely payments, savings and investments, and the ability to manage finances well. Financial literacy not only provides benefits to individuals in making financial decisions but also makes simple daily financial assessments such as developing household budgets (basic planning) and related to future investments (Lantara Wayan, Nuka and Kartini, Ni, Ketut, Rai, 2015). According to (Volpe Ronald and Chen, Haiyang, 1998) an individual must have understanding and skills in applying aspects of financial literacy consisting of general knowledge, savings and loans, insurance, and investment. From this explanation, it can be concluded that the ability to understand financial literacy can be used as
knowledge in managing finance, both personal finance and business finance.

According to (OJK, 2017) factors that can affect a person's financial literacy include gender, education level, and income level. Meanwhile (Monticone, 2011) explains that there are four (4) determining factors that can affect financial literacy, namely as follows:
1. Sociodemography: (Monticone, 2011) explains that the male gender has better knowledge of financial literacy than the female gender.
2. Family education: family educational background also affects an individual's thought process in understanding financial literacy. The experience of parental education will usually be passed on to the child with an understanding based on the experience of the parents.
3. Wealth: there is an assumption that financial literacy is a wealth or asset owned by an individual. The higher the financial knowledge possessed, the individual is not only smart in theory but can apply it as the right decision-maker to get the rate of return on assets owned.
4. Preference: can be interpreted as a time that can explain individual awareness in carrying out an activity based on understanding.

Some of the indicators used as a component of the question to find out how well the business owners understand financial literacy include (OJK, 2017): education level, income level, length of business, and age of the business owner. The length of business and the age of the business owner are developments for this research.

THEORETICAL BASIS

According to (OJK, 2017), what is meant by financial literacy is a person's ability to understand the knowledge and skills that can be used for managing financial resources to achieve prosperity. According to (Lajuni et al., 2018), understanding financial literacy encourages positive financial behaviors related to such as timely payments, savings and investments, and the ability to manage finances well. Financial literacy not only benefits individuals in making financial decisions but also makes simple daily financial assessments such as developing household budgets (basic planning) and related to future investments (Lantara Wayan, Nuka and Kartini, Ni, Ketut, Rai, 2015). From this explanation, it can be concluded that the ability to understand financial literacy can be used as knowledge in financial management, both personal finance and business finance.

RESEARCH METHOD

This type of research uses qualitative research with a narrative approach. According to (Syahrum & Haidir, 2012) what is meant by qualitative research is a type of research whose data finding procedures do not use statistical data processing or quantification. Narrative research is research that uses data analysis methods by describing data taken by researchers through a narrative sentence or written sentence originating from oral interviews with people who are the object of research and to find and understand the
intent of phenomena related to the research theme. This study uses a narrative qualitative approach to obtain a description of the data in the form of the level of understanding of the owner's financial literacy as a business actor in managing his business and seeks to capture interpretations from various points of view of the people who will be used as objects of research.

This study emphasizes data in the form of a series of words, and image documentation, and not data in the form of numbers. From this data, it will be summarized into a single unit to equate the results with one another to find the keywords of all the results of interviews between objects. So from the interview process, conclusions can be drawn regarding the description of the answers to each object and bring up a clear picture regarding the understanding of financial literacy in business management. Of the 55 data on the number of ribbon embroidery SMEs found, not all business owners are willing to be interviewed. Only a few informants were willing to be interviewed directly, the rest were not willing to meet. So the interview was conducted by telephone. Considering the condition of the covid 19 pandemic that hit the city of Semarang which was creeping up so that it limited the space for this research, and supported by several research locations being red zones because pandemic, it was found that only 15 informants were willing to be interviewed to dig up information.

The type of data used in this study using the types of primary data and secondary data. Primary data was obtained directly from the main source, namely the owner who is also a ribbon embroidery business actor in the city of Semarang. This primary data is data that is not yet available, and to obtain primary data, it must be done by conducting in-depth interviews with the subject to get the desired results. In this interview activity, written interviews and oral interviews were conducted directly with the subject, either by coming directly to the location or by telephone. As for secondary data in this study using documentation taken from various sources, one of which is by looking at previous research, other documents relevant to financial literacy, and using documentation related to the research theme such as books and similar articles contained therein. in the journal.

RESULT AND DISCUSSION

Education Level

Hendriks (2010) in (Bayrakdaroğlu & Şan, 2014) shows that comprehensive financial education can help start saving plans, manage debt and make strategic investment decisions for retirement or their children’s education. The level of education of business owners can be described that business actors who completed the tertiary level as many as 3 (three) people, who completed the high school education level as many as 9 (nine) people, who completed the junior high school education level as many as 1 (one) person, and who completed the high school education level base as many as 2 (two) people. So it can be concluded that the average business actor only received education until he finished high school or equivalent.
Business owners must pay attention to the level of education because higher education will open up a mindset and print positive behavior. The knowledge they have will be more diverse because of the knowledge they get by following their level of education. If they have higher education, more knowledge will be absorbed so that they can make the right and better decisions for the development of their business.

Income Level
According to (Aribawa, 2016), the level of income does not affect a person's understanding of financial management. The greater the income does not make a person capable or skilled in managing the business, few realize that the income received is capital that must be turned back. Not infrequently many people think that the income received regardless of the difference or profit is an advantage that must be enjoyed right away, some even buy assets from the income received such as vehicles, televisions, cellphones, and so on. Amid the COVID-19 pandemic, as it is today, business income is managed more responsibly because the results received show a decrease in income compared to before the pandemic. Because many people have lost their jobs due to the pandemic, the impact of which is a decline in people's purchasing power. This must be addressed wisely for owners to maintain business continuity, by tightening unnecessary consumptive spending. The following is data regarding the income level of ribbon embroidery business owners per month: It is explained that a business actor who has an income of fewer than one million rupiahs is 1 (one) person, who has an income of between one million rupiahs to five million rupiahs as many as 10 (ten) people, who have an income of five million rupiahs to
ten million rupiahs is 3 (three) people, three) people, and 1 (one) person with income above ten million rupiahs.

Table 1. Income Level of Business Owner

<table>
<thead>
<tr>
<th>Income Level of Business Owner (Rp)</th>
<th>Number of Owners (%)</th>
<th>Financial Literacy (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1 million</td>
<td>6,7</td>
<td>16,67%</td>
</tr>
<tr>
<td>1 million – 5 million</td>
<td>66,7</td>
<td>20</td>
</tr>
<tr>
<td>5 million – 10 million</td>
<td>20</td>
<td>16,67%</td>
</tr>
<tr>
<td>&gt; 10 million</td>
<td>6,7</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Field Data Processing (2021)

From the results of table 1 above, it is explained that the average level of income for business owners is above 5 million per month, but the level of financial literacy only ranges from 20 -25%. This indicates that a high level of income does not automatically make a person have a wise attitude towards finances. This means that the ability to manage business finances properly needs to be carried out consciously and responsible manner. The phenomenon mentioned above explores the problem that many business owners are reluctant to return the income received as working capital, most of them use it for personal interests, generally, an increase in income will be accompanied by an increase in consumption. This is by following the theory of Behavioral Finance which states that humans are irrational in carrying out their behavior because there are psychological factors that influence their way of thinking.

Business Time

Business Time relates to the time or how long the business has been running and operating until now. Some business owners admit that the business they have started has been running for a long time, ranging from 10 years, 11 years, and 4 years, some are even new. These businesses are not only pure craftsmen but also entrepreneurs who only take goods and resell them. The length of business turns out to affect the mindset in financial management. The longer the business is run, the more experiences the owner will get so that he can hone his skills to become more skilled both in financial management, business management, and business financial management which will have an impact on making business financial decisions. Length of Business According to (Volpe Ronald and Chen, Haiyang, 1998) a person will have better literacy along with the length of business carried out. Literacy here is meant financial literacy.

The following is a description of the length of business of some business owners which can be described as follows: It is explained that there is 1 (one) person who runs a business for less than one year, 3 (three) people who run a business for two years to five years), and 8 (eight) people who run the business for five years to ten years. people), while there are 3 (three) people who run the business for more than ten years.
From Figure 2 above, it can be explained that the average length of business run by business owners is between 5 years to 10 years. This means that they are quite experienced in running their business, proven to be able to survive for more than 5 years. The longer the business is run, the better they understand what products are used to support their capital, as well as how the procedures make it easier for them to access capital that can be used to support their business activities.

Owner’s Age

Research conducted by (Volpe Ronald and Chen, Haiyang, 1998) in (Margaretha & Pambudhi, 2015) says that age is related to a person’s level of understanding. Ages under 30 years old are in the early stages of the financial life cycle, that is, young people have problems around investment related to savings, loans, and insurance where they are more consumptive than investing. While the productive age of around 30-45 years thinks more independently in financial management, especially those who are more active in investing. This is almost the same as that found in this study, where some business owners aged 30-45 years, are more likely to be active in digging up information related to access to capital, and they tend to carry out investment activities in the form of savings whose concept of thinking is that these savings can be used at any time. -time if there is a sudden or unexpected need. As for those aged over 45 years, they are more likely to follow the old pattern, namely how to get easy and fast access to capital, not infrequently some of them are trapped in a lot of debt to access capital for the sake of keeping their business running.

The following are the results of processing data and information regarding the age of the owner of the Ribbon embroidery SME business in the city of Semarang. It is explained that the age level of business owners who are less than 30 years old is 1 (one) person, the age level of business owners aged between 31 years to 40 years is 5 (five) people, and the age level of the owner is the age level of business owners who are between 41 years old and 40 years old. 50 years as many as 6 (six) people and the age level of the owner who is more than 50 years old is 3 (three) people.

Table 2. Business Owner Age Level

<table>
<thead>
<tr>
<th>Age</th>
<th>Number of Owners (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30 years old</td>
<td>6.7</td>
</tr>
<tr>
<td>31 years old – 40 years old</td>
<td>33.3</td>
</tr>
<tr>
<td>41 years old – 50 years old</td>
<td>40</td>
</tr>
<tr>
<td>&gt;50 years old</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Field Data Processing 2021

From the data, Table 2 of a ribbon embroidery business is between the ages of 31 and 50, which indicates a productive age in business management. Young people on average do not have the maturity of thinking and responsibility in business management. While business owners aged around 30-45 years have the maturity of thinking to manage their business better. The older they get, they will have maturity in thinking and can determine the right financial decisions for their business. While those aged over 50 have a decline in thinking maturity, they tend to be less rationalist in determining policies and management decisions.

Feminism Based on Cost Efficiency

Feminism (the character is called Feminist) is a women's movement that demands emancipation or equal rights and justice with men. Feminist theory is not only about understanding but also about action.
Feminism is synonymous with productive activities, so the role of feminism in improving the economy here is the belief in women who can determine actions, which are expected to provide confidence to always be productive (Ilaa, 2021). Gender provides a set of roles between women and men in society including appearance, clothing, attitudes, personality, work inside and outside the household, sexuality, family responsibilities, and so on. As a result of the feminist movement, women began to be given equal opportunities in terms of education and politics, economic activities, and justice in obtaining their rights. In addition, women's freedom is increasingly wide open along with the times. Many women are the main actors in the economy, not because of compulsion but rather because of the belief to always be productive (Sari & Fikri Zufar, 2021).

Feminism is related to the concept of recognizing gender equality. Which broadly can be interpreted as an effort or action to equalize in social activities such as political, economic, social, legal, and so on. Everyone has the right to carry out an activity to build and manage these activities to be able to meet the needs of their respective lives without making gender a limit or an obstacle. Because gender does not mean just identity or status, but rather a social structure that is valued as a means (media) to manage. While cost efficiency is related to a person’s ability to control costs. In the sense that the costs used for routine operational activities are incurred by individuals or companies about to income or can generate maximum profits, by minimizing the risk of unproductive expenses. If these two things (feminism and cost efficiency) are interpreted as a unified whole, namely feminism based on cost efficiency, it can be interpreted as a concept that recognizes the structure of women who can manage an economic activity by minimizing the risk of spending unproductive costs to gain profits. The maximum. The following are the results of processing data and information on feminism based on cost efficiency: It is explained that there are 5 (five) business owners who can manage a business, but only 1 (one) person who is skilled in preparing a business budget, 6 (six) business owners who can transact, and a business owner who is skilled in calculating expenses. costs as much as 3 (three) people.

Table 3. Feminism Based on Cost Efficiency

<table>
<thead>
<tr>
<th>Age</th>
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</tr>
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<tr>
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<td>20</td>
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<td>31 years old – 40 years old</td>
<td>40</td>
</tr>
<tr>
<td>41 years old – 50 years old</td>
<td>33,3</td>
</tr>
<tr>
<td>&gt;50 years old</td>
<td>6,7</td>
</tr>
</tbody>
</table>

Source: Field Data Processing 2021

CONCLUSION

Based on the discussion and discussion described above, it can be concluded that the level of education and the length of the business establishment have a major influence on the understanding of business owners. Because the higher one's education, the more open one's knowledge in managing a business is good in terms of finances, for indicators to be maximized and produce a good performance. While the other two variables, namely the level of income and age did not affect the increase in the owner's understanding of financial literacy. The greater the income does not guarantee the greater the insight into financial literacy. Similar to age, the higher the age does not guarantee to become more aware and understand how to manage a
business well. So that the experience of trying is better able to answer problems related to business financial literacy. Suggestions that can be used to improve the progress of understanding financial literacy are that the government should play a more active role in providing financial literacy education and training for business owners, both from understanding finance and financial institutions and how to manage businesses smartly. For further research, adding more variables or indicators to find information related to understanding financial literacy, not only for business owners but all employees, so that they are also trained from an early age how to manage finances healthily and smartly. The indicators used in this study have not been able to reveal the overall understanding of data related to financial literacy, there are still many other factors that can be used as references in future research.

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**PROFILE**

The author was born in Semarang on September 20, 1984. S-1 higher education was taken at the Faculty of Economics, Diponegoro University (UNDIP) Semarang in 2007. Then she continued his study for Masters in Management at Diponegoro University (UNDIP) Semarang. And currently, she is completing her doctoral studies at the PDIE Diponegoro University (UNDIP) Semarang. Her career as a lecturer at the Faculty of Economics and Business, Dian Nuswantoro University (Udinus) Semarang.