

THE EFFECT OF FINANCIAL ATTITUDE, FINANCIAL KNOWLEDGE, AND LOCUS OF CONTROL ON FINANCIAL MANAGEMENT BEHAVIOR (Study On Students of Management Departement, Faculty of Economics and Business, Malikussaleh University)

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Abstract

This study aims to determine how the influence of financial attitude, financial knowledge, and locus of control on financial management behavior in students of the Department of Management, Faculty of Economics and Business, Malikussaleh University. The data used in this study is primary data obtained by distributing questionnaires to 94 students of the Department of Management, Faculty of Economics and Business, Malikussaleh University who were used as samples in this study. The data analysis technique used is multiple linear regression analysis using the help of SPSS software version 26. The results showed that financial attitude, financial knowledge, and locus of control had a positive and significant effect on financial management behavior in students of the Department of Management, Faculty of Economics and Business, Malikussaleh University.

Keywords: *financial attitude, financial knowledge, locus of control, and financial management behavior*

1. INTRODUCTION

Financial management is a crucial aspect in organizing daily life towards achieving prosperity. In today's modern life, money plays a vital role in fulfilling various needs. Effective financial resource management is essential for individuals to make sound and wise financial decisions. As explained by Anggraini et al. (2022), financial management is the fundamental ability of an individual to effectively organize daily financial resources based on planning, budgeting, examination, management, control, and other related aspects. Financial management behavior has become an intriguing and extensively discussed issue, as it is closely related to consumer behavior. Individuals with high incomes are not necessarily adept at managing their expenditures well, as irresponsible financial management behavior tends to lead individuals to short-term thinking and impulsive spending practices. According to Gazali et al. (2022), generally, as someone's income increases, their level of expenditure also tends to rise.

Students are the younger generation most easily influenced by the changes of time and modernization. They are at a crucial stage in their lives, facing financial independence and beginning to make responsible decisions. According to Anggraini et al. (2022), students generally struggle to control their expenditures and often let their egos dictate their decisions. Most students find it difficult to restrain themselves from spending excessively, preferring to fulfill their desires without considering the long-term effects, particularly in financial matters. Financial issues are among the most commonly experienced challenges by students from low to middle-income backgrounds, who inevitably need to possess greater skills in managing limited financial resources. According to a survey conducted by The Student Financial Wellness Survey (SFWS), nearly three

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out of four students faced financial difficulties in the past year in 2022. The survey, released by Trellis Research AS, examined financial challenges among undergraduate students and their impact on student success. The survey results also indicate that students reporting financial difficulties struggle to meet basic needs and face mental health challenges that affect their academic performance and ability to focus on coursework. Additionally, they often lack awareness of available support from their institutions or campuses. These financial challenges also lead to insecurity in meeting daily basic needs. Consequently, many students experience food insecurity and inadequate housing to support their academic pursuits. The survey found that three out of five students experienced some form of basic needs insecurity in the past year, with 10 percent experiencing all three forms: food insecurity, housing insecurity, and homelessness. Food insecurity refers to the availability of adequate and socially acceptable food that meets nutritional needs (Zulfikar, 2023).

Malikussaleh University is one of the state universities located in the city of Lhokseumawe. As of now, the number of active students at Malikussaleh University has reached 16,728, distributed across several faculties. The Management Department is one of the departments with the highest number of active students at Malikussaleh University, totaling 1,109 active students. Based on the data obtained from the unimal.ac.id website, out of the total 1,109 active students, 52% or 577 students are beneficiaries of tuition fee waivers or recipients of the KIP (Kartu Indonesia Pintar - Smart Indonesia Card). The significant number of students who receive tuition fee waivers or KIP indicates the high enrollment of Management Department students from economically disadvantaged backgrounds who excel academically.

Based on interviews with several students majoring in Management at the Faculty of Economics and Business, Malikussaleh University, regarding how they manage their finances, it appears that on average, these students experience difficulties in financial matters. This is because sometimes the money sent by their parents from their hometowns is not sufficient to cover their living expenses, so these students must often maximize every penny they have to meet their needs during their college years. Moreover, students facing financial difficulties tend to opt for part-time work during their studies just to meet all their academic needs, such as buying books, printing papers, and so on. Another issue that frequently arises is when they receive government scholarships, there is a tendency to spend on non-academic needs like buying clothes and going out with friends, which leads to poor financial management throughout their college years. (Interview, August 1, 2023).

The numerous financial problems experienced by students themselves cannot be separated from the lack of financial management practiced by the students. Therefore, if students want to prosper financially, they must understand how to behave in terms of financial management or financial management behavior. According to Julita (2023), financial management behavior is the attitude possessed by an individual in managing finances, as demonstrated by their behavior and habits. Not everyone can manage finances well, especially when it comes to spending. One factor that can influence financial management behavior is the presence of financial attitude held by an individual. This is because if an individual has a good financial attitude in managing their finances, they have the ability to manage their finances effectively. According to Khairani and Alfarisi (2019), financial attitude is the application of financial principles to create and maintain value through decision-making and resource management to the best of one's ability. In a previous study

conducted by Julita (2023), it was found that financial attitude has a positive and significant impact on financial management behavior. However, in another study conducted by Anggraini et al. (2022), it was found that financial attitude does not have a significant impact on financial management behavior. Another factor that can influence financial management behavior is financial knowledge. This is because when someone has good financial knowledge, they will strive to manage their finances well for future use. One way individuals with financial knowledge do this is by investing or insuring themselves for future needs. According to Dewanti and Haryono (2021), financial knowledge is the skill someone possesses to gather, digest, and evaluate relevant information as a basis for decision-making, considering the potential consequences. Previous research conducted by Asaff et al. (2019) found that financial knowledge has a positive and significant impact on financial management behavior. However, in another study by Khairani and Alfarisi (2019), it was found that financial knowledge does not have a significant impact on financial management behavior.

The locus of control also plays a role in influencing an individual's financial management behavior. Having control over one's behavior will make individuals more confident in managing their finances independently. According to Afsar et al. (2019), locus of control is defined as an individual's belief that there is great potential within themselves to determine their own destiny, regardless of whether their environment will support them or not. In a previous study conducted by Anggraini et al. (2022), it was found that locus of control has a positive and significant effect on financial management behavior. However, in a study conducted by Novianti (2019), it was found that locus of control does not have a significant influence on financial management behavior.

2. IMPLEMENTATION METHOD

The research was conducted at Malikussaleh University in Lhokseumawe, specifically at the Bukit Indah Campus, Blang Pulo Village, Muara Satu District, Lhokseumawe City. The subjects of this study were all students enrolled at Malikussaleh University affiliated with the Department of Management, Faculty of Economics and Business, who are part of the 2016-2023 cohorts. The study aimed to examine the influence of financial attitude, financial knowledge, and locus of control on financial management behavior among students of Malikussaleh University in Lhokseumawe.

The population is the totality of every element to be investigated that shares similar characteristics, which can be individuals from a group, events, or something to be studied, thus facilitating researchers in collecting various necessary information (Handayani, 2020). The population used in this research is all students of the Department of Management, Faculty of Economics and Business, Malikussaleh University in Lhokseumawe City, totaling 1,522 students. Based on the sample calculation using the Slovin formula, the number of samples to be used in this study is 93.83, which is rounded to 94 students from the Department of Management, Faculty of Economics and Business, Malikussaleh University.

The technique used in this study is multiple linear regression analysis aimed at determining the influence of independent variables consisting of financial attitude, financial knowledge, and locus of control on the dependent variable, which is financial management behavior, among students of the Management Department, Faculty of Economics and Business, Malikussaleh University in the city of Lhokseumawe. This analysis was processed using SPSS version 26 software. The multiple linear regression equation in this study is as follows:

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$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

3. RESULTS AND DISCUSSION

Partial regression test is used to examine the extent to which the independent variables used in the study individually explain the dependent variable partially. According to Ghozali (2018), the basis for decision-making in the partial regression test is when the significant value is less than 0.05 and the t-value is greater than the t-table value. It can be concluded that the independent variables partially influence the dependent variable. The results of the partial regression test in this study are as follows in the table below:

Table 1. Multiple Linear Regression Analysis

Variable	Unstandardized Coefficient		Standardized Coefficient Beta	t	Sig.
	B	Std. Error			
(Constant)	0,816	1,795		7,455	0,000
Financial Attitude	0,390	0,083	0,357	4,707	0,000
Financial Knowledge	0,399	0,088	0,329	4,519	0,000
Locus of Control	0,334	0,077	0,337	4,367	0,000
R					0,764
R ²					0,584
Adjusted r square					0,570
F					42,174

Sources: Data processed (2023)

Based on the results of the partial regression analysis in the table above, the obtained results for the multiple linear regression equation in this study are as follows:

$$Y = 0,816 + 0,390X_1 + 0,399X_2 + 0,334X_3$$

Based on the results of the multiple linear regression equation above, the following results are obtained:

1. The obtained constant value is 0.816. This indicates that financial attitude, financial knowledge, and locus of control will also have a constant value of 0.816.
2. The financial attitude variable obtained a coefficient value of 0.390. This indicates that if the financial attitude possessed by students of the Management Department at the Faculty of Economics and Business of Malikussaleh University increases, then the level of financial management behavior among students of the Management Department at the Faculty of Economics and Business of Malikussaleh University will also experience an increase.
3. The financial knowledge variable obtained a coefficient value of 0.399. This indicates that as the financial knowledge possessed by students majoring in Management at the Faculty of Economics and Business, Malikussaleh University, increases, the level of financial management behavior among these students will also increase.
4. The locus of control variable obtained a coefficient value of 0.334. This indicates that an increase in locus of control among students majoring in Management at the Faculty of Economics and Business, Malikussaleh University, will also lead to an increase in financial

management behavior among these students.

Based on the findings above, it is also evident that financial knowledge is the variable with the greatest influence on improving the financial management behavior of Management Department students at the Faculty of Economics and Business, Malikussaleh University. Based on the results of partial regression analysis in Table 1 above, the hypothesis testing results are obtained as follows:

1. The financial attitude variable obtained a significant value of 0.000 or smaller compared to the significance level used, which is 0.05 ($0.000 < 0.05$), and it obtained a t-value of 4.707 or larger compared to the t-table value, which is 1.986 ($4.707 > 1.986$), with a coefficient value of 0.390. Thus, it can be concluded that financial attitude has a positive and significant influence on financial management behavior. Therefore, the hypothesis stating that financial attitude has a positive and significant influence on financial management behavior among students majoring in Management at the Faculty of Economics and Business, Malikussaleh University, is accepted (H1 accepted).
2. The variable of financial knowledge obtained a significant value of 0.000 or smaller compared to the significance level used, which is 0.05 ($0.000 < 0.05$), and obtained a t-value of 4.519 or larger compared to the t-table value of 1.986 ($4.519 > 1.986$), with a coefficient value of 0.399. Therefore, it can be concluded that financial knowledge has a positive and significant effect on financial management behavior. Thus, the hypothesis stating that financial knowledge has a positive and significant effect on financial management behavior among students in the Department of Management, Faculty of Economics and Business, Malikussaleh University is accepted (H2 accepted).
3. The locus of control variable obtains a significant value of 0.000 or smaller compared to the significance level used, which is 0.05 ($0.000 < 0.05$), and achieves a t-value of 4.367 or greater than the t-table value of 1.986 ($4.367 > 1.986$), with a coefficient value of 0.334. Therefore, it can be concluded that locus of control has a positive and significant influence on financial management behavior. Hence, the hypothesis stating that locus of control has a positive and significant effect on financial management behavior among students of the Management Department, Faculty of Economics and Business, Malikussaleh University, is accepted (H3 accepted).

The determination coefficient test aims to measure how well the model can explain the variation of the dependent variable. The determination coefficient value ranges from 0 to 1, with classifications as follows: 0 (no correlation), 0 – 0.49 (weak correlation), 0.50 (moderate correlation), 0.51 – 0.99 (strong correlation), and 1.00 (perfect correlation). A low determination coefficient value indicates that the ability of the independent variable to explain the dependent variable is very limited (Ghozali, 2018). Based on the results of the coefficient of determination test in Table 1 above, it is shown that the coefficient of determination (adjusted r square) obtained is 0.570. This indicates that the financial management behavior of Management Department students at the Faculty of Economics and Business, Malikussaleh University, is influenced by financial attitude, financial knowledge, and locus of control by 57%, while the remaining 43% of financial management behavior is influenced by other variables not used. Therefore, it can be concluded that the results have a strong correlation or relationship as they fall into the category of 0.51-0.99 (strong correlation).

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DISCUSSION

The Effect of Financial Attitude on Financial Management Behavior

Based on the results of the conducted research, it was found that the financial attitude variable has a significantly smaller value compared to the significance level used, which is 0.05, and it obtains a positive coefficient value. Therefore, it can be concluded that financial attitude has a positive and significant influence on financial management behavior. Hence, the hypothesis stating that financial attitude has a positive and significant influence on financial management behavior among students majoring in Management at the Faculty of Economics and Business, Malikussaleh University, is accepted (H1 accepted). The findings of this study are consistent with previous research conducted by Nisa and Haryono (2022) and Harianto and Isbanah (2021), which found that financial attitude has a positive and significant impact on financial management behavior. Furthermore, the results of this study are also in line with previous research conducted by Chuah et al. (2020) and Budiono (2020), who similarly found that financial attitude has a positive and significant influence on financial management behavior.

The Effect of Financial Knowledge on Financial Management Behavior

Based on the research findings, it was found that the financial knowledge variable has a significantly smaller value compared to the significance level used, which is 0.05, and it also obtains a positive coefficient value. Therefore, it can be concluded that financial knowledge has a positive and significant influence on financial management behavior. Hence, the hypothesis stating that financial knowledge has a positive and significant effect on financial management behavior among students majoring in Management at the Faculty of Economics and Business, Malikussaleh University is accepted (H2 accepted). The findings of this research are consistent with previous studies conducted by Nisa and Haryono (2022) and Goyal et al., (2021), who found that financial knowledge has a positive and significant effect on financial management behavior. Furthermore, the results of this study also align with earlier research conducted by Harianto and Isbanah (2021) as well as Mien and Thao (2015), which also found that financial knowledge has a positive and significant impact on financial management behavior.

The Effect of Locus of Control on Financial Management Behavior

Based on the results of the research conducted, it was found that the locus of control variable has a significantly smaller value compared to the significance level used, which is 0.05, and it obtained a positive coefficient value. Therefore, it can be concluded that locus of control has a positive and significant influence on financial management behavior. Hence, the hypothesis stating that locus of control has a positive and significant influence on financial management behavior among students majoring in Management at the Faculty of Economics and Business, Malikussaleh University, is accepted (H3 accepted). The findings of this study are consistent with previous research conducted by Novianti (2019) and research conducted by Cohart (2016), both of which found that locus of control has a positive and significant influence on financial management behavior. Furthermore, this study's results also align with research conducted by Clark et al. (2018)

and research conducted by Galvin et al. (2018), which similarly found that locus of control has a positive and significant impact on financial management behavior.

4. CONCLUSION

The results showed that financial attitude, financial knowledge, and locus of control had a positive and significant effect on financial management behavior in students of the Department of Management, Faculty of Economics and Business, Malikussaleh University.

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