Angelina Cynthia Hutomo

by Layanan Digital

Submission date: 18-Oct-2023 06:50PM (UTC+0700)
Submission ID: 2199588719
File name: Angelina_Cynthia_Hutomo-tanpa_title.pdf (106.24K)
Word count: 1996
Character count: 11445

ABSTRACT

This research aims to analyze the influence of financial literacy and sociodemographic characteristics on the financial management of migrant students in Surabaya. We employed a quantitative descriptive approach and collected data through a shared Google Form. The analysis was conducted using Stata software. The results of our research reveal that a higher level of financial literacy has a positive and significant impact on the financial management abilities of migrant students. However, sociodemographic factors such as age, gender, and income do not exhibit a significant influence on their financial management. This analysis provides valuable insights into the significance of enhancing financial literacy among migrant students, thereby assisting them in improving their financial management skills.

Keywords: Financial Literacy, Financial Management Behaviour, Socio-Demographics

INTRODUCTION

In this current era of globalization, economic problems are becoming increasingly complex, requiring people to understand how to manage finances. Effective financial management can help minimize financial risks and achieve desired financial goals. Good financial management is very important in everyday life, especially for migrant students in Surabaya. Migrant students often face many challenges in managing their finances, because migrant students have to bear high living costs and are often far from their families. Everyone's financial management is different because of the factors that influence it. One factor that can influence a person's financial management is financial literacy which includes general knowledge, savings and loans and investments (Chen and Volpe, 1998).

Financial literacy is an important factor in managing one's finances because it can help individuals increase one's understanding and ability to make better financial decisions. Apart from that, sociodemographic factors can also be an important factor that can influence the financial management of migrant students in Surabaya. Sociodemography is a combination of two words, namely social and demographics. Social is part of non-demographic variables such as income, employment, education and others. Demography is a science that studies population in an area, for example age, gender, etc. (Harli, 2015). The aim of this research is to understand the extent to which Financial Literacy and Sociodemography influence the money management of migrant students in Surabaya. According to Kholilah (2013), people's consumption behavior in Surabaya tends to think short term and is synonymous with impulsive buying practices so that often individuals with sufficient income still experience financial problems due to poor and responsible financial behavior.

This research refers to research "The influence of financial literacy and sociodemographic factors on consumer behavior". Felicia Claresta (2015) said that 43.4% of respondents had a middle income level, but consumer behavior remained low because financial literacy tended to be high. Therefore, this research was conducted to find out whether financial literacy and sociodemographic factors influence the financial management of migrant children, especially in Surabaya. Apart from that, according to a survey I conducted, 4 out of 6 migrant students in Surabaya said they did not have financial records and allocated pocket money. And 4 out of 6 migrant students in Surabaya also do not have specific plans to achieve long-term goals in their personal finances. Research on the factors that influence financial management in Surabaya can provide valuable insight into how migrant students in this city manage their finances. It is hoped that the results of this research can provide a better understanding of the factors that influence financial management and provide useful information for migrant students in managing their finances.

LITERATURE REVIEW

The concept of financial planning theory, as a foundational element in managing personal finances, is a crucial aspect of an individual's financial journey. It involves developing a comprehensive financial plan to achieve one's financial goals. This theory suggests that conscious or subconscious assumptions about the economy play a pivotal role in shaping a person's financial behavior (Hallman & Rosenbloom, 2003). Financial planning is considered essential to achieving financial freedom (Anastasia & Fransiska, 2019).

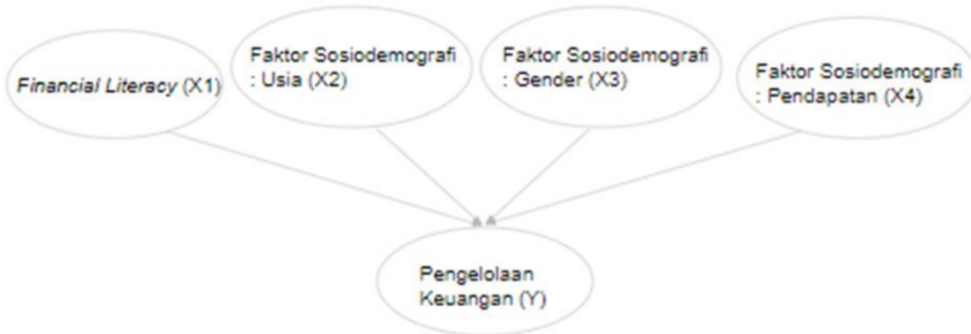
One key prerequisite for effective financial planning is financial literacy. Financial literacy pertains to an individual's fundamental knowledge of financial management, encompassing income and expenditure management (Dikria, et al., 2016). High financial literacy is deemed essential to avoid financial pitfalls and to achieve financial well-being (Akmal & Saputra, 2016). It has been noted that financially literate individuals tend to make more informed decisions, even when other factors are taken into account (Lusardi & Tufano, 2009). The level of financial literacy can be influenced by various factors, such as financial education, income or parent income, education level, family financial management, and more (Akmal & Saputra, 2016).

The dimensions of financial literacy encompass various aspects. Remund (2016) outlines four primary aspects, including understanding how to earn or generate income, managing money, saving or accumulating wealth, and effectively utilizing financial resources. In the study by Nababan and Sadalia (2012), financial literacy is segmented into key areas, including basic personal finance, income and spending, credit and debt management, savings and investments, and risk management. Similarly, Chen and Volpe (1998) divide financial literacy into four primary components: general personal finance knowledge, savings and borrowing, insurance, and investment.

Effective financial management is vital in achieving financial goals and navigating the complexities of personal finance. It is a combination of art and science that involves managing an individual's financial resources (Gitman, 2014). Financial management includes activities such as obtaining funds for profitable investments and allocating these funds efficiently (Hartati, n.d).

Furthermore, sociodemographic factors play a significant role in an individual's financial management and decision-making. These factors include gender, age, education level, family size, occupation, and income (Rita & Kusumawati, 2010). Behavioral aspects, such as financial habits and decision-making, can be influenced by sociodemographic characteristics. Factors like a high-income job can lead to high consumption habits, and education is associated with a person's ability to comprehend financial concepts (Akmal & Saputra, 2016).

In summary, financial planning theory emphasizes the importance of comprehensive financial planning to achieve one's financial goals, with financial literacy as a critical element. Financial literacy includes various dimensions and can significantly impact financial decision-making. Effective financial management is necessary to navigate personal finances, while sociodemographic factors can influence an individual's financial behavior. Understanding these relationships and their implications is essential for developing effective financial education and guidance programs.



A hypothesis is an initial assumption or statement for the solution of a problem being studied, the truth of which must be proven empirically.
Based on supporting theory, the hypothesis of this research is:
1. Financial literacy has a significant effect on money management for overseas boarding students in Surabaya.
2. Sociodemographic factors have a significant influence on money management for overseas boarding students in Surabaya.

METHODOLOGY

The research method applied in this research is quantitative research, which utilizes quantitative data in the form of numbers or figures (Abdullah, 2015). The approach used includes descriptive methods, which aim to describe the nature of the event under study and analyze certain causes of the event. The survey approach is used to measure existing symptoms without in-depth examination of the condition of the symptoms, while the correlation approach is used to assess the level of reciprocal relationships between different variables in the population studied. Apart from that, this research also involves hypothesis testing to reveal the results of the proposed research hypothesis.
The samples were purposely selected to meet specific criteria: 1) active registration as students in Surabaya-based universities and 2) residing in Surabaya as tenants in boarding houses (kos). Primary data was gathered through an online survey facilitated by the Google Form, A logistic regression analysis using STATA software was utilized to examine the data.

ANALYSIS AND DISCUSSION

After inspection, of the 56 data from respondents who took part in the survey, there were 6 data that could not be included in further data processing so that a total of 50 data could be used. As a result, 89% of those who took part in this study responded. Table 1 shows the respondent profile.

Table 1. Responden Profile

Category	Quantity	Percentage

Gender		
Male	**18**	**36%**
Female	**32**	**64%**
Age Range		
>18-19	**11**	**22%**
20-21	**34**	**68%**
>21	**5**	**10%**
Income		
<Rp 500.000 – Rp 1.500.000	**10**	**20%**
>Rp 1.500.000 – Rp 3.000.000	**20**	**40%**
>Rp 3.000.000	**20**	**40%**
Source of Income		
All Income from Parents	**41**	**82%**
All Income from Parents and Other Income	**9**	**18%**

Data processing with Logistic Regression with STATA, which applies three test : reliability validity test, classical assumption test and hypothesis test. Before testing the hypothesis, a reliability and validity test will be carried out.

Validity Reliability Test

In this test, researchers used Cronbach's Alpha coefficient, checking the internal consistency of a measurement scale. Cronbach's Alpha coefficient is a measure of internal reliability that calculates the correlation between the items in the scale. Cronbach's Alpha value ranges between 0 and 1, and the higher the value, the higher the reliability of the measurement scale.

Tabel 2 Financial Literacy Reliability Test

Nilai	FL1	FL2	FL3	FL4	FL5	FL6	FL7
Alpha	0.7282	0.7145	0.7452	0.7680	0.7524	0.7617	0.7565

Scale reliability coefficient : 0.7748

Tabel 3 Money Management Reliability Test

Nilai	PK1	PK2	PK3	PK4	PK5	PK6	PK7
Alpha	0.8038	0.8143	0.8170	0.8364	0.8308	0.8066	0.8102

Scale reliability coefficient : 0.8394

In interpreting the results of Alpha reliability testing, a threshold of 0.7 is often used as an indicator of good reliability. It can be seen from the 2 tables above that the results of financial literacy and financial management indicators both have a good level of reliability. This means that the statement items correlate well with each other and the subsequent measurement results can be trusted.

Table 4. Regression analysis

	(1)
VARIABLES	MM
FL	0.737**
	(0.333)
age	4.048
	(3.507)
gender	3.428
	(2.726)
pemasukan	-0.791
	(1.322)
Constant	-20.45*
	(11.26)
Observations	50

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

From the data above, it can be seen that the FL coefficient is 0.737, which shows that financial literacy has an effect of 0.737 or 7.37% on financial management. The coefficient has a positive and negative sign, which indicates the direction of the relationship between the predictor variable and the dependent variable. Of all the independent variables in this study, income has a negative coefficient, which means there is a negative relationship between the dependent variable and the probability of an event occurring.

The overall research results show that financial literacy has a significant effect on students' financial management behavior. This is in line with the results of previous research which shows that financial literacy has a significant influence on financial management, namely Harpa and Kholida. However, for sociodemographic variables, the results were found that age, gender and income did not have a significant effect on students' financial management. However, it should be noted that further assessment is needed regarding the significance and influence of all variables must also be based on an analysis of the entire model, including other factors or errors that influence the dependent variable in this study.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis that has already been carried out, this study offers a few important takeaways. First, the partial literacies of finance have a positive bearing on the process of making large-scale financial transactions. This indicates that students who have higher levels of financial literacy also tend to have higher levels of proficiency in handling money transfers. Everything in this has important implications for raising understanding and currency literacy among the majority.

Despite all, the study also has a few limitations that need to be addressed. In addition to the remedies mentioned before, it is important to keep in mind that the results of the study may not fully account for the external factors that affect the conduct of the student financial system. Due to this, future research can expand on external variables such as the impact of the economic and social environment to provide more comprehensive information. In addition to that, focus on responding appropriately and spelling accuracy.

Angelina Cynthia Hutomo

ORIGINALITY REPORT

11%	4%	5%	7%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Ahmad Humaidi, Muhammad Khoirudin, Ainun Riska Adinda, Achmad Kautsar. "The Effect of Financial Technology, Demography, and Financial Literacy on Financial Management Behavior of Productive Age in Surabaya, Indonesia", International Journal of Advances in Scientific Research and Engineering, 2020 Publication	2%
2	digilib.uinsby.ac.id Internet Source	1%
3	doaj.org Internet Source	1%
4	easychair.org Internet Source	1%
5	Submitted to Curtin University of Technology Student Paper	1%
6	Submitted to Foreign Trade University Student Paper	1%
	Submitted to Bournemouth University	

7	Student Paper	1 %
8	Submitted to Brunel University Student Paper	1 %
9	Submitted to Erasmus University of Rotterdam Student Paper	1 %
10	Submitted to School of Business and Management ITB Student Paper	1 %
11	Submitted to University of Birmingham Student Paper	1 %
12	journal.uinjkt.ac.id Internet Source	1 %
13	Ton Duc Thang University Publication	1 %

Exclude quotes	On	Exclude matches	< 1%
Exclude bibliography	On		