The Influence of Financial Literacy and Financial Attitudes on Financial Management in MSME Owners of Crackers in Sidoarjo

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ABSTRACT

This study aims to determine and analyze the influence of financial literacy and financial attitudes on financial management. The research method used is quantitative with an associative approach. The population in this study is 109 cracker MSME owners in Sidoarjo. The sample of this study included of 86 respondents. Data was collected through distributing questionnaire and analyzed using IBM SPSS software version 30 by performing validity tests, reliability tests, classical assumption tests, multiple linear regression tests, and hypothesis tests. The results of this study show that partially the financial literacy variable has a positive and significant effect on financial management, partially the financial attitude variable has a positive and significant effect on financial management. Meanwhile, the variables of financial literacy and financial attitudes have a simultaneous effect on financial management.
Keywords: *Financial Literacy, Financial Attitudes, Financial Management.*

A. INTRODUCTION

Indonesia has significant potential in the economic field, one of which can be seen from the number of MSME actors that continues to grow until now (Amelia, 2022). MSMEs have a significant role and are the spearhead for the economic development of a country, because they are able to create a significant number of jobs (Hidayat et al., 2022). However, MSME owners in Indonesia are also faced with a number of obstacles, one of which is related to less than optimal financial management practices (Wahyu et al., 2024). Because it guarantees the stability of financial resources and overall performance, financial management is a crucial component of business sustainability, allowing the company to withstand and adjust to changes in the economy. (Hasanudin, 2023). However, financial management is often considered an issue that is often ignored by MSME owners (Parmuji et al., 2024). The absence of a comprehensive understanding of entrepreneurial principles, business management strategies, and

financial governance among MSME owners significantly impedes business development and poses challenges to long-term sustainability (Andreas, 2023).

Most MSME owners feel comfortable so that accounting-based financial budgeting in their business management is not carried out, and awareness of making business financial books is still considered low (Fathurrahman et al., 2020). The belief held by some MSME owners that financial management can be done flexibly without meticulous preparation and that budget planning is not crucial is the root reason of this lack of understanding (Estuti et al., 2021). Thus, effective business financial management can be used as part of an effort to maintain the stability of financial circulation, so that potential mistakes that cause financial losses can be avoided (Santiara & Sinarwati, 2023).

Financial management practices are thought to be significantly impacted by financial literacy (Nurjanah et al., 2022). A variety of abilities and information that enable people to handle their financial resources with understanding and clarity are together referred to as financial literacy. (Kristanto & Gusaptono, 2021:14). A high level of financial literacy in business actors not only makes MSME owners skilled in financial management, but also allows contributions in decision-making related to managed businesses (Hasanah et al., 2023). Therefore, improving financial literacy is crucial to ensure that individuals can avoid the adverse effects arising from a lack of knowledge in making financial management decisions (Humaidi et al., 2020). Other elements, such as financial attitudes, may also affect financial management (Andanika et al., 2020). The thoughts, emotions, and actions of people or groups about financial management are referred to as financial attitudes. These include how people think about money, how they make financial choices, and how they assess and react to financial circumstances (Handayani et al., 2022). Financial attitudes are needed for financial management, both business and personal (Setyaningsih, 2024). Inadequate attitudes towards the importance of financial management also worsen the situation and make MSMEs tend to ignore financial records and analysis that are important for decision making (Wahyu et al., 2024). People with a good financial attitude are thus more likely to exhibit appropriate money management activities (Amelia, 2022).

Finding out how Financial literacy and sentiment affect the financial management of MSME owners in Sidoarjo is the goal of this research. This study should be able to make a significant theoretical and practical contribution. It is anticipated that this research would expand theoretical understanding and knowledge on the influence of company owners' financial attitudes and financial literacy on the financial management of MSMEs. Future research in related domains is anticipated to use this study as a reference. In the practical sense, however, this research is anticipated to be helpful to MSMEs cracker owners, particularly in Sidoarjo. Therefore, it is anticipated that such MSMEs will be able to enhance their capacity for financial management and maximize their company performance in order to accomplish long-term objectives.

B. Research Variable
Financial Management

Planned, coordinated, directed, and controlled financial operations, including the procurement and use of company cash, are all part of financial management (Purba et al., 2021:114). Financial management is crucial in daily life for making wise financial decisions and achieving financial objectives

(Sari et al., 2020). Someone who has a good understanding of finance has a tendency to be skilled in managing finances in his business (Zikrillah et al., 2021). Therefore, effective financial management is a strategic approach to ensure the continuity of business cash flow while minimizing the potential for errors that could lead to financial losses (Santiara & Sinarwati, 2023).

According to Assanniyah & Setyorini (2024) there are four things that are indicators in financial management, including: (1) The sources of business money, which include both internal and external cash received by the organization to support business growth and operating operations, (2) The practice of controlling a business's cash flow, including inflows and outflows, to make sure the company can pay its short-term debts and maintain maximum liquidity is known as cash flow management, (3) A company's assets, liabilities, equity, revenue, and expenses are all summarized in its financial statements, as well as (4) Planning and establishing a budget for a certain time frame is known as budgeting, and it serves to organize and manage the costs and income of the business.

Financial Literacy

Having the fundamental skills and information necessary to handle one's financial resources in an acceptable, well-informed, and efficient manner is known as financial literacy (Kristanto & Gusaptono, 2021:14). Business owners with a broad understanding of financial literacy are not only skilled in planning and managing funds, but also able to support decision making related to their business operations (Hasanah et al., 2023). To avoid detrimental effects from ignorance in the financial management decision-making process, it is crucial to raise awareness of financial literacy (Humaidi et al., 2020).

Based on to Chen & Volpe (1998) in Pusporini (2020) literasi keuangan mencakup empat aspek indikator diantaranya: (1) The ability of a person to comprehend basic ideas relating to personal finance is known as basic financial knowledge; (2) Savings and loans, which is the expertise to understand aspects related to savings management as well as the use and return of loans; (3) Investment, which is a basic understanding of the concept of interest rates, investment risk, capital market instruments, mutual funds, and deposits; and (4) Insurance, which is an individual's understanding of the basic concepts of insurance along with various insurance products, such as education insurance and life insurance.

Financial Attitude

When it comes to financial conduct or activities, financial attitudes are a manifestation of personal beliefs, opinions, and assessments of financial views (Handayani et al., 2022). Financial attitudes are indispensable in financial management, both in a business and personal context (Setyaningsih, 2024). Inadequate attitudes towards the importance of financial management also worsen the situation and make MSMEs tend to ignore financial records and analysis that are important for decision making (Wahyu et al., 2024). Thus, someone who has a positive financial attitude is more likely to reflect better and more responsible financial management behavior (Amelia, 2022).

According to Furnham (1984) in Nurjanah (2022) there are six things that are indicators of financial attitudes, namely: (1) Obsession, which refers to an individual's perspective on finance and his views on how to manage money wisely and effectively for the future; (2) Power, which describes the use of money to solve problems; (3) Effort, which Relating to a person who senses they deserve money as a result of the effort or work they have done; (4) Inadequacy, which reflects the perception of individuals who feel that the amount of money they have is never enough; (5) Retention, which is related to the tendency of individuals to hold back spending and be reluctant to spend money; (6) Security, which describes the traditional view of money, where individuals are reluctant to save money in financial institutions such as banks or make investments because they feel safer keeping it personally.

C. Research Method

This study takes an associative approach and uses quantitative tools. While the associative technique seeks to ascertain the link between two or more variables, quantitative research places a higher priority on data gathering and numerical analysis in order to test hypotheses and explain events that occur (Sugiyono, 2022). Both primary and secondary data were used in this study. The former came from surveys given to cracker MSMEs' owners in Sidoarjo, while the latter came from earlier research published in books, scholarly journals, and other literature references relating to the study's subjects.

109 cracker business owners in Sidoarjo made up the study's population. 86 respondents made up the study's sample. Purposive sampling is the sample strategy used in this research, and the respondent must be a cracker UMKM owner residing in Sidoarjo. A preselected sample was given questionnaires to complete in order to gather data. A Likert scale with a range of 1 to 5 was used to get an evaluation based on respondents' opinions. IBM SPSS version 30 software was then used to analyze the collected data. The testing phases included validity testing, multiple linear regression analysis, classical assumption testing, reliability testing, and hypothesis testing.

D. Result and Discussion

Result

Based on the questionnaire that was given to 86 cracker MSMEs in Sidoarjo, the following table lists the characteristics of the respondents:

Respondent Characteristics

Table 1. Respondent Characteristics

Category	Description	Amount	Percentage
Gender	Male	67	77.9%
	Female	19	22.1%
Age	< 25 years	7	8.1%
	25 – 35 years	13	15.1%
	35 – 45 years	31	36%
	> 45 years	35	40.7%
Education Level	SMA/SMK	71	82.6%
	Diploma (DI/DII/DIII)	6	7.0%
	Bachelor's degree	8	9.3%

	Master's degree	1	1.2%
Age Of Business	< 5 years	7	8.1%
	5 – 15 years	18	20.9%
	15 – 25 years	29	33.7%
	> 25 years	32	37.2%
One Year Turnover	< Rp 50.000.000	26	30.2%
	Rp 50.000.000 – Rp 500.000.000	39	45.3%
	Rp 500.000.000 – Rp 10.000.000.0000	21	24.4%
	TOTAL	**86**	**100%**

Source: Primary data processed by SPSS 30 (2025)

Validity Test

The purpose of the validity test was to evaluate the questionnaire's ability to measure the study's target variables with accuracy. (Ghozali, 2018:51). The instrument is deemed valid if r-count > r-table. The validity test was conducted by comparing the computed r-value (r-count) with the crucial r-value (r-table). The calculation for degrees of freedom (df) = n - 2 yields the r-table value, which, for 86 respondents, is df = 84. According to these calculations, the significance level (sig) is less than 0.05 and the r-table value is 0.212.

Table 2. Validity Test Results

	Variable and Statement Item	r-count	r-table	Description
	Financial Literacy			
X1.1	I always record a monthly income statement or financial report on my business financial activities.	0.724	0.212	Valid
X1.2	I participated in financial bookkeeping training both organized by the government and from outside for my business needs	0.607	0.212	Valid
X1.3	I have complete documents for loan requirements at banks or other financial institutions	0.420	0.212	Valid
X1.4	I have basic knowledge of accounting for the needs of the business I manage	0.720	0.212	Valid
X1.5	I know the costs that must be paid for the loan capital needed for my business	0.699	0.212	Valid
X1.6	I know the benefits of getting a credit loan for my business needs	0.544	0.212	Valid
X1.7	I understand well the interest rates that must be paid for loan capital provided by banks/other financial institutions for the purpose of my business	0.659	0.212	Valid
X1.8	I have the ability to minimize losses and bad debts in my business	0.641	0.212	Valid
X1.9	I have the ability to analyze the finances of my business	0.667	0.212	Valid
X1.10	I have the ability to analyze my business prospects in the future so that it can survive and progress	0.321	0.212	Valid
	Financial Attitude			
X2.1	I routinely set a monthly budget for my business	0.792	0.212	Valid
X2.2	I feel capable of managing my business finances well	0.813	0.212	Valid
X2.3	I prefer to pawn items for unexpected needs rather than looking for other sources of funding	0.627	0.212	Valid
X2.4	I try to set aside money to save and use for urgent needs	0.529	0.212	Valid

X2.5	I'm good at estimating financial difficulties in my business	0.654	0.212	Valid
X2.6	I understand the stability of my financial condition	0.657	0.212	Valid
X2.7	I believe that studying finance is important to manage a business well	0.321	0.212	Valid
	Financial Management			
Y.1	I draw up a financial plan to manage my business income as well as expenses	0.788	0.212	Valid
Y.2	I make a business budget regularly to anticipate the financial risks of my business	0.843	0.212	Valid
Y.3	I set up an unexpected budget to anticipate the financial risks of my business	0.731	0.212	Valid
Y.4	I pay my business bills on time	0.480	0.212	Valid
Y.5	I pay off my business credit on schedule to avoid additional penalties or interest	0.464	0.212	Valid
Y.6	I record all my business income and expenses systematically	0.812	0.212	Valid
Y.7	I record my debts and accounts receivable well in order to avoid bad debts	0.643	0.212	Valid
Y.8	I make business financial statements to evaluate performance	0.779	0.212	Valid
Y.9	I prioritize spending on my business needs over other expenses	0.422	0.212	Valid
Y.10	I think about credit risk or business loans	0.456	0.212	Valid
Y.11	I am careful in taking credit on the business I manage	0.450	0.212	Valid

Source: Primary data processed by SPSS 30 (2025)

It is evident from the preceding table that the rcount value is higher than the rtable, which displays the findings of the validity test of the financial literacy variable (X1), financial attitude (X2), and financial management (Y). As a result, it may be said that the questionnaire's statement items are reliable and appropriate.

Reliability Test

A reliability test was conducted in order to assess the consistency of the questionnaire as a measure of the variable or construct under consideration. The construct is deemed reliable if the results are consistent with a Cronbach's Alpha score higher than 0.70 (Ghozali, 2018:46).

Table 3. Reliability Test Results

Reliability Statistic				
Variable	**Cronbach's Alpha**	**N of Items**	**Criteria**	**Description**
Financial Literacy	0,808	10		Reliabel
Financial Attitude	0,762	7	70	Reliabel
Financial Management	0,855	11		Reliabel

Source: Primary data processed by SPSS 30 (2025)

Financial management (Y) has a Cronbach's Alpha value of 0.855, financial attitude (X2) has a value of 0.762, and financial literacy (X1) has a value of 0.808, according to the output table above. In the meantime, if a variable has a Cronbach's Alpha value more than 0.70, it may be considered trustworthy, and the items in the research instrument are found to fulfill the reliability requirements.

Classical Assumption Test

Normality Test

We used the normality test to see whether the independent and dependent variables in the regression model have a normal distribution. This research used the Kolmogorov-Smirnov test to evaluate the normality of the data. If the significance value of the normality test is higher than 0.05, the data is considered normally distributed. However, if the significance value is less than 0.05, the data is not regularly distributed (Ghozali, 2018:161).

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandarized Residual
N		86
Normal Parameters[a,b]	*Mean*	.0000000
	Std. Deviation	3.86930482
Most Extreme Differences	*Absolute*	.062
	Positive	.062
	Negative	-.062
Test Statistic		.062
Asymp. Sig. (2-tailed)[c]		.200[d]

    a. *Test distribution is Normal.*
    b. *Calculated from data.*
    c. *Lilliefors Significance Correction.*

Source: Primary data processed by SPSS 30 (2025)

The output table above shows that the Asymp. Sig. (2-tailed) value is 0.200, which is > 0.05, based on the results of the normality test. The regression model used in this research may thus be considered to have a normal distribution.

Multicollinearity Test

Identifying the correlation between the independent variables in the regression model is the aim of the multicollinearity test. Regression models that are good should show no connection between the independent variables. To detect potential multicollinearity, one might utilize the Value Inflation Factor (VIF) and tolerance value. In the event that the tolerance value exceeds 0.10 and the VIF value falls below 10.00, the regression model does not display multicollinearity. Multicollinearity is present if the tolerance value is less than 0.10 and the VIF value is more than 10.00. (Ghozali, 2018:107).

Table 5. Multicollinearity Test Results

Coefficients[a]			
Model	**Collinearity Statistic**		**Description**
	Tolerance	**VIF**	
Financial Literacy (X1)	0.395	2.534	There is no multicollinearity
Financial Attitude (X2)	0.395	2.534	There is no multicollinearity

Source: Primary data processed by SPSS 30 (2025)

The financial literacy variable (X1) and financial attitudes (X2) have a tolerance value of 0.395, where the tolerance value is more than 0.10, and the VIF value on these variables is 2.534, where the VIF value is less than 10.00. The output table above provides support for these conclusions.   It may be concluded, then, that there are no signs of multicollinearity in the regression model used in this study.

AutocorrelationTest

Using a linear regression model, the autocorrelation test seeks to determine if confounding error in the t-period and error in the preceding period (t-1) are correlated. An issue with autocorrelation is indicated if such a connection is found. Autocorrelation should not exist in a dependent regression model. Using the Durbin-Watson table is one way to identify autocorrelation (Ghozali, 2018:111).

Table 6. AutocorrelationTest Results

Model Summary[b]					
Model	**R**	**R *Square***	***Adjusted R Square***	***Std. Error of the Estimate***	***Durbin-Watson***
1	.898[a]	.806	.801	3.916	2.098

a.   *Predictors: (Constant)*, Financial Attitude, Financial Literacy
b.   *Dependent Variable*: Financial Management

Source: Primary data processed by SPSS 30 (2025)

Durbin-Watson (DW) value 2.098 is based on the output table above. This value is then compared using the formula (k;N) with the Durbin Watson table value at a 5% significance level. This yielded (k; N) = 2: 86 with a total of 86 samples (N = 86) and two independent variables (k = 2). The table calculation indicates that the dU value is 1.6971 and the dL value is 1.6021. To ensure if the variables are correlated, the rule dU < d < 4-dU is used. The result in this instance is 1.6971 < 2.098 < 2.3029, indicating that the dependent variables do not exhibit autocorrelation or a connection.

Heteroscedasticity Test

Whether the regression model shows uneven variance (heteroscedasticity) in the residuals across data was investigated using the heteroscedasticity test. The regression model is considered homoscedastic when heteroscedasticity is absent.   The presence or absence of heteroscedasticity was assessed using the Glejser test in relation to the significance value (Sig.).   When the significant value is less than 0.05, heteroscedasticity symptoms are considered to be present; when the significance value is more than 0.05, heteroscedasticity is not.

Table 7. Heteroscedasticity Test Results Using Glejser Test

Coefficients[a]					
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
	B	**Std. Error**	**Beta**		
1 (*Constant*)	2.965	1.272		2.332	.022
Financial Literacy	-.050	.055	-.157	-.906	.367
Financial Attitude	.076	.076	.174	1.003	.319

a. *Dependent Variable*: Abs_RES

Source: Primary data processed by SPSS 30 (2025)

The financial literacy variable (X1) and financial attitudes (X2) both have significant values of 0.367 and 0.319, respectively, which indicate Sig > 0.05 and Sig > 0.05, according to the output table above. Therefore, all of the variables in this study are devoid of the signs of heteroscedasticity.

Multiple Linear Regression Analysis Test

Table 8. Multiple Linear Regression Analysis Test Results

		Coefficients[a]				
	Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(*Constant*)	.153	2.132		.072	.943
	Financial Literacy	.482	.092	.405	5.260	.000
	Financial Attitude	.899	.127	.545	7.078	.000
b.	*Dependent Variable*: Financial Management					

Source: Primary data processed by SPSS 30 (2025)

The following formula for the multiple linear regression equation is derived from the results in the previous table:

$Y = α + β1X1 + β2X2$

$Y = (0.153) + 0.482X1 + 0,899X2$

The above multiple linear regression equation may be interpreted in this way.

1) The value of financial management is 0.153, demonstrating a positive effect between the independent and dependent variables, when all independent variables, including financial literacy (X1) and financial attitudes (X2), are zero (0) or do not change.

2) The financial literacy variable (X1) has a regression coefficient value of 0.428, meaning that, if all other independent variables remained constant, every 1% increase in financial literacy would translate into a 0.428 increase in financial management. This encouraging sign shows that money management and financial knowledge have a unidirectional effect.

3) Assuming all other independent variables stay the same, the financial attitude variable's (X1) regression coefficient value of 0.899 means that for every 1% increase in financial attitudes, financial management will also rise by 0.899. The unidirectional impact of financial attitudes and financial management is also shown by this positive indicator.

Hypothesis Test

T Test (Partial)

The T test seeks to determine if the independent variable (X) partially influences the dependent variable (Y). The significant value (Sig) and comparing the computed t-value with the t-table are the two methods that Ghozali (2018) claims provide the foundation for decision-making in the t-test. The study hypothesis is accepted if the significance value (Sig) is less than 0.05, which indicates that the

independent variable significantly influences the dependent variable. In the event where the t-count value is more than the t table, the hypothesis may be approved since it also suggests a considerable effect between variables (X) and (Y).

Table 9. T Test Result

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Model	B	Std. Error	Beta		
1	(*Constant*)	.153	2.132		.072	.943
	Financial Literacy	.482	.092	.405	5.260	.000
	Financial Attitude	.899	.127	.545	7.078	.000
c.	*Dependent Variable*: Financial Management					

Coefficients[a]

Source: Primary data processed by SPSS 30 (2025)

df = n - 2 is the degree of freedom formula that is used to calculate the t table value. Thus, the t table value used in this investigation is 1.667, as df = 86 - 2 = 84. The following explanation is possible based on the findings in the above table:

1) The significant value for the relationship between financial management (Y) and financial literacy (X1) is 0.000 < 0.05. Furthermore, the t-table value of 1.667 is less than the calculated t-count of 5.260. Thus, the first hypothesis (H1), according to which financial literacy has a considerable and positive influence on financial management to some degree, may be approved.

2) A significant value of 0.000 < 0.05 indicates that financial management (Y) and financial attitudes (X2) are related. Consequently, the t-count of 7.078 is more than the t-table value of 1.667. Thus, it is agreed that financial attitudes have a significant and positive influence on financial management to a certain degree, as shown by the second hypothesis (H2).

F Test (Simultaneous)

The F test is used to ascertain if every independent variable in a regression model simultaneously affects the dependent variable. In this exam, decisions are made using two methods, specifically: According to the ANOVA's significance value (sig.), if the Sig value is less than 0.05, the hypothesis may be accepted. This indicates that the independent variable (X) influences the dependent variable (Y) at the same time, and vice versa. In the meantime, the suggested hypothesis is acknowledged if the value of F count > F table, which is based on a comparison between the two variables. This indicates that the independent variable (X) influences the dependent variable (Y) jointly.

Table 10. F Test Results

ANOVA[a]

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5272.305	2	2636.152	171.935	.000[b]
	Residual	1272.579	83	15.332		
	Total	6544.884	85			

a. *Dependent Variable*: Financial Management
b. *Predictors:* (*Constant*), Financial Attitude, Financial Literacy

Source: Primary data processed by SPSS 30 (2025)

With α = 0.05, df1 = 2, and df2: n-k-1 (86-2-1) = 83, the calculated F value is 171.935 > F table of 3.11, and the significance value for the F test is 0.000 < 0.05, according to the output table above. As a result, the third hypothesis (H3) is likely to be adopted. The financial literacy factors (X1) and financial attitudes (X2) therefore have a positive and substantial simultaneous influence on the financial management variable (Y).

Coefficient Of Determinant (R-*Square*)

One way to evaluate how well the statistical model can explain the variation in the dependent variable is to look at the coefficient of determination, or R-square. The R-square value falls between 0 and 1, with a value around 1 suggesting that the model describes the observed variables more well (Ghozali, 2018).

Table 11. Coefficient Of Determinant Results

Model Summary[b]				
Model	**R**	**R *Square***	**Adjusted R Square**	**Std. Error of the Estimate**
1	.898[a]	.806	.801	3.916

a. *Predictors:* (*Constant*), Financial Attitude, Financial Literacy
b. *Dependent Variable*: Financial Management

Source: Primary data processed by SPSS 30 (2025)

The R Square value of 0.806, as shown in the output table above, indicates that the financial literacy (X1) and financial attitudes (X2) variables can explain for 80.6% of the variability in the dependent variable. Other variables outside the model, which are not examined in this research, are responsible for the remaining 19.4%.

Discussion

The Influence Of Financial Literacy On Financial Management

According to the results of the T-test, financial literacy has a favorable and statistically significant influence on financial management. This is confirmed by a t-count value of 5.260, which is more than the t-table value of 1.667, and a significance level of 0.000, which is below the 0.05 limit. The idea that MSMEs' financial management is significantly impacted by financial literacy is well acknowledged. These findings indicate that higher levels of financial literacy among cracker MSME owners enhance their ability to manage business finances effectively, consistent with prior studies by Nurjanah et al. (2022), Santiara & Sinarwati (2023), and Gunawan & Safira (2022).

The Influence Of Financial Attitude On Financial Management

The results of the T-test reveal a clear and statistically significant relationship between financial attitude and financial management among MSME owners, particularly in the cracker industry. The t-count value reached 7.078, surpassing the critical t-table value of 1.667, while the significance level stood at 0.000—far below the conventional threshold of 0.05. This indicates that financial attitudes do not merely correlate with but actively contribute to better financial management. A positive financial

attitude, which may include practices such as budgeting, disciplined spending, and long-term planning, tends to improve how owners handle their business finances. This insight is crucial because it highlights that internal behavioral factors, such as mindset and perception toward money, can directly influence external business outcomes, especially in small-scale enterprises where owners typically manage financial matters personally.

Furthermore, this empirical evidence aligns with the findings of several prior studies, such as those conducted by Ariadin and Safitri (2021), Pakawaru (2022), and Kusumawati et al. (2023). These researchers also confirmed that a sound financial attitude significantly affects financial decision-making and managerial practices in MSMEs. The consistency of these findings suggests a robust relationship across different samples and contexts, reinforcing the notion that cultivating a positive financial mindset is essential for improving the financial performance of small businesses. For cracker MSME owners, strengthening financial attitudes may lead to better control over cash flow, smarter investment decisions, and ultimately more sustainable business operations. This underlines the importance of financial education and awareness initiatives targeted specifically at enhancing financial attitudes.

The Influence Of Financial Literacy And Financial Attitude On Financial Management

The F-test results provide compelling evidence that financial literacy and financial attitude, when considered simultaneously, have a significant and positive influence on the financial management practices of MSME owners. With an F-count of 171.935—far exceeding the F-table benchmark of 3.11—and a significance level of 0.000, it becomes evident that these two variables jointly account for meaningful variations in how MSME owners manage their finances. Financial literacy, which encompasses the ability to understand and apply financial principles, when combined with a proactive financial attitude, empowers business owners to make informed decisions, optimize resource allocation, and avoid financial pitfalls. This synergy between knowledge and mindset enables a more strategic and responsible approach to financial management, which is vital for the growth and stability of MSMEs in a competitive environment.

This result not only underscores the interdependence of cognitive (literacy) and affective (attitude) dimensions of financial behavior but also supports previous scholarly findings by Fathurrahman et al. (2020), Amelia (2022), and Ratnawati et al. (2023). These studies similarly established that financial literacy and attitude, when integrated, serve as key drivers of sound financial management in small enterprises. The implication is clear: interventions aimed at improving MSME financial performance should not focus solely on enhancing knowledge but must also foster positive attitudes toward financial responsibility. Training programs, policy support, and financial mentoring must therefore be holistic, addressing both the intellectual and behavioral aspects of financial capability to produce long-term improvements in MSME financial health.

Locus of Control on financial behavior

The financial behavior of individuals is significantly influenced by their locus of control, defined as the extent to which an individual perceives they have influence over the outcomes in their life, including financial aspects. The findings of this study demonstrate a positive correlation between an individual's higher locus of control and their financial behavior. Individuals who possess an internal locus

of control have a strong tendency to believe that they exercise a high degree of autonomy in their financial decisions and the outcomes that ensue. This belief system contrasts with the tendency to ascribe their financial outcomes to external factors, such as fate or luck.

Individuals with a strong locus of control have been shown to exhibit superior financial management skills, make more judicious financial decisions, and engage in proactive long-term financial planning. Evidence of this phenomenon is apparent in the realm of debt management practices, savings habits, and the implementation of effective financial planning strategies. Consequently, locus of control emerges as a pivotal factor in promoting healthy and responsible financial behaviors, particularly among younger generations, such as Generation Z.

Financial knowledge on financial behavior through locus of control

The findings of the study suggest that financial knowledge exerts a positive influence on financial behavior, both directly and indirectly through locus of control. Statistical analysis reveals a direct correlation of 0.186 between financial knowledge and Gen Z financial behavior, while the indirect relationship through locus of control is only 0.042. While this indirect effect is less pronounced than the direct effect, it remains statistically significant, suggesting that locus of control functions as a partial mediator. This suggests that enhancing financial literacy may play a role in fostering individuals' self-control, which, in turn, can positively impact financial behavior. However, this effect is not fully mediated by financial literacy. Consequently, individuals with high financial literacy exhibit increased confidence in their financial management abilities, enabling them to effectively manage their income, formulate comprehensive financial plans, and make informed investment decisions.

This finding underscores the importance of enhancing financial knowledge, which should provide technical information in addition to fostering character development and confidence in financial decision-making. The comprehension of fundamental financial principles, including budgeting, saving, and investing, is a prerequisite for the manifestation of positive financial behaviors. Furthermore, the belief in the capacity to exercise agency over one's financial outcomes is a critical factor in fostering such behaviors. Consequently, locus of control emerges as a pivotal factor in establishing a nexus between financial comprehension and tangible actions in the realm of personal financial management. An effective financial education approach for Generation Z must include this psychological aspect in order to produce a generation that is not only financially savvy but also empowered to make independent financial decisions.

Financial technology on financial behavior through locus of control

The findings of the study suggest that financial technology (fintech) exerts a substantial influence on financial behavior, operating both directly and indirectly through locus of control as a mediating variable. Individuals with familiarity and proficiency in fintech services, including digital wallets, investment applications, and financial planning platforms, have been observed to demonstrate more regulated and cautious financial conduct. Financial technology facilitates convenient access to financial information and instruments that were previously inaccessible, thereby fostering increased

confidence in individuals' financial management. Individuals who feel in control of their financial decisions—thanks to real-time data, transaction transparency, and ease of use of technology—tend to develop more responsible and structured financial behavior.

The present study explores the relationship between fintech and financial behavior, focusing on the role of locus of control. Hypothesis 1 states that the higher an individual's perception of self-control over their finances, the more effective the use of financial technology is in shaping positive financial behavior. In this context, locus of control functions as a psychological bridge, thereby amplifying the impact of technology on users' actual actions. Fintech not only provides tools but also reinforces users' confidence that they can make sound financial decisions. Consequently, educational approaches and the development of financial technology must be accompanied by efforts to cultivate an independent and responsible mindset, so that technological advancements can truly drive sustainable financial behavior transformation, especially among younger generations like Gen Z, who are highly familiar with digitalization.

E. Conclusion

Cracker MSME owners in Sidoarjo's financial management practices are favorably and substantially influenced by financial knowledge and attitudes, based on the results of the investigation. The efficacy of firm finance management is greatly improved by these two factors, partly and concurrently, according to multiple linear regression research. Financial literacy empowers MSME owners to comprehend financial ideas and make well-informed decisions, whereas positive financial attitudes promote greater financial discipline and strategic planning. Accordingly, The more financial literacy there is and financial attitudes, the more effective the financial management practices observed. These findings underscore the essential function of financial expertise as well as prudent financial behavior in fostering the sustainability and growth of MSMEs

By expanding our knowledge of how financial attitudes and financial literacy affect financial management, especially in the MSME sector, the current research makes a theoretical contribution. In practical terms, the results offer strategic insights for cracker MSME owners in Sidoarjo, highlighting the importance of continually improving their financial knowledge and attitudes for more effective financial management. It is recommended that MSME owners engage in ongoing financial education through formal training or alternative learning resources. Moreover, governmental and institutional stakeholders are urged to implement accessible and sustainable financial literacy programs. For future investigations, it is advisable to broaden the research scope and geographic coverage, as well as integrate additional factors such as financial inclusion, digital financial technology adoption, and entrepreneurial motivation, to yield more nuanced and contextually relevant findings that address the evolving dynamics of MSMEs.

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