THE IMPACT OF FINANCIAL LITERACY AND PERSONALITY TO FINANCIAL MANAGEMENT BEHAVIOR ON SMES, GENDER AS MODERATING: A REVIEW

Gunartin, Susanto, Wiwit Kurniawan
Universitas Pamulang
Jl. Surya Kencana No.1 West Pamulang, South Tangerang, Banten Indonesia
gunartin9472@gmail.com

ABSTRACT
Small and medium-sized enterprises (SMEs) are of significant importance in the global economy; however, they encounter higher rates of failure in comparison to larger corporations, primarily attributable to issues related to financial mismanagement. The objective of this study is to examine the influence of financial literacy and personality traits on the financial management practices of SMEs, with a particular focus on how gender may moderate these relationships. There exists a positive correlation between financial literacy and financial management behavior, with this relationship being further influenced by individual levels of self-control and risk aversion. The primary objective of this research is to examine the correlation between financial literacy, personality traits, and financial management practices within SMEs. Additionally, this study will specifically explore the potential moderating effects of gender on these relationships. This study aims to investigate a connection between financial expertise, personality attributes, and the financial management behavior of SMEs by conducting a thorough examination of the available literature. It is worth noting that personality factors seem to have a more significant impact on male SMEs owners in comparison to their female counterparts. This observation implies that personality traits may exert a stronger influence on the financial management practices of male SME owners. The implications of these findings hold substantial importance for SMEs owners and policymakers. The findings emphasize the significance of SME owners augmenting their financial literacy and enhancing their financial management abilities. Enhancing financial education programs that are specifically tailored for SMEs has the potential to empower business owners by equipping them with the knowledge and skills necessary to make well-informed financial decisions and proficiently manage their resources. It is imperative for policymakers to give precedence to the advancement and execution of all-encompassing financial literacy initiatives that take into account the moderating influences of personality traits and gender. Through the implementation of these measures, SMEs proprietors can optimize their financial management methodologies, minimize potential hazards, and make valuable contributions to the prosperity and longevity of SMEs. This will yield advantages for both individual enterprises and the wider economy.

Keywords: Financial Literacy, Personality, SME Empowerment, Financial Management Behavior, Gender

INTRODUCTION

Small and medium-sized businesses (SMEs) have made many very important contributions to the country, such as creating jobs, making the country a good place to spend, raising the national income or gross domestic product (GDP), and giving the country foreign currency. One of the things that helps a country's economy grow is what SMEs do. The amount that SMEs add to the GDP shows how important they are to a country's economic growth. So, it's important to give SMEs the tools they need to grow their economies. However, SMEs face a variety of issues that call for assistance from several parties. The majority of the issues SMEs encounter are related to their financial management. One factor that influences how SMEs manage their finances is financial literacy, which must be taken into consideration. Financial management is crucial for SMEs because those who manage their money effectively and are open and truthful about what they know benefit the SMEs they manage (Jindrichovska, I., 2014). SMEs struggle with financial management because they undervalue the significance of adhering to sound and appropriate financial management standards. This is due to SMEs' limited financial knowledge. Financial literacy aids individuals and families in achieving their financial objectives and ensuring they have enough money to contribute to society. Learning more about money is simply one aspect of financial literacy. Additionally, it equips individuals with the knowledge and skills necessary to make wiser financial decisions, which can enhance their financial well-being (National Financial Literacy Strategy Report, 2011).

Other problems, like those with HR, marketing, and financial records, also come up when running a business. Medium-sized businesses have more paperwork to do than small businesses do when it comes to making financial records. Lack of financial knowledge is one of the reasons why it's hard for SMEs to make financial statements. Financial literacy is the ability to handle money well so that you can be successful (Lusardi, 2011). A high level of financial literacy helps people make good choices and plan their finances for the future by giving them more money and more opportunities to get money. In the meantime, the fact that SMEs don't know much about money can lead to problems in the future with managing debt, saving money, and making financial plans.

SMEs need to know about finances, but attitude is also important. Every policy choice will be made based on a person's honesty, discipline, commitment, and sense of responsibility. A good personality will make it easier to handle money, and the same is true for money management. A person's behaviors are affected by their personality. Personality is made up of many different traits, habits, wants, and ways of thinking. Every small and medium-sized business owner has a different attitude and way of running a business. This will change the way he thinks and acts about running his business, which will affect how he handles his business's funds. Small and medium-sized business owners who don't get nervous easily are more likely to reach their goals, manage their money with courage, and set goals for themselves. This is in contrast to owners who get nervous easily and always think before acting.

What about gender, which is another thing that affects how people handle their money? Fonseca, Mullen, Zamarro, and Zissimopoulos (2012) found that there is a gender gap in financial literacy, meaning that men make more financial choices than women do, so they learn more about money. Grahmann (2016) says that women, whether they are single or married, know less about money than men. Wagland and Taylor say that women are better with money than men. In 2009 and 2011, Bucher-Koenen and Lusardi found the same thing. Based on this view about gender, it seems likely that gender plays a role in how people handle their money.

Based on what has been said so far, the main problem for SMEs is that they don't know how to handle their business finances in a way that follows the rules of financial management. His business grows a lot because he doesn't know how to handle the money it makes. SME owners need to learn more about money and work on themselves to improve their ability to handle money.

LITERATURE REVIEW

Henson Alfa, M. Aliyu, A. A. Maiyaki, and Talatu Muhammad Barwa conducted research to determine the impact of gender as a moderating factor on the loan repayment behavior of small and medium-sized enterprises (SMEs) in Kano State, Nigeria. The results revealed that gender has a positive moderating effect on accountancy literacy but a negative effect on budgeting literacy and debt management literacy. Small- and medium-sized enterprise (SME) proprietors' business objectives can be bolstered by increasing their financial literacy awareness, according to this study.

In order to ascertain if gender moderates the association between income and financial literacy, financial attitudes, and financial management behavior in micro, small, and medium-sized firms (MSMEs) in the Sidoarjo region, S. Sriyono and Novita Lailatul Rif'ah undertook a study. The study's findings suggested that gender may have an impact on SMEs' attitudes regarding financial management behavior as well as their level of financial literacy. However, gender had no statistically significant impact on the ways that small businesses managed their finances in relation to their revenue. This study emphasizes the significance of taking gender discrepancies into account when working to improve small- and medium-sized enterprises' (SMEs') financial behavior.

A separate investigation was conducted by Amila Syaliha, Entar Sutieman, Muhamad Ridwan Pasolo, and Victor Pattiasina to ascertain the impact of financial literacy, lifestyle, attitudes toward money, and locus of control on the financial management behavior of accounting students at Yapis University in Papua. According to the study, financial management behavior among accounting students was significantly and statistically affected by financial literacy and locus of control. It was found that lifestyle and financial attitudes had no statistically significant positive impact on financial management behavior. The study brought attention to how important it is to raise the financial literacy and locus of control of accounting students in order to improve their financial management behavior.

In conclusion, the preceding studies demonstrate the importance of gender as a moderating variable in the domain of financial behavior. According to the findings of Henson Alfa et al.'s study, gender has a positive moderating effect on bookkeeping literacy but negative effects on budgeting and debt management literacy. The study by S. Sriyono and Novita Lailatul Rif'ah sheds light on the prospective impact of gender on financial literacy and attitudes in small and medium-sized enterprises (SMEs). The research conducted by Amila Syaliha and coworkers reveals the significant impact of financial literacy and locus of control on financial management behavior. Improving financial behavior among small and medium-sized enterprise (SME) owners and students necessitates the prioritization of two critical factors: enhancing financial literacy and addressing gender disparities.

METHODS

This study employs a literature review methodology to examine concepts, variables, and phenomena through the analysis of previously published research. A literature review entails the methodical examination and integration of pre-existing scholarly literature that is pertinent to the subject of research. The data utilized in this study were obtained via a comprehensive examination of esteemed scholarly journals, conference proceedings, and other pertinent resources. To ensure the reliability and robustness of the results, exclusively peer-reviewed articles and scholarly publications were incorporated. The analysis procedure entailed the systematic arrangement, classification, and integration of the data derived from the chosen articles to derive significant findings and offer valuable perspectives.

This study used a literature review to obtain understanding of the behavior, traits, difficulties, and trends of small and medium-sized firm (SME) owners instead of gathering primary data from the community. The literature review methodology enabled the exploration of several facets of the research topic by facilitating a thorough comprehension of the subject matter through the process of synthesizing information from a range of sources. The results of this comprehensive analysis of the literature contribute to the current corpus of knowledge and facilitate the identification of deficiencies, patterns, and avenues for further investigation. Incorporating extant research findings, theories, and concepts, this study provides valuable insights into the behavior and characteristics of small and medium-sized enterprise (SME) owners. Therefore, it contributes to a more comprehensive comprehension of the investigated phenomena. The methodology employed in conducting a literature review assures a comprehensive analysis of the research topic, allowing the identification of significant patterns and themes present in the existing body of literature.

RESULTS

Theory of Behavior - Financial Behavior

People who run businesses not only use estimates of the chances of the business tools they use, but they also use psychological factors. These psychological factors affect how people handle money and the results they can get. Financial behavior or behavior (Behavior Finance) is the study of how well people can handle their money by using psychology and financial science. Kaestner (2006) says that behavioral finance is the study of how psychological factors affect how people handle their money. Stromback et al. (2017) say that financial behavior is the study of how people act with money. Financial behavioral theory can be thought of as the use of psychology in financial science. It is a way of looking at how people invest or do something else connected to money.

Kaestner (2006) found in his study that financial literacy in the form of knowledge of information and communication technology plays a big role in making people more financially literate. This means that it has the potential to change how people handle their money. Karadag, H. (2017) said the same thing in his research, which shows that the lack of financial literacy among SME owners hurts the management performance of SMEs and highlights the importance of a strategic perspective for efficient and effective financial management to improve business performance.

Small and medium-sized businesses (SMEs)
The definition of micro, small, and medium enterprises (SMEs) is a business that makes money and is run by people or businesses that meet the requirements for micro-enterprises. Law No. 20 of 2008 says so. Based on how SMEs are thought of, they are broken up into micro enterprises, small enterprises, and medium enterprises. The Law of the Republic of Indonesia says that the group of SMEs is based on how much money they make. SME. So, micro businesses are useful businesses that are owned by people or other businesses and have a turnover of 50,000,000 IDR (not including land and buildings). Small businesses, on the other hand, are self-run and run by a company or business organization, not by a subsidiary of a company with a net worth between 50,000,000 IDR and 500,000,000,- IDR. Medium businesses are like small businesses, but their net worth is between Rp. 500,000,000 IDR and Rp.

How Financial Management Works
Financial management behavior is how well a person plans, budgets, checks, manages, controls, searches for, and stores money in their daily lives. The way people handle their money depends on how much they want to meet their basic needs based on how much money they have. One idea in the field of financial science is how money is managed. Small and medium-sized businesses (SMEs) can grow or fail based on factors both inside and outside of the company. One of the external factors is financial literacy and personality, while the other is financial literacy and personality. The trouble is that not all SMEs know how to handle their finances well.

Financial management behavior has to do with how responsible a person is with their money and how they handle it. Financial responsibility means taking care of money and other things in a way that is thought to be useful. Money management, also called "financial management," is the process of getting the most out of your money. Managing your money well means doing things like making a budget and figuring out how much you need to spend on things and pay off your retirement debt within an acceptable amount of time. The budgeting method is the most important part of managing money. The goal of the budget is to make sure that people can pay their bills on time with the money they earn in the same time period. In earlier research, poor financial management was said to be the main reason why MSEs fail. Karadag, H. (2017) did this study. He also said that the conceptual model is meant to show how strategic management practices should be used. Jindrichovska, I. (2014) also found similar results. She says that the main cause of SME problems is that owners don't know how to handle their money well. To run a small business successfully, you need to know a lot more about money.

Financial Literacy
Everyone needs to know about money in order to handle their own finances. If the person is a small or medium-sized enterprise (SME), he or she will know how to plan, use credit, plan income and expenses, spend, and get insurance. Orton (2007) says that financial

literacy is an important part of everyone's life because it helps people make smart decisions about their money. According to research done by the President's Advisory Council in Monticone in 2011, financial literacy is the ability to use information and skills to manage money well for long-term well-being. Hilgert and Hogarth (2003) say that people who know about money can not only use it, but also help the business. People who know more about money can make better choices in life, which helps them feel more financially secure.

Byrne and Rasyid (2012) also found that people who don't know much about money will make bad plans for their money and end up on welfare when they're too old to work. Based on what The Association of Chartered Certified Accountants came up with in 2014, financial literacy indicators include: 1) knowledge of financial concepts; 2) understanding of how financial concepts are communicated; 3) the ability to manage personal or business finances; and 4) the ability to make financial decisions in certain situations.

Personality

According to Sina (2014), understanding your personality is necessary if you want to be able to manage finances well. This is true because various personality types handle money in different ways. Financial problems can result from certain personality type defects, such as a poor understanding of how to manage debt. An individual's attitude might also have an impact on how they manage their finances. According to Lown (2008), women have different personalities when it comes to taking risks and saving for retirement. Women need to learn about risk, how the value of money varies over time, and how to create appropriate financial goals since this causes them to behave differently with their money. Because when it comes to making financial decisions, psychological elements are frequently regarded as crucial. Personality also affects how you handle money because both good and bad personalities can contribute to poor financial management.

A person's personality, according to Feist (2010), is a relatively constant combination of features and a distinctive character that gives their behavior both consistency and individuality. According to Erich Fromm's theory in his 2013 book Alma, a person's personality is made up of all of the innate or acquired mental qualities that make them unique. According to Sjarkawi (2006), a person's personality is a trait, characteristic, style, or distinctive attribute that is influenced by their environment.

Stromback, et al. (2017) backs this up by finding that people with good self-control tend to save when they get a salary. In general, they also have better financial habits, worry less about money problems, and feel more financially safe. This means that self-control has a good effect on how people spend their money and how well they do financially.

Gender/Gender Moderation

Gender Theory (England, 1993) says that men and women have different responses to the same beliefs and ideals about money. The gender viewpoint looks at how gender affects opportunities, social roles, and how people in a community get along with each other. In this study, gender was used as a moderator to look at differences between male and female SMEs. Flavor mode is a term for variables that can buffer or change the link between the independent variable and the dependent variable. According to Little, Card, Bovaird, and Crandall (2007), moderation is a variable that can alter the relationships between measured variables. Men and women make decisions differently, according to a number of research (Francis, Hasan, Park, and Wu, 2015). In order to better understand how gender affects the relationship between financial literacy and personality in small and medium-sized firms (SMEs), the author of the paper set out to investigate this question. Therefore, there are disparities between men and women in terms of how their attitudes and level of financial knowledge impact how they manage their finances. The impacts of gender moderation on disparities in financial skills should be researched in order to assist people become more financially literate and develop better personalities. Additionally, understanding the differences between men and women's financial literacy can assist lay a stronger basis for managing money.

DISCUSSION

The conclusions of this review of the literature demonstrate how gender influences the relationship between financial literacy and personality qualities and how small and medium-sized enterprises (SMEs) manage their finances. The failure of small and medium-sized firms (SMEs), which are crucial to the global economy, is frequently attributed on improper financial management. Small and medium-sized businesses (SMEs) need to understand more about money and how personality factors influence financial decisions in order to improve their financial management procedures.

The review shows evidence of a direct relationship between financial literacy and financial management behavior within the context of small and medium-sized businesses (SMEs). Enhanced financial management practices are correlated with better levels of financial literacy. This shows how important it is to give the owners of small and medium-sized businesses (SME) the information and skills they need to make smart financial decisions and manage their assets well. Policymakers and other stakeholders must give the highest priority to programs and efforts that improve the financial skills of small and medium-sized business (SME) owners. Also, the review shows how important self-control and aversion to risk are as important personality traits that moderate the link between financial knowledge and how people handle their money. People who have more self-control and are less willing to take risks are more likely to handle their money in a disciplined way. Recognizing how personality traits affect financial behavior can give small and medium-sized business (SME) owners valuable information about how to design and implement targeted interventions and educational programs to help them improve their financial management skills.

The review also shows that there are differences between men and women in how mental traits affect how small and medium-sized businesses (SMEs) handle their finances. There is proof that personality factors have a bigger effect on male small and medium-sized business (SME) owners than on their female counterparts. This implies that interventions and support programs should take into account gender-specific approaches in order to meet the distinct needs and challenges encountered by male and female owners of small and medium-sized enterprises (SMEs). Promoting gender equality in financial literacy and management education has the ability to help small and medium-sized businesses (SMEs) learn how to manage money in a way that is more inclusive and effective.

Small and medium-sized business (SME) owners and policymakers can learn a lot from the results of this review. Small and medium-sized business (SME) owners are told to improve their financial knowledge and financial management skills to improve the performance and results of their businesses as a whole. The results show how important it is for small and medium-sized business (SME) owners to have ongoing financial education and training programs that are made just for them. Policymakers and officials have a big role to play in helping to move forward financial literacy and management education programs, with a focus on making them easier for small and medium-sized business (SME) owners to access and use.

In short, this review shows how important financial knowledge and personality traits are in determining how small and medium-sized businesses (SMEs) handle their money. The results show how important it is to have complete financial education programs that take into account differences in personality and gender. Stakeholders can make a big difference in the success and long-term stability of SMEs by giving their owners the right knowledge, skills, and support. This is good for the global economy as a whole.

CONCLUSION

In short, this literature review shows how important financial literacy, personality traits, and gender are in determining how small and medium-sized businesses (SMEs) handle their money. Small and medium-sized business (SME) owners who know more about money tend to be better at managing their money, according to the results. Small and medium-sized business (SME) owners need focused education and training programs in order to become more financially literate. The goal of these programs is to give them the information and skills they need to make good financial decisions.

The analysis also shows that individual traits, such as self-control and aversion to risk, play a part in how the relationship between financial literacy and financial management behavior is shaped. Recognizing how personality traits affect financial management strategies for small and medium-sized businesses (SME) can give valuable information for designing personalized interventions and support programs to deal with the unique strengths and weaknesses seen in the financial management strategies of SME owners. Also, it's important to note that there are clear differences between men and women, which shows how important it is to use gender-specific strategies to help both men and women who own small and medium-sized businesses (SMEs) handle their money in a fair and effective way.

The implications of this review have profound consequences for small and medium-sized enterprise (SME) owners, policymakers, and stakeholders who are actively involved in promoting the growth and long-term viability of SMEs. It is highly recommended that small and medium-sized enterprise (SME) owners place significant emphasis on enhancing their financial literacy and actively pursue avenues for continuous education and training. Policymakers and stakeholders must accord priority to the advancement and execution of all-encompassing financial literacy initiatives that take into account the moderating influences of personality and gender. Through this approach, it is possible to provide SME proprietors with the means to improve their financial management practices, reduce financial vulnerabilities, and make valuable contributions to the overall prosperity of SMEs in fostering economic growth and development.

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