© JAN 2022 | IRE Journals | Volume 5 Issue 7 | ISSN: 2456-8880

The Impact of Financial Knowledge, Financial Attitude, And Parents' Income on Financial Management Behaviour in Generation Z

MUHAMMAD NUR FIETROH[1], JAYANTI MANDASARI[2]
[1, 2] *Faculty of Economics and Business, Sumbawa University of Technology*

Abstract- The purpose of this study is to assess the impact of financial knowledge, financial attitude, and parental income on the financial management behavior of the Z generation in Sumbawa. This study employs a simple random sampling technique with 100 samples. A questionnaire was employed in the approaches, which were then processed and analyzed using Multiple Linear Regression. In this study, the researcher employed the t test, the f test, and the coefficient of determination test to test the hypothesis. According to the findings of the study, financial knowledge, financial attitude, and parental income had a substantial positive link with financial management behavior in the Z generation in Sumbawa, either simultaneously or partially. The implication is that the Z generation can organize their finances in order to develop more responsible financial management behavior.

Indexed Terms- Financial knowledge, Financial attitude, Parental income, Financial management behavior

I. INTRODUCTION

Financial management behavior is very important to understand in financial disciplines in the current digital era (Shinta & Lestari, 2019). Good financial behavior leads to responsible financial behavior (Herdjiono & Damanik, 2016). The financial behavior of the Indonesian people tends to be consumptive and results in various irresponsible financial behaviors such as low interest in saving, investing and various other financial plans (Herdjiono & Damanik, 2016). Consumptive behavior is caused by the low level of basic financial knowledge possessed by the community, so that each individual needs to control and manage his finances well to produce financial prosperity, both now and in the future (Sustiyo, 2020). The cause of poor financial determination is basically the result of a lack of knowledge about finance. Someone who has good financial behavior tends to make a budget, save money and control spending and tends to be effective in being responsible for the use of his money (Nababan & Sadalia, 2013). Good financial knowledge must have at least some knowledge so that individuals can apply their knowledge based on their financial attitudes. Individual characteristics of financial attitude (financial attitude) show a person's tendency to perform a behavior or action (Montoya & Soledad, 2017). Beliefs and values towards the concept of personal finance influence attitudesOne's financial situation, such as the belief that one will save money by investing or saving is important (Goertz et al., 2014). It is not only financial knowledge and financial attitudes that determine a person's financial management behavior, but the income factor also affects how an individual's habit of using more money and the greater the income received, the more likely the individual is to behave consumptively (Herdjiono & Damanik, 2016). Thus, financial management behavior has a very close relationship with financial knowledge, financial attitudes and income.

Financial behavior or financial management behavior is directly related to people's consumption behavior (Putri & Tasman, 2019). The millennial generation is the party most involved in financial behavior, because this generation has always been a topic in the current industry 4.0 conversation (Putri & Tasman, 2019). Today's youth often do not have responsibility for good financial resources and management, this can be because today's youth are growing up in a debt culture that is facilitated by an expensive lifestyle and easy credit card creation and use (Borden et al., 2013). Generation Z is the generation born around 1995 to 2010 (Putra, 2016).

In recent years, the practice of financial management in young people or Generation Z has received serious attention from various organizations, such as the government, financial institutions, universities and so on. This is because the results of the National Financial Literacy and Inclusion Survey (SNLIK) by the OJK in 2016 showed that the level of financial knowledge of the younger generation was still low. The survey results show that only 23.4% of the younger generation have good financial knowledge or are well literate or lower than the national literacy level (OJK, 2016). The Financial Services Authority (OJK) in the National Survey of Financial Literacy and Inclusion (2016) targets young people in its program to improve financial literacy. This is based on the total population of Indonesia which is 26.4% or as many as 65, 8 million people are youth groups aged 15-29 years with a literacy rate at the age of 18-25 years of 32.1% and 33.5% at the age of 26-35 years (OJK, 2016).

Referring to the financial literacy program by the OJK, which focuses on increasing literacy for millennials and generation Z, this aim is not only to increase understanding of good financial management, but alsoto create a financially literate future for the younger generation. Financial knowledge refers to what individuals know about various financial issues (Kholilah & Iramani, 2013). Nababan and Sadalia (2011) state that financial knowledge includes several financial aspects such as basic personal finance, money management, credit and debt management, savings, investment and risk management.

II. METHODOLOGY AND THEORETICAL APPROACH

This research is a research using quantitative methods. According to Sugiyono (2019), quantitative methods can be interpreted as methods with the philosophy of positivism as a basis, using a certain population or sample, research instruments for data collection, statistical in nature, and aiming to test predetermined hypotheses. The approach used in this study is an associative approach, namely research that aims to determine the relationship between two or more variables. The sample used in this study was Generation Z in Sumbawa and the data obtained by distributing questionnaires to the sample. Data analysis was used using the classical assumption test, multiple linear regression analysis of three independent variables on one dependent variable, each of which has known values as a guide to determine the effect of the dependent variable either partially or simultaneously on the independent variables studied. . The analysis technique in this study uses statistical analysis using multiple linear regression.

$$Y = 11{,}186 + 0{,}176X_1 + 0{,}539X_2 + 1{,}443X_3 + e$$

Respondents in this study were Generation Z in Sumbawa who still received pocket money from their parents, both those who were still included in the age of recipients of pocket money and working age but still received pocket money from their parents. With the total population based on data processed by the Central Statistics Agency of Sumbawa as many as 16,829 people and obtained a sample of 100 people who have been calculated using the Slovin formula with a standard error of 10% (0.1). Sampling technique using simple random sampling method, where the sampling of members of the population is done randomly without regard to the strata that exist in the population.

A) Data Analysis Test Results

Normality test

Table 1. Normality Test Results

Kolmogrov -Smirnov	Asymp.Sig	Criterion	Description
0.586	0.882	>0.05	Distribute Normal

Based on table 1 shows that the significance value obtained is 0.882 which is greater than 0.05, it can be said that the data is normally distributed.

Heteroscedasticity Test

Table 2. Heteroscedasticity Test Results

Variable	Sig.	Description
Knowledge Finance	0.776	There is no heteroscedasticity
Financial Attitude	0.263	
Parents' Income	0.957	

Heteroscedasticity test using the glejser test with a sig value > 0.05, in this study. Based on table 2, the sig value of each variable, namely financial knowledge is 0.776, financial attitude is 0.263 and parents' income is 0.957, which is greater than 0.05, so there is no heteroscedasticity.

Multicollinearity Test

Table 3. Multicollinearity Test Results

Variable	*tolerance*	VIF	Employment
Financial Knowledge	0.750	1.333	There is no multicollinearity
Attitude Finance	0.744	1.344	
Income Parent	0.991	1.009	

Based on table 3, it is known that the tolerance value of all independent variables in this study, namely financial knowledge, financial attitudes and parental income is greater than 0.10 and the value of variance inflation factor (VIF) is less than 10. Therefore, it can be concluded that there is no multicollinearity in this study.

1) Multiple Linear Regression Analysis

Table 4. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients	
	B	Std. Error
Constant	11.186	4,930
X1	0.176	0.110
X2	0.539	0.143
X3	1,443	0.438

Based on table 4, the following multiple linear regression equation is obtained:

a) The constant value of the equation above is 11.186, this number shows that the value of the financial management behavior variable has not been influenced by other variables, namely financial knowledge (X1), financial attitudes (X2) and parents' income (X3). If the independent variable does not exist, then the financial management behavior variable does not change.
b) The financial knowledge variable (X1) has a coefficient value of 0.176, indicating that the financial knowledge variable has a positive effect on the financial management behavior variable. This means that every 1 unit increase in the financial knowledge variable will affect the financial management behavior variable by 0.176 with the assumption that the other independent variables are considered constant.
c) The financial attitude variable (X2) has a coefficient value of 0.539, indicating that The financial attitude variable has a positive effect on the financial management behavior variable. This means, every 1 unit increase in the financial attitude variable will affect the financial management behavior variable by 0.539 with the assumption that the other independent variables are considered constant.
d) The parental income variable (X3) has a coefficient value of 1.443, indicating that the parental income variable has a positive effect on the financial management behavior variable. This means, every 1 unit increase in the parental income variable will affect the financial management behavior variable by 1.443 with the assumption that the other independent variables are considered constant.

B) Hypothesis Test Results

Table 5. T-Test Results

Variable	t	Sig.
Financial Knowledge	3,580	0.001
Financial Attitude	4,703	0.000
Parents' Income	2,513	0.014

With a significant level of 0.025 and a df value of 96, the t-table value used is 1.984. Based on table 5, the significant level of each variable is below 0.05. This means that each independent variable (X) has an effect on the dependent variable (Y), namely financial management behavior.

Based on table , it is known that the coefficient of determination is 0.286. This value means that all independent variables, namely financial knowledge, financial attitudes and parental income are only able to influence the financial management behavior variable by 28.6% while the rest is influenced by other variables not included in this study.

a) The Effect of Financial Knowledge on Financial Management Behavior, based on the results of hypothesis testing the effect of financial knowledge on financial management behavior, the beta coefficient value for the financial knowledge variable is 0.176 which means it has a positive effect on financial management behavior. The significance value of 0.001 is smaller than 0.05, so the financial knowledge variable has a significant effect on financial management behavior. So it can be concluded that the financial knowledge variable has a significant positive effect on the financial management behavior variable. This illustrates that the better the financial knowledge of Generation Z, the better their financial management behavior will be. Basically, someone with good financial knowledge will have adequate understanding and knowledge of various matters related to the financial world.
b) The Influence of Financial Attitudes on Financial Management Behavior, based on the results of the hypothesis test of the effect of financial attitudes on financial management behavior, the beta coefficient value for the financial attitude variable is 0.539, which means it has a positive effect on financial management behavior. The significance value of the financial attitude variable is 0.000, which is smaller than 0.05, which means that the financial attitude variable has a significant effect on the financial management behavior variable. So, it can be concluded that the financial attitude variable has a significant positive effect on financial management behavior. This illustrates that the better the financial attitude of Generation Z, the better the financial management behavior they have. Financial attitudes can shape a person's character or behavior in managing their money and the way they respond to various everyday financial problems that arise reflected in a person's financial management behavior such as how they carry out consumption activities, make budgets, pay bills, save and invest for the future and nowadays.
c) The Effect of Parents' Income on Financial Management Behavior, based on the results of the hypothesis test of the effect of parental income on financial management behavior, the beta coefficient value for the parent's income variable is 1.443 which means it has a positive effect on financial management behavior. The significance value is 0.014, which is smaller than 0.05, which means that the financial attitude variable has a significant effect on financial management behavior. So, it can be concluded that the parental income variable has a significant positive effect on financial management behavior. Each individual has a different way of using the money they have. There is a high probability that individuals with available resources (income) will exhibit financial management behavior that is more responsible for their finances. This study states that the higher the income level of parents will increase financial management behavior in generation Z. Parents with high incomes tend to give more pocket money to their children. With the higher pocket money, they can divide the money given to save and for unexpected purposes, so they can manage their finances well.
d) The Effect of Financial Knowledge, Financial Attitude and Parents' Income on Financial Management Behavior, based on the results of hypothesis testing the effect of financial knowledge, financial attitudes and parents' income on financial management behavior in this study, it is known that the value of the calculated f test results is 12.802, which is greater than the f table, which is 2.70, which means that all independent variables simultaneously affect the variable. The dependent variable is the financial management behavior variable and the significance value is 0.000 which is less than 0.05. So it can be concluded that the variables of financial knowledge, financial attitudes and parental income have a simultaneous (simultaneous) effect on financial management behavioral variables.

CONCLUSION

The results showed that financial knowledge had a significant positive effect on financial management behavior with a t value of 0.176 and a sig. of 0.01. Financial attitude has a significant positive effect on financial management behavior with a t-count value of 0.539 and a sig value. of 0.000. Parental income has a significant positive effect on financial management behavior with a t value of 1.443 and a sig value. of 0.014. And together the variables of financial knowledge, financial attitudes and parental income have a positive and significant effect on financial management behavior with a calculated f value of 12.802 and a sig value. of 0.000. Financial knowledge, financial attitudes and parental income have an influence on financial management behavior by 28. Suggestions for researchers are: 1) For further researchers who want to conduct research on financial management behavior, it is expected to add other variables or moderating variables that theoretically affect financial management behavior such as peer factors, financial education in the family, emotions, style life, environment, life satisfaction and stress so that it further completes this research. 2) For generation Z to keep learning how to manage finances well, develop positive financial habits and behavior and be able to control finances so that they can be directed well.

REFFERENCES

[1] Borden, LM, Lee, SA, Serido, J., & Collins, D. (2013) Changing college students' financial knowledge, attitude, behavior through seminar participation. Journal Of Family and Economic Issues, 23-40.

[2] Goertz, CM, Lawrence, DJ, Lorence, J., & Salsbury, SA (2014). Financial attitudes, knowledge, and habits of chiropractic students: a descriptive survey. Illnions: J. Can Chiropractic Association, Vol. 58.

[3] Herdjiono, I., & Damanik, LA (2016). Effect of Financial Attitude, Financial Knowledge, Parental Income on Financial Management Behavior. Journal of Theoretical and Applied Management, Year 9 No.3.

[4] Kholilah, NA, & Iramani, R. (2013). Study of Financial Management Behavior in Surabaya Society. Journal of Business and Banking, Volume 3, No.1: 69-80.

[5] Mien, NT, & Thao, TP (2015). Factos Affecting Personal Financial Management Behavior. Prooceding of the Second Asia-Pacific Conference on Global Business, Economics, Finance, 1-16. Sugiyono, PD (2019). Qualitative Quantitative Research Methods and R&D. Bandung: Alphabeta.

[6] Sustiyo, J. (2020). Does financial literacy affect the consumption behavior of Generation Z? Journal of Islamic Economics, Management, and Accounting, 25-34.

[7] Sumbawa Central Statistics Agency (BPS Sumbawa). Accessed from https://www.sumbawakab.bps.go.id, accessed in January 2021.

[8] Financial Fervices Authority. (2019). Press National Survey of Financial Literacy and Inclusion (SNLIK). https://www.ojk.go.id/id/berita-dan-activities/siaran- pers/Pages/Pers-Press-Survey-OJK-2019-Index- Financial Literacy-And-Inclusion-Increasing.

[9] Montoya, R., & Soledad, M. (2017). Handbook of research on driving STEAM learning with educational technologies. Mexico: Techonologico de Monterrey, IGI Global.

[10] Nababan, D., & Isfenti, S. (2013). Analysis of personal literacy and financial management behavior of undergraduate students of the Faculty of Economics and Business, North Sumatra. Media Information Management, 1-6.

[11] Putra, YS (2016). Theoretical Review: Generational Difference Theory. Journal of STIE AMA Salatiga, Vol 9 No. 18.

[12] Putri, IR, & Tasman, A. (2019). The Influence of Financial Literacy and Income on Personal Financial Management Behavior in the Millennial Generation of Padang City. Journal of Management and Entrepreneurship Studies, 151-160