

# Financial Literacy and Entrepreneurship Motivation Among Micro, Small, and Medium Enterprises From Gender Perspective

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**Abstract.** Everyone has their own financial goals. Early financial preparation is necessary to reach such that goal. Especially, for the micro, small, and medium enterprises that are covered by uncertainty risk of unexpected income and unexpected cost. So, financial management skill should be possessed more for micro, small, and medium enterprises. In order to manage their financial, the skill of financial literacy is a must. Sufficient financial literacy can lead to appropriate financial strategy so that they can invest and manage finance well. The purpose of this research is to discover the difference of financial literacy and entrepreneurial motivation of micro, small, and medium enterprises based on gender role and higher education. The sample used on this research is 150 micro, small, and medium entrepreneurs using purposive sampling method. The research applied t-test to identify the difference. The result showed that there is no significant difference of financial literacy based on gender role, also for entrepreneurial motivation, no significant difference is identified. But, there is significant difference of financial literacy and entrepreneurial motivation based on education.

**Keywords:** Financial Literacy, Entrepreneurship, Gender Role.

## 1 Introduction

Everyone has their own financial goals. Early financial preparation is necessary to reach such that goal. Especially, for the micro, small, and medium enterprises that are covered by uncertainty risk of unexpected income and unexpected cost. So, financial management skill should be possessed more for micro, small, and medium enterprises. In order to manage their financial, the skill of financial literacy is a must. Sufficient financial literacy can lead to appropriate financial strategy so that they can invest and manage finance well.

Gender influence financial literacy which by man have significantly greater financial literacy than woman[1]. Additional research stated that women is more likely to be consumptive than men[2]. So, this result leads us to the suggestion that there will be significant differences for financial literacy among man and woman, especially in the micro, small, and medium enterprises. This phenomenon also leads us to test more for entrepreneurial motivation. We make hypothesis that the difference will also appear on entrepreneurial motivation.

Another factor beside gender role that should be considered is formal education. Formal education will influence the financial literacy[3]. Early education is started since a person is raised on the family, so that the financial literacy actually is determined since on the family. Family which implemented a good financial management will be reflection for someone

regarding financial knowledge. The financial understanding process is started from the smallest unit, which is family. It is supported that parent's social and economy status and financial education on family influence to financial literacy[4]. The condition also happened on entrepreneurship motivation. So, we make hypothesis that there will be significant difference for financial literacy among higher educated and lower educated. We also predict that the same thing will also happen on entrepreneurial motivation.

This research attempts to figure out the phenomenon of financial literacy and entrepreneurial motivation among the micro, small, and medium entrepreneurs, specifically on gender role. If gender role is proved to be significant then there should be different strategy in financial education, also there should be different strategy to attract and educate people in financial literacy and also entrepreneurial motivation. The strategy is implemented in form of the use of information technology, because the citizens are so excited with the information technology nowadays and it can be appropriate way to attract the micro, small, and medium entrepreneurs in order to increase their financial literacy.

Beside of proper financial literacy is needed, the other thing which is needed by the micro, small, and medium entrepreneurs are the entrepreneurship motivation. The entrepreneurship motivation is not directly appeared when someone becomes an entrepreneur. The entrepreneurs who do not have any entrepreneurship motivation will face problems to retain and develop their business. At the end they will be ended on financial problem. Because of that, this research also tried to figure out the phenomenon of entrepreneurship motivation and how to increase it, despite of financial literacy.

Financial literacy is important factor that should be possessed by micro, small, and medium enterprises, especially to avoid financial distress in the future. With good financial knowledge, it is expected that micro, small, and medium enterprises can implement good financial management in their life. Because of that, the detection of factors which influence financial literacy and entrepreneurship motivation is urgently needed, especially for financial need on the future which is full of uncertainty.

## **2 Methods**

The object of this research is micro, small, and medium enterprises. The research applied purposive sampling method to determine 150 respondents. The criteria for sampling are as follow.

- a. micro, small, and medium enterprises which are operated at least on 6 months.
- b. the owner has ever been on formal education, at least diploma from faculty of economic.

Data collection on this research will be performed using questionnaire. Questionnaire is used because this research needs primary data. The questionnaire will be distributed to micro, small, and medium enterprises which are located on Surabaya. Surabaya is chosen because big city has their own challenge, which is consumptive lifestyle. This research uses t-test as analysis method. T-test is considered as an appropriate method because this research examines the difference financial literacy and entrepreneurship motivation among gender role and education.

### 3 Results

Financial literacy is ability to earn, understand, and evaluate relevant information in order to take financial decision[5]. Classify financial literacy into four aspects, which are knowledge regarding personal finance generally, knowledge regarding saving and loan, basic knowledge regarding insurance and its products, and last knowledge regarding investment[6]. Define financial literacy into several aspects, including knowledge regarding property, financial asset, and pension[7]. On the other hand, develop financial literacy indicators which are adjusted with prevailing condition in Indonesia into 15 indicators, which are: looking for career, understanding factors influence income, recognizing income source, explaining how to fulfill financial goals, understanding saving budget, understanding insurance, understanding risk return relationship, evaluating investment alternatives, analyzing influence of tax and inflation to investment, analyzing advantage and disadvantage of debt, recognizing debtor's right, describing how to fix debt's problem, understanding basic law of consumer protection on loan taking, composing financial report and understanding financial statement, including financial position, income statement, and cash flow[4]. Entrepreneurship motivation is the best way to fight unemployment.

Gender influence financial literacy which by man have significantly greater financial literacy than woman[1]. Additional research stated that women is more likely to be consumptive than men. According to those previous researches, then this hypothesis formulated[2].

H1 : There is significant difference of financial literacy between gender role on micro, small, and medium enterprises.

H2 : There is significant difference of entrepreneurial motivation between gender role on micro, small, and medium enterprises.

Higher education has function of character building, not only cognitive education[8]. Higher education is expected to perform learning process and give a balanced learning subject between cognitive, psychomotor, and affective for their students. Learning process on higher education is expected to contribute for financial literacy among the university students. The financial literacy improvement can be performed by improve education quality[9].

Education level influence to financial literacy significantly[3]. Education level influence to financial literacy significantly[10]. They are also supported stated that student's score influence to financial literacy[11]. The student's score itself is a part of student learning process as long as they are in higher education. According to those researches, then this hypothesis is formulated.

H3 : There is significant difference of financial literacy between different education on micro, small, and medium enterprises.

H4 : There is significant difference of entrepreneurial motivation between different education on micro, small, and medium enterprises.

T-test analysis showed that hypothesis 1 and 2 are rejected since  $\text{sig} > 0,05$ , but hypothesis 3 and 4 are supported since  $\text{sig} < 0,05$ . It means that there is no significant difference of both financial literacy and entrepreneurial motivation among man and woman (based on gender role), but since hypothesis 3 and 4 are supported, then it means that there is significant difference of financial literacy and entrepreneurial motivation based on different education (university graduated and non-university graduated).

**Table 1.** The Results of T-Test Analysis

Hypothesis	Paired Differences				t	df	Sg. (2 tailed)
	Mean	Std. Dev	95% Confidence Interval of Difference				
			Lower	Upper			
<b>H1</b>	4.322	.3411	3.357	4.972	-1.23	17	0.127
<b>H2</b>	4.451	.3002	3.161	4.921	4.67	17	0.288
<b>H3</b>	4.373	.3198	3.189	4.819	-23.14	19.2	0.000
<b>H4</b>	4.412	.2981	2.871	4.854	-38.21	19.2	0.003

T-test analysis showed that there is no significant difference of financial literacy based on gender role. It is argued that the equality of man and woman in Indonesia is fully reflected on the society. Both woman and man possess same skill and knowledge of financial literacy. The ability to manage finance is equal both for man and woman. Man and woman have equal financial literacy. Based from this result, reveals that financial literacy is not affected by gender role. The old assumption held by society that woman is under man can be denied. This financial literacy is necessary because it reflects someone's ability to manage finance in order to achieve financial goals. So, there will be other factors that influence financial literacy.

T-test analysis showed that there is no significant difference of entrepreneurial orientation based on gender role. Back again, it is argued that equality of woman and man especially on entrepreneurial is not influenced by gender role. Entrepreneurial motivation does not matter on gender role. Both man and woman have the same opportunity to reach their success through entrepreneurial motivation.

T-test analysis showed that there is significant difference of financial literacy based on education. We divide education into university graduated and non university graduated. It means that financial literacy is affected by education, not gender role. Also, T-test analysis showed that there is significant difference of entrepreneurial motivation based on education. It means that entrepreneurial motivation is affected by education, not gender role. Based on this result we propose that entrepreneurship can be taught, not gifted or talented.

If entrepreneurship really can be taught that the higher education is pushed to implement entrepreneurial on their curriculum in order to develop more new entrepreneur in Indonesia. By doing so, it is expected that the economic will grow by the increase number of entrepreneurship. In this case, then the government through the higher education ministry is recommended to implement entrepreneurial on university. It also reveals that higher education plays an important role on people's life stage. What they have learned on higher education will determine their attitude and manner in their future work life. So, the quality of higher education at general will determine people's quality. By that so, the improvement of higher education's quality is needed to ensure the quality of society. This is not only applied on financial literacy, but also on entrepreneurial motivation. So, if the government wishes to increase the entrepreneurial rate, the government should increase the quality of higher education. For the society, then determining good education should be considered carefully to ensure their future.

## 4 Conclusion

Since financial literacy and entrepreneurial motivation should be possessed by entrepreneurs then the factors that influence those should be identified. Based from this research,

education is the factor that can increase financial literacy and entrepreneurial motivation. So, if the government wishes to increase the entrepreneurial rate, the government should increase the quality of higher education. For the society, then determining good education should be considered carefully to ensure their future.

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