

## **The Antecedents of Financial Literacy of Homestay Entrepreneurs**

Towiyah

Faculty of Economics and Business, Universitas Sains Al-Qur'an, Wonosobo, Indonesia

M. Elfan Kaukab<sup>✉</sup>

Faculty of Economics and Business, Universitas Sains Al-Qur'an, Wonosobo, Indonesia

### **Article Information**

*History of article:*  
Accepted  
Approved  
Published

### **Abstract**

**Objectives** - This study aims to analyze the level of financial literacy of homestay entrepreneurs in Wonosobo District, viewed from the aspects of basic knowledge of financial management, credit and savings management, investment management, risk management, and analyzing the level of financial literacy seen from all aspects.

**Methodology** - This study uses a descriptive qualitative approach with a population of all homestay business owners in Wonosobo Regency. Research samples of 33 people were taken by simple random sampling technique. Data collected by the method of observation, interviews, and documentation. Analyzed with reduction techniques, interpretative data presentation, and concluding.

**Results of the study** - It was concluded that the average homestay business actor in Wonosobo District had a moderate level of financial literacy in 1) aspects of basic knowledge of financial management and 2) aspects of credit and savings management, and low in 3) aspects of investment management and 4) aspects of risk management, and 5) when viewed from all aspects, homestay entrepreneurs in Wonosobo Regency have a moderate level of financial literacy.

**Implication** - Expanding public access to financial institutions to increase public interaction with financial technology, delivery channels for financial products and services, and socialization from related parties is expected to be able to encourage increased public financial literacy.

**Limitation** - This study is still limited to 33 of the 95 people registered to have a homestay business in Wonosobo. So it is recommended for future studies to increase the number of respondents so that the data generated is much closer to the actual conditions.

**Originality**- Research on the financial literacy of MSMEs in the homestay sector in Wonosobo Regency has never been conducted before.

**Keywords:** Financial Literacy, Financial Management, Credit and Savings, Investment, Risk Management, Homestay.

<sup>✉</sup>Correspondence to : M. Elfan Kaukab

Institutional address: Jl. Kalibeber Km. 03 Wonosobo, Jawa Tengah 56351

E-mail: [elfan@unsiq.ac.id](mailto:elfan@unsiq.ac.id)

## 1. Introduction

Quality human resources are one of the factors that influence in economic development. In the context of this economic development, the quality of human resources needs to be improved, including strengthening their competence, one of which is related to financial literacy. Public knowledge about financial literacy has become a necessity in everyday life so that it becomes a life skill that needs to be possessed by every individual in living life in the long run (Financial Services Authority/OJK, 2017). Financial literacy facilitates the effective use of products and helps businesses develop the best financial skills and products according to their needs, conditions as a condition for increasing financial inclusion (Sanistasya, *et al.*, 2019).

One of the problems faced by MSME actors in Wonosobo Regency is the lack of entrepreneurial and management knowledge/competence that results in low business productivity (Wonosobo Regency Government, 2017). This was explained in the Wonosobo District Government Agency Performance Report in 2017, the performance achievements of Cooperative and MSMEs affairs were measured by 15 indicators, where 3 indicators had been achieved, 6 indicators were not achieved, 6 indicators were not achieved and it needed hard work. Indicators that were not achieved and needed hard work included the percentage of cooperatives to the number of MSMEs, the percentage increase in assets/turnover of MSMEs / cooperatives, the percentage of MSMEs that were able to access financing from financial institutions.

According to the records of the Central Statistics Agency (BPS) (2015), there are 59,163 MSMEs in Wonosobo Regency, which are spread across 15 sub-districts that operate in various sectors. Among the many sectors, one of them is the tourism sector which houses various business sectors, namely Carica production, souvenirs, and souvenirs from Wonosobo, hospitality businesses, and homestay businesses. All of these fields emerge and develop rapidly along with the increasing tourist arrivals to the Wonosobo Regency, particularly to the Dieng Plateau Region.

The need for tourists to stay overnight increases with the increasing attractiveness of the Dieng Plateau Region as a tourist area. Reporting from Suara Jawa Tengah.id website (2020), occupancy (fullness) of homestay rooms in the region always reaches its peak (full-booked) before the holiday season such as the school holidays at the end of the year which also coincides with the Christmas holidays, Eid holidays Fitri, and also the Dieng Culture

Annual Festival season or more familiarly called the Dieng Culture Festival (DCF) which is held every early August for the past decade.

In Wonosobo Regency, there are at least 95 homestays that have been registered with the Wonosobo Regency Tourism and Culture Office. The amount provides almost 500 rooms for rent, with rental fees per night ranging from Rp. 100,000 to Rp. 350,000 for a single room. Dieng Tourism Area, as one of the economic centers in the Wonosobo Regency, has a very large velocity of money. However, with certain indicators, the people of Wonosobo Regency are considered not prosperous by the government.

One of the strongest reasons thought to have influenced this was the low level of financial literacy in the Wonosobo community. No exception is the homestay MSME entrepreneurs. The homestay entrepreneurs also have a low level of financial literacy. This was conveyed by the Secretary of the Wonosobo Regency, One Andang Wardoyo, in an interview on Tuesday, April 28, 2020. Furthermore, was delivered by One Andang Wardoyo, who also served as the head of the Wonosobo Regency Tourism and Culture Office, that most of the entrepreneurs have skills low financial, they are not all care and are able to arrange financial planning and financial reports well, although in general, they are familiar with bank loans and bank savings, even e-banking. From this information, it was found that there were indications of weak financial literacy in homestay entrepreneurs. This study will analyze the antecedents of financial literacy in homestay entrepreneurs in Wonosobo District, according to the indicators proposed by Chen, *et al.* (1998) namely: basic knowledge of financial management, credit, and savings management, investment management, and risk management. It will also analyze the level of financial literacy of homestay entrepreneurs in Wonosobo Regency from all aspects.

## **2. Literature Review**

### **2.1. Financial Literacy**

Financial literacy theory put forward by Chen, *et al.* (1998). This theory illustrates that there is a close relationship between basic knowledge of financial management, credit and savings management, investment management, and risk management to measure a person's level of financial literacy. Chen, *et al.* (1998) defines financial literacy as the ability to manage finances so that life can be more prosperous in the future. Referring to the research of Chen, *et al.* (1998), financial literacy can be measured using 4 (four)

indicators namely basic knowledge of financial management, credit and savings management, investment management, and risk management.

#### *2.1.1. Basic Knowledge of Financial Management of Homestay Entrepreneurs*

Personal financial management is very helpful to undergo activities in a financially planned manner (Yushita, 2017). Financial skills enable one to be able to make rational and effective decisions related to financial and economic resources (Kurihara, 2013). The basic knowledge aspects of financial management have 5 indicators namely the benefits of personal financial planning, stages of personal financial planning, land liquidity, knowledge of net assets, and knowledge of income and expenditure.

#### *2.1.2. Management of Credit and Savings of Homestay Entrepreneurs*

When there is insufficient need for financial knowledge, poor, uneducated small businesses are encouraged to go for alternative financing that is illegal and expensive, the financial literacy process can benefit banks because it has the advantage of being the center of interaction with capital seekers in this case entrepreneurs (Sanistasya, *et al.*, 2019). Financial difficulties can also arise if there are mistakes in financial management (mismanagement) such as mistakes in the use of credit, and lack of financial planning (Yushita, 2017). Good credit management and savings planning by an individual indicate a good level of financial literacy. The aspects of managing credit and savings have 4 indicators, namely the calculation of compound interest, the characteristics of deposits, the ratio of interest on bank deposits and bank loan interest, and knowledge of loan interest.

#### *2.1.3. Investment Management of Homestay Entrepreneurs*

Financial literacy helps business owners to obtain the financial knowledge and skills needed for them to make business plans, initiate financial plans, and make strategic investment decisions (Sanistasya, *et al.*, 2019). The investment management aspect has 3 indicators, namely knowledge of investment returns on "land" assets, knowledge of mutual funds, and knowledge of bonds.

#### *2.1.4. Risk Management of Homestay Entrepreneurs*

Risk management is a form of controlling risks or problems that will occur in the future and minimize losses that will be borne in the future (Hidayat, 2020). Someone must have good protection to anticipate unexpected events. The thing that is often done in the protection is to take insurance (Yushita, 2017). As for unexpected things like illness, accidents, fires, and natural disasters. The risk management aspect has 4 indicators namely

general knowledge about insurance, knowledge about health insurance premiums, knowledge about vehicle insurance premiums, and knowledge about life insurance.

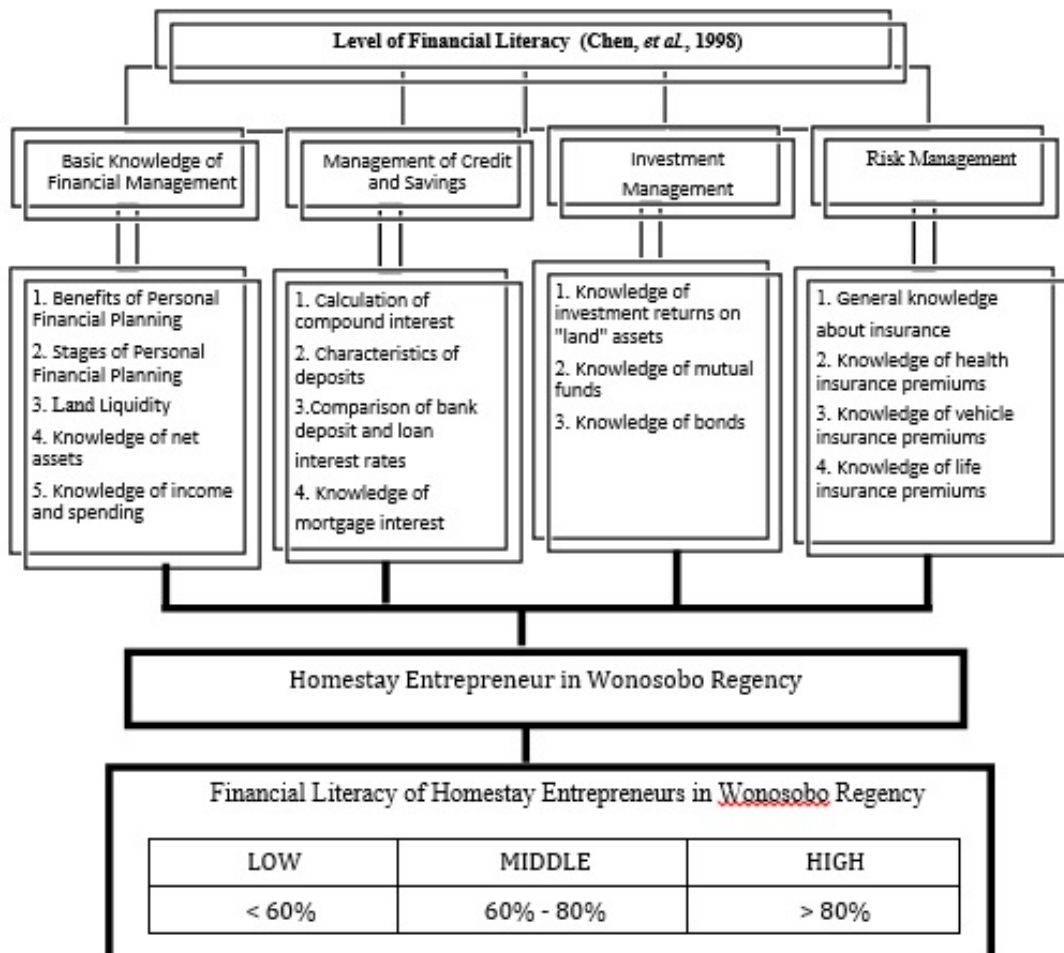
### 2.1.5. Financial Literacy of Homestay Entrepreneurs

According to Chen, *et al.* (1998), the level of financial literacy is classified into three categories: low, medium, and high. The level of financial literacy is measured by counting the number of correct answers divided by the total statements then multiplied by one hundred percent. If the calculation result is less than 60%, then it is included in the low category. If the result is the same as 60% to 80%, then it is in the medium category. And if the result is greater than 80%, then it is included in the high category.

## 2.2. Theoretical Framework

Figure 1

Theoretical Framework



(Source: primary data processed, 2020)

### **3. Research Methodology**

#### **3.1. Types of Research**

This research uses descriptive qualitative research methods. Satori (2011) revealed that qualitative research was conducted because researchers wanted to explore phenomena that could not be quantified that were descriptive such as the process of a work step, the formula of a recipe, notions of various concepts, characteristics of goods and services, pictures, styles, procedures for a culture, physical models of an artifact and so forth.

#### **3.2. Method of Collecting Data**

Data is the raw material collected by researchers from the research field. This researcher uses 3 ways namely observation, interview, and documentation.

#### **3.3. Data Types and Sources**

The type of data used in this study is to use qualitative data, that is information so that the data is a sentence which is the opinion of the informant in the form of an interview.

#### **3.4. Data Analysis Technique**

- a. Data reduction is done by focusing attention and searching research material from a variety of literature that is used by the subject matter that has been raised in the formulation of the problem. Relevant data are analyzed carefully, while less relevant ones are set aside.
- b. Presentation of data by researchers using interpretive methods. Beginning with explaining the formulation of the problem with the perception of research as an introduction to allude to the perception of informants about the questions asked. Then the data obtained relating to the problem formulation is explained first and then related to the theory to be able to answer the problem formulation.
- c. Concluding, from data collection and analysis that has been done, researchers look for the meaning of each symptom obtained in the research process, noting the limitations faced in this study, and the positive implications expected to be obtained from this study. Because researchers are also included as part of the research instrument, so each data has been checked for accuracy and validity.

### **4. Result and Discussion**

#### **4.1. Basic Knowledge of Financial Management of Homestay Entrepreneurs**

The level of financial literacy of homestay entrepreneurs in Wonosobo Regency when viewed from the aspects of basic knowledge of financial management, of 33

homestay entrepreneurs , there are 18.2% who have low financial literacy levels, 36.3% who have moderate financial literacy levels, and 45, 4% have a high level of financial literacy. While the average value of financial literacy in the aspects of basic knowledge of financial management is 75.2%. That is, the basic knowledge of the financial management of homestay entrepreneurs is at a moderate level. This can be explained by the facts on the ground that show that homestay business is not the only source of odd income for the majority of homestay owners. According to Abdul Aziz, who is also a Carica syrup producer, the average homestay owner earns basic income from other fields such as farming, trading agricultural products, grocery stores, food stalls, laundry, as well as working as village officials, civil servants, and local tour guides. In fact, not a few who pursue two even more than a few of these businesses. Income that comes from various sources requires serious management so that they can have financial security within a certain period. This in itself drives them to become skilled in managing personal finances.

#### **4.2. Management of Credit and Savings of Homestay Entrepreneurs**

The level of financial literacy of homestay entrepreneurs in Wonosobo Regency when viewed from the aspects of credit and savings management, out of 33 homestay entrepreneurs , there are 45.4% who have low financial literacy levels, 30.3% who have moderate financial literacy levels, and 24, 2% have a high level of financial literacy. While the average value of financial literacy in the aspects of credit management and savings was 61.4%. This means that the management of credit and savings for homestay entrepreneurs is at a moderate level. This is in accordance with the explanation of the Secretary of the Wonosobo Regency, One Andang Wardoyo, which states that the majority of homestay owners have known savings and loans in banks, even some of them have utilized banking facilities such as e-banking. But a little different from the statement Nasrokhan, a homestay owner who is also a potato farmer in the village of Sembungan. Although in general, they (homestay owners) are familiar with the savings and loan system in the bank, according to him the percentage of homestay business owners who have credit is far greater than those who save funds (saving) in banks. The statement was corroborated by the results of the overall calculation of the aspects of credit and savings management which resulted in an average value of 61.4%, where the figure is in the medium category tends to approach the low category instead of the high category. The homestay entrepreneurs in Wonosobo Regency, on average, have knowledge about managing credit and savings in banks only

limited to the experience they had in the past. There are even some who claim to have never dealt with banking.

#### **4.3. Investment Management of Homestay Entrepreneurs**

The level of financial literacy of homestay entrepreneurs in Wonosobo Regency when viewed from the aspect of investment management, of 33 homestay entrepreneurs, there are 51.5% who have low financial literacy levels, 24.2% who have moderate financial literacy levels, and 24.2% which has a high level of financial literacy. While the average value of financial literacy in the aspect of investment management is 29.3%. This means that the investment management of homestay businesses is at a low level. This can be explained from the number of correct answers at most there are indicators of knowledge on investment returns on assets "land" (PI 1) of 25 people and answers do not know of the other two indicators (PI 2 and PI 3) relating to stock investment and bonds of 20 people and 17 people. This means that more of them have knowledge about land investment than those who do not, and fewer people understand investment in stocks and bonds than those who don't. This is indeed common because investments in ordinary land assets are carried out by people from various backgrounds, while investments in stocks and bonds are only carried out by people from certain circles.

#### **4.4. Risk Management of Homestay Entrepreneurs**

The level of financial literacy of homestay entrepreneurs in Wonosobo Regency when viewed from the aspect of risk management, of 33 homestay entrepreneurs, there are 51.5% who have low financial literacy levels, 30.3% who have moderate financial literacy levels, and 18.2% which has a high level of financial literacy. While the average value of financial literacy in the aspect of risk management is 52.3%. This means that the risk management of homestay businesses is at a low level. This can be caused by the lack of understanding of homestay entrepreneurs to the concept of risk management or what is more commonly called insurance. There are still a handful of people who think insurance should be like the concept of saving at a bank, where when it is due, then they can receive a sum of money from the premium they have paid for a certain period. So in the end the wrong perception leaves disappointment in their minds and makes them reluctant to deal with insurance. In recent years, the government through the Social Security Organizing Agency (BPJS) introduced the National Health Insurance Program (JKN), a risk management program that has a cooperation concept and is mandatory for all Indonesian citizens. This encourages the community to be actively involved through mutual assistance



contributions to help others in health insurance. The mandatory nature of the JKN program is a positive factor in increasing public financial literacy.

#### 4.5. Financial Literacy of Homestay Entrepreneurs

Table 1  
Financial Literacy of Homestay Entrepreneurs in Wonosobo Regency

No.	Level	Amount (people)	Percentage (%)
1	Low	14	42,42
2	Middle	9	27,27
3	High	10	30,30
TOTAL		33	100

Source: Primary data processed (2020)

From Table 1, it can be seen that most respondents have low financial literacy (42.42%), and the rest are moderate (27.27%), and high (30.30%). However, if calculated as a whole, an average value of 61.36% is generated, meaning that homestay entrepreneurs in Wonosobo Regency have financial literacy in the medium category. The level of financial literacy of homestay entrepreneurs in Wonosobo Regency, out of 33 homestay entrepreneurs, there are 42.4% who have a low level of financial literacy, 27.3% who have a medium level of financial literacy, and 30.3% who have a high level of financial literacy. While the average value of financial literacy was 61.36%. That is, the level of financial literacy of homestay entrepreneurs is at a moderate level. They have current knowledge in basic knowledge aspects of financial management and have knowledge in credit and savings management through transaction experience with financial institutions, do not have adequate knowledge in aspects of investment management and risk management.

## 5. Conclusion, Limitation, and Implication

### 5.1. Conclusion

Based on the results of research on "Financial Literacy Antecedents of Homestay Entrepreneurs in Wonosobo Regency", it can be concluded as follows:

1. The average level of financial literacy in homestay business operators in Wonosobo Regency when viewed from the aspects of basic financial management knowledge of

- 75.2%. That is, the basic knowledge of the financial management of homestay entrepreneurs is at a moderate level.
2. The average level of financial literacy of homestay entrepreneurs in Wonosobo Regency, when viewed from the aspect of credit and savings management, is 61.4%. This means that the management of credit and savings for homestay entrepreneurs is at a moderate level.
  3. The average level of financial literacy of homestay entrepreneurs in Wonosobo Regency when viewed from the aspect of investment management is 29.3%. This means that the investment management of homestay businesses is at a low level.
  4. The average level of financial literacy in homestay business operators in Wonosobo Regency when viewed from the aspect of risk management is 52.3%. This means that the risk management of homestay businesses is at a low level.
  5. The level of financial literacy of homestay entrepreneurs in Wonosobo Regency, out of 33 homestay entrepreneurs, 42.4% have a low level of financial literacy, 27.3% have a medium level of financial literacy, and 30.3% have a level of literacy high finance. While the average value of financial literacy was 61.36%. That is, the level of financial literacy of homestay entrepreneurs is at a moderate level.

## **5.2. Limitation**

This study still has limitations in that it only collects 33 data from 95 homestay entrepreneurs in Wonosobo Regency. That is because many homestays are no longer in operation and homestay owners are unwilling to be interviewed.

## **5.3. Implication**

Expanding public access to financial institutions to increase public interaction with financial technology, delivery channels for financial products and services, as well as socialization from related parties is expected to be able to encourage increased public financial literacy.

## **References**

- Badan Pusat Statistik. 2015. *Wonosobo Dalam Angka 2015*. BPS Kab.Wonosobo.
- Barlian, E. 2016. *Methodologi Penelitian Kualitatif dan Kuantitatif*. Padang: Sukabina Press.
- Chen, H., dan R.P. Volpe. 1998. *Analysis of personal Financial Literacy Among College Students*. *Financial services Review* 7 (2): 107-128.

- Hidayat, S. 2019. *Literasi Keuangan Untuk Pengelolaan Keuangan Pribadi*. Ekonomi, Keuangan, Investasi, dan Syariah (EKUITAS). Vol. 1. No. 2. Hal. 130-133.
- Ichwan, C.N.F., dan Iramani. 2016. *Studi Literasi Keuangan Pengelola Usaha Kecil Menengah Pada Wilayah Gerbangkertasusila*. STIE Perbanas Surabaya.
- Kurihara, Y. 2013.** *Does Financial Skill Promote Economic Growth?. International Journal of Humanities and Social Science*. Vol. 3. No. 8. Hal. 92-97.
- Otoritas Jasa Keuangan (OJK). 2017.** *Strategi Nasional Literasi Keuangan Nasional Indonesia (SNLKI Revisit 2017)*. Otoritas Jasa Keuangan.
- Pemerintah Kabupaten Wonosobo. 2017. *Laporan Kinerja Instansi Pemerintah Kabupaten Wonosobo 2017*. Pemerintah Kabupaten Wonosobo.
- Sanistasya, P.A., K. Rahardjo, dan M. Iqbal. 2019.** *Pengaruh Literasi Keuangan dan Inklusi Keuangan terhadap Kinerja Usaha Kecil di Kalimantan Timur*. Jurnal *Economia* 14 (1): 48-59.
- Satori, D. 2011. *Metode Penelitian Kualitatif*. Bandung: Alfabeta.
- Suara Jawa Tengah.id. 2020. Diakses dari <https://jateng.suara.com/read/2019/12/31/160653/hingga-empat-hari-ke-depan-homestay-di-kawasan-dieng-terisi-penuh> pada 24 Februari 2020 pukul 13.45 WIB.
- Yushita, A.N. 2017. *Pentingnya Literasi Keuangan bagi Pengelolaan Keuangan Pribadi*. Jurnal *Nominal*. Vol. 6. No. 1.