

# The Effect of Financial Literacy and Spiritual Quotient on the Management of Personal Finance on Faculty of Economics Universitas Negeri Medan

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## ABSTRACT

The purpose of this research is to determine the effect of positive and significant between financial literacy and spiritual quotient on the management of personal finance at the students of 2014 Commerce Education. This research was conducted at Faculty of Economics, Universitas Negeri Medan. This type of research is *ex post facto*. Population in this research is all student of Commerce Education 2014 which amounts to 76 students. The sample in this research is 76 students taken by using sampling technique in total sampling, technique of data collecting done by observation, questionnaire and documentation. Based on result of multiple linear regression analysis linear equation is obtained by  $Y = 9.537 + 0.558X_1 + 0.239X_2$ . The result of t test analysis for financial literacy obtained there is positive and significant influence to the personal financial management. For spiritual quotient variable obtained there is positive and significant influence to the personal financial management. The F test it founded there is a positive and significant influence between financial literacy and spiritual quotient on the personal financial management students E-commerce Education of 2014 Faculty of Economics, Universitas Negeri Medan.

**Keywords:** Financial Literacy, Spiritual Quotient, Personal Financial Management

## INTRODUCTION

Financial intelligence is the intelligence in managing personal financial assets. By applying the right financial management method, a person is expected to get maximum benefit from the money he has. In one's personal life, basically a financial decision taken is three, namely how much should be consumed each period; is there an excess of income and how is excess invested; and how to fund the consumption and investment. In order to achieve financial prosperity, one needs to have the knowledge, attitude and implementation of healthy personal finance.

Researchers observed 60 students who were expected to be able to represent

the total number of students of the 2014 Whip Commerce Education in Faculty of Economics Universitas Negeri Medan to see funds for the average non-food consumption expenditure for one month with the data below:

**Table 1** Average consumption of non-food consumption students of the 2014 Program of Commerce Education Faculty of Economics Universitas Negeri Medan

Expense Type	Average	%
Communication	98,83	18%
Tuition support costs	89,58	16%
Entertainment	202,33	37%
Fashion	155,00	28%
amount	545,74	100%

Source: Data processed

Based on the table above it can be seen that the average cost of student consumption for entertainment has the

largest percentage of 37% compared to the consumption of students in terms of college support that only 16% have a low average. The table above illustrates that there are still very many students who spend their money on things to have fun rather than fulfill the supporting needs for lectures. Therefore, to encourage good financial management, it is necessary to understand students' financial literacy and spiritual quotient.

Students who have the knowledge and ability to manage their finances well will show wise financial decision-making behavior such as when is the right time to invest, save, and use credit cards. Empirical studies also show that low financial literacy has a correlation with debt problems (Lusardi and Tufano, 2012) and according to Chen & Volpe (1998) students who have low knowledge will make wrong decisions in their finances. So with the existence of financial literacy will help students in making the right financial decisions to avoid financial problems.

The researcher conducted an initial observation by distributing questionnaires to 40 students who were expected to be able to represent the total number of 2014 Commerce Education students about financial literacy with the following data:

**Table 2 Preliminary Survey of Financial Literacy of 2014 Commerce Education Student**

No.	Aspect	F	%
1.	Personal Finance Knowledge	23	57,5%
2.	Savings and Loans	25	63%
3.	Insurance	16	40%
4.	Investation	20	50,8%
	<i>Average</i>		52,9%

Can be seen from the table above student financial literacy at a percentage of 52.9%, namely at the level of financial literacy in the low category.

In addition to financial intelligence, humans are basically created with other elements of intelligence, one of which is spiritual intelligence. This form of intelligence is used to achieve success in work and life. According to Sina & Noya (2012: 171) describes spiritual intelligence is the intelligence to give meaning to life

will encourage the making of a noble goal and if associated with the art of managing personal finances, spiritual intelligence will encourage the determination of goals of managing financial bias. In addition, spiritual intelligence will also lead to positive attitudes such as responsibility, independence, honesty and optimization of financial freedom will be more open opportunities.

The purpose of this research is:

1. To find out the effect of financial literacy on the management of personal finance at the students of 2014 Commerce Education Faculty of Economics, Universitas Negeri Medan.
2. To find out the effect of spiritual quotient on the management of personal finance at the students of 2014 Commerce Education Faculty of Economics, Universitas Negeri Medan.
3. To find out the effect of financial literacy and spiriual quotient on

## LITERATURE REVIEW

### Financial Literacy

Financial literacy is an important thing for everyone to manage financial or income generated by someone to support their welfare in the future. To achieve prosperity and prosperity one must have good financial management.

According to Chen & Volpe (1998) defines financial literacy as knowledge for managing finances in order to live a more prosperous life in the future. In line with Ariadi, et al (2015: 8) financial literacy is defined as the ability to understand, analyze and manage finances to make the right financial decisions to avoid financial problems. Furthermore, Ulfatun, et al (2016: 4) states that the individual's ability to understand financial concepts and apply these concepts so that better financial management can be realized. The important mission of the financial literacy program is to educate the financial sector of individuals and communities in order to manage finances intelligently, so that the lack of financial knowledge can be overcome and

the community is not easily deceived into investment products that offer high profits in the short term without considering the risks.

In a survey conducted by Chen and Volpe (1998: 109), financial literacy was divided into four aspects, namely: 1) Knowledge of personal finance; 2) Savings and Loans; 3) Insurance; 4) Investment. From some of the meanings above, it can be concluded that financial literacy is the knowledge and ability to understand, analyze and handle one's personal financial management in order to take appropriate financial independence so that financial management errors can be avoided that affect an individual's financial well-being.

### **Spiritual Quotient**

In spiritual quotient according to Rachmi (2010: 46) defines spiritual quotient as a mind that gets inspiration, encouragement, inspired effectiveness. Spiritual intelligence is more related to mental enlightenment. People who have high spiritual intelligence are able to interpret life by giving positive meanings to every event, problem, even suffering they experience. By giving a positive meaning will be able to awaken the soul and do positive actions and actions. Furthermore, according to Wahab & Umiarso (2011: 52) spiritual intelligence is the intelligence that has existed in every human being from birth that makes humans live a meaningful life, always listening to the voice of their conscience, never feeling in vain, everything they live is always valuable. According to Zohar and Marshall (2007: 65), aspects of spiritual quotient include the following:

- a. Ability to be flexible.
- b. High level of self-awareness.
- c. The ability to deal with and exploit suffering.
- d. The ability to deal with and surpass pain.
- e. Quality of life that is inspired by vision and values.
- f. Reluctance to cause unnecessary losses.
- g. Think holistically.

- h. The tendency to ask why and what if to look for basic answers.
- i. Become an independent person.

### **Personal Financial Management**

Good financial conditions are one way to avoid deficits, and can live well. But until now, there are still many who do not understand the importance of financial management and how to manage finances properly and correctly.

According to Gitman (in Krishna, Rofaida and Sari, 2010) that financial management is a process of planning, analyzing and controlling financial activities. And as with Roro Dyah (22 August 2016) said that financial management is not only useful for companies or institutions, but also for individuals. Most people may not be very concerned with financial management planning because they have not felt the benefits obtained. Personal financial management can be done in the following ways:

1. Understand the financial portfolio
2. Saving
3. Budgeting
4. Record expenses
5. Avoid debt
6. Investment

### **MATERIALS & METHODS**

This type of research is expose facto research. The population in this study amounted to 76 students and a sample of 76 students with total sampling technique. Data collection techniques were done with observation, questionnaire distribution and documentation. Validity test using product moment analysis techniques and reliability of questionnaires using the Alpha Cronbach formula.

### **RESULT**

#### **Validity Test**

Validity test was carried out to see the validity of each instrument used in the research variable. In accordance with the results of the primary data analysis, each

instrument used in the study has a test result that shows that  $r_{count} > r_{table}$  with a significant level of 95%, alpha 5% with  $r_{table}$  value 0.361 which means that the variable instrument of financial literacy (X1) has 20 items valid problem, instrument of spiritual intelligence variable (X2) there are 25 valid items and variable instruments of personal financial management (Y) there are 25 valid items.

### Reliability Test

For reliability of research instruments by considering the magnitude of the reliability coefficient. In accordance with the results of the primary instrument data analysis, variables X1, X2 and Y used in the study have test results which show that the Cronbach Alpha X1 number is 0.793, X2 is 0.862 and Y is 0.879 which means that the variables X1, X2 and Y are reliable.

### The Result of Multiple Regression Linier

Table 3 The Influence of Variable to Personal Financial Management

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.537	8.836		1.079	.284
	Financial Literacy	.558	.067	.666	8.310	.000
	Spiritual quotient	.293	.108	.215	2.678	.009

a. Dependent Variable: Personal Financial Management

From the results of processing the data in the table above obtained a regression model  $Y = 9.537 + 0.558X1 + 0.239X2$ .

Based on the value of the regression equation we can analyse that the constant value is 9. Furthermore, if the coefficient of financial literacy variable (X1) is = 0.558 the meaning is that if the financial literacy variable (X1) is increased by one unit or one hundred percent, then the management of personal finance will increase 0.558 or 55.8%. From the equation it can be seen that the effect of financial literacy on personal financial management is positive. And the coefficient of spiritual intelligence variable (X2) = 0.239 means that if the spiritual intelligence variable (X2) is increased by one unit or one hundred percent, the management of personal finance will increase 0.239 or 23.9%. From the equation it can be seen that the influence of spiritual intelligence on personal financial management is positive.

Based on the results of data processing using the SPSS 20 program in the table above it can be seen that the value of  $t_{count} > t_{table}$  of financial literacy variables is  $8.310 > 1.666$  positive value with a significant level of  $0.000 < 0.05$ . This means that the hypothesis that financial literacy affects personal financial

management is accepted. Furthermore, if the value of  $t_{count} > t_{table}$  of the spiritual intelligence variable is  $2.678 > 1.666$  positive value with a significance level of  $0.009 < 0.05$ . Means, the hypothesis that spiritual intelligence influences personal financial management is accepted.

Table 4 F Test Result (Simultaneous)

Model		Sum of Squares	F	Sig.
1	Regression	3241.435	52.941	.000 <sup>b</sup>
	Residual	2234.815		
	Total	5476.250		

Sumber: Data Olahan SPSS Versi 20

From the table above, it is known that the  $F_{count} > F_{table}$  is  $52.941 > 3.12$  with a significant level of  $0.000 < 0.05$ , so the hypothesis is accepted so that it can be concluded that financial literacy and spiritual intelligence have a positive and significant effect on personal financial management.

Then the determination coefficient test results revealed that R square is 0.592 (59.2%). This value provides an understanding of financial literacy and spiritual intelligence which together affect the personal financial management of 59.2%. The rest is influenced by other variables outside the research analysis.

## DISCUSSION

### **Effect of financial literacy on the management of personal finance at the students of 2014 Commerce Education Faculty of Economics, Universitas Negeri Medan.**

In the era of modernization now, the needs and desires of students are increasingly complex. Where students of 2014 commerce education economics faculty are in the millennial generation category, those who were born in the 80s to 2000s, this means they are in the age range of 17 to 37 years where millennial generations are considered special especially in matters related to technology sophisticated such as the use of electronic goods, smartphones and internet access. Students in the millennial generation have some fairly typical habits that are not far from gadgets, prefer cashless payments and have social media (Andreas, 2018: 44). As well as the growing online shopping system and shopping centers that are scattered everywhere make the consumptive lifestyles of students become unprofessional. Financially literate students are very important to be able to prepare their finances in the future, such as, 1) having clear financial goals and plans; 2) if you need debt, use it for productive things; 3) prepare pension funds from now; 4) prepare further education funds; 5) have savings and investment.

After processing data from the results of financial literacy questionnaires, it is known that the categorization of financial literacy results is known as follows:

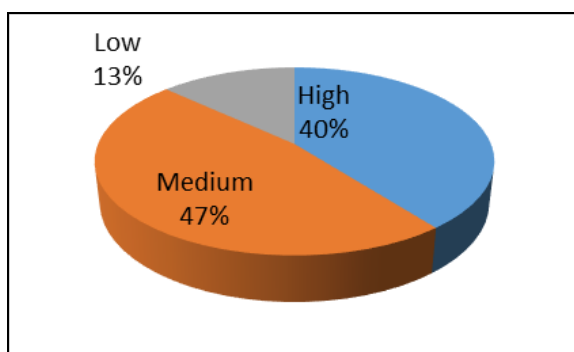


Figure 1 Trend of Financial Literacy Trend (X1)

Based on the picture above, it can be seen that the level of financial literacy of students of the 2014 Commercial Business Administration in the UNIMED FE tends to be in the medium category of 47%. This means that students of the 2014 commerce education Faculty of Economics, Universitas Negeri Medan have the awareness that the importance of financial literacy is to be owned in private life.

And from the results of the t-test, it can be concluded that financial literacy partially has a positive and significant effect on students' personal financial management or accepted hypothesis. The results of this study are in line with Ida's (2010) research which states that financial knowledge possessed by a person has a positive effect on financial management.

Students must be equipped with knowledge in finance, with an understanding of good financial literacy, a person is able to increase income potential and prepare pension funds for a more secure future financial outlook. Especially about how to provide and compile budgets, how to save funds, balance income, participate in insurance or how to invest appropriately to achieve a prosperous future. With a high level of financial knowledge positively correlated with higher levels of income and savings. That is, that the better the level of student financial literacy, the better students can manage their finances intelligently.

### **The effect of spiritual quotient on the management of personal finance at the students of 2014 Commerce Education Faculty of Economics, Universitas Negeri Medan**

Spiritual quotient is one of the intelligence possessed by each individual, where this intelligence gives meaning to life will encourage noble goals. And if it is associated with managing personal finance, this intelligence will encourage avoiding the way of financial accumulation that is biased. In addition, spiritual intelligence will also lead to positive attitudes such as responsibility, independence, honesty and optimization of financial freedom will be

more open opportunities, as well as helping individuals in making financial decisions to avoid mismanaged financial management.

Furthermore, Karvof (2010) stated that personal financial decisions include: charity of 10% of total income, education and protection of 20% of total income, investment of 30% of total income, living costs of 40% of total income. The reason is that charity of 10% is a form of individual social responsibility to fellow human beings, so that with good financial management, a person is also required to help others and achieve financial freedom. The purpose of financial freedom is a condition where passive income exceeds active income or exceeds expenditure in a given period of time, while passive income is defined as income received even if the person is not working or active.

From the results of research conducted by spiritual intelligence variables (X2) shows that the level of spiritual intelligence of students is in the good category. As in the picture below:

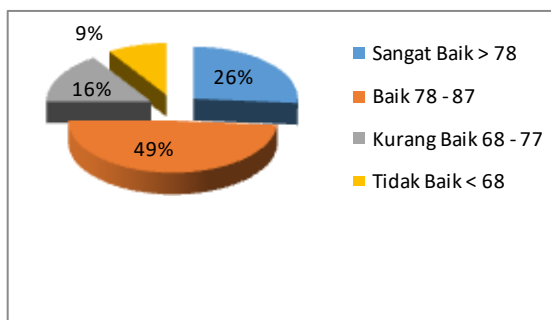


Figure 2. Trend Level of Spiritual Quotient Variables (X2)

Based on the picture above, it can be concluded that in general the spiritual intelligence of students of 2014 Commerce Education Faculty of Economics, Universitas Negeri Medan is in the good category, which is 62%.

And the results of the t-test of spiritual intelligence variables partially have a positive and significant effect on student personal financial management, or the hypothesis is accepted. As the results of this study are in accordance with the results of Sukroni's research (2017) which states that spiritual intelligence has a positive and

significant effect on financial management behavior. Spiritual intelligence has a role about the value of life such as responsibility, honesty, and discipline, in relation to personal financial management. Responsibility, this life value teaches individuals to realize that they are responsible for failure and success in managing finances. Therefore, based on awareness of their responsibilities in managing finances, the person will be motivated to learn more and apply the financial knowledge gained.

**The effect of financial literacy and spiritual quotient on the management of personal finance at the students of 2014 Commerce Education Faculty of Economics, Universitas Negeri Medan.**

Financial literacy and spiritual intelligence together have a positive and significant influence on the personal financial management of 2014 commerce education Faculty of Economics, Universitas Negeri Medan. Good financial management can be measured from the level of financial literacy that students have, as well as the tendency to spiritual intelligence that encourages students to be positive and responsible for their personal finances. Because with financial literacy and spiritual intelligence will help individual students in arranging personal financial planning, so that individuals can maximize the time value of money and the benefits gained by individuals will be greater and will improve their lives. After processing the data, it can be seen that the tendency of students' personal financial management is in a good category, as shown below:

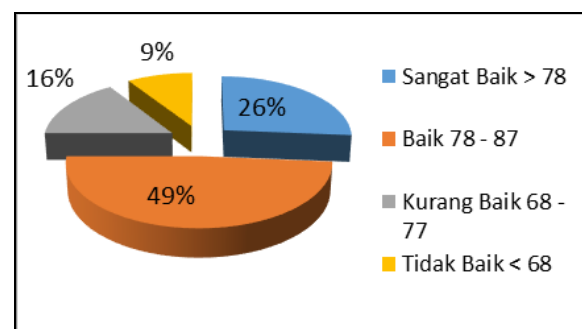


Figure 3. Variable Trend Level of Personal Financial Management (Y)

Based on the picture above, it can be concluded that in general the personal financial management of students of the 2014 commerce education Faculty of Economics, Universitas Negeri Medan is included in the good category of 49%.

Furthermore, the results of research and data processing that the percentage of independent variable contribution, namely financial literacy and spiritual intelligence to the dependent variable personal financial management amounted to 59.2%. Or variations in the independent variables used in the model can explain 59.2% variation in the bound model while the remaining 40.8% is influenced by other variables outside the analysis of this study. So it can be concluded that financial literacy and spiritual intelligence have a positive and significant influence on the personal financial management of students of 2014 commerce education Faculty of Economics, Universitas Negeri Medan.

This is result consistent with the Giltman theory (in Yushita, 2017: 14) that financial management is the art and science of managing financial resources of individual units. Personal financial management includes two elements, namely financial and artistic knowledge in managing. Financial knowledge is one of the basic factors that are very important for each individual. Because the activity of managing finances requires discipline in determining priorities that come from responsibility and self-reliance. As in line with the results of Sina's research (2012, 171) stated that spiritual intelligence has a positive influence on financial management. Such an attitude of responsibility will help to stick to management principles, namely efficiency and effectiveness. Efficiency, that is, using optimal funding sources to achieve personal financial management goals. While effectiveness refers to the management of personal finance towards the right goal.

## CONCLUSION

Based on the results of testing and discussion of research data, the following

conclusions can be obtained: (1) There is a positive and significant influence between financial literacy on the personal financial management of students in the 2014 commerce education Faculty of Economics, Universitas Negeri Medan. (2) There is a positive and significant influence between spiritual intelligence on the personal financial management of students in the 2014 commerce Faculty of Economics Universitas Negeri Medan. (3) There is a positive and significant influence between financial literacy and spiritual intelligence on the personal financial management of students of the 2014 commerce education Faculty of Economics Universitas Negeri Medan. The implication of the results of this study is shown to the 2014 commerce education Faculty of Economics Universitas Negeri Medan in order to better understand the knowledge of personal finance and good spiritual intelligence so that they can become smart students, can manage finances well, and can have a prosperous life and not experience difficulties financially in the future.

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