THE ROLE OF FINANCIAL LITERACY AND FINANCIAL ATTITUDE IN INCREASING INCOME (A STUDY MSMES ACTORS IN SOUTH PALU)

Check for updates

1*Nurul Hikmah, 2Munawarah, 3Darman, 4Rian Risendy

*1,2,3,4Department of Management, Faculty of Economics and Business,
Tadulako University - Indonesia*

e-mail:
1*nurlhikmh21@gmail.com *(corresponding author)*
2munawarahuntad14@gmail.com
3darman_tadulako@yahoo.com
4rian_risendy013@yahoo.co.id

ABSTRACT

This research investigates the impact of financial literacy and financial attitudes on MSME income in South Palu using a quantitative approach. Primary data was collected directly from respondents through questionnaires, with data sources coming from MSME owners in the South Palu region. SPSS was used for data analysis. The findings reveal that both financial literacy and financial attitudes significantly contribute to increasing MSME income. MSME owners with strong financial literacy can allocate budgets efficiently, cut unnecessary expenses, and optimize business potential. Positive financial attitudes, such as discipline, financial commitment, and prioritizing decision-making, form the core of business success. Financial attitudes play a more substantial role than financial literacy, as they are more directly applicable in decision-making. Financial literacy offers the knowledge, but without the right attitude, it remains theoretical and ineffective in practice.

Keywords: *Financial Literacy; Financial Attitude; MSME Income; MSME*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) represent endeavors undertaken by individuals or community groups with the primary goal of enhancing their own well-being and that of their collective. MSMEs are the savior of the national economy by providing a significant commitment to financial development, job creation, and equitable distribution of development results (Lutfi et al., 2020; Fani et al., 2024). MSMEs have an critical part in making occupations, which in turn can decrease unemployment (Wahyuningsih et al., 2023).

According to data from the Office of Cooperatives and MSMEs of Central Sulawesi Province (2021), more than 25,000 MSME units operate. Palu City is one of the economic centers in Central Sulawesi that has a big commitment to MSMEs. MSMEs in Palu City play an vital part in keeping up the workforce and empowering territorial financial advancement (Parawangsa et al., 2021). There is a discrepancy related to MSMEs, where although their role is very crucial, the various challenges faced are also very large, although the level varies in each region (Djayani et al., 2022). MSMEs in Palu City play a vital role in strengthening the local economy and significantly contributing to the well-being of the community. Of the numerous sub-districts in Palu City, South Palu is one of the sub-districts with a reasonably tall number of MSMEs. Each sub-district in South Palu has an interesting economic structure and a variety of business opportunities, which has an impact on the management and development patterns of MSMEs. However, MSMEs in South Palu still face considerable challenges in developing their businesses, including limited access to financial literacy, financial attitudes, and of course income from their own businesses. This information was obtained from a news report by RRI Palu in collaboration with the Head of the Office of Cooperatives, MSMEs, and Manpower of Palu City, which stated that Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars of the economy in Palu City. However, many MSME players continue to face various challenges, ranging from limited access to capital to a lack of technological proficiency.

The victory of MSMEs in contributing to neighborhood income is exceedingly subordinate on the capacity of nearby governments to investigate the potential of the territorial economy, in spite of the fact that each trade development is continuously went with by hazard (Anisah et al., 2022). Income serves as a measure to evaluate the well-being of individuals or communities, reflecting the level of financial progress within a society (Arianti, 2020). In essence, the income obtained from MSMEs is not only a pointer to the welfare of business actors, but also reflects the economic progress of a region The ability of MSMEs to enhance the regional economy particularly in generating local revenue relies heavily on the various factors that drive their growth and development (Ramadani et. al, 2025). According to Rusliana et al. (2022), one of the most influential factors is the ability of MSME actors to manage and utilize existing resources, both in terms of capital, marketing, and business management. In expansion, a great understanding of financial concepts is an imperative key in empowering the development and maintainability of their commerce (Widayanti et al., 2017). According to research conducted by Xiao (2008) in Farid et al (2024), great money related administration permits an person to convey pay appropriately, budget, spare, and spare cash fittingly, which in turn can make strides money related well-being.

Financial literacy encompasses the capacity to understand and utilize various financial principles, such as creating budgets, planning finances strategically, and making well-informed investment decisions (Sholehah et al., 2024). According to the 2024 National Financial Literacy Survey (SNLIK) conducted by the Financial Services

Authority (OJK) in collaboration with the Central Statistics Agency (BPS), the financial literacy index of the Indonesian population has reached 65.43% (Otoritas Jasa Keuangan, 2024). In accordance with the financial literacy assessment criteria set by Chen and Volpe (1998) in Ferdiansyah et al (2024), financial literacy is considered to be at an excellent level if the score surpasses 80%, categorized as moderate if it ranges from 60% to 79%, and deemed low if it falls below 60%. Student's Column Binus University (2022) mentions various causes of low financial literacy: (1) In the digital era, access to knowledge is easier, but early financial education is still minimal so that its application in everyday life is less than optimal. (2) Lack of interest in financial content. (3) Many people feel that they already understand finance well, but their financial literacy is still low. MSMEs must consider financial literacy. This increases income and economic stability in the short and long term.

Business actors can identify their beliefs about money by understanding financial attitudes (Nurjanah et al., 2022). An optimistic approach to financial matters significantly contributes to the success of MSMEs by promoting effective financial handling and enabling prudent choices in managing monetary aspects (Sumani et al., 2022). MSME actors often lack attitudes in managing finances. They feel satisfied with current performance and are reluctant to make budget plans or controls because their business is running smoothly (Sarungu et al., 2024). If not corrected, this attitude can damage MSME performance and market competitiveness (Humaira and Sagoro, 2018). A positive financial attitude and being proactive in resource management will improve financial stability and well-being (Handayati et al., 2023).

This research examines how financial knowledge and financial behaviors impact the income levels of MSMEs in South Palu. Enhancing financial literacy and fostering better financial attitudes can assist MSME actors in achieving greater financial stability. This is expected to not only increase income, but also well-being in sustaining their business. This initiative aims to assist MSMEs in South Palu in developing a stronger grasp of the significance of robust financial literacy while fostering financial attitude that enhance earnings and promote sustainable business expansion.

LITERATURE REVIEW, RESEARCH FRAMEWORK, AND HYPOTHESES
Micro, Small, and Medium Enterprises (MSMEs)

According to Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small and Medium Enterprises, Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this law. Small Businesses are productive economic businesses that stand alone, conducted by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of either directly or indirectly from Medium Enterprises or Large Enterprises that meet the criteria for Small Businesses as referred to in this law. Medium Enterprises are productive economic businesses that stand alone, conducted by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of either directly or indirectly with Small Enterprises or Large Enterprises with a total net worth or annual sales as stipulated in this law.

MSMEs are businesses that demonstrate resilience in adapting to economic shifts and overcoming challenges (Zahara et al., 2023). MSMEs refer to small-scale entrepreneurial ventures operated by individuals or groups, which adhere to the standards set for the classification of micro-enterprises (Mei et al., 2024). Small and medium-sized enterprises hold significant importance in driving improvements in the

nation's economic performance (Adda et al., 2020).

Financial Literacy

Business actors need to have the ability to plan, implement, and monitor financial management so that their business runs optimally. A solid grasp of financial concepts known as financial literacy is crucial for enabling well-informed and effective decision-making which ultimately drives maximum profitability (Latifiana, 2017). Financial literacy refers to the level of understanding and expertise in handling finances effectively to ensure sound financial decisions, enabling a business to operate in line with its objectives (Rusnawati et al., 2022). Financial literacy goes beyond knowledge; it represents the capability to manage various financial activities, including earning, safeguarding, and utilizing money effectively (Remund, 2010).

Carpena (2011) identify three key aspects of financial literacy: (1) calculation skills, (2) knowledge of financial concepts, and (3) attitudes towards making financial decisions. Financial literacy extends beyond merely grasping fundamental concepts, it encompasses practical abilities and behaviors that shape financial decision-making. Calculation skills are needed to make proper financial analysis, while an understanding of basic finance helps understand financial risks, benefits and principles. Financial decision-making attitudes on the other hand indicate how individuals approach the financial aspects of their business which includes taking long-term strategic decisions and planning (Ratnawati et al., 2022).

Financial Attitude

A financial attitude encompasses the commitment to applying sound financial practices enabling the creation and preservation of value through thoughtful decision-making and efficient asset management ultimately supporting business stability and growth (Rajna et al., 2011). Adopting a constructive mindset towards financial attitudes along with a strong foundation in financial knowledge can enhance the ability to implement sound practices, particularly when it comes to making financial decisions (Wahyuni et al., 2023).

According to Susanti, et al. (2017), financial attitude can be assessed through five indicators: income-expense consideration, need-based decisions, environmental influence, emotional decision-making, and access to complete information. Entrepreneurs' financial attitudes influence their actions and decisions related to finances including handling budgets, managing funds, and addressing financial challenges within their business operations (Handayani et al., 2022).

MSME Income

Income is an amount of money received by residents for carrying out their work within a certain period of time, whether daily, weekly, monthly or annually (Habriyanto et al., 2021). MSME income represents the monetary earnings a business generates from its operations, primarily through selling products or services to consumers. Revenue is a critical element in the business world, as it serves as the main goal for almost all types of enterprises to secure financial returns (Jalaliah et al., 2022).

According to research conducted by Arianti (2020), it suggests that MSME with higher income levels are generally more financially literate. This is because the greater the income earned, the more complex financial management is needed, including planning and controlling expenses and investments. Individuals with higher incomes are usually more motivated to seek information and deepen their understanding of how to

manage money. A higher income offers individuals more opportunities to take greater responsibility in managing their finances. Similar to research by Suryanto and Rasmini (2018) this indicates that MSME with higher business income are more likely to possess a stronger grasp of financial literacy.

Based on the literature review discussed earlier, the hypotheses formulated in this study are as follows:

H1 : Financial literacy plays a significant role in increasing the income of MSMEs in South Palu.

H2 : Financial attitudes play a significant role in increasing the income of MSMEs in South Palu

H3 : Financial literacy and financial attitudes play a significant role in increasing the income of MSMEs in South Palu.

Based on the literature review and the hypotheses above, the conceptual framework can be illustrated as follows:
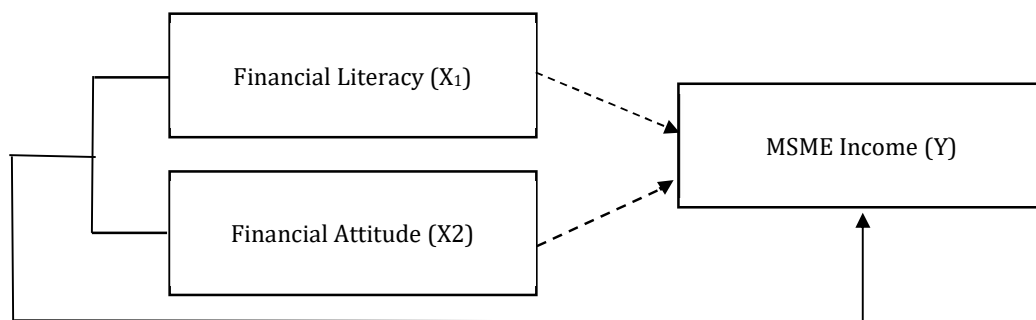
Source: Constructed for this study, 2025

Figure 1
Research Framework

Figure 1 illustrates the conceptual framework used in this study. This framework depicts the relationship between financial literacy (X_1) and financial attitudes (X_2) as independent variables, and MSME income (Y) as the dependent variable. This framework shows that financial literacy and financial attitudes directly influence the income generated by MSMEs. Higher financial literacy and more positive financial attitudes are expected to contribute to better financial decision-making, resource management, and ultimately, increased business revenue.

METHOD
This research employs a quantitative methodology which aims to describe or illustrate phenomena as they are, without manipulation of variables (Sugiyono, 2019). A descriptive design to examine the connection between financial literacy, financial attitudes, and MSME income in South Palu, conducted for 6 months.

This study collects original data directly from participants using surveys. The information gathered includes various pertinent details such as the following:

1. Financial Literacy: The level of understanding of MSME actors regarding financial concepts such as calculation skills, understanding of basic finance (cash flow management, savings, financing, and financial planning), as well as attitudes towards financial decisions.
2. Financial Attitudes: MSME actors' perceptions and attitudes towards financial management, including orientation towards finance, views on debt,

sense of financial security, and evaluation of money.

3. MSME Income: Information related to business income earned by MSME in South Palu. There are 3 income indicators that can measure the income level of MSMEs, namely: (1) adequacy in financing, (2) increased income, and (3) experiencing business development (Ayuningtyas et al., 2024).

Data sources were obtained from registered and active MSME actors in the South Palu area, with a focus on business owners or managers who are directly involved in business operations. Data from the Central Sulawesi Cooperatives and MSMEs Agency indicates that there are 1,304 registered MSMEs in the area. The sample size was determined using the Slovin formula incorporating a 10% margin of error to maintain accuracy as recommended for practical and efficient sampling when dealing with large population sizes (Sugiyono, 2019). The Slovin formula applied is:

$$n = \frac{N}{1 + N(e)^2}$$

Where:
- n = Number of samples
- N = Total population (1.304 MSMEs)
- e = Desired error rate 10% (0,10)

Value subtitution:

$$n = \frac{1.304}{1 + 1.304(0,10)^2}$$

$$n = \frac{1.304}{1 + 1.304 \cdot 0,01}$$
$$n = \frac{1.304}{1 + 13,04}$$
$$n = \frac{1.304}{14,04}$$
$$n = 92,87$$

Thus, the required sample size is 92.87 (93) MSMEs. The sampling process for this study a random sampling method was utilized guaranteeing that every MSME in the population had an identical chance of being selected. According to Sugiyono (2019), random sampling is a probability sampling technique where samples are drawn randomly without regard to strata, providing each individual in a homogeneous population with the same selection probability. The procedure begins by listing all SMEs in the study population and assigning them a sequential number ranging from 1 to 1,304. Next, 93 SMEs were randomly selected using Microsoft Excel functionality. This approach ensures that the randomly drawn sample truly reflects the entire population, thus maintaining data validity and making the study more effective.

The data was gathered through a questionnaire structured with a Likert scale to assess both financial literacy and financial attitudes. This instrument was created to gauge the understanding, viewpoints, and perceptions of MSME owners concerning financial literacy, financial attitudes, and their income from the business.

This study utilizes SPSS (Statistical Package for the Social Sciences) software as the primary tool in analyzing data. The use of SPSS was chosen because of its superior

ability to handle quantitative data efficiently and offers a variety of statistical analysis methods that are appropriate to the needs of this study.

RESULTS AND DISCUSSION
Validity Test

The purpose of the validity test is to verify that research tools such as questionnaires, are able to measure the intended variables. Items are declared valid if they have an item-total correlation value greater than 0,30 (Sugiyono, 2019). If there are items that do not meet these criteria, the item will be removed from the analysis. Presented below are the validity test results for the variables X_1, X_2, and Y.

Table 1
Validity Test Results

No	Research Variables	Question Item	Corrected Item Total Correlation	r-critical	Ket
1.	Financial Literacy (X1)	X1.1	0.685	0,30	Valid
		X1.2	0.688	0,30	Valid
		X1.3	0.605	0,30	Valid
		X1.4	0.624	0,30	Valid
		X1.5	0.737	0,30	Valid
		X1.6	0.700	0,30	Valid
		X1.7	0.679	0,30	Valid
		X1.8	0.694	0,30	Valid
		X1.9	0.687	0,30	Valid
		X1.10	0.577	0,30	Valid
2.	Financial Attitude (X2)	X2.1	0.620	0,30	Valid
		X2.2	0.652	0,30	Valid
		X2.3	0.696	0,30	Valid
		X2.4	0.583	0,30	Valid
		X2.5	0.527	0,30	Valid
		X2.6	0.653	0,30	Valid
		X2.7	0.686	0,30	Valid
		X2.8	0.644	0,30	Valid
		X2.9	0.721	0,30	Valid
		X2.10	0.710	0,30	Valid
		X2.11	0.679	0,30	Valid
		X2.12	0.688	0,30	Valid
3.	MSME Income (Y)	Y1	0.616	0,30	Valid
		Y2	0.678	0,30	Valid
		Y3	0.617	0,30	Valid
		Y4	0.699	0,30	Valid
		Y5	0.696	0,30	Valid
		Y6	0.612	0,30	Valid
		Y7	0.603	0,30	Valid
		Y8	0.606	0,30	Valid
		Y9	0.682	0,30	Valid

Source: Data Processed Using SPSS 29, 2025

The outcomes of the validity test presented in Table 1 confirm that all items in the questionnaire, developed based on the indicators of each variable are valid. This is shown through the revised item-total correlation scores for each item meeting the necessary threshold, with r-critical greater than 0,30.

Reliability Test

The purpose of the reliability assessment is to ensure the accuracy of a measurement instrument in producing consistent results over time. According to Sugiyono (2019) an instrument is considered reliable if it provides consistent data even when used multiple times under similar conditions. This study utilizes the Cronbach alpha coefficient to assess the instrument's reliability. A research tool is deemed dependable when the Cronbach's Alpha coefficient is ≥ 0.60 (Ghozali, 2018). The purpose of this test is to confirm that the data remains consistent even when the measuring tool is used at different times or with varying groups of respondents. Presented below are the reliability test results for the variables X_1, X_2, and Y.

Table 2
Reliability Test Results

Variables	Cronbach's Alpha	Alpha Tolerance	Description
Financial Literacy (X1)	0.861	0,60	Reliable
Financial Attitude (X2)	0.876	0,60	Reliable
MSME Income (Y)	0.824	0,60	Reliable

Source: Data Processed Using SPSS 29, 2025

The reliability test results presented in Table 2 show a Cronbach's alpha value of 0.60 or higher, suggesting that the instrument utilized in this study demonstrates an adequate level of reliability.

Descriptive Statistics Test

Descriptive statistical methods are used to provide a summary or description of data without changing the original values (Ghozali, 2018). In this study, several variables were analyzed such as Financial Literacy (X1), Financial Attitude (X2), and MSME Income (Y) as dependent variables. The results of this analysis are shown in Table 3.

Table 3
Descriptive Statistics Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy (X1)	93	30	50	42.61	4.465
Financial Attitude (X2)	93	36	60	51.97	5.155
MSME Income (Y)	93	28	45	36.88	4.131
Valid N (listwise)	93				

Source: Data Processed Using SPSS 29, 2025

According to the descriptive statistical analysis shown in Table 3, three variables were assessed using 93 samples, with the following results:

1. Financial Literacy (X1): The data indicates that the minimum value is 30, and the maximum value is 50, with an average score of 42.61. The standard deviation for Financial Literacy is 4.465.
2. Financial Attitude (X2): The minimum value is 36, and the maximum value is 60, with an average score of 51.97. The standard deviation for Financial Attitude is 5.155.
3. MSME Income (Y): The minimum value is 28, and the maximum value is 45, with

an average score of 36.88. The standard deviation for MSME Income is 4.131.

Classical Assumption Test
Normality Test
The normality test is conducted to determine whether the influencing variables in a regression model follow a normal distribution. This evaluation can be carried out by examining the Normal Probability Plot (Normal P-Plot) graph (Ghozali, 2018). The outcomes of the normality assessment are presented in Figure 2.
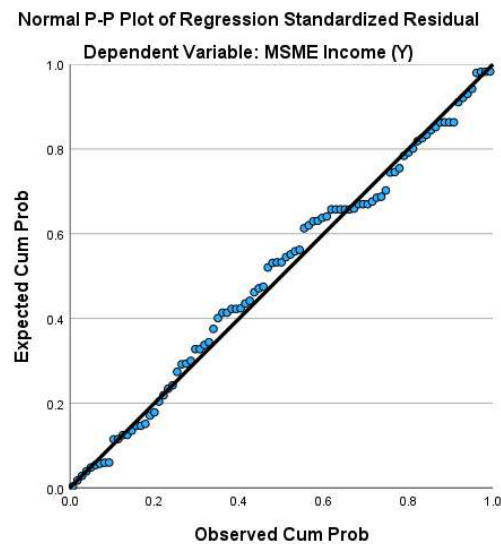
Source: Data Processed Using SPSS 29, 2025

Figure 2
Normality Test Results

The findings from the normality evaluation indicate that the plotted points nearly align with the diagonal. The pattern of the data closely adheres to the expected curve and shows a tendency to match it. As illustrated in Figure 2 this regression model satisfies the normality assumption suggesting that the variables analyzed in this research follow a normal distribution.

Multicollinearity Test
The multicollinearity evaluation is performed to detect interdependencies among the independent variables in the regression analysis. For the model to be considered valid, there should be no significant correlation between these variables (Sugiyono, 2019). This test involves examining the VIF and Tolerance values. A VIF below 10 or a Tolerance above 0.10 signifies the absence of multicollinearity. If a significant relationship among the independent variables is identified, the regression model would not be appropriate for additional analysis (Ghozali, 2018). The outcomes of the multicollinearity assessment are presented in the following table 4.

Table 4
Multicollinearity Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.169	3.371		2.126	.036		
	Financial Literacy (X1)	.232	.106	.251	2.197	.031	.454	2.203
	Financial Attitude(X2)	.381	.092	.476	4.161	.001	.454	2.203

a. Dependent Variable: MSME Income (Y)
Source: Data Processed Using SPSS 29, 2025

Based on Table 4, the tolerance levels for all independent variables are greater than 0.1, and the VIF scores remain under 10. These findings indicate an absence of multicollinearity involving the financial literacy (X1) and financial attitude (X2) variables, thereby meeting the criteria for the multicollinearity assumption test.

Heteroscedasticity Test
The aim of the heteroscedasticity test is to determine whether the spread of residuals changes across various data points in a regression model. An ideal regression model should exhibit homoscedasticity, meaning no signs of heteroscedasticity. This is determined by analyzing a scatterplot, where a random distribution of points with no discernible pattern indicates that heteroscedasticity is not present (Sugiyono, 2019). The findings of this analysis are presented in the following figure 3.
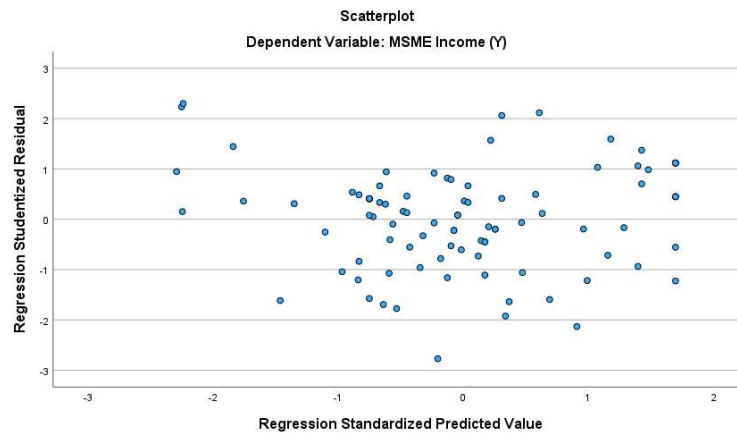
Source: Data Processed Using SPSS 29, 2025

Figure 3
Heteroscedasticity Test Results

As illustrated in Figure 3, the scatter plot from the heteroscedasticity test reveals a random distribution of points above and below the Y-axis value, without any recognizable pattern. This indicates that the model used in this research is free from heteroscedasticity, meeting the necessary conditions for the classical test of heteroscedasticity.

Analysis Multiple Linear Regression

According to Sugiyono (2019) regression modeling is used to examine the relationship between the independent variables (financial literacy and financial attitudes) and the dependent variable (MSME income). The main objective of this analysis is to evaluate the proposed hypothesis, particularly to investigate how financial literacy (X1) and financial attitudes (X2) affect the growth of MSME income in the South Palu region. The findings from the analysis using multiple regression are presented in Table 5:

Table 5
Multiple Linear Regression Results

		Coefficients^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	7.169	3.371		2.126	.036
	Financial Literacy (X1)	.232	.106	.251	2.197	.031
	Financial Attitude (X2)	.381	.092	.476	4.161	.001

a. Dependent Variable: MSME Income (Y)
Source: Data Processed Using SPSS 29, 2025

Based on table 5, the model for the regression equation can be expressed in the following manner:

$$Y = a + b_1X_1 + b_2X_2 + e$$
$$Y = 7,169 + 0,232X_1 + 0,381X_2 + e$$

So, the results obtained:

1. A constant value of 7.169 represents the baseline level of MSME Income when the independent variables, Financial Literacy (X1) and Financial Attitude (X2), have no effect. Without these variables, the MSME Income variable remains unchanged.
2. The regression coefficient for Financial Literacy (X1) is 0.232, indicating a positive correlation with MSME Income. This means that for each 1-unit increase in Financial Literacy, MSME Income is expected to grow by 0.232, assuming all other factors remain unchanged.
3. The regression coefficient for Financial Attitude (X2) is 0.381, showing a positive effect on MSME Income. This indicates that for every 1-unit increase in Financial Attitude, MSME Income will increase by 0.381, assuming other factors remain constant.

Hypothesis Test

Test t (Partial Test)

According to Sugiyono (2019) the purpose of the partial t-test is to evaluate whether financial literacy and financial attitude independently influence MSME income in South Palu. The interpretation of these t-test findings is provided in Table 5:

1. The financial literacy variable (X1) has a significance value of 0.03. Because this value is smaller than the significance level of 0.05, then sig t 0.031 < 0.05 and the calculated t value of 2.197 > t table 1.988, it can be concluded that financial literacy (X1) partially has a significant effect on MSME income (Y). This confirms the acceptance of the first hypothesis.
2. The financial attitude variable (X2) has a significance value of 0.001 which is

also below the threshold of 0.05, then sig t 0.001 < 0.05. In addition, the calculated t 4.161 > t table 1.988, which shows that financial attitude (X2) partially has a significant effect on MSME income (Y). Thus, the second hypothesis is accepted.

F Test (Simultaneous Test)
Based on Sugiyono (2019), the F test was performed to determine whether the independent variables of Financial Literacy and Financial Attitude collectively impact the dependent variable of MSME income in South Palu City.

Table 6
F Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
		ANOVAa				
1	Regression	731.575	2	365.787	39.279	.001b
	Residual	838.124	90	9.312		
	Total	1569.699	92			

a. Dependent Variable: MSME income (Y)
b. Predictors: (Constant), Financial Attitude (X2), Financial Literacy (X1)
Source: Data Processed Using SPSS 29, 2025

Referring to the findings in Table 6, the F value calculated is 39.279, which exceeds the critical F value of 3.10, and the significance level stands at 0.001, well below the threshold of 0.05. These findings confirm that both financial literacy and financial attitudes together significantly impact the income of MSMEs in South Palu. As a result, the third hypothesis is confirmed and backed by the data.

Test Coefficient of Determination (R^2)
Sugiyono (2019) emphasizes that the R^2 test is used to evaluate the extent to which the independent variables, such as financial literacy and financial attitudes, impact the dependent variable, which is the income of MSMEs in South Palu. A higher R^2 value reflects a greater capacity of the independent variables to clarify or influence the dependent variable (Ghozali, 2018).

Table 7
Test Results of the Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
		Model Summary		
1	.683a	.466	.454	3.052

a. Predictors: (Constant), Financial Attitude (X2), Financial Literacy (X1)
Source: Data Processed Using SPSS 29, 2025

According to Table 7, the coefficient of determination (R^2) is 0.466, which shows that financial literacy and financial attitudes together account for 46.6% of the changes in MSME income in South Palu. The other 53.4% is affected by various factors not covered in this study, such as financial technology, financial inclusion, and financial management. This shows that the joint effect of financial literacy and financial attitudes on MSME income is moderate, accounting for less than half of the total impact.

Financial literacy plays a significant role in increasing the income of MSMEs in South Palu

The statistical analysis demonstrates that financial literacy significantly influences the income growth of MSMEs in South Palu. This can be attributed to the moderate level of financial literacy observed among MSME operators in the region. Based on the responses collected through the distributed questionnaires, many MSME owners acknowledged that understanding financial concepts positively impacted their earnings.

However, a small portion of respondents expressed that financial literacy was not a priority. Entrepreneurs with strong financial literacy skills are better equipped to develop effective financial strategies, including allocating budgets for production, marketing, and expanding their businesses. With planned budget management, they can reduce unproductive spending and maximize the use of capital for value-added activities. In addition, financial literacy enables MSMEs to understand the importance of structured financial records, so they can monitor cash flow and evaluate business performance regularly. In general, solid financial literacy is vital for fostering the long-term development of MSMEs, benefiting both entrepreneurs and their surrounding communities. This study aligns with the findings of Arianti (2020), who found that MSME owners with higher income levels tend to possess better financial literacy. Similarly, research by Suryanto and Rasmini (2018) revealed that MSME owners with higher earnings are more inclined to possess stronger knowledge and awareness of financial literacy.

Financial attitudes play a significant role in increasing the income of MSMEs in South Palu

The results of the statistical analysis demonstrate that financial attitudes have a substantial impact on enhancing MSME income in South Palu. This outcome can be attributed to the relatively strong financial attitudes exhibited by MSME operators in the region. From the questionnaire data distributed to respondents, the average MSME actor indicated that financial attitudes helped in increasing their income. Positive financial attitudes, such as discipline in managing finances, the ability to make decisions based on prioritizing business needs, and a commitment to allocating funds wisely, are important foundations for business success.

MSME actors with good financial attitudes tend to be more consistent in setting aside income for business development, managing debt wisely, and investing in productive assets. This creates efficiency in the use of resources while improving their ability to capture greater opportunities in the market. Overall, a positive financial attitude not only plays a role in day-to-day financial management but is also a key driver in increasing the income and sustainability of MSMEs.

Financial literacy and financial attitudes play a significant role in increasing the income of MSMEs in South Palu

The statistical analysis indicates that both financial literacy and financial attitudes have a meaningful impact on enhancing the income levels of MSMEs in South Palu. However, the results show that financial attitudes have higher results than financial literacy. This is because the greater value of financial attitudes compared to financial literacy lies in its role which is applicable and influences decision making directly.

Financial literacy provides a framework for understanding important concepts, but without a supportive attitude, the concepts will only be theoretical. Financial attitudes, on the other hand, are the driving force for MSME actors to act consistently and

responsibly with their finances. Proactive attitudes, such as the willingness to take calculated risks or the discipline of allocating a portion of income for savings, produce tangible effects and directly influence the increase in MSME income.

CONCLUSION AND SUGGESTION

The findings of this research highlight the vital influence of financial literacy and financial attitudes on enhancing MSME income in South Palu. Financial literacy contributes significantly by providing MSME operators with the skills needed to organize, oversee, and assess their business finances systematically. Entrepreneurs with strong financial literacy are better equipped to distribute budgets efficiently, minimize unnecessary expenses, and fully leverage their business capabilities.

In contrast, financial attitudes have a greater impact on boosting MSME income compared to financial literacy. Important financial attitudes including maintaining discipline, commitment to handling finances, and skillfully prioritizing monetary choices serve as fundamental foundations for achieving business success. Proactive and applicable attitudes encourage MSME actors to optimally utilize their financial knowledge, create efficient use of resources, and capture greater market opportunities. An excellent financial attitude adds value with its ability to influence the direct actions of MSME actors, making these two aspects complementary in driving sustainable business success. Overall, combining financial literacy with positive financial attitudes is essential for boosting income and securing the sustained success of MSMEs in South Palu.

Future research is recommended to consider financial management variables in measuring the increase in MSME income, because the ability to manage finances well can help businesses plan and use funds more efficiently. In addition, financial technology may be a relevant variable to examine, as innovations in financial technology allow easier and faster access to various services that support business development. Financial inclusion variables are also important to consider, as wider access to financial services can provide greater opportunities for MSMEs to grow.

This suggests that financial literacy and financial attitudes alone are not enough to fully explain MSME incomes, as an understanding of financial literacy is often not followed by the practical ability to implement it in real situations. Similarly, financial attitudes are not always accompanied by consistent actions, especially if MSME actors face constraints such as limited capital, market access or competitive pressures.

REFERENCES

Adda, H. W., Buntuang, P. C. D., & Sondeng, A. (2020). Strategi mempertahankan umkm selama pandemi covid-19 di kecamatan bungku tengah kabupaten morowali. *Abdi Dosen : Jurnal Pengabdian Pada Masyarakat*, *4*(4), 390. https://doi.org/10.32832/abdidos.v4i4.717

Anisah, A., Surayya, S., Fattah, V., Bidin, C. R. K., & Faisal, F. (2022). Struktur modal, firm size dan risiko bisnis: di moderasi oleh profitabilitas. *J-MAS (Jurnal Manajemen Dan Sains)*, *7*(1), 151. https://doi.org/10.33087/jmas.v7i1.385

Arianti, B. F. (2020). Pengaruh pendapatan dan perilaku keuangan terhadap literasi keuangan melalui keputusan berinvestasi sebagai variabel intervening the effect income and financial behavior on financial literacy with investment decisions as intervening. *Ekonomi*, *10*(1), 1–24.
https://doi.org/10.33369/j.akuntansi.9.3.13-36

Ayuningtyas, S. A., Farida, A., & Saputra, E. T. (2024). Pengaruh modal usaha, lokasi usaha, lama usaha dan teknologi informasi terhadap pendapatan thrift shop di kota

Surakarta. *Inisiatif: Jurnal Ekonomi, Akuntansi Dan Manajemen*, *3*(2 SE-Articles), 128–147. https://jurnaluniv45sby.ac.id/index.php/Inisiatif/article/view/2268

Carpena, F., Cole, S., Shapiro, J., & Zia, B. (2011). Unpacking the causal chain of financial literacy. *The World Bank Development Research Group*, *September*, 1–36.

Dinas Koperasi dan UMKM Provinsi Sulawesi Tengah. (2021). *Statistik Koperasi dan Usaha Kecil Provinsi Sulawesi Tengah*. Dinas Koperasi, Usaha Kecil Dan Menengah Provinsi Sulawesi Tengah. https://dinkopumkm.sultengprov.go.id/statistik/

Djayani, N., Asngadi, A., Husnah, H., Muh. Yunus Kasim, & Mohammad Ega Nugraha. (2022). Pengembangan relationship capital pelaku UKM agro di Kabupaten Donggala. *PaKMas: Jurnal Pengabdian Kepada Masyarakat*, *2*(2), 367–373. https://doi.org/10.54259/pakmas.v2i2.1292

Fani, R. E., Bachri, S., & Palawa, M, R. (2024). Strategi pengembangan usaha mikro kecil dan menengah (UMKM) untuk meningkatkan perekonomian masyarakat dihuntap Pombewe Kabupaten Sigi. *Jurnal Ekonomi Dan Pembangunan Indonesia*, *2*(1), 178–184. https://doi.org/10.61132/jepi.v2i1.359

Farid, E. S., Annisah, A., Nayoan, F., & Sutanto, P. (2024). Perilaku manajemen keuangan pengrajin tenun Desa Wisata Towale (Financial Management Behaviour of Towale Tourism Village Weavers). *Akuntansi Bisnis & Manajemen (ABM)*, *31*(1). https://doi.org/10.35606/jabm.v31i1.1385

Ferdiansyah, Darman, Anisah, & Munawara. (2024). Model pengelolaan keuangan berbasis literasi dan iklusi keuangan (study pada masyarakat petani Desa Pombewe). *Jurnal Rimba : Riset Ilmu Manajemen Bisnis Dan Akuntansi*, *2*(2), 263–273. https://doi.org/10.61132/rimba.v2i2.740

Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*. Badan Penerbit Universitas Diponegoro

Habriyanto, H., Kurniawan, B., & Firmansyah, D. (2021). Pengaruh modal dan tenaga kerja terhadap pendapatan UMKM kerupuk ikan SPN Kota Jambi. *Jurnal Ilmiah Universitas Batanghari Jambi*, *21*(2), 853. https://doi.org/10.33087/jiubj.v21i2.1572

Handayani, M. A., Amalia, C., & Sari, T. D. R. (2022). Pengaruh pengetahuan keuangan, sikap keuangan dan kepribadian terhadap perilaku manajemen keuangan (studi kasus pada pelaku UMKM batik di Lampung). *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis*, *10*(2), 647–660. https://doi.org/10.37676/ekombis.v10i2.2262

Handayati, P., Restuningdyah, N., Ratnawati, & Meldona (2023). The role of self-efficacy and financial attitude to financial well-being: mediation of MSME. In *Proceedings of the BISTIC Business Innovation Sustainability and Technology International Conference (BISTIC 2022)*. 245, 293-301

Humaira, I., & Sagoro, E. M. (2018). Pengaruh pengetahuan keuangan, sikap keuangan, dan kepribadian terhadap perilaku manajemen keuangan pada pelaku UMKM sentra kerajinan batik Kabupaten Bantul. *Jurnal Nominal*, *VII*(1), 15.

Jalaliah, Wulandari, H. K., & Dumadi. (2022). Pengaruh modal kerja, tenaga kerja, dan bahan baku terhadap pendapatan UMKM Pabrik Tahu (Studi Empiris UMKM Tahu Kecamatan Banjarharjo Periode Tahun 2019-2021). *Jurnal Penelitian Pengabdian Masyarakat Indonesia*, *1*(1), 68–78.

Latifiana, D. (2017). Studi Literasi Keuangan Pengelola usaha kecil menengah (UKM). *Seminar Nasional Pendidikan Ekonomi Dan Bisnis 2017*, 1–7.

Lutfi, M., Buntuang, P. C. D., Kornelius, Y., Erdiyansyah, & Hasanuddin, B. (2020). The

impact of social distancing policy on small and medium-sized enterprises (SMEs) in Indonesia. *Problems and Perspectives in Management*, *18*(3), 492–503. https://doi.org/10.21511/ppm.18(3).2020.40

Mei, V. N., Rombe, E., Bachri, S., Dewi, P. C., Studi, P., Manajemen, S., Ekonomi, F., & Tadulako, U. (2024). *Dampak Bantuan Usaha Islamic Relief Bagi UMKM Masyarakat Huntap Duyu*. *3*(2).

Nurjanah, R., Surhayani, S., & Asiah, N. (2022). Faktor demografi, literasi keuangan, sikap keuangan terhadap perilaku pengelolaan keuangan pada UMKM di Kabupaten Bekasi. *Jurnal Akuntansi Bisnis Pelita Bangsa*, *7*(1), Siaran Pers: Survei Nasional Literasi dan Inklusi.

Otoritas Jasa Keuangan. (2024). *Siaran Pers Bersama: OJK dan BPS Umumkan Hasil Survei Nasional Literasi dan Inklusi Keuangan Tahun 2024*. OJK. https://ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/OJK-dan-BPS-Umumkan-Hasil-Survei-Nasional-Literasi-dan-Inklusi-Keuangan-Tahun-2024.aspx

Parawangsa, I., Santi, I. N., Parani, S. B., & Lamusa, F. (2021). *Eksplorasi faktor penghambat adopsi digital marketing pada UMKM di Kota Palu*. 207–222.

Rajna, E. W. S., Junid, S. Al, & Moshiri, H. (2011). Financial management attitude and practice among the medical practitioners in public and private medical service in Malaysia. *International Journal of Business and Management*, *6*(8), 105–113. https://doi.org/10.5539/ijbm.v6n8p105

Ramadani, S., Ramadhani, D. A., Ikrom, M., & Harahap, L. M. (2025). Peran strategis UMKM dalam mendorong pertumbuhan ekonomi berkelanjutan di Indonesia. *Jurnal Ekonomi, Bisnis dan Manajemen*, *4*(1), 158-166.

Ratnawati, S., Soethipto, B, E., & Restuningdiah, N. (2022). The role of financial behavior as a mediator of the influence of financial literacy and financial attitudes on msmes investment decisions in indonesia. *Journal of Social Economics Research*, *9*(4), 193-203.

Remund, D. L. (2010). Financial literacy explicated: The case for a clearer definition in an increasingly complex economy. *Journal of Consumer Affairs*, *44*(2), 276–295. https://doi.org/10.1111/j.1745-6606.2010.01169.x

Ruslianaa, N., Wardhanib, D. C. L. S., & Fatahc, R. H. A. (2021). Pemahaman literasi keuangan dan kemampuan pengelolaan keuangan terhadap pengembangan usaha UMKM. *Jurnal Ilmu Ekonomi*, 3(2), 130-137.

Rusnawati, R, R., & Saharuddin. (2022). Pengaruh literasi keuangan, perilaku keuangan dan sikap keuangan terhadap kinerja keuangan usaha mikro, kecil dan menengah di Kota Makassar. *SEIKO : Journal of Management & Business, 5*(2), 253–261.

Putri, S. S. C. & Kadang, J. (2024). Peran financial literacy dan financial technology dalam meningkatkan kinerja UMKM (the role of financial literacy and financial technology in improving msme performance). *Jurnal Kolaboratif Sains. 7*(9), 3287–3296. https://doi.org/10.56338/jks.v2i1.1021

Sarungu, V. G., Ramba, D., & Rundupadang, H. (2024). Pengaruh Pengetahuan Keuangan, Sikap Keuangan, dan Kepribadian Terhadap Pelaku Manajemen Keuangan UMKM Pasar Bolu Toraja Utara. *EKOMA: Jurnal Ekonomi, Manajemen, Akuntansi*, *3*(6), 881-889.

Student's Column Binus University. (2022). *Minimnya Literasi Keuangan di Indonesia*. Binus University Faculty of Digital Communication and Hotel & Tourism. https://communication.binus.ac.id/2022/12/16/minimnya-literasi-keuangan-

di-indonesia/

Sugiyono. (2019). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta

Sumani, S., Intan, N. A., Ika, B. S., & Nurdin, D. (2022). Financial behavior on financial satisfaction and performance of the Indonesian batik industry. *Jurnal Aplikasi Manajemen*, *20*(4). https://doi.org/10.21776/ub.jam.2022.020.04.06

Suryanto, S., & Rasmini, M. (2018). Analisis literasi keuangan dan faktor-faktor yang mempengaruhinya. *Jurnal Ilmu Politik Dan Komunikasi*, *8*(2). https://doi.org/10.34010/jipsi.v8i2.1336

Susanti, A., Ismunawan, Pardi, & Ardyan, E. (2018). Tingkat pendidikan, literasi keuangan, dan perencanaan keuangan terhadap perilaku keuangan UMKM di Surakarta. *Telaah Bisnis*, *18*(1), 45-56.

Undang-Undang Republik Indonesia Nomor 20 Tahun. (2008). *Undang-Undang Republik Indonesia Nomor 20 Tahun 2008*. 1.

Wahyuni, S. F., Radiman, R., & Kinanti, D. (2023). Pengaruh literasi keuangan, lifestyle hedonis dan sikap keuangan pribadi terhadap perilaku keuangan mahasiswa. *Owner*, *7*(1), 656–671. https://doi.org/10.33395/owner.v7i1.1304

Wahyuningsih, W., Rombe, E., & Sutomo, M. (2023). SMEs' marketing performance: the role of entrepreneural orientation and networking capability. *Jurnal Dimensi*, *12*(1), 257–270. https://doi.org/10.33373/dms.v12i1.5101

Widayanti, R., Damayanti, R., & Marwanti, F. (2017). Pengaruh financial literacy terhadap keberlangsungan usaha (business sustainability) pada umkm desa jatisari. *Jurnal Ilmiah Manajemen dan Bisnis*, *18*(2), 153-163.

Zahara, Z., Ikhsan, Santi, I. N., & Farid. (2023). Entrepreneurial marketing and marketing performance through digital marketing capabilities of SMEs in post-pandemic recovery. *Cogent Business and Management*, *10*(2). https://doi.org/10.1080/23311975.2023.2204592