

The Effect of Income Intention on Financial Well-Being: Household Behavior as a Mediating Variable (Study on Women MSME Actors in Bantul Regency, Yogyakarta)

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Abstract: Currently, people are beginning to realize that housewives actually have a role in moving the wheels of the economy and are able to achieve financial prosperity. This study uses an explanatory approach. The population in this study is female MSME actors in Bantul Regency under the guidance of related agencies. The sample in this study is 99 samples. Hypothesis testing is carried out in two stages. The first stage is testing the instrument by testing its validity and reliability. The next stage is hypothesis testing, then Mediation Test. The analysis tool using Smart PLS. shows that Income intention plays a role in influencing Financial Well-Being with a P-Value of 0.002. In addition, Income intention affects Household Behavior with a P-Value of 0.001. Household Behavior has an effect on Financial Well-Being with a P-Value of 0.000. and the mediation test showed that household behavior was able to mediate the relationship between the ability of Income intention in achieving Financial Well-Being. In addition, if a person's Income intention is balanced with the ability to control household behavior in controlling finances and saving, it will have a good impact on Financial Well-Being.

Keywords: Income intention, Household Behavior, Financial Well Being.

1. INTRODUCTION

The role of Micro, Small and Medium Enterprises (MSMEs) has a significant impact on economic growth at the national level. According to information from the Ministry of Cooperatives and SMEs, the contribution of MSMEs to the National Gross Domestic Product (GDP) reaches 60.5 percent, while its contribution to job creation is 96.9 percent of the total labor absorption in the country. In addition, cooperatives also play an important role; The Central Statistics Agency (BPS) noted that in 2022, there are 130,354 active cooperatives in Indonesia with a total business value of IDR 197.88 trillion (Novrizaldi, 2023). Micro, small, and medium enterprises (MSMEs) are defined according to Law No. 20 of 2008 concerning micro, small, and medium enterprises (MSMEs) as businesses operated by individuals, households, or small-scale business entities. MSMEs have two characteristics, namely the scale of human resources (HR), assets, turnover, and the character of their business. Micro-scale businesses have more than four workers and assets of less than 50 million rupiah. Small businesses have between 5 and 19 employees, assets between 50 million and 500 million, and annual turnover between 300 million and 2.5 billion. Medium-sized businesses have 20 to 99 people, assets between 500 million and 10 billion, and annual turnover between 2.5 billion and 50 billion. His business usually does not have a fixed place because of his character. It is a type

of product that is not always stable, does not have complete administration, which means that financial management is often mixed with personal finance, does not have business licenses and legalities, does not have access to banking, and usually has incomplete or mature human resources (Alf Farisi and Fasa, 2022; Windusancono, 2021)

The number of MSMEs in all cities in Indonesia continues to increase. Overall, micro, small, and medium enterprises (MSMEs) start from small initiatives that come from families, relying on labor from close family members and relatives. In small businesses that focus on family human resources, the division of duties is often determined by the roles that exist in the family. In many families in Indonesia, the division of roles generally refers to gender which is the basis for the arrangement of roles in the family. The division of labor based on gender refers to the way of dividing tasks determined by social and cultural norms related to men and women, namely feminine and masculine traits (Hasyim and Hidajat, 2022; Pramono and Putri, 2020). Deputy for Coordination for Improving the Quality of Children, Women, and Youth of the Coordinating Ministry for Human Development and Culture (Coordinating Ministry for Human Development and Culture) Woro Srihastuti Sulistyningrum said that as many as 64 percent of MSMEs in Indonesia are managed by women. Meanwhile, white-collar entrepreneurs are 0.48 percent (Novrizaldi, 2023).

The Chairperson of the Indonesian Entrepreneurs Women Association (IWAPI) Bantul Branch, Erwin Yuniati, about the 1000 Srikandi Bantul Bangkit Berkarya program which was initiated in 2017. This program has full attention in empowering housewives to engage in entrepreneurship through training and mentoring. Women's contributions in enlivening MSMEs are also supported by the Head of the Cooperatives and SMEs Office of the Special Region of Yogyakarta, Srie Nurkyatsiwi. Based on data from more than 350 thousand MSME actors registered in SiBakul Jogja, 58% are women. This means that it is appropriate for the public to start to be literate that housewives actually have a role in moving the wheels of the economy and are able to achieve financial prosperity.

Related to income, people's welfare can be achieved through the achievement of Financial Welfare. Financial well-being, or in other words, financial prosperity, has a purpose related to the quality of life that is essential for human beings. Almost all needs that need to be met by the community require a healthy financial situation. Financial wealth describes the financial position of an individual or family who has adequate resources to live comfortably and prosperously (Iramani and L. Lutfi, 2021). One of the factors that can affect financial well-being is income. When the family income is higher, the financial well-being is also better. On the other hand, when the family income is lower, the financial welfare is also worse (Muir, et

al. 2017). This is supported by several studies conducted by (Muir, et al. 2017, Riitsalu and Murakas, (2019), Feriyansah (2015), Chatterjee *et al*, (2019) Income affects financial welfare. While Syafitri (2017) stated that there was no influence between income and family financial welfare. Likewise, it is stated that there is no influence between income and family financial well-being. Based on this, there is a research gap.

In addition, related to income can also affect families in carrying out financial behavior. Low income is often cited as an explanation for certain behaviors, such as borrowing to meet needs, and is used as an excuse for not taking actions such as saving or making long-term plans (Atkinson and Messy, 2012); Loke, (2017); Prasetya, B.P, 2023). This study aims to determine the influence of MSME income managed by mothers in Bantul Regency in achieving Financial Well-Being by paying attention to household behavior as a mediating variable.

2. LITERATURE REVIEW

Income intention

Andrew and Linawati (2014) reference Hilgert et al., who define personal income as the total yearly gross earnings of an individual, which come from salaries, entrepreneurial activities, and diverse investments. On the other hand, Schalembeir et al. (2020) suggest that “Income serves as a significant factor in predicting life satisfaction. This is not only due to its capability to enhance individuals’ living standards, but also because it is frequently seen as a marker of someone’s status within society.” This assertion highlights that income plays a crucial role in determining life satisfaction. It not only enables individuals to raise their quality of life but is also commonly understood as a reflection of one’s societal standing.

Household Behaviour

A financially stable household is able to make a more significant impact on a rapidly developing community, thereby fostering economic growth within that community. According to Nofsinger & Nofsinger (2010), financial behavior pertains to the ways in which individuals actually manage their finances in real-life situations. The financial behavior of a household is intricately linked to its financial strength. Individuals who are resilient typically exhibit five key traits that translate into their financial actions: they are optimistic, goal-oriented, adaptable, organized, and proactive. Spending patterns are shaped not just by a person’s income at any given moment, but also by past experiences and previous consumption habits. Consequently, when an individual’s earnings drop below their current level, they often struggle to adjust their lifestyle and spending habits accordingly (Sun’an Muammil, 2017).

Financial Well Being

The existence of financial well-being is a situation in which individuals are able to fulfill all financial responsibilities both now and in the future, prepare financial needs for the future, and make decisions that bring happiness in life (Consumer Financial Protection Bureau, 2015). Barclays (2014) revealed that financial well-being reflects the condition and feelings of a person who feels financially secure and stable for the present and the future. S. Joo (2008) stated that personal financial wellness is the desired level of financial health, and is a comprehensive concept that has many dimensions, involving financial satisfaction, financial condition goals, financial attitudes and behaviors, and actions that cannot be measured with just one metric.

3. RESEARCH METHODS

This study uses an explanatory approach where the existence of a variable can affect changes in other variables or a causal relationship occurs and must consider the direction of influence (Cooper & Schlindler, 2014). This research is included in the category of quantitative research because it involves numerical data, measures objective facts, focuses on variables, and involves statistical analysis (Neuman, 2007). The population in this study is female MSME actors in Bantul Regency under the guidance of related agencies. The sample in this study is 99 samples. Hypothesis testing is carried out in two stages. The first stage is the testing of the instrument by testing its validity and reliability. The validity test uses the validity of the construct by analyzing the results of outer loading and AVE. Meanwhile, the reliability test is tested using Cronbach alpha and composite reliability. Once the instrument testing process is complete, the next stage is hypothesis testing. Hypothesis testing is tested by mediation testing. Hypothesis testing using Smart PLS. Path analysis is an extension of multiple linear regression analysis, which tests regression equations involving independent, dependent, and mediated constructions, both direct and indirect relationships through mediation (Ghozali, 2016).

4. RESULT AND DISCUSSION

Before conducting a hypothesis test, in the initial stage, validity and reliability tests are carried out to measure the feasibility of the instrument. The validity test consists of a discrimination validity test. The validity test of discrimination is declared good if the construct indicator has the highest loading value in the group or column (Hair et al., 2010). Based on the results of the validity test above, all convergent validity test results showed an AVE value >

0.5 so that all constructs in the study were declared valid. The validity test results are presented in Table 1 Validity Test Results.

Table 1. Validity Test Results

	Average Variance Extracted (AVE)	Information
Income intention	0.883	Valid
Household Behavior	0.745	Valid
Financial Well Being	0.781	Valid

Source : Processed by Researcher, 2024

Based on the reliability test results in Table 1, all validity test results show that the AVE value is more than 0.5, so all constructs in the study are valid and can be used for further testing. Meanwhile, when viewed from the outer loading, the outer loading value of each construct shows a result > 0.5 .

Table 2. Reliability Test Results

	Cronbach's Alpha	Composite Reliability	Information
Income intention	0.787	0.884	Reliable
Household Behavior	0.796	0.857	Reliable
Financial Well Being	0.712	0.839	Reliable

Source : Processed by Researcher, 2024

Then, to measure reliability we use composite reliability values exceeding 0.7 and using Cronbach alpha must be above 0.6. The reliability test results presented in Table 1 are the Reliability Test Results. Based on the results of the reliability test, it can be seen that the composite reliability value in the research variable is above 0.7. After the validity and reliability test is carried out, a hypothesis test can be carried out. Based on the results of data processing from the distribution of questionnaires, the results are obtained in table 3

Table 3. Test t

	P Values	Information
Income intention -> Financial Well Being	0.002	Significant
Income intention -> Household Behavior	0.001	Significant
Household Behavior -> Financial Well Being	0.000	Significant

Source : Processed by Researcher, 2024

Based on table 3 shows that Income intention plays a role in influencing Financial

Well-Being, this is shown by a P Value of less than 5%, this means that with good Income intention ability can be used as a means of financial control so that it is able to achieve Financial Well-Being. Likewise, Income intention also plays a role in influencing household behavior in household consumption. With this Income intention ability, it is automatically able to see the economic ability of the family, so that indirectly Income intention can be used as a controller over household consumptive behavior. On the other hand, this study also found that consumptive household behavior also plays a role in influencing Financial Well-Being. If you look at the role relationship between variables, it shows that each variable can be related to each other. Therefore, in looking at the deeper relationship regarding the role of household behavior in mediating the ability of Income intention to achieve Financial Well-Being, it can be seen in table 4.

Table 4. Specific Indirect Effects

	P Values	Information
Income intention -> Household behavior -> Financial Well Being	0.024	Significant

Source : Processed by Researcher, 2024

Table 4 regarding Specific Indirect Effects shows a value of 0.024 or with a percentage of 2.4%. By referring to a significance value of less than 5%, it shows that household behavior is able to mediate the relationship between the ability of Income intention in achieving Financial Well-Being of female gender-based MSME actors in Bantul Regency, Special Region of Yogyakarta.

Based on the study, it was found that if reviewed implicitly, empirically and practically, it shows that the empirical implications of this study are that several studies focus on aspects that make household financial management healthy and sustainable (Pandini et al., 2021). Meanwhile, the practical implication of this study is that efforts to improve Financial Well-Being in the face of the dynamics of economic conditions can be done by financial management to have good financial planning so that it will lead to household behavior which will ultimately improve financial well-being.

5. CONCLUSION

Based on the results of research conducted on gender-based MSME actors in Bantul Regency, Special Region of Yogyakarta, the first hypothesis states that Income intention has an effect on Financial Well-Being. This means that a good Income intention in daily life will

have an impact on Financial Well-Being. In addition, if a person's Income intention is balanced with the ability to control household behavior in controlling finances and saving, it will have a good impact on Financial Well-Being.

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