

The Effect of Knowledge, Behavior, and Spiritual Quotient on Personal Financial Management

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Abstract: This study aims to determine the effect of knowledge, behavior, and spiritual quotient on personal financial management. A total of 194 married employees comprised of non-lecturers and permanent lecturers from Maranatha Christian University were selected as participants using probability sampling with a stratified random sampling method. Data were analyzed using multiple linear regression analysis. The results showed that knowledge, behavior, and spiritual quotient partially affect personal financial management.

Keywords: financial knowledge, financial behavior, spiritual quotient, personal financial management

1. INTRODUCTION

Based on the results of the inter-census population survey, Indonesia is a developing country with a total population of 266.91 million, where male and female genders are 134 and 132.89 million, respectively. According to census results, the number of productive people is 68%, which indicates that they are more than unproductive ones (databoks.katadata, 2019). Therefore, more Indonesians have jobs and earn income than the unemployed, but lavish spending affects savings.

The rapid growth of technology helps to facilitate human activities in all respects, thus enable them more consumptive because buying goods is not just a need but only a desire to be achieved. Therefore, each individual needs to understand and manage their finances well by using appropriate instruments and products to prevent financial problems (Yushita, 2017). According to Parrotta & Johnson (1998, as cited by Wiharno 2018), divorce often occurs in a family because of dissatisfaction with one's financial status. Personal financial management is the principles use by people in making decisions of where to obtain, budget, save and spend money over time, record various risks, and occur events (Wiharno, 2018).

Several factors including knowledge, behavior, and spiritual quotient affect success in personal financial management. A high level of understanding enables people to be wiser in making financial problems, while the low one hinders them (Asih and Khafid, 2020). Therefore, every person needs to have high knowledge to manage finances appropriately by fulfilling needs, making investments, and others. According to Xiao (2009, as cited by Wiharno 2018), financial behavior is the habits use in managing money and people with this behavior tend to manage their finances very well. The

spiritual quotient is a soul or wisdom intelligence because it influences every person to manage their finances appropriately. According to Sina and Noya (2012), people with a responsible attitude towards financial management need to exercise patience in making decisions to avoid an increase of quotient while achieving independence.

Therefore, this study discusses personal financial management and its determinants, such as knowledge, behavior, and spiritual quotient, because many Indonesian do not know how to manage finances properly, which results in financial problems and debt. The sample are married employees consisting of non-lecturers and permanent lecturers from Maranatha Christian University. This is because marriage unites two people with different characters, but the same understanding is useful in managing finances. Furthermore, financial management is required because money tends to be a problem in a family.

1.1. Problems Formulated

Based on the background, the problems formulated in this study include:

1. The effect of knowledge on personal financial management.
2. The impact of behavior on personal financial management.
3. The effect of spiritual intelligence quotient on personal financial management.

1.2. Objectives and Benefits

Based on the problem formulated, the objectives of this study are as follows:

1. This study investigates the effect of knowledge on personal financial management.
2. Also, it determines the impact of behavior on personal financial management.
3. This study evaluates the effect of spiritual intelligence on personal financial management.

2. LITERATURE REVIEW

Personal Financial Management.

Financial management requires money in fulfilling the needs of both single and married people because it is use to purchase goods or food. According to Kholilah and Iramani (2013), this management is the ability to manage finances in planning, budgeting, auditing, managing, controlling, searching, and storing. Also, personal financial management shows how people obtain, budget, save and spend money over time, and record various occurring risks and events (Wiharno, 2018). In addition, the study of Kapoor, Dlabay, and Hughes (2012, as cited by Wiharno 2018) described it as a process of managing money to achieve economic satisfaction or people's well-being.

Financial Knowledge.

This knowledge assists people in managing finances and expenses appropriately and allow them to be wiser in making decisions while solving financial problems. Therefore, a lack of knowledge prevents society from making the right decisions (Asih and Khafid, 2020), and it is also the critical factor in decision-making (Kholilah and Iramani, 2013). According to Halim and Astuti (2015), financial knowledge is the ability to understand, analyze, and manage finances to avoid problems.

This influential factor does not only allows one to use money wisely but also benefits from the economy. Therefore, people with reasonable financial knowledge tend to use the money to produce products or services more in line with their needs (Ida and Dwinta, 2010). This influential factor occurs daily in human life and becomes necessary in financial management, but when it is not good, people will fail to manage finances properly because they do not understand investment & risks, inflation rates, and others. Conversely, any person with adequate knowledge tends to achieve better financial management because they set aside money for savings, control spending, and others. Based on the description above, the first hypothesis proposed in this study is:

H₁: Knowledge affects Personal Financial Management

Financial Behavior.

Financial behavior combines behavioral & cognitive psychological theories with conventional economics & finance to explain why people make irrational decisions (Phung, 2016 as cited by Pusparani & Krisnawati, 2019). Meanwhile, good behavior helps one prepare financial records, cash flows, plan costs, pay bills, control credit card usage, and plan savings (Prihastuty and Rahayuningsih, 2018). According to Nababan and Sadalia (2012), this influential factor relates to how people treat, manage, and use their money. People with responsible financial behavior are effective in making a budget, saving money, and controlling spending by buying things that are needed only, investing, and paying obligations on time (Nababan and Sadalia, 2012). Therefore, high behavior tends to allow personal finances to be free from financial problems. Based on the description above, the second hypothesis is as follows:

H₂: Behavior affects Personal Financial Management

Spiritual Quotient.

The spiritual quotient is capable of helping people to manage their finances and organize the income received. Most family faced problems that include income or salaries, expenses, debt needed to be pay every month, savings, education costs, and monthly investments (Dewi, 2015, as cited by Kartika, Ratnawati, and Rahmiyati, 2018). The solution to these problems is people's quotient in managing income set aside for saving and investment (Kartika, Ratnawati, and Rahmiyati, 2018). Therefore, the spiritual quotient leads to positive attitudes, such as responsibility, independence, honesty, and optimizing financial freedom (Chotimah and Rohayati, 2015). According to Zohar & Marshal (2005, as cited by Sina & Noya 2012), this influential factor is a soul or wisdom intelligence. This study also shows the spiritual quotient as an innate capacity of the human brain to form values, meanings, and goals. Furthermore., this influential factor provides the ability to discriminate moral sense and allows an individual to set boundaries. According to Sina and Noya (2012), an individual with a high spiritual quotient need to have a good moral sense and interact with each other. Based on the above description, the third hypothesis is:

H₃: Spiritual Quotient affects Personal Financial Management

3. RESEARCH METHODOLOGY

3.1 Research Type.

This study examines the effect of knowledge, behavior, and spiritual quotient on personal financial management. Therefore, the researcher explains the factors that caused the problem (Sekaran and Bougie, 2017:112).

3.2 Population and Sample.

This study selected a total of 194 married employees comprised of non-lecturers and permanent lecturers from Maranatha Christian University as participants using probability sampling with stratified random sampling. Meanwhile, stratified random sampling is drawn by separating population elements in non-overlapping groups called strata and then selecting a sample randomly from each stratum (Nazir, 2011:291).

3.3 Model Specification

The researcher analyzed data using the multiple regression analysis methods, which is a linear equation with more than one independent variable (Purnomo, 2019:30). The general format of the multiple regression equation is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \dots + e \text{ (Purnomo, 2019:30)}$$

Description:

Y is the dependent variable,

;a is a constant coefficient.

B₁ - b₃ is the regression coefficient.

X₁ - X₃ are Independent Variables.

E is an error.

4. DATA ANALYSIS AND INTERPRETATION

Respondent Characteristics.

Table 1 below shows the characteristics that describe the identity of 194 respondents using a questionnaire that obtained the profiles of the employees from the processed demographic data.

Table1: Data Processing Results of Respondent Characteristics

Respondent Profile	Demographic Data Processing Results
Gender	40.7% Male and 59.3% Female
Age	The average age of 46 years with a maximum of 40 years
Marital status	100% married
Last education	49.5% Graduate Program, 23.7% Postgraduate Program, 14.4% Diploma 4/Undergraduate Program
Occupation	69.6% Educators (TET) and 30.4% Education Personnel (TAT)
Length of work	8.8% at 15 years, 7.2% at 20 years, 6.7% at ten years
Monthly Income	61.3% over 10,000,000, 32.5% between 5,000,000 to 10,000,000

Source: Processed by Researchers

Research Instrument Test

Validity Test.

Table 2 below shows the validity test results.

Table 2: Validity Test Results

Indicato	Sig	Decisio	Indicator	Sig	Decision
X _{2.1}	0.000	Valid	Y ₁	0.000	Valid
X _{2.2}	0.000	Valid	Y ₂	0.000	Valid
X _{2.3}	0.000	Valid	Y ₃	0.000	Valid
X _{2.4}	0.000	Valid	Y ₄	0.000	Valid
X _{2.5}	0.000	Valid	Y ₅	0.000	Valid
X _{2.6}	0.000	Valid	Y ₆	0.000	Valid
X _{2.7}	0.000	Valid	Y ₈	0.000	Valid
X _{2.8}	0.000	Valid	Y ₉	0.000	Valid
X _{2.9}	0.000	Valid	Y ₁₀	0.000	Valid
			Y ₁₁	0.000	Valid
			Y ₁₂	0.000	Valid
			Y ₁₃	0.000	Valid
			Y ₁₄	0.000	Valid
			Y ₁₅	0.000	Valid

Source: Processed by Researchers

Table 2 shows all indicators for variables X₂ and Y to be valid because the sig generated after eliminating the 10th indicator for X₂ and the 7th for Y is less than 5%. Therefore, processed results with SPSS to test the validity of all variables are observed in the data appendix.

Reliability Test.

Table 3 to 6 shows the reliability test results used in this study.

Table 3: Reliability Test Results for X₁

Reliability Statistics

Cronbach's Alpha	N of Items
0.767	18

Source: SPSS Processed Results

Table 4: Reliability Test Results for X₂

Reliability Statistics

Cronbach's Alpha	N of Items
0.767	10

Source: SPSS Processed Results

Table 5: Reliability Test Results for X₃

Reliability Statistics	
Cronbach's Alpha	N of Items
0.765	16

Source: SPSS Processed Results

Table 6: Reliability Test Results for Y

Reliability Statistics	
Cronbach's Alpha	N of Items
0.762	15

Source: SPSS Processed Results

Based on the reliability test results in tables 3 to 6, all variables are reliable because the Cronbach Alpha obtained is > 0.60.

Classical Assumption Test.

The researchers used the multiple linear regression analysis methods in testing the hypothesis. Before using the model, a test was carried out to determine whether the data were free from classical assumptions or not. Meanwhile, the classical assumption test consists of normality, heteroscedasticity, and multicollinearity. The normality test showed a sig of 0.973 > α 5%, while the heteroscedasticity showed a sig of 0.354, 0.276, 0.831 above 5%, and the multicollinearity showed tolerance of 0.554, 0.489, 0.613 as well as a VIF of 1.840, 2.043, 1.632 where tolerance > 0.1 and VIF < 10.

Based on the description above, the data is distributed and free from heteroscedasticity and multicollinearity problems.

Hypothesis Test.

The following table shows the hypothesis test results.

Table 7: Multiple Linear Regression Analysis Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.013	2.329		1.723	0.086
1 Total X ₁	0.103	0.036	0.162	2.890	0.004
TotalX ₂	0.574	0.082	0.412	6.980	0.000
TotalX ₃	0.405	0.056	0.379	7.192	0.000

a. Dependent Variable: TotalY

Source: SPSS Processed Results

Based on the linear regression analysis results, hypothesis 1 is accepted because the sig in the coefficients table is 0.004 below 5%, and this means that financial knowledge affects personal financial management. Furthermore, hypotheses 2 and 3 are also accepted because sig in the

coefficients table is 0.000, and this means that behavior and spiritual quotient partially affect personal finances.

Discussion.

This study aims to analyze the effect of knowledge, behavior, and spiritual quotient on the personal financial management of Maranatha Christian University employees with married status. The first hypothesis showed knowledge affects personal financial management, and this means that people develop better finances when there is a high level of understanding. Therefore, respondents selected for this study have good knowledge and understand that they enjoy many benefits with correct financial management. According to Amanah *et al.* (2016), this influential factor affects personal finances, while Wiharno (2018) showed that it partially affects personal financial management.

The second hypothesis showed behavior affects personal finances, and this means that people develop better financial management when there is a high level of behavior. For instance, a person is used to the recording of expenses and payment of bills because his behavior and habits are related to each other. This enables people to know the incomes to spend and those not to be spent, and also, the payment of bills on time prevents one from running into a high debt. Therefore, respondents in this study are married employees with good behavior and habits and familiar with financial records. According to Wiharno (2018), behavior partially affects personal finances.

The third hypothesis showed spiritual quotient affects personal financial management, and this means people become wiser in managing personal finances when there is a high level of the spiritual quotient. The respondents have a reasonable spiritual quotient which enables them to think logically before making decisions. Furthermore, they make the right decisions and think about finding solutions when facing any problems. According to Rozaini (2018), the spiritual quotient positively and significantly affects personal financial management.

4. CONCLUSION AND RECOMMENDATIONS

This study concludes that knowledge, behavior, and spiritual quotient partially affect personal financial management.

Furthermore, it focuses on Maranatha Christian University employees because the researchers consider that personal financial management needs to be known by society. In addition, people need to understand how to manage finances appropriately and the determining factors to avoid financial problems.

The Maranatha Christian University employees use this study result to manage finances properly because the income received meets their daily needs and also meant for investing and set aside for retirement. Moreover, good financial knowledge avoids fraud and minimizes investments risk.

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