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## Financial Management Literation in Education Institutions

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**Abstract.** This study aims to analyze the level of financial literacy and the level of financial management of financial managers in particular the management of School Operational Cost (BOS) funds at Pekanbaru 40 Junior High Schools. The data in the study of primary data in the form of questionnaires and secondary data sourced from financial statement data BOS SMP 40 Pekanbaru. Sampling with saturated sampling technique where all populations are sampled because of the relatively small population. The data analysis technique used is quantitative descriptive analysis with the help of the SPSS (Statistical Package for Social Science) program. The results showed that the level of financial literacy of BOS fund managers in SMP Negeri 40 Pekanbaru was classified as high because it was in the Suff Literate category, the level of management of BOS funds in SMP Negeri 40 Pekanbaru was also in the very high category. Of the 4 BOS fund management indicators, the BOS fund supervision indicator is the indicator that dominates the highest value of the 3 (three) other indicators with an average value reaching 10. This proves that the supervision of BOS funds in SMP Negeri 40 Pekanbaru has been done very well.

Keywords: Financial literacy, financial management

### 1. Introduction

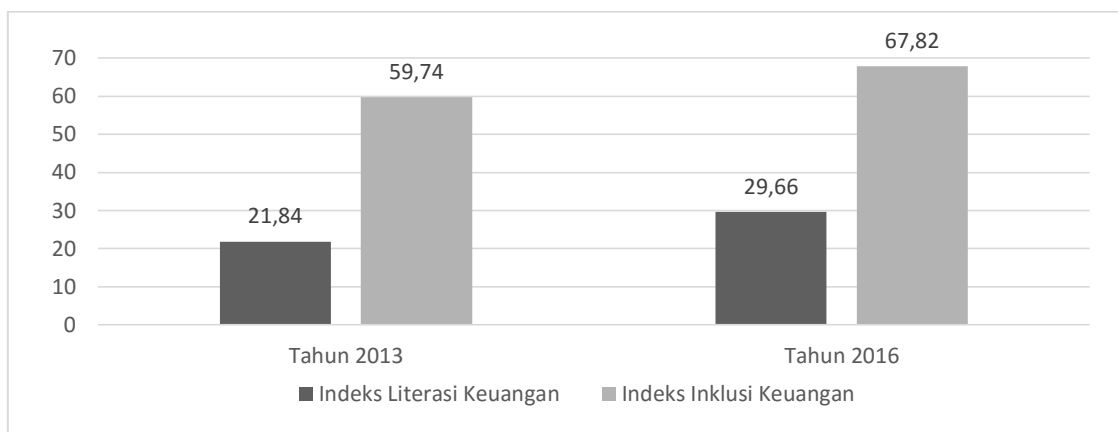
Management of the organization whether it is business-oriented and non-business needs a way and a good management model so that the work they do can be in the know well, to be some organization of their work can be reflected in the financial statements, especially the statement of income. The better the financial management of an organization can be sure that the organization is managed very well. To be able to carry out financial management properly requires adequate knowledge about financial management, whether it is obtained from formal education or from non-formal.

Knowledge and understanding of finance is needed by every individual to be able to make the right decisions in finance. The existence of financial knowledge and financial literacy will help individuals in arranging financial planning. Ineffective financial management can lead to behavior that makes consumers more vulnerable to severe financial crises (Braunstein and Welch, 2002). Nowadays financial literacy is gaining more attention in many developed countries which shows how important the level of financial literacy is. However, the level of financial literacy in Indonesia is still lagging behind Malaysia and Singapore where the Indonesian financial literacy index in 2013 was 21.48%. This shows that out of every 100 Indonesians, only about 22 people belong to the Well Literate category. While the financial literacy index of Malaysia and Singapore are 65% and 98% respectively. Financial literacy is a measure of one's understanding of financial concepts, and has the ability and confidence to manage personal finances through making short-term decisions that are appropriate, long-term financial planning, and taking into account economic events and conditions. Remund (2010).

According to the Financial Services Authority (2014), a person's level of financial literacy is divided into four types, namely: (1) Well Literate. At this stage, a person has the knowledge and confidence about financial services institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services, as well as having skills in

using financial products and services. (2) Suff Literate . At this stage, a person has the knowledge and confidence about financial services institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services. (3) Less Literate. In this stage, one only has knowledge of the financial services institutions, financial products and services. (4) Not Literate. At this stage, a person does not have knowledge and beliefs about financial services institutions and financial products and services, and does not have skills in using financial products and services.

While the second National Literacy and Financial Inclusion Survey (SNLIK) conducted by the Financial Services Authority (OJK) in 2016 showed a financial literacy index of 29.66% and a financial inclusion index of 67.82%. This figure increased compared to the results of SNLIK in 2013, namely the financial literacy index 21.84% and the financial inclusion index 59.74%. Thus there has been an increase in financial literacy (well literate) from 21.84 percent to 29.66 percent, as well as increased access to financial products and services (financial inclusion) from 59.74 percent to 67.82 percent.



Source: Financial Services Authority

**Figure 1.** Financial Literacy Index

The high level of public financial literacy, in addition to being seen from personal financial management, can also be seen from the ability to manage School Operational Assistance (BOS) funds. BOS funding is a government program that is basically used to provide funding for non-personnel operating costs for basic education units as implementing compulsory education programs.

BOS which is a program of the central government certainly requires good management. The importance of managing BOS funds because with good management will help to achieve the objectives of the BOS program effectively and efficiently. Good management of BOS funds is a success of schools in managing BOS funds. The importance of managing BOS funds because with good management will be able to help the achievement of the objectives of the BOS program effectively and efficiently. Good management of BOS funds is a success of schools in managing BOS funds. BOS funds managed by implementing School Based Management (SBM), which gives freedom in planning, management, and supervision of programs adapted to the conditions and needs of the school.

Previous research on financial literacy was carried out by G. Surendar and VV Subramanya Sarma (2018) found that the level of financial literacy among university lecturers in the city of Warangal was very satisfying. This study found that the majority of lecturers have high levels of financial literacy, are aware of various aspects of personal financial planning and are able to plan their own finances.

Based on the description above, the formulation of the problem in this study is how the level of financial literacy and the level of financial management of BOS fund managers in Pekanbaru 40 SMP. The purpose of this study is to find out how the level of financial literacy and the level of financial management of BOS fund managers in Pekanbaru 40 SM

## 2. Methodology

Types and sources of data in this study are primary data and secondary data. The primary data in the form of a questionnaire containing 36 statements related to financial literacy and financial management. While secondary data are sourced from the financial statements of BOS funds in SMP Negeri 40 Pekanbaru.

The population in this study were all BOS fund managers in SMP Negeri 40 Pekanbaru, amounting to 3 respondents, namely the principal, treasurer of BOS funds, and school committees, because the population was relatively small, this study used a saturated sampling technique in which all populations were sampled. And data analysis techniques that use quantitative descriptive analysis. The detailed operationalization of the research variables is as follows:

**Table 1.** Operationalization of Research Variables

Variable	Operational Variable	definition	Indicator	Scale of Measurement
Financial Literacy (X1)	Individual knowledge of financial concepts to make effective judgments and decisions regarding financial use and management		<ol style="list-style-type: none"> <li>1. Financial knowledge</li> <li>2. Financial attitude</li> <li>3. Financial behavior</li> </ol>	Ordinal
Management of BOS (X2)	Activities include planning, implementing, and reporting and accountability regarding the management of BOS funds		<ol style="list-style-type: none"> <li>1. Planning</li> <li>2. Implementation</li> <li>3. Supervision of BOS Funds</li> <li>4. Reporting and Accountability of BOS funds</li> </ol>	Ordinal

Sources: Gina Sakinah, Bagio Mudakir (2018) and Lawyer Damanik (2018)

## 3. Result and Discussion

### 3.1 Financial Literacy

**Table 2.** Results Descriptive Statistics Analysis of Financial Literacy

Financial Literacy	Amount
Standard Deviation	10,97
Mean (average)	75,67
Maximum	82,00
Minimum	63,00

Source: Processed Data (2019)

In table 2 above seen that the Financial Literacy variable has the lowest value of 63 and the highest value of 82 with an average value of 75.67 and the standard deviation (level of data distribution) of 10.97. Based on the above calculation results show that the average value of 75.67. If the value is compared with the criteria that the author has set, then the average value of financial literacy into the criteria is very high because at intervals 68.25 - 84.

This result reflects that the level of financial literacy of BOS fund managers in SMPN 40 Pekanbaru in general is classified as very good because it is in a very high category.

Furthermore, the level of financial literacy will be analyzed per indicator. The results are presented as follows:

**Table 3.** Summary of Test Results on Financial Literacy

No	Indikator	SubIndikator	score	$\bar{x}$	Category
1	Financial knowledge	1. The importance of financial knowledge	11	3,67	Very high
		2. Benefits of financial budgeting	11	3,67	Very high
		3. The initial deposit opens a savings account	11	3,67	Very high
		4. Minimum balance for a savings account	11	3,67	Very high
		5. Simple interest	11	3,67	Very high
		6. Time value of money	11	3,67	Very high
		7. The illusion of money	12	4	Very high
		8. Bond risk vs stock risk	12	4	Very high
		9. Purchase of shares	11	3,67	Very high
		10. Certificate of deposit	11	3,67	Very high
		11. Insurance objectives amount	11	3,67	Very high
amount			<b>123</b>		
Average			<b>41</b>		Very high
2	Financial attitude	1. Compilation of financial budget	11	3,67	Very high
		2. Debt philosophy	12	4	Very high
		3. Overcoming lack of funds	9	3	High
		4. Assess personal finances	12	4	Very high
		amount	<b>44</b>		
Average			<b>14,7</b>		Very high
3	Financial behavior	1. Maximum budget	11	3,67	Very high
		2. Priority scale	11	3,67	Very high
		3. Budget expenditures	5	1,67	Very low
		4. Funds for unexpected needs	11	3,67	Very high
		5. Using funds according to the budget	11	3,67	Very high
		6. Financial evaluation	11	3,67	Very high
amount			<b>60</b>		
Average			<b>20</b>		Very high

Source: Processed Data (2019)

Based on the data in table 3 it can be seen that the average value of financial knowledge indicators is 41. This shows that the financial literacy of BOS fund managers on financial knowledge indicators is based on 11 (eleven) statement items which are classified as very high. So, on this indicator, the results of the questionnaire respondents were in the category of Strongly Agree. While the average indicator value regarding financial attitudes is 14.7. This shows that the level of financial literacy of BOS fund managers on indicators of financial attitudes is in the Very High category. Thus, on this indicator, the results of the respondents' questionnaire were in the Very Agree. The average value of the indicator of financial behavior was 20. This shows that the level of financial literacy of BOS fund managers on the indicators of financial behavior was in the Very High category.

### 3.2 BOS Fund Management

**Table 4.** Descriptive Statistics of BOS Funds Management Results

BOS Fund Management	Amount
Standard Deviation	6,928
Mean (average)	52,00
Maximum	56,00
Minimum	44,00

Sumber: Data Olahan (2019)

In table 4 above it is seen that the BOS Fund Management variable has the lowest value of 44.00 and the highest value of 56.00 with an average value of 52.00 and the standard deviation (level of data distribution) of 6.928.

Based on the calculation results above shows that the average value of 52. If the value is compared with the criteria that the authors have specified, the average management value of BOS funds into the criteria is very high because at intervals of 48.75 - 60. These results reflect that the level of BOS fund management at Pekanbaru 40 Public Junior High School is generally classified as very good because it is in the very high category.

Furthermore, the level of BOS Fund Management will be analyzed per indicator. The results are presented as follows:

**Table 5.** Summary of Test Results on BOS Fund Management

No	Indicator	Sub Indicator	Score	$\bar{x}$	Category
1	Budget planning	1. 1. RKAS	11	3,67	Very high
		2. 2. Priority scale	11	3,67	Very high
		3. 3. Teacher council participation	11	3,67	Very high
		4. 4. School committee participation	11	3,67	Very high
		amount	<b>44</b>		
		Average	<b>11</b>		High
2		1. Use of funds in accordance with RKAS	11	3,67	Very high

No	Indicator	Sub Indicator	Score	$\bar{x}$	Category
	Implementation of the use of BOS funds	2. Distribution of BOS funds on time	5	1,67	Very low
		3. 3. BOS fund accounts	11	3,67	Very high
		amount	<b>27</b>		
		Average	<b>9</b>		High
3	Supervision of BOS funds	1. 1. Supervision of the principal	8	2,67	High
		2. Monitoring of the Pekanbaru City BOS Management Team	11	3,67	Very high
		3. 3. Evaluation of the BOS Management Team	11	3,67	Very high
		amount	<b>30</b>		
		Average	<b>10</b>		Very high
4	Reporting and accountability of BOS funds	1. 1. Complete accounting	12	4	Very high
		2. Conformity of BOS fund data with BOS JUKNIS	11	3,67	Very high
		3. RAPBS and RAPBS accountability reports	11	3,67	Very high
		4. Responsibility and transparency	12	4	Very high
		5. Reports are submitted to all parties	9	3	High
		amount	<b>55</b>		
Average	<b>11</b>		Low		

Source: Processed Data (2019)

Based on the data in table 5, it can be seen that the average value of budget planning indicators is 11. This shows that the level of financial management of BOS fund managers on the indicator of the use of BOS funds is based on 4 (four) statement items which are classified as High. So, on this indicator, the results of the respondent's questionnaire are in the Agree category. While the average value of the indicator for the use of BOS funds is 9. This shows that the level of financial management of BOS fund managers on the indicator of the use of BOS funds is based on 3 (three) statement items which are classified as High. So, on this indicator, the results of the respondent's questionnaire are in the Agree category.

While the average value of indicators regarding supervision of BOS funds is 10. This shows that the level of financial management of BOS fund managers on the indicator of supervision of BOS funds is in the Very High category. So, on this indicator, the results of the questionnaire respondents were in the category of Strongly Agree. Whereas the average value of the reporting indicators and the accountability of BOS funds is 11. This shows that the level of financial management of BOS fund managers in the indicators of reporting and accountability of BOS funds is based on 4 (four) statement items which are classified as low. So, on this indicator, the results of the respondent's questionnaire are in Disagree.

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### 3.3 Financial Literacy Level Managers of BOS Funds at SMPN 40 Pekanbaru

Based on the responses of respondents regarding the level of financial literacy, BOS fund managers produced that the level of financial literacy at BOS fund managers in Pekanbaru 40 was relatively high. This means that the manager of BOS funds at SMPN 40 Pekanbaru already has knowledge of financial concepts and is able to make decisions.

According to the Organization for Economic Cooperation and Development (OECD) there is a combination of three component indicators used to measure the amount of financial literacy index, namely: (1) Financial Knowledge, (2) Financial Attitudes, and (3) Financial Behavior.

While Chen and Volpe (1998) categorized financial literacy into three groups in terms of percentages, namely:

- a. <60% which means individuals have low financial knowledge.
- b. 60% -79%, which means that individuals have knowledge of moderate finance.
- c. > 80% which shows that individuals have high financial knowledge.

From this we can see that the literacy rate of BOS fund managers in Pekanbaru 40 SMP based on categorization according to both the OECD and Chen and Volpe (1998) is in the moderate category because the financial literacy level of BOS fund managers is 67% which can be said also that the manager's financial literacy BOS funds at SMPN 40 Pekanbaru are in the Suff Literate category. According to the Financial Services Authority (2014), Suff Literate is the stage where a person has knowledge and beliefs about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services.

It was found that indicators of financial knowledge that dominated the highest value of the 2 (two) other indicators namely financial attitudes and financial behavior with an average value of 40. While other indicators namely financial attitudes and financial behavior were also in the very high category but with an average value which is lower than financial knowledge.

### 3.4 Level of Financial Management BOS Fund Managers at SMPN 40 Pekanbaru

The level of financial management of BOS fund managers in Pekanbaru 40 SMP is classified as very good because it is in a very high category. It was found that the BOS fund supervision indicator is an indicator that dominates the highest value of the 3 (three) other indicators with an average value reaching 10.

This indicator is very important because the BOS fund supervision indicator will determine whether or not the management of BOS funds in a school. If the level of supervision is high, then BOS funds will be used properly, namely for the operational purposes of the school. So, it has become a necessity for all parties, both the school BOS Fund Management and the Pekanbaru City BOS Fund Management so that they can concentrate more with this indicator.

Judging from each indicator, the management of BOS funds can be analyzed as follows:

#### a. Budget Planning

Based on the results of the questionnaire regarding the level of financial management it was found that the level of budget planning for BOS fund managers in Pekanbaru 40 SMP was in the high category. This shows that the management of BOS funds at SMPN 40 Pekanbaru has made a careful budget planning.

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#### b. Implementation of the Use of BOS Funds

Based on the results of the questionnaire regarding the level of financial management it was found that the level of implementation of the use of BOS funds at SMPN 40 Pekanbaru was in the high category. This shows that the management of BOS funds in Pekanbaru 40 SMP has implemented and allocated the use of BOS funds in accordance with the RKAS.

#### c. BOS Fund Supervision

Based on the results of the questionnaire regarding the level of financial management it was found that the level of supervision of BOS funds at SMPN 40 Pekanbaru was in the very high category. Where this indicator dominates from other indicators. This shows that the management of BOS funds at SMPN 40 Pekanbaru has conducted an objective supervision and evaluation of the management of BOS funds.

#### d. Reporting and Accountability of BOS Funds

Based on the results of the questionnaire regarding the level of financial management, it was found that the level of reporting and accountability of BOS funds at SMPN 40 Pekanbaru was in the low category. This shows that the management of BOS funds at SMPN 40 Pekanbaru is less transparent in disclosing the information needed about BOS fund data to interested parties.

### 4. Conclusion

From the results of the analysis of the data it was concluded that the level of financial literacy of BOS fund managers in Pekanbaru 40 Pekanbaru was classified as high because it was in the Suff Literate category, where the financial literacy level of BOS fund managers was 67%.

Whereas the level of management of BOS funds at SMP Negeri 40 Pekanbaru is also in the very high category. Among the 4 (four) indicators of BOS fund management, the BOS fund supervision indicator is the indicator that dominates the highest value of the 3 (three) other indicators with an average value of 10. This proves that the supervision of BOS funds in SMP Negeri 40 Pekanbaru has been carried out very well.

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