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Financial Education for MSMEs: What is the Best Financial Education Delivery Method?

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Abstract--This study aims to determine the types of financial education learning techniques for MSMEs in Tasikmalaya City. Financial education after owning a business is no less important than the financial education given at school or college. Based on external factors, learning techniques can affect financial education. The study used a quantitative descriptive method, and data was collected through an interview process using a closed questionnaire to 30 small business entrepreneurs in Tasikmalaya City. The results showed that the dominant learning technique chosen by the Tasikmalaya City MSME beginner entrepreneurs was through online and offline workshops accompanied by adequate time assistance.

Keywords--business, financial education, learning approach, learning techniques, MSMEs.

Introduction

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia contribute significantly to the Indonesian economy. In 2021, the Central Statistics Agency reported that the number of MSMEs in Indonesia was 64.13 million units, making a significant contribution to the number of workers absorbed, the increasing level of Gross Domestic Product, and an increase in total existing investment (BPS, 2021). The number of MSMEs in Indonesia itself is spread in several areas, including the City of Tasikmalaya as a business center located in East and South Priangan. The number of MSMEs in Tasikmalaya City in 2021 reaches more than 7000 business units with various types of business sectors, ranging from the

culinary sector, fashion, handicrafts, and other business sectors (Sudarmo, 2021; Antoni, 2021; Sabodash et al., 2021).

In realizing MSMEs that can compete, authentic added value and accountable financial management are needed, often known as financial literacy. Financial literacy is one part of financial health that describes a person's knowledge and ability in managing personal finances (Aprea et al., 2016). Based on research data in 2020, the financial literacy of Tasikmalaya City MSME entrepreneurs is only at a low and medium level, which means that Tasikmalaya City MSME entrepreneurs do not yet have sufficient financial knowledge that can help create rational and responsible financial behavior (Fauziyah et al., 2020). Financial literacy and behavior are related to many factors, including socio-economic factors, demographic factors, and one's internal factors, being the essential factors that affect financial literacy. The financial education factor is a determinant of the high level of financial literacy (INFE, 2013).

According to various research results, the level of success of financial education that leads to increased financial literacy is influenced by external and internal factors. Braunstein & Welch (2002); Nguyen (2013); Rosacker & Rosacker (2016), argues that internal factors that can affect financial education consist of learning materials, conditions of participants (students) and instructors (teachers), promising learning approaches, and learning techniques that can better accommodate the delivery of financial education. The selection of a learning technique is directly related to the efforts made by educators/instructors in presenting learning that is by the situation and conditions so that the achievement of teaching objectives is obtained optimally. The factors of educators/instructors and participants are also factors that are not important to consider when choosing a learning technique.

In general, there are two approaches in implementing financial education consisting of 1) the existence of targeted interventions to address the financial education gap and 2) a more comprehensive approach through financial education (The World Bank, 2014). The evaluation results of financial education programs have also been carried out in several countries such as Australia, Brazil, India, and Africa, where the majority deliver financial education through training and seminars. The results show that the technique of delivering financial education through training, seminars, and providing modules can improve financial literacy related to financial knowledge (Gibson et al., 2012; Bruhn et al., 2013, Gine et al., 2013).

Research Methods

This study uses a survey method given to entrepreneurs of SMEs in the City of Tasikmalaya, namely as many as 30 novice entrepreneurs. The sampling technique used in this research is purposive sampling or judgment sampling. This sampling technique was carried out based on the characteristics determined by the target population elements that were adjusted to the objectives or research problems, namely the novice Tasikmalaya City Micro, Small and Medium Enterprises operating <3 years. This research is descriptive research using a qualitative approach. The results of this study were then processed, described,

and then analyzed to conclude (Hamzani & Achmad, 2016; Subrahmanyam, 2009; Kustina et al., 2019).

Results and Discussion

Research result

Overview of the Selection of Financial Education Learning Techniques. In describing the types of financial education learning approaches, they are distinguished based on the learning techniques commonly used in delivering financial education to MSMEs. The financial education learning techniques consist of 1) lecture, 2) question and answer, 3) discussion, 4) training, and 5) simulation.

The number of samples in this study was 30 small business entrepreneurs in Tasikmalaya City. The following figure explains the descriptive analysis for the financial education learning technique.

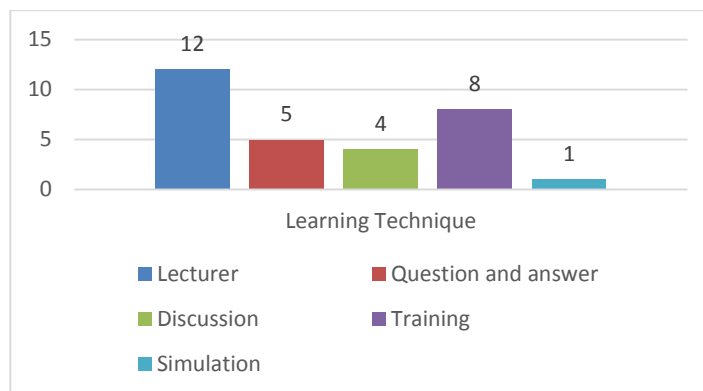


Figure 1. Overview of financial education learning techniques for MSME entrepreneurs in Tasikmalaya City

Based on Figure 1, the learning techniques that are most in-demand by novice entrepreneurs of MSMEs in Tasikmalaya City are lecture learning techniques and training learning techniques. The learning technique is considered to be carried out either in the form of distance learning or direct learning.

Discussion

The best financial education, indeed the best, is financial education delivered from an early age. However, for Micro, Small, and Medium Enterprises (MSMEs), financial education is not too late. Financial education for MSMEs is the most effective way to deal with various financial difficulties in running a business (ACCA, 2014). Based on the research results, the best technique for delivering financial education for MSMEs is still lectures and training. The Tasikmalaya City MSME novice entrepreneur himself added that the best technique for delivering financial education was still in the form of lectures and seminars/workshops, but it was hoped that these activities would be accompanied by adequate time assistance.

The results of this study are in line with the results of research from Gibson et al. (2012); Bruhn et al. (2013); Gine et al. (2013), which explain that the technique of delivering financial education through training, seminars, providing modules can improve financial literacy related to financial knowledge. Delivery techniques through training or seminars are carried out at a specific time. Never until days. In comparison, Kezar (2010), argues that the delivery method in a short time through workshops, for example, financial education, does not have enough attention to change students' knowledge and understanding. Agree with Jang et al. (2014), and the results of research from Fernandes et al. (2013), who say that it is challenging to improve financial literacy if the timing of financial education delivery is not practical.

A financial education, if only demonstrated or illustrated with the same topic, then the effect will be inconsistent (Anthes & Most, 2000). Previous research conducted by Fijns et al. (2014), states that successful financial education is financial education based on experience, and the case studies provided should be in the form of cases that occur in everyday life. It is common to happen if financial literacy becomes better after providing financial education is completed. However, the selection of delivery techniques remains a priority of thought before delivering financial education is carried out. With the proper learning techniques, it is hoped that the expected results related to financial literacy are not only limited to increasing financial knowledge but are accompanied by changes in financial behavior that lead to rational and best financial decision-making for MSMEs (Bernheim & Garrett, 2003; Meier & Sprenger, 2013).

Conclusion

Based on the results of the research and discussion above, the Tasikmalaya City MSME novice entrepreneurs expect financial education delivery techniques to use lecture and training techniques, accompanied by adequate time assistance from experienced instructors. The technique of delivering financial education is no less important than the material or modules delivered in financial education (Sabitova, 2014; Kaiser et al., 2021; Harianto & Sari, 2021). Through appropriate financial education delivery techniques, it is hoped that increasing financial literacy for entrepreneurs in general and MSME entrepreneurs in the City of Tasikmalaya, in particular, can run according to what is expected by the Financial Services Authority. With the best financial education delivery techniques, any material presented can be accepted by participants, both in the form of financial education material and its application in everyday life.

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