

## Financial Education, Psychological And Spiritual On Financial Behavior

I Gusti Ayu Purnamawati<sup>a</sup>, Made Suyana Utama<sup>b</sup>, I Wayan Suartana<sup>c</sup>, Anak Agung Istri Ngurah Marhaeni<sup>d</sup>

<sup>a,b,c,d</sup>Faculty of Economic and Business, Udayana University, Indonesia  
Corresponding Author: <sup>a</sup>igapurnamawati@gmail.com

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**Abstract:** This study aims to determine financial education, locus of control (as psychological variable), and tri guna (as spirituality variable) on financial behavior. There are still many MSME actors who do not understand the importance of wise and precise financial management from recording to reporting. A questionnaire was used to collect data from 250 small and medium scale entrepreneurs in Bali Province. Multiple linear regression analysis is used to test financial behavior by analyzing financial education, locus of control, and spiritual variables. The results show that the variable financial education and locus of control have a positive and significant effect on financial behavior, while spirituality does no effect on financial behavior. The use of variables to determine financial behavior among MSME actors in this study is limited to three variables, namely financial education, locus of control, and spirituality. Also, respondents only addressed small and medium business owners so that they were less representative of other business people. This study adopts the Tri Guna concept. Tri Guna is the three characteristics that exist in humans with the satvam, rajas, and tamas parts. Humans can control these three uses, can balance the roles of the three so that whatever they do, including managing finances, will be managed wisely and with direction.

**Keywords:** Education, Finance, Locus of Control, Spirituality

**JEL Classification:** A20, I22, D91

### 1. Introduction

Indonesia as a developing country must be able to be selective in sorting and choosing products or services offered by the market and must be smart in handling financial problems. Financial problems are how individuals control their financial expenses. This is very important because when there is a financial difficulty the individual can cause stress and depression (Starkey et al., 2013).

Financial management behavior becomes important with increasing levels of welfare. Financial well-being is the ability to meet the needs and responsibilities of a lifestyle today and in the future (Brüggen et al., 2017; Kempson et al., 2017). Masdupi et al (2018) stated that ideally the income received should be allocated not only for personal gain but also for savings and investment. But in reality, sometimes the behavior of financial management is not going well. Most tend to think in the short term so that individuals with sufficient income still experience financial problems due to irresponsible financial behavior.

Also, according to research conducted by the *Indonesian Kadence International Institute*, the results show that many Indonesians are in debt. One of the factors causing the low level of financial knowledge is the geographical conditions that are generally located in rural areas (Bhushan & Medury, 2013). Lack of financial knowledge, people can act or behave wrongly and end up experiencing financial shortages (Datta & Mullainathan, 2014). Many people cannot access the capital and financial markets because they do not have enough knowledge about them. The existence of financial knowledge can make changes in the mindset and perceptions of individuals in finance (Parmitasari et al., 2020).

Lack of knowledge in finance certainly has a detrimental impact on financial behavior. This financial knowledge is based on the need to obtain financial education from the basics. Financial education is an important foundation for increasing financial literacy and informing internal and external parties (Dwiastanti, 2017). Many countries, including Indonesia, are seeking to provide and implement financial education in schools, universities, and the wider community through socialization. However, in reality, there are still many who do not understand how appropriate financial management procedures are so that financial behavior still needs to be socialized, including for micro, small and medium enterprises. Some MSMEs do not develop because they are still constrained in financial knowledge, this means that there is a need for financial education for MSMEs so that financial management can be well controlled. According to Hastings et al (2013) and (Zinman, 2015) argued that financial education is an effective policy targeting individual financial behavior.

Research on financial behavior that has been conducted by Perry & Morris (2005) states that self-control or locus of control affects financial behavior. Locus of control is the way someone sees an event whether someone can or cannot control what happens to him. Locus of control is considered to psychologically influence a person's financial behavior (Hilgert et al., 2003). According to Hellriegel & Slocum (2010) locus of control refers to the

extent to which individuals believe that they can or cannot control events that occur to them. Locus of control has two dimensions, namely internal locus of control and external locus of control. Those who have an internal locus of control tend to think that skills, abilities, and efforts are more determining what is gained in life, whereas those who have an external locus of control tend to regard luck, destiny, and fate as the determining external forces in their life (Dwiastanti, 2017). This means that individuals with an internal locus of control are more likely to perform difficult and risky tasks (the results are uncertain) than individuals with an external locus of control. Mien & Thao (2015) states that financial management behavior is influenced by financial knowledge and locus of control.

Not only on knowledge and locus of control, but financial behavior is also related to individual lifestyle. Individuals with a luxurious lifestyle which is often called hedonism will have many needs, and conversely, with a lifestyle that is not luxurious, individuals will have fewer needs as well. This is also explained by Subawa et al (2020), namely that lifestyle or hedonism has a positive impact on individual financial management. However, individuals with good income may show more responsible financial behavior, as it will allow them the opportunity to act responsibly. This luxurious lifestyle when associated with the teachings of Hindus is included in the *Tri Guna* teachings, one of which is Rajas, namely control of lust. Of course, many MSMEs entrepreneurs still find it difficult to control their passions in the context of controlling finances where there is still no differentiation between business finance and personal money so that the responsibility for the money they have is still very minimal. This spirituality teaching certainly affects financial behavior as shown by the results of research tests conducted by Rozaini et al (2018); Hasanuddin & Sjahrudin (2017) which states that the spiritual intelligence obtained has a positive and significant effect on personal financial management.

## 2.The Effect of Financial Education on Financial Behavior

Every individual in their current development needs financial knowledge. Individuals who have financial knowledge are better able to manage their finances allocated to things that are more important to them. This is consistent with research by Perry (2008) and Grable et al (2009) which states that individuals who are more knowledgeable about finances and personal financial problems are more likely to show responsible financial behavior, such as saving and investing. Mien & Thao (2015) and Arifin (2017) state that empirically financial knowledge has a positive effect on personal financial management behavior. A meta-analysis of 126 impact evaluation studies found that financial education has a significant impact on financial behavior (Kaiser & Menkhoff, 2017). The success of interventions in financial behavior is highly dependent on increasing the intensity of education and offering financial education at a teachable moment. Another case with research conducted by Berry et al (2018) states that a person's behavior in managing money is not always influenced by the level of financial knowledge they have.

H<sub>1</sub>: Financial education has a positive and significant effect on financial behavior

## 3.Effect of Locus of Control on Financial Behavior

Every individual needs a locus of control because the locus of control is a positive belief that an individual will achieve the goals he wants to achieve. Perry & Morris (2005) state that a person's tendency to control spending, savings, and budgets depends on a certain level, on the amount of control they feel. The more control a person feels when making financial decisions, the higher the likelihood of demonstrating sound financial management behavior. Research conducted by Hikmah (2019) proves that empirically locus of control has a positive effect on financial management behavior. Locus of control describes how well a person sees the relationship between actions taken with consequences and results. However, this finding is different from research conducted by Britt et al (2013) which states that students with an external locus of control show the worst financial behavior.

H<sub>2</sub>: Locus of Control has a positive and significant effect on financial behavior

## 4.Spiritual Influence on Financial Behavior

Spirituality is one of the factors that distinguish a person's characteristics and influences one's social situation. Spiritual norms will also affect the company's financial reporting. Research results from Haight et al (2020) show that social-spiritual norms are a mechanism to reduce conflicts of interest and without external monitoring, they can be a good monitoring tool for companion reporting behavior. Zohar & Marshall (2000) states that spiritual intelligence is needed in managing money because it can lead to gratitude, joy, and clarity of mind in a person. Clarity of mind will make someone think wisely and realize how to manage money appropriately. So spiritual intelligence is needed in financial management. Brown et al (2013) show that religious beliefs can influence financial decision-making, while Damayanti & Priantini (2019) states that there is an insignificant influence between spiritual intelligence on financial management.

H<sub>3</sub>: Spiritual has a positive and significant effect on financial behavior

**5. Research methods**

This research was conducted on small and medium micro-entrepreneurs in Bali Province. The primary data obtained is the result of filling out questionnaires by respondents. The questionnaire used consists of four parts, namely financial education, locus of control, spirituality, and financial behavior at MSMEs. The scale used in the preparation of the research questionnaire is a Likert scale of 1-5 points. Each question is given five alternative answers, each item of the questionnaire has a different value, as follows: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree. The population in this study were all micro, small and medium entrepreneurs in 2020 with a total of 660 scattered in Bali Province.

The method used in sample collection in this study is a convenience sampling method which is a general term that includes various procedures for selecting respondents. The sample used in this study were micro, small, and medium entrepreneurs based on the Slovin formula, namely: 250 respondents. The research instrument used in this study is a questionnaire based on a list of questions that will be distributed to all respondents of micro, small and medium entrepreneurs.

$$\text{Interest (Y) is defined as } Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Information:

Y = Financial Behavior

X<sub>1</sub> = Financial Education

X<sub>2</sub> = Locus of Control

X<sub>3</sub> = Spiritual

α = constant / intercept

β<sub>1</sub>, β<sub>2</sub>, β<sub>3</sub> = Regression coefficient

ε = Error disturbance (confounding variable)

**6. Data Quality Test Results**

This test is carried out using the Pearson Correlation contained in the SPSS program, which is how to calculate the correlation between the values obtained from the questions. If the Pearson Correlation obtained has a value below 0.05, the data obtained is said to be valid. Table 1 shows the results of the validity test with 250 respondents.

**Table 1**

Validity Test Results for Locus of Control Variables

	<b>Statement</b>	<b>Pearson Correlation</b>	<b>Sig (2-tailed)</b>	<b>Information</b>
1	Locus of Control	0,906**	0,000	Valid
2	Locus of Control	0,886**	0,000	Valid
3	Locus of Control	0,895**	0,000	Valid
4	Locus of Control	0,858**	0,000	Valid
5	Locus of Control	0,867**	0,000	Valid
6	Locus of Control	0,811**	0,000	Valid

Source: Primary Data Processed

Table 1 shows that all questions related to the Locus of Control variable can be said to be valid because each question has a significance value below 0.05.

**Table 2**

.Validity Test Results for Spiritual Variables

Statement	Pearson Correlation	Sig (2-tailed)	Information
Spiritual 1	0,793**	0,000	Valid
Spiritual 2	0,807**	0,000	Valid
Spiritual 3	0,851**	0,000	Valid
Spiritual 4	0,660**	0,000	Valid
Spiritual 5	0,860**	0,000	Valid

Source: Primary Data Processed

Table 2 shows that all questions related to Spiritual variables can be said to be valid because each question has a significance value below 0.05.

**Table 3**

Validity Test Results for Financial Behavior

Statement	Pearson Correlation	Sig (2-tailed)	Information
Financial Behavior 1	0,815**	0,000	Valid
Financial Behavior 2	0,777**	0,000	Valid
Financial Behavior 3	0,770**	0,000	Valid
Financial Behavior 4	0,830**	0,000	Valid
Financial Behavior 5	0,805**	0,000	Valid
Financial Behavior 6	0,755**	0,000	Valid

Source: Primary Data Processe

Table 3 shows that all questions related to the Financial Behavior variable can be said to be valid because each question has a significance value below 0.05.

**6.1.Reliability Test Results**

Guidelines for measuring instruments are said to be reliable if the Cronbach's Alpha value is above 0.70. The following is a table that shows the results of the reliability test of 250 respondents.

**Table 4**

Data Reliability Test Results

Variable	Cronbach's Alpha	Information
Locus of Control	0,935	Reliable
Spiritual	0,853	Reliable
Financial Behavior	0,875	Reliable

Source: Primary Data Processed

Table 4 shows that the Locus of Control variable has a Cronbach's Alpha value of 0.935 which means it is reliable because the value is above 0.70. The next independent variable, Spiritual, has a Cronbach's Alpha value of 0.853 which means it is reliable because the value is above 0.70. Meanwhile, the dependent variable, namely Financial Behavior, has a Cronbach's Alpha value of 0.875 which means it is reliable because the value is above 0.70.

**6.2.Descriptive Statistics Test Results**

A Descriptive statistical test was conducted to determine the description or description of the distribution of data from the dependent variable, namely financial behavior, and the independent variable, namely financial education, locus of control, and spirituality.

**Table 5**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Financial Education	250	3	8	6,93	1,414
Locus of Control	250	11	30	24,69	4,097
Spiritual	250	5	19	10,68	2,815
Financial Behavior	250	15	30	23,39	3,403
Valid N (listwise)	250				

Source: Primary Data Processed

Table 5 shows that the number of respondents (N) from this study was 250 people. Of the 250 respondents, the Financial Education variable has a minimum value of 3, a maximum value of 8, an average value (mean) of 6.93. The standard deviation value of 1.414 is smaller than the average value indicating that the value distribution of the Financial Education variable is getting closer to the average value, which indicates that the Financial Education variable does not have variable data.

The Locus of Control variable has a minimum value of 11, a maximum value of 30, an average value (mean) of 24.69 with a standard deviation of 4.097. The standard deviation value of 4.097 is smaller than the average value indicating that the value distribution of the Locus of Control variable is getting closer to its average value, which indicates that the Locus of Control variable does not have variable data.

The spiritual variable has a minimum value of 5, a maximum value of 19, an average (mean) value of 10.68 with a standard deviation of 2.815. The standard deviation value of 2.815 is smaller than the average value, indicating that the Spiritual variable has a value distribution closer to its average value, which indicates that the Spiritual variable does not have variable data.

The dependent variable, namely Financial Behavior, has a minimum value of 15, a maximum value of 30, an average value (mean) of 23.39 with a standard deviation of 3.403. The standard deviation value of 3.403 is smaller than the average value indicating that the value distribution of the Financial Behavior variable is getting closer to the average value, which indicates that the Financial Behavior variable does not have variable data.

### 6.3. Normality Test Results

The normality test in this study used the Kolmogorov Smirnov test. The criteria used if the significance value > 0.05 then the data can be said to be normally distributed and if the significance value < 0.05 then the data is not normal. The results of the normality test will be presented in the following table:

**Table 6**  
Kolmogorov-Smirnov Test Results

		Unstandardized Residual
N		250
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	1,47603529
Most Extreme Differences	Absolute	0,048
	Positive	0,046
	Negative	-0,048
Test Statistic		0,048
Asymp. Sig. (2-tailed)		0,200 <sup>c,d</sup>

a. Test distribution is Normal.

b. Calculated from data.

- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Source: Primary Data Processed

Table 6 shows that Asymp. Sig. (2-tailed) is 0.200 greater than 0.05, so it can be concluded that the data is normally distributed.

**6.4.Multicollinearity Test Results**

The values commonly used to indicate multicollinearity are the Tolerance value > 0.10 and the Variance Inflation Factor (VIF) <10. The multicollinearity test results are presented in the following table.

**Table 7**

Multicollinearity Test Results

Variable	Collinearity Statistics	
	Tolerance	VIF
Financial Education	0,117	8,515
Locus of Control	0,138	7,232
Spiritual	0,288	3,473

Source: Primary Data Processed

The test results in table 7 show that the Tolerance value of all independent variables is above 0.10 and the Variance Inflation Factor (VIF) value is below 10 so it can be concluded that there is no multicollinearity.

**6.5.Heteroscedasticity Test Results**

The purpose of the heteroscedasticity test is to test whether in a regression model there is an inequality of variants and residuals from one observation to another. The results of the heteroscedasticity test are presented in the following table.

**Table 8**

Heteroscedasticity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	0,601	1,001			0,601	0,549
Financial Education	-0,306	0,124	-0,446		-2,458	0,051
Locus of Control	0,120	0,040	0,506		3,026	0,053
Spiritual	-0,031	0,040	-0,089		-0,770	0,442

a. Dependent Variable: Abs\_RES

Source: Primary Data Processed

Table 8 shows that the significance value of the Financial Education variable of 0.051 is greater than 0.05, this means that there is no heteroscedasticity in the regression model. The significance level of the Locus of Control variable is 0.053 which is greater than 0.05, this means that there is no heteroscedasticity in the regression model. The significance level of the Spiritual variable is 0.442 which is greater than 0.05, this means that there is no heteroscedasticity in the regression model. After the Glejser test is carried out, to support that heteroscedasticity does not occur, a Scatterplot graph will be presented.

**6.6.Research Hypothesis Testing Results**

The coefficient of determination aims to measure how much the percentage of the independent variable's ability to explain the variation in the dependent variable. The value of R2 lies between 0 (zero) and 1 (one), if R<sup>2</sup>

is getting closer to 1, the regression model is considered to be better because the independent variables used in this study can explain the dependent variable.

**Table 9**

Result of Determination Coefficient Test (Adjusted R Square)

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	0,901 <sup>a</sup>	0,812	0,810	1,485

a. Predictors: (Constant), Spiritual, Locus of Control, Financial Education

Source: Primary Data Processed

Table 9 shows that the value of Adjusted R Square is 0.812, this means that 81.2% of the dependent variable of Financial Behavior in micro, small and medium entrepreneurs can be explained by independent variables which include Financial Education, Locus of Control, and Spirituality. While the remaining 18.8% is influenced by other variables.

**6.7. Partial Significance Test Results (t Statistical Test)**

Hypothesis testing is partially used to determine the effect of each independent variable, namely Financial Education, Locus of Control, and Spirituality on the dependent variable, namely Financial Behavior. In this study, using 250 samples to obtain  $df = n - k - 1 = 250 - 3 - 1$ , so that the t table with  $df = 246$  is obtained, which is 1.969654. The following are the results of the calculations presented in Table 10.

**Table 10**

Partial Significance Test Results

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	9,524	1,562		6,097	0,000
	Financial Education	0,912	0,194	0,379	4,697	0,000
	Locus of Control	0,365	0,062	0,440	5,910	0,000
	Spiritual	-0,138	0,062	-0,114	-2,208	0,028

a. Dependent Variable: Financial Behavior

Source: Primary Data Processed

By the hypothesis proposed in this study, based on table 10, the following tests are produced in detail.

The results of testing the first hypothesis regarding the influence of the Financial Education variable on the Financial Behavior variable obtained a t-count value of 4.967 > a t-table value of 1.96965 and a significance value of a Price Value of 0.000 < 0.05 so that H<sub>1</sub> is accepted. This shows that financial education has a positive and significant effect on financial behavior in micro, small, and medium enterprises.

The results of testing the second hypothesis regarding the influence of the Locus of Control variable on the Financial Behavior variable obtained a t-count value of 5.910 > a t-table value of 1.96965 and a Locus of Control significance value of 0.000 < 0.05 so that H<sub>2</sub> is accepted. This shows that the Locus of Control has a significant positive effect on Financial Behavior in micro, small, and medium enterprises.

The results of testing the third hypothesis regarding the influence of the Spiritual variable on the Financial Behavior variable obtained a t-count of -2.208 < t-table value of 1.96965 and a Spiritual significance value of 0.028 < 0.05, so H<sub>3</sub> is rejected. This shows that spirituality does not affect financial behavior in micro, small, and medium enterprises.

**6.8. Results of Multiple Linear Regression Analysis**

Based on table 10, the multiple regression equation in this study is as follows.

$$Y = 9,524 + 0,912X_1 + 0,365X_2 - 0,138X_3 + \varepsilon$$

Information:

Y = Financial Behavior

X<sub>1</sub> = Financial Education

X<sub>2</sub> = Locus of Control

X<sub>3</sub> = Spiritual

α = Constant

β<sub>1</sub> = Financial education variable regression coefficient

β<sub>2</sub> = Locus of control variable regression coefficient

β<sub>3</sub> = Spiritual variable regression coefficient

ε = *Error disturbance* (confounding variable)

The regression equation that has been formulated can be interpreted as follows:

A constant of 9,524 means that putting aside the influence of the magnitude of Financial Education (X<sub>1</sub>), Locus of Control (X<sub>2</sub>), and Spiritual (X<sub>3</sub>), the magnitude of Financial Behavior (Y) is 9,524. The regression coefficient for the Financial Education variable (X<sub>1</sub>) of 0.912 means that if there is an increase in the Financial Education variable (X<sub>1</sub>) with the assumption that other variables are constant, then the amount of Financial Behavior (Y) will also increase. The regression coefficient for the Locus of Control (X<sub>2</sub>) variable is 0.365, which means that if there is an increase in the Locus of Control (X<sub>2</sub>) variable with the assumption that other variables are constant, the amount of Financial Behavior (Y) will also increase. The regression coefficient for the Promotion variable (X<sub>3</sub>) is -0.138 means that if there is an increase in the Spiritual variable (X<sub>3</sub>) with the assumption that other variables are constant, the amount of Financial Behavior (Y) will also increase.

## 7. Discussion

MSME owners need to have good financial behavior because besides having to be careful in managing personal finances, they also have to manage their business finances. Many MSME owners predict their sales will increase, but the benefits they get will remain the same, besides that there are still many MSME owners who combine their finances and business finances. Some of them don't even have adequate financial records. Amoako (2013) states that this is due to the low interest of MSME owners to record every transaction they make, which in turn will make it difficult for them to monitor whether their business is running well or not. In research by Dahmen & Rodríguez (2014), it is stated that as many as 14 MSMEs as a whole are financially not managed properly so they experience financial difficulties. Fatoki (2014) also states that MSME financial problems are usually related to financial planning, budgeting, and financial control. The lack of ability to manage finances faced by SMEs can occur because the level of education is still quite low (Helmy et al., 2019). This is true since education has had a significant impact on the level of financial literacy (Tóth, Lančarič, & Savov, 2015; Bianchi, 2018).

Based on the test results, it is known that in the first research hypothesis, financial knowledge has a positive and significant effect on financial behavior and shows a significance value of  $0.000 < 0.05$ , which means that the hypothesis is accepted. This is also consistent with research conducted by Fernandes et al (2014), García (2013), Xiao et al (2010), Shim et al (2010), Xiao et al (2011), Cole et al (2012), and Anderson & Card (2015) which state that financial knowledge affects financial behavior. MSMEs, which are the backbone of the Indonesian economy, are still lacking in financial knowledge so that it has an impact on financial behavior that is not well controlled. This means that MSMEs need socialization regarding financial knowledge even though with the basics of simple financial records to minimize the risk in the business they run because when financial records are good, the capital owned by MSME business people can be played back. Willis (2011) in his research stated that effective financial education means that financial behavior will improve welfare. This means that the higher the financial knowledge you have, the wiser you will be in financial management. This means that the increasing knowledge of finance will further improve the financial behavior of micro, small and medium entrepreneurs. Financial knowledge is not only able to make people use money wisely, but it can also benefit the economy.

The test results in this study note that in the second research hypothesis, locus of control has a positive and significant effect on financial behavior and shows a significance value of  $0.000 < 0.05$ , which means that the hypothesis is accepted. In 1966, a social learning theorist, Julian Rotter, suggested the concept of locus of control, namely beliefs, expectations, or attitudes about the relationship between one's behavior and its consequences.



Locus of control refers to the extent to which individuals associate events in their life with actions or forces beyond their control (Nasution & Östermark, 2012). Locus of control is the general belief that people have about the amount of control they have over private life events. Individuals with an internal locus of control believe that their characteristics, such as motivation and competence, specifically affect life outcomes. On the other hand, people with an external locus of control believe that the events in their life depend primarily on fate, luck, or conditions in the external environment. This means that according to research states that locus of control has a positive and significant effect on financial behavior which is in line with the research of Taylor et al (2017), Srimindari et al (2015), and Boshoff & Zyl (2011), it can be said that if control over himself is an MSME actor the better, the better the financial management behavior. Likewise, it can be said that if the control over themselves of the MSME actors gets worse, the financial management behavior will also get worse.

The results of research testing, it is known that the third research hypothesis is rejected which shows the result that the spiritual variable does no effect on financial behavior. This research is in line with that stated by Ayranci (2011), Salehi et al (2017), Menne et al (2016) which states that spirituality does no effect on financial performance. Purwaningrat et al (2019) stated that high spiritual intelligence will be able to provide meaningful value to money so that there is no mistake about the perception of money or people who have a lot of money, can learn to improve the art of managing personal money on target. This means that in research, MSME actors are still minimal in their responsibility to manage finances between business finances and personal finances. Not only that, in financial management, usually MSME actors from their income will set aside their funds for charity activities which give part of their assets to those who need them so that it is closely related to personal social responsibility. This will trigger selfless or family behavior so that people do not love their property excessively and result in many blessings, relatives, friends. But in reality, some MSME actors are still unable to carry it out so that they are lacking in spiritual meaning they are not able to love their fellow human beings which are manifested in the form of providing wealth assistance to those in need. Lack of awareness of spirituality in this case will lead to a lack of gratitude, less sincerity so that it has a further effect on lack of clarity of mind. This will lead to less wise thinking and less attitude in managing finances. In the teachings of Hindus, this is related to *Tri Guna*, namely the three characteristics possessed by humans with parts of *satwam*, *rajas*, and *tamas* (Mastiningsih, 2019). These three characteristics should be able to be controlled by MSME actors so that they are wise in financial management. As stated by the respondent Mr. Sukiyasa (45 years) regarding *Tri Guna* in financial management:

*"In the Tri Guna teaching, people who are dominated by the nature of sattva are people who like to seek knowledge, use this knowledge for the benefit of their life and others so that person will get physical and mental happiness. Rajas is a nature full of ambition so they will always do the work to fulfill their ambition, they will keep trying until finally what they want is achieved. Tamas, on the other hand, makes people lazy, ignorant, which ultimately falls into the abyss of ignorance and ignorance of things. Rajas and tamas must be controlled, a person who can suppress these two characteristics out within is a spiritual advancement for the soul. A person who can position sattva higher than rajas and tamas will gain purity, on the other hand, if rajas and tamas are higher it makes humans become forgetting themselves and eventually using all means to achieve the goal, no longer using the Dharma as a basis for work. If humans can control these three uses, in the sense that they can balance the roles of the three, then whatever they do, including managing finances, will be managed wisely and with direction".*

The opinion of the respondents above is important to have for each of them so that they do not lose their hands in the responsibility of managing business finances to minimize financial risks that will occur in the future.

## 8. Implications for Theory and Practice

Based on the results of data analysis collected through questionnaires and hypothesis testing results, it can be seen that three independent variables, namely financial education, locus of control, and spirituality, have a positive and significant effect on financial behavior. Financial behavior appears in line with the demands of the development of the business and academic world. Behavioral finance theory or behavioral finance begins to discuss aspects or elements of behavior in finance and the process of making investment decisions. Behavioral Finance provides a space in studying financial psychology and economic actors by taking cognitive and behavioral points to answer the reasons for irrational decision making in the capital market (Pascual-Ezama et al (2014) and Muhammed (2014). Behavioral finance is a theory that is relatively new but has developed rapidly in the development of knowledge behavior in finance (Parmitasari et al., 2020). This theory also studies the psychological impact on the behavior of financial participants and their effect on the market (Sewell, 2017).

Financial behavior is the study of how humans react to information to make decisions that can optimize returns by taking into account inherent risk, which is an element of human attitudes and actions where this is a determining factor in investing. Financial behavior is not only related to existing financial theories and economic laws but tends to be influenced and/or based on psychological factors so that finance combines both economics and psychology. Financial behavior overcomes inconsistencies through explanations based on human behavior,

both individuals and groups. Financial behavior in this case is a person's ability to manage including planning, budgeting, seeking, storing, checking, managing, and controlling financial funds in their daily life, so this study uses three independent variables related to financial behavior.

Subsequent research can expand the survey area, to be able to socialize financial behavior to MSME actors in particular and society in general. Socialization can be done by providing the basics of financial knowledge from recording to reporting, even though in a simple form but finances can be recorded properly so that self-control in business financial responsibility can be managed wisely. The bigger the business field that is carried out, the more complex the financial management of a business will be. Business success is not only determined by the ability to sell, but also the regulation and management of finances. MSME actors can plan the use of money, calculate profits correctly, prepare emergency funds, and monitor assets, debts, and capital because finance is the core of developing a business. The health of the financial statements of an MSME is a determinant of the business continuity of the UMKM itself.

In Hindu teachings, what causes the difference in birth is *Tri Guna* (*sattwam*, *rajas*, and *tamas*) because it is born from *Tri Guna*, and from karma comes joy and sorrow. *Tri Guna* is very influential on the pros and cons of human life. Humans should be able to control this *Tri Guna* properly, using *sattwam* as a control for *rajas* and *tamas*, so that *Tri Guna* will provide benefits to humans. Control the use of *rajas* and *tamas* towards *Sattwam*, because if *rajas* and *tamas* are more controlling it will cause *Atma* to decline.

### 9.Future Research

This research was conducted in Bali Province with the respondents being Hindu MSMEs actors so that the sample here is still insufficient in representing public opinion in general. Also, the variables used in this study are still not optimal, one can add more variables, one of which is hedonic motivation.

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