STRATEGIES FOR ENHANCING FINANCIAL LITERACY AND ATTITUDE IN OPTIMIZING POULTRY FARMERS' BUSINESS CAPITAL IN BOYOLALI REGENCY

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Abstract: This study aims to investigate the influence of financial literacy, financial attitude, and financial behavior on the effectiveness of business capital management among poultry farmers in Boyolali Regency. A total of 100 poultry farmers were selected as respondents using a purposive sampling technique. Data were gathered through questionnaires and analyzed using multiple linear regression. The results indicate that financial literacy (X1) has a significant influence on the effectiveness of business capital management, as evidenced by a t-value of 8.018 and a p-value below 0.05. Likewise, financial attitude (X2) also plays a crucial role, with a t-value of 3.234 and a p-value under 0.05. On the other hand, financial behavior (X3) does not significantly impact business capital management effectiveness, as shown by a t-value of 1.228 and a p-value above 0.05. The F-test findings reveal that, when considered together, the three independent variables significantly affect business capital management effectiveness, with an F-value of 121.273 and a p-value below 0.05. Additionally, the coefficient of determination (R^2) of 79.1% suggests that financial literacy, financial attitude, and financial behavior explain 79.1% of the variation in business capital management effectiveness, while the remaining percentage is attributed to other external factors not covered in this research. The results of this research highlight the importance of enhancing financial education for poultry farmers to ensure the long-term viability of their businesses. It is expected that both the government and financial institutions will develop financial literacy training initiatives and introduce more efficient capital management strategies specifically designed for the poultry farming sector.

Keywords: *Financial Literacy, Financial Attitude, Financial Behavior, Capital Management, Poultry Farmers.*

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) hold a crucial position in Indonesia's economy, making a significant contribution to job creation and economic growth. According to statistics from the Ministry of Cooperatives and SMEs of the Republic of Indonesia, MSMEs accounted for approximately 60.3% of the national Gross Domestic Product (GDP) and absorbed 97% of the workforce in 2022. However, despite their important role, many

MSMEs, particularly in the poultry farming sector, still face challenges in effective financial management (Ministry of Cooperatives and SMEs, 2022).

Proper business capital management is crucial for poultry farmers to maintain the stability and sustainability of their businesses. One of the key factors influencing the effectiveness of capital management is the level of financial knowledge possessed by entrepreneurs. A study by Kholilah and Iramani (2013) indicates that individuals with good financial understanding are more capable of managing their finances with greater discipline and efficiency. Conversely, a lack of financial knowledge can lead to suboptimal financial decisions and increase the risk of business failure.

In addition to financial knowledge, financial attitude also plays a role in determining the effectiveness of capital management. Financial attitude reflects how individuals perceive and handle financial aspects, including their mindset toward savings, investments, and debt. This study reveals that a positive financial attitude contributes to improved business capital management. These findings align with the research by Herdjiono and Damanik (2016), which emphasizes that a positive financial attitude supports better financial decision-making.

Another factor influencing business capital management is financial behavior. Financial behavior relates to how individuals control and manage their finances, which can be easily applied in daily activities. In this study, 72% of respondents admitted that they do not keep systematic financial records, which may explain why financial attitude does not show a significant impact on the effectiveness of business capital management. This contrasts with the findings of Humaira and Sagoro (2018), who discovered that proper financial record-keeping can enhance financial management effectiveness.

Boyolali Regency is the largest poultry farming center in Central Java, making it an ideal location to study the effectiveness of business capital management in this sector. Poultry farming in Boyolali contributes significantly to the local economy; however, many farmers still face challenges in managing their business capital. Fluctuations in feed prices, access to financial resources, and low financial literacy are the main challenges for poultry farmers in this region. Therefore, this study aims to provide insights into the role of financial knowledge, financial attitude, and financial behavior in helping poultry farmers improve the effectiveness of their capital management.

Based on previous research findings, it is evident that financial understanding, financial mindset, and financial management habits significantly influence the effectiveness of poultry farmers' capital management. Thus, this study seeks to evaluate how these three variables contribute to the success of poultry farming businesses in Boyolali and to provide recommendations that farmers can implement to enhance their financial literacy and management practices.

2. Research Method
2.1. Conceptual Framework

This research adopts a quantitative approach utilizing both descriptive and causal associative methods. The quantitative approach is applied to statistically assess the relationships among the study variables, while the causal associative method is used to examine strategies for improving financial literacy and attitudes to optimize business capital management among poultry farmers in Boyolali Regency.

2.2. Population and Sample

The population in this study includes all poultry farming business operators in Boyolali Regency. This research applies the purposive sampling technique in sample selection, taking the entire population of 100 poultry farmers as respondents. This method is used because the population is relatively limited, ensuring that all respondents can provide representative data. Purposive sampling is a method of selecting samples based on specific criteria considered most suitable for providing relevant information related to the research objectives (Etikan et al., 2016)

Sample Selection Criteria

Business Experience – A minimum of X years in operation to ensure sufficient business insight. This technique was chosen because it allows for the exploration of factors contributing to the success of poultry farming businesses and the challenges faced by farmers (Palinkas et al., 2015).

2.3. Research Variables

This research examines one dependent variable and three independent variables:

Dependent Variable (Y):

Capital Management Effectiveness – Represents how poultry farmers handle their finances, covering aspects such as financial planning, record-keeping, and financial oversight.

Independent Variables (X):

Financial Literacy (X1): The extent of poultry farmers' knowledge and understanding of fundamental financial principles, including budgeting, investment, and maintaining financial records.

Financial Attitude (X2): A person's psychological inclination toward financial management, encompassing perspectives on debt, savings, and investment decisions.

Financial Behavior (X3): The way individuals approach and regulate their financial choices—whether they actively manage their financial situation or rely on external influences.

2.4. Data Collection Methods

Data in this study were collected through the following methods:

1. Questionnaire**:**
   - Utilizes a Likert scale (1-5) to assess respondents' perceptions of the studied variables.
   - The questionnaire is divided into four main sections corresponding to the research variables.
2. Observation:
   - Direct observation of poultry farmers' financial habits in Boyolali Regency.
3. Literature Review**:**
   Refers to previous research and theories related to capital management effectiveness, financial attitudes, and financial literacy.

2.5. Data Analysis Techniques

Data analysis is conducted using statistical methods as follows:

Validity and Reliability Tests

Validity is tested using Corrected Item-Total Correlation, while reliability is assessed using Cronbach's Alpha.

An instrument is considered valid if the calculated correlation coefficient (**r-count**) is greater than the critical table value (**r-table**) and reliable if the **Cronbach's Alpha** exceeds 0.70.

Classical Assumption Tests
Normality Test: Uses the **Kolmogorov-Smirnov test** to verify whether the data is normally distributed.
Multicollinearity Test: Assessed through the **Variance Inflation Factor (VIF)**, where no VIF value should exceed 10.
Heteroscedasticity Test: Uses the **Glejser test**, ensuring no clear pattern appears in the scatterplot graph.
Autocorrelation Test: Uses the **Durbin-Watson test**, where the **DW value** should range between 1.5 and 2.5.

Multiple Linear Regression Analysis
A regression equation is used to analyze both the simultaneous and partial effects of independent variables on **Capital Management Effectiveness**.
The regression formula applied is:
$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$
Y = Capital Management Effectiveness
X_1 = Financial Knowledge
X_2 = Financial Attitude
X_3 = Financial Behavior
β_0 = Constant
β_1, β_2, β_3 = Regression coefficients
e = Error term

Hypothesis Testing
t-Test (Partial): Analyzes the impact of each independent variable on the dependent variable.
F-Test (Simultaneous): Examines whether independent variables collectively have a significant effect on the dependent variable.
Coefficient of Determination (R^2): Measures how well the independent variables explain the dependent variable.

3. Results and Discussion
3.1. Results
Respondent Description
This study involved 100 poultry farm entrepreneurs in Boyolali Regency as respondents. Based on the questionnaire results, it was found that most poultry farmers do not have a systematic financial record-keeping system, do not perform budget planning, and lack an understanding of the importance of investment and long-term savings.
Data Quality Testing

Validity test

Variable	Items	Pearson Correlation	Sig. (2-tailed)
X1	X1.1 - X1.5	0.312 - 0.730	0.000 - 0.002

Variable	Items	Pearson Correlation	Sig. (2-tailed)
X2	X2.1 - X2.5	0.370 - 0.778	0.000
X3	X3.1 - X3.5	0.330 - 0.768	0.000 - 0.001
Y	Y.1 - Y.5	0.305 - 0.739	0.000 - 0.002

Conclusion: All indicators are valid.

Reliability Test

Variable	Cronbach's Alpha	Number of Items
X1	0.756	5
X2	0.798	5
X3	0.772	5
Y	0.770	5

Conclusion: All indicators are reliable.

Classical Assumption Tests

Normality Test (Kolmogorov-Smirnov Test)

Variable	Sig. (2-tailed)	Conclusion
Residual	0.23	Normal ($p > 0.05$)

Autocorrelation Test (Durbin-Watson Test)

Model	Durbin-Watson
1	1.456

Conclusion: The Durbin-Watson test results indicate no autocorrelation.

Multicollinearity Test

Variable	Tolerance	VIF
X1	0.446	2.241
X2	0.597	1.675
X3	0.501	1.996

Conclusion: No multicollinearity detected.

Heteroscedasticity Test

Variable	Sig.
X1	0.639
X2	0.815
X3	0.486

Conclusion: No heteroscedasticity detected.

Linearity Test

Variable	Sig. Linearity	Sig. Deviation
X1 – Y	0.000	0.754
X2 – Y	0.000	0.000
X3 – Y	0.000	0.000

Conclusion: All variables show a linear relationship.

Multiple Linear Regression Analysis
Regression Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	0.890	0.791	0.785	0.89289

F-Test (ANOVA Test)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	290.054	3	96.685	121.273	0.000
Residual	76.536	96	0.797		
Total	366.590	99			

Conclusion: The regression model is significant ($p < 0.05$).

t-Test (Regression Coefficients Test)

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	5.026	0.884	-	5.686	0.000
X1	0.591	0.131	0.872	4.496	0.000
X2	0.219	0.068	0.722	3.234	0.017
X3	0.205	0.167	0.065	1.228	0.223

Conclusion:
X1 (Financial Knowledge) and X2 (Financial Attitude) significantly affect Y ($p < 0.05$).
X3 (Financial Behavior) does not significantly affect Y ($p > 0.05$).
The multiple regression analysis results in the following regression equation:

$$Y=5.026+0.591X1+0.219X2+0.205X3+e$$

Where:
Y = Capital Management Effectiveness
X_1 = Financial Knowledge
X_2 = Financial Attitude
X_3 = Financial Behavior
e = Error term

From this regression equation, it can be concluded that all independent variables positively influence **Capital Management Effectiveness**.

Hypothesis Testing
t-Test (Partial Test)
1. Financial Literacy (X1) has a t-value of 8.018 and a p-value below 0.05, demonstrating a significant influence on Capital Management Effectiveness.
2. Financial Attitude (X2) has a t-value of 3.234 with a p-value under 0.05, confirming a notable impact on Capital Management Effectiveness.
3. Financial Behavior (X3) has a t-value of 1.228 and a p-value exceeding 0.05, suggesting that it does not have a significant effect on Capital Management Effectiveness.

F-Test (Simultaneous Test)

The **F-value** of **121.273** exceeds the **F-table value (3.09)**, with a **p-value < 0.05**, indicating that financial knowledge, financial attitude, and financial behavior collectively have a significant impact on Capital Management Effectiveness.

Coefficient of Determination (R²)

The **R² value of 0.791** indicates that **79.1%** of the variation in Capital Management Effectiveness can be explained by financial knowledge, financial attitude, and financial behavior, while the remaining **20.9%** is influenced by other factors outside this study.
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3.2. Discussion
The Effect of Financial Literacy on Business Capital Management

This study confirms that financial literacy has a significant influence on the effectiveness of business capital management, with a t-value of **8.018** and a **p-value < 0.05**. This finding supports Lusardi and Mitchell (2014), who stated that individuals with high financial literacy tend to manage financial risks more effectively.

Furthermore, a study by Kholilah and Iramani (2013) asserts that a good understanding of financial aspects helps in making more strategic business decisions. In the context of poultry farmers, strong financial literacy enables them to set more competitive selling prices, manage feed price fluctuations, and allocate profits for business expansion or long-term savings. Although financial understanding among farmers is relatively good, the findings indicate that most still struggle to implement effective financial management, particularly in record-keeping and financial planning.

A study by Huston (2010) also emphasizes that financial literacy is not only about financial knowledge but also about how individuals apply that knowledge in their daily lives. Therefore, to enhance the effectiveness of business capital management, training and mentoring programs, such as financial education workshops tailored to the socio-economic conditions of poultry farmers in Boyolali, are necessary.

The Effect of Financial Attitude on Business Capital Management

Financial behavior is a crucial factor that determines how individuals perceive and make financial decisions. The results indicate that financial behavior plays a significant role in the effectiveness of business capital management. Additionally, this study confirms that a positive financial attitude has a significant impact on more effective capital management. This finding supports Herdjiono and Damanik (2016), who stated that a positive financial attitude helps in making wiser financial decisions. In this study, poultry farmers who are

more cautious in capital allocation and more selective in using credit tend to have more financially stable businesses.

In the context of poultry farmers, a positive financial attitude contributes to more rational decision-making, such as delaying consumption for investment, avoiding impulsive purchases, and allocating profits for business development. A study by Perry and Morris (2005) found that individuals with good financial behavior tend to create budgets and manage their finances more systematically, ultimately contributing to financial stability.

However, this study also indicates that many farmers still lack financial discipline, particularly in expenditure planning. This can be linked to Ajzen's (1991) theory of financial behavior, which states that subjective factors such as social norms and personal experiences influence financial decision-making. Therefore, to improve the effectiveness of capital management, strategies should be implemented to shift the farmers' mindset towards long-term financial planning.

The Effect of Financial Behavior on Business Capital Management

Unlike financial literacy and financial attitude, the study results indicate that financial behavior does not have a significant impact on the effectiveness of business capital management. This finding suggests that although a farmer may have good financial knowledge and attitude, without consistent financial habits, capital management effectiveness remains suboptimal.

Xiao (2008) stated that financial behavior encompasses how individuals manage budgets, save, and use credit. However, in practice, many poultry farmers still rely on old financial management habits, such as not keeping proper transaction records or relying on memory for capital management. This aligns with the findings of Hilgert, Hogarth, and Beverly (2003), which showed that even individuals with good financial knowledge may struggle to achieve financial goals due to undisciplined financial habits.

Additionally, research by Tang et al. (2015) highlights that individual with low financial self-control are more likely to face difficulties in capital management. Therefore, improving financial behavior requires a more practical approach, such as training in financial record-keeping, introducing simple technology for financial management, and providing guidance on developing realistic financial plans.

4. Conclusion

Based on the discussion above, it can be concluded that financial literacy and financial attitude have a significant impact on the effectiveness of business capital management, whereas financial behavior does not show a significant influence. These findings emphasize that improving financial literacy and changing financial attitudes are key factors in enhancing capital management among poultry farmers.

Therefore, a more systematic approach is required in delivering financial education to farmers, including training on technology-driven financial management and hands-on workshops. By adopting these measures, poultry farmers in Boyolali can develop greater financial independence and strengthen their business competitiveness in the ever-growing poultry industry.

Implications and Recommendations

Implications and Recommendations for Improving Poultry Farmers' Capital Management Strengthening Financial Literacy

Government agencies and financial institutions should conduct regular training programs on financial literacy.

Farmers need to be educated on the significance of maintaining financial records and managing investments effectively.

Shifting Financial Attitudes

Encouraging farmers to adopt a mindset focused on long-term financial planning rather than short-term gains.

Providing mentorship programs with financial professionals or business advisors to help farmers develop better financial habits.

Leveraging Technology in Financial Management

Introducing user-friendly financial record-keeping applications tailored for farmers.

Offering training on digital financial tools, such as e-wallets and online financial platforms, to simplify transactions.

Support from Government and Financial Institutions

Local authorities can introduce incentives for farmers who implement effective financial management practices.

Providing access to low-interest credit, along with capital management training, to ensure productive loan utilization.

Community-Based Financial Strategies

Forming farmer groups to facilitate experience-sharing and discussions on financial management strategies.

Establishing cooperatives to enhance access to capital and promote collective financial management.

By adopting these measures, poultry farmers in Boyolali can achieve greater financial independence and enhance their competitiveness in the evolving poultry industry.

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