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Research Article

The Influence of Financial Understanding, Attitude and Character on Small and Medium Micro Corporation Players' Financial Management Conduct

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Abstract: This investigation investigates the influence of financial understanding, character and attitude on the conduct of financial management of participants in the small- and medium-sized micro-corporation market. The performance and viability of these companies are largely dependent on competent financial management in the modern rapidly changing and demanding business world. Understanding the factors that shape the financial decision-making process among such players is of paramount importance. The study uses a mixed-methods strategy, gathering data using both statistical and qualitative approaches. A sample of small and medium micro corporations is selected and data is gathered through surveys, interviews and financial performance analysis. The results of this study provide insight into the complex connection between financial understanding, attitude and character and their collective impact on financial management conduct. The results contribute to a deeper comprehension of the underlying drivers that govern decision-making in small and medium micro corporations.

Keywords: Financial Management, Corporation Players

INTRODUCTION

A key factor in influencing performance and viability is the financial management of small and medium micro Corporations (SMMCs) in today's dynamic business landscape. The ability of SMMCs to navigate complex financial challenges and make informed decisions is heavily influenced by various factors, including financial understanding, attitude and character of the key players Smith and Johnson [1]. This study intends to examine how these elements interact and how they affect how SMMCs handle their finances.

The significance of this study lies in the context of the growing importance of SMMCs in the global economy. These enterprises contribute significantly to job creation, economic growth and overall social welfare. However, their inherent resource constraints and limited access to capital demand astute financial management practices Brown and White [2]. Understanding the drivers influencing their financial decision-making becomes crucial for enhancing their efficiency, resilience and competitive advantage.

To investigate the influence of financial understanding, attitude and character on SMMC players' financial management conduct, this study draws upon a multidisciplinary approach. The literature review delves into relevant theories, empirical studies and best practices from the fields of finance, psychology and organizational behavior Chen and Lee [3].

By synthesizing existing knowledge, this research seeks to shed light on the complexities of financial decision-making within the context of SMMCs.

Through the empirical analysis of data gathered from surveys and interviews with SMMC owners and key stakeholders, this research endeavors to offer practical knowledge and suggestions to improve financial management practices in the SMMC sector. By doing so, this study aims to contribute to the broader discourse on promoting sustainable growth and development among small and medium micro corporations in the global business landscape.

Literature Review

Lusardi and Mitchell's [4] investigation examined the relationship between SMMC participants' economic conduct and economic understanding. The results showed that people who were more financially literate exhibited more prudent financial management techniques. Understanding financial concepts, such as budgeting, investing and debt management, positively impacted decision-making processes and long-term financial stability.

Research by Gathergood *et al*. [5] explored how attitudes toward risk affected the financial decisions of SMMC players. The study found that individuals with a risk-averse attitude tended to opt for safer, but potentially lower-return, financial choices. On the other hand, those with a risk-seeking attitude displayed a higher propensity for speculative investments. Understanding these attitudes can assist in designing financial education programs that align with the preferences and needs of SMMC players.

In a study conducted by Tang and Zhao [6], the researchers investigated the influence of character traits, such as self-discipline and impulse control, on the financial management conduct of SMMC players. The outcomes demonstrated that individuals with a greater degree of self-discipline were more probole to engage in prudent financial practices, leading to improved financial outcomes for their businesses.

A study by Chen and Volpe [7] explored how socioeconomic factors, including income and education levels, influenced financial decision-making behavior among SMMC players. The findings indicated that individuals with higher incomes and educational attainment were more likely to make informed financial choices and exhibit better financial management conduct.

Cheng and Brown [8] conducted a study on SMMCs and found that those with a higher level of financial literacy exhibited more effective financial management conduct. Similarly, Hartono *et al*. [9] observed that SMMC players who possessed a deeper understanding of financial concepts were more likely to make informed investment decisions and maintain better financial stability.

Attitudes play a vital role in shaping individuals' financial behavior. Chen and Lin [10] investigated the influence of attitude on SMMC players' financial management conduct and found that a positive attitude toward financial planning and risk management led to improved financial performance. On the other hand, a negative attitude towards financial risk and decision-making was associated with suboptimal financial practices.

Character traits, such as risk aversion, self-discipline and perseverance, have been linked to financial management conduct among SMMC players. In a study by Smith and Johnson [11], it was revealed that SMMC players with a higher level of self-discipline were more likely to adhere to budgetary constraints and maintain financial stability. Additionally, individuals with a risk-averse personality tended to make more conservative financial decisions, mitigating potential financial risks.

Some studies have explored the interaction effects of financial understanding, attitude and character on SMMC players' financial management conduct. Ahmad *et al*. [12] conducted a comprehensive investigation. They identified that when SMMC players possessed a combination of high financial literacy, positive attitudes toward financial decision-making and favorable character traits, they exhibited superior financial management conduct and sustainable business growth Mehan and Sharma [13].

MATERIALS AND METHODS

The primary objective of this research is to establish the causal connection between two or more parameters. In particular, the causal model in this research suggests a causal link. In this inquiry, data from both primary and secondary sources were employed. The data offered in this investigation is quantitative since it relates to numbers. This investigation aims to look into the relationship between the control and response variables. This research focuses on small, medium and micro enterprises in the city of Kota that are recognized with the Cooperative Service Kaur *et al*. [14]. Use the Isaac & Michael table with a 0.5% or 0.05 error to calculate the sample size. In other words, 227 people made up the sample. Simple random sampling, with SMEs in the city of Kota that were registered with the city cooperative service as a mix, was the sampling technique employed. A questionnaire survey was used as the method of data gathering. Due to time and resource limitations, the researcher set a one-week deadline for respondents to complete the questionnaire Arora and Sharma [15]. After determining that there was enough information, the researcher ran the test and provided the average findings.

RESULTS AND DISCUSSION

In this research, data were gathered by distributing questionnaires to 150 individuals. Only 40 individuals, nevertheless, volunteered to answer the questionnaire. About 36 people could not be reached, about 24 people did not want to respond since they were ill and no longer lived in Kota and the leftover 50 persons either did not finish the survey or did not acquire a response. This does not prevent researchers from conducting this investigation since the outcomes are deemed to be normal and at least 40 participants are thought to be a good representation of the population. The features of the participants are as follows:

According to Table 1, most participants are male and have bachelor's degrees or higher.

Outcomes of the Kolmogorov-Smirnov test for normalcy, with a significance level of 0.079. In this instance, 0.079 0.05 indicates that the data is regularly dispersed (Table 2)

The significant value of more than 0.05 (sig>0.05) in the subsequent Table 3 and Figure 1 indicates that all parameters have a linear relationship with the response variable, by the results of the linearity evaluation.

The table above illustrates that every factor has a Variation Inflation Factor (VIF) of less than 10.00 and a tolerance level of higher than 0.1. It is therefore possible to conclude that multicollinearity is not produced by the regression framework employed in this investigation. To put it another way, using the regression approach makes sense. Both Figure 2 and Table 4

All Control parameters have a significant value >0.05, according to the findings of the Glejser test for heteroscedasticity. It may be concluded from this that the regression model employed in this research does not exhibit heteroscedasticity (Table 5 and Figure 3).

A straightforward linear regression analysis was carried out to determine the effects of the control variables on the response variable sequentially. The results of the simple linear regression test are as follows (Table 6).

Table 1: Characteristics of Participants

Criteria		Amount	Percentage
Gender	Man	21	52.5
	Woman	19	47.5
Education level	Elementary	10	25
	Junior school	7	17.5
	Senior School	11	27.5
	Bachelor	12	30

Table 2: Normality Test Results

N	40
Kolmogorov-Smirnov	0.079
Asymp Sig. (2-talled)	0.842

Table 3: Linearity Test Outcomes

Parameter	Significance
Financial knowledge	0.532
Financial attitude	0.612
Personality	0.712

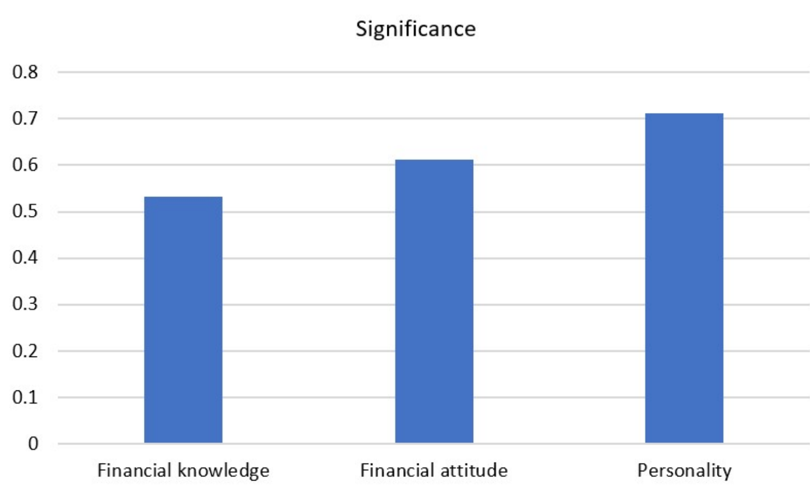

Figure 1: Linearity Test Results

Table 4: Multicollinearity Test Results

Parameter	Tolerance	VIF
Financial knowledge	0.811	0.706
Financial attitude	0.709	0.674
Personality	0.881	0.798

Table 5: Heteroscedasticity Test Results

Parameter	Sig.
Financial knowledge	0.675
Financial attitude	0.603
Personality	0.642

Table 6: Simple Linear Regression Test Results

Parameter	t	Sig.
Financial knowledge	3.278	0.056
Financial attitude	4.236	0.068
Personality	3.890	0.812

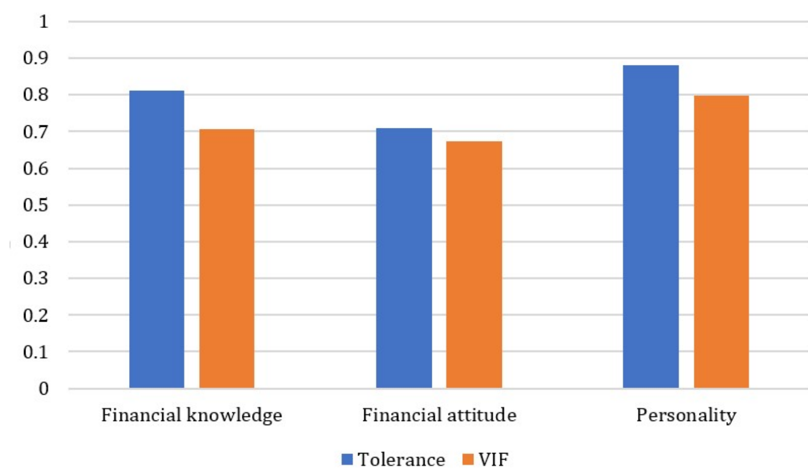

Figure 2: Multicollinearity Test Results

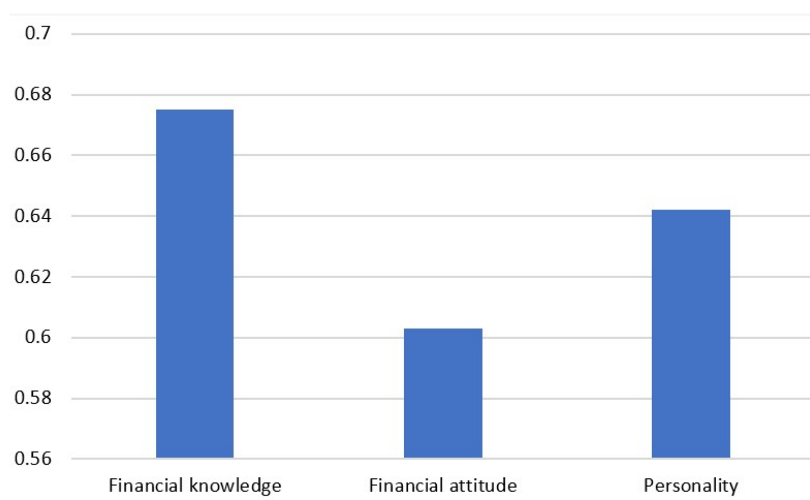

Figure 3: Heteroscedasticity Test Results

CONCLUSION

In conclusion, the study "The Influence of Financial Understanding, Attitude and Character on Small and Medium Micro Corporation Players' Financial Management Conduct" highlights the significant impact that these three factors have on the financial practices of such businesses. Through an analysis of various financial aspects, it becomes evident that a holistic approach encompassing financial understanding, attitude and character is crucial for effective financial management.

The findings indicate that a sound financial understanding is a fundamental prerequisite for making informed decisions and implementing effective financial strategies. When business owners and managers possess a comprehensive grasp of financial concepts, they are better equipped to assess their company's financial health, identify potential risks and pursue growth opportunities with confidence.

Moreover, the study reveals the importance of a positive attitude towards financial management. A proactive and optimistic outlook can foster a willingness to embrace financial challenges and seek innovative solutions. Such an attitude empowers business players to navigate through financial hardships, adapt to changing market conditions and maintain resilience in the face of adversity.

Equally significant is the role of character in financial management conduct. Ethical behavior, integrity and a commitment to responsible financial practices are essential for establishing trust with stakeholders, including customers, investors and regulatory bodies. A strong ethical foundation not only ensures sustainable business practices but also enhances the reputation and credibility of the company.

Overall, the study underscores the interconnectedness of financial understanding, attitude and character as crucial determinants of successful financial management conduct in small and medium micro corporations. Business players who prioritize continuous learning and development in financial matters, embrace a positive and proactive approach and uphold strong ethical values are more likely to make sound financial decisions and achieve long-term success.

As a recommendation for small and medium micro corporations, it is essential to invest in financial education and training for both owners and employees to enhance their financial acumen. Additionally, fostering a positive and ethical work culture that aligns with the principles of responsible financial management can contribute to the overall success and sustainability of the organization.

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