

**THE INFLUENCE OF EDUCATION LEVEL, INCOME
AND ENVIRONMENTAL CONDITIONS ON FINANCIAL
MANAGEMENT AMONG GUARDIANS OF MI AR RAHIM
STUDENTS IN GUNUNGSINDUR SUBDISTRICT**

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Abstract

Efficient financial management is essential for family well-being and growth. In the context of MI Ar-Rahim student guardians in Gunungsindur District, the roles of educational level, income, and environmental conditions in shaping financial decisions are vital. Housewives' adept management of family finances is crucial for creating a prosperous and stable household. This study aims to determine the extent to which the influence of educational level income and environmental conditions on financial management in the Guardians of MI Ar-Rahim students Gunungsindur District. Financial management in the family is a way of managing family finances systematically and carefully through the planning implementation and evaluation stages. Housewives in managing family finances must think smart careful and precise in using finances so that they always create a good family and experience continuous growth. With the ability of housewives to manage family finances in an appropriate manner at the right time in the right place at the right price and with the right quality family welfare will be realized. This research was conducted to find out how the influence of the level of education income and environmental conditions in good financial management.

Keywords: Education, Environmental Conditions, Financial Management, Income

1. INTRODUCTION

Financial management is the process of planning, organizing, controlling, and monitoring financial resources to achieve company goals and objectives (Brigham & Houston, 2021). Such management is an ideal and effective way to oversee your financial activities. Financial use and management exemplify the allocation of funds, including risk payments and handling all other monetary matters. Financial management essentially encompasses any effort from planning to effectively managing, maintaining, and controlling company assets and funds (Brigham & Houston, 2013). All activities must be carried out with care and caution to reduce the risks that may occur. In good financial management, a basic understanding of how to manage and handle income is necessary to avoid possible income deficits, especially within the context of a family .

Mothers play a vital role in shaping the trajectory of effective family financial management (Hariyani & Andayani, 2019). The role of education emerges as a significant driver in elevating both individual and national well-being, with particular emphasis on the following domains: Foremost, the educational process fosters an inclusive societal environment, one characterized by a receptiveness to novel ideas, aspirations, and paradigms, all while embracing innovation and transformation without compromising core values. Moreover, the education system serves as a robust foundation for progress, contributing to a landscape of sustainable advancement within contemporary societies. The dividends of investing in education extend beyond immediate gains, ensuring the perpetuation of knowledge, fostering resilience, and nurturing the continuous exploration

of novel strategies and methodologies. Furthermore, within the economic framework, the presence of all essential societal components, excluding skilled labor, can result in an amplified per capita income through strategic investments in the education sector. This dynamic holds true provided the prevailing social structure is conducive to such outcomes.

The education system's inherent capacity lies in its ability to cultivate and nurture adaptable human skills tailored to the demands of a dynamic labor market (Anggraeni, 2016). It stands as a bastion of flexibility, capable of accommodating the evolving needs of a workforce propelled by ever-changing technological landscapes. Based on the background above, this study aims to determine the extent to which the influence of educational level income and environmental conditions on financial management in the Guardians of MI Ar-Rahim students Gunungsindur District.

2. LITERATURE REVIEW

Agency theory is a concept frequently utilized by researchers to gain insights into the variables under investigation in their studies (Meckling & Jensen, 1976). It provides a framework to understand the dynamics of financial management, particularly in the context of housewives, where factors like education level, income, and environmental conditions play a significant role in family financial management.

In the context of financial management, agency theory explains the relationship between individuals (such as housewives) and the resources they manage (family finances). It highlights the potential conflicts of interest between the principal (the housewife) and the agent (other family members or external factors) who may have different goals or preferences regarding financial decisions.

Based on previous research, such as Aini et al. (2018), agency theory has been applied to demonstrate a significant relationship between educational achievement and welfare. This indicates that a housewife's level of education can impact the overall well-being and financial outcomes of the household.

Another study by Rustiaria (2017) showed that financial knowledge, although positively related, did not have a significant effect on household financial management behavior. This implies that understanding financial knowledge does not necessarily translate into better financial management behavior within the household.

These findings shed light on the complexities of financial management and suggest that factors beyond financial knowledge, such as education level, income, and environmental conditions, also influence the decision-making process. Agency theory serves as a valuable framework to explore and understand these intricate relationships, allowing researchers to gain a deeper understanding of the nuances involved in family financial management. By considering the interplay of various factors, policymakers and individuals can design more effective strategies and interventions to improve financial management practices and overall household well-being.

3. RESEARCH METHOD

In this study, researchers used the literature study method, seeking data from various sources such as books, notes, newspapers, and more. The author read books,

scientific references, and articles to gather information on the definition of financial management and the necessary steps for proper financial management.

The interview method was employed to collect data or information by asking questions orally, which were also answered orally by the interviewees. This approach aimed to gain a more detailed understanding of the subject. Interviews were conducted in conjunction with the questionnaire method.

The questionnaire method involved asking the target audience, in this case, the parents of MI Ar Rahim students, to provide informative data related to the discussed subject. The questionnaires were distributed to assess their knowledge of financial management and to determine whether they believe their level of education, income, and environmental conditions impact their collaborative financial management.

4. RESULTS AND DISCUSSION

This research uses different methods to collect data or information. In addition to using literature studies, the author also uses the interview method in data collection. Presentation of data through graphs on several questions for the purpose of this study. The table below is the result of the researcher's interview

The results of the questionnaire were distributed to several parents of students in grades 3 to 6. The distribution of questionnaires was carried out at MI Ar Rahim School, Kec. Gunungsindur. The number of respondents was 128 people. The following are the results of questionnaire data collection calculated in percentages.

4.1. Education Level

The first question relates to the level of education, the level of education affects how they manage finances in everyday life.

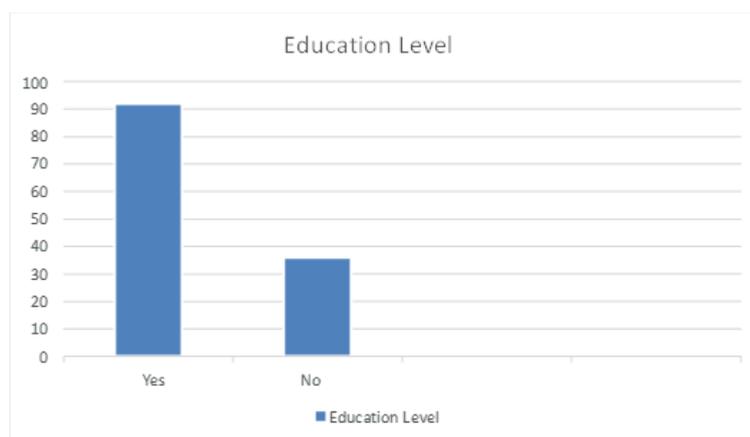


Figure 1. Graphic of Education Level

The results of responses from 128 guardian of respondents stated that 36 people (28%) had no effect on financial management and the remaining 92 people (72%) stated that the level of education had an effect on financial management.

4.2. Income

The second question is related to income, whether the income earned affects the way finances are managed in their daily lives.

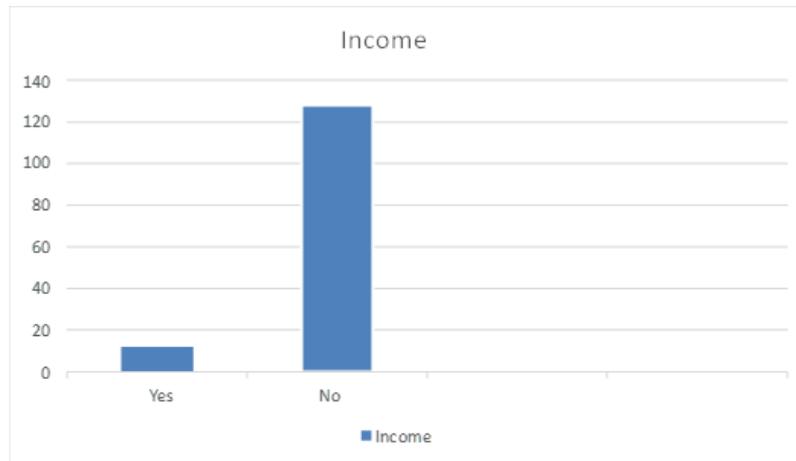


Figure 2. Graphic of Income

The results of the answers from 128 guardian respondents said that 12 people (9%) the amount of income had no effect on financial management, and the remaining 116 people (91%) said that the amount of income had no effect on financial management.

4.3. Environmental Conditions

The second question is related to Environmental Conditions, whether Environmental Conditions in the lower middle class affect the way financial management in their daily lives.

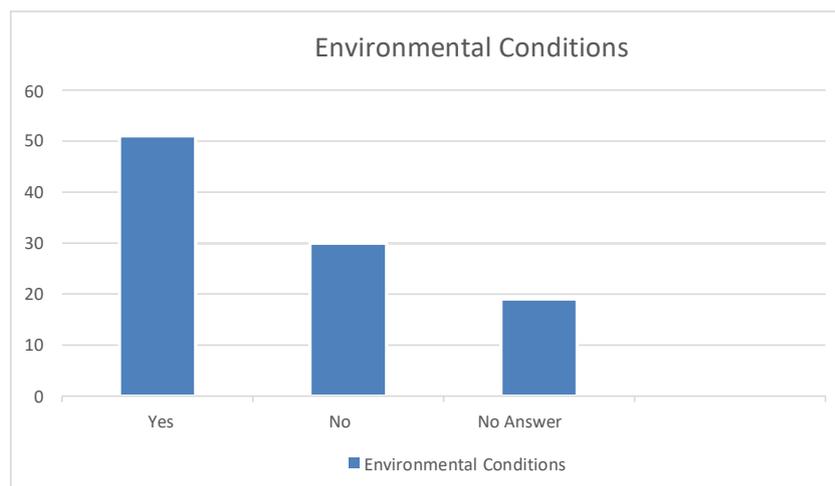


Figure 3. Graphic of Environmental Conditions

The results of the answers from 128 guardian respondents said that 51 people (39%) the condition of the environment has an effect on financial management, 30 people (23%) said it has no effect on financial management and the remaining 19 people (14%) said they did not want to answer.

4.4. Financial Management

The fourth question related to financial management, whether the level of education, income and environmental conditions affect their financial management on a daily basis.

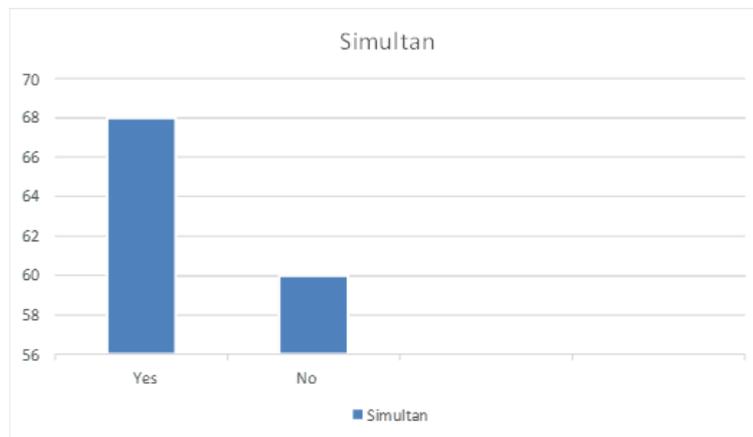


Figure 4. Graphic of Financial Management

The results of the answers from 128 guardian respondents said that 68 people (53%) together had an effect, and the remaining 60 people (47%) said that together they had no effect on financial management.

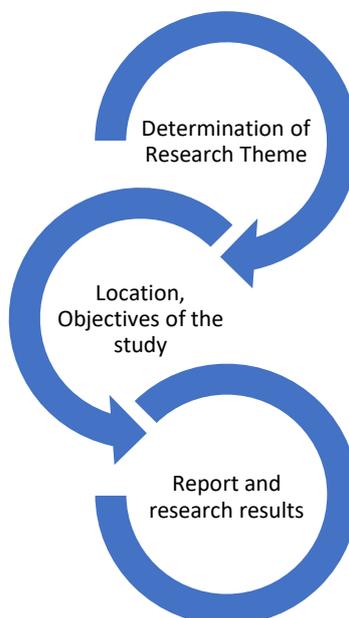


Figure 5. Stages of Research

Table 1. Education level of MI Ar Rahim students 2022

Education Level	Total
No School	0
Kindergarten	0
Primary school (SD/MI)	5
Junior High school (SMP/MTS)	23
Senior High school (SMA/MA)	67
College (S1, S2, S3)	33
Total	128

Source: MI Ar Rahim Internal Data Report

The study's outcomes hold significant implications for both academia and real-world applications. The substantial majority of respondents (72%) acknowledging the impact of education on financial management underscores the critical role of educational attainment in shaping individuals' financial knowledge, attitudes, and practices. This finding aligns with prior research emphasizing the positive correlation between education and financial literacy (Munthasar et al., 2021). Meanwhile, a study by Rustiaria (2017) showed that financial knowledge, although positively related, did not have a significant effect on household financial management behavior.

The strong association (91%) between total income and financial management emphasizes the practical relevance of income as a determinant of financial decision-making. Individuals with higher incomes may possess greater flexibility and resources to allocate towards savings, investments, and budgeting. The findings reflect the broader economic context where income levels play a crucial role in determining financial well-being (Mirza, 2019; Sugiharti & Maula, 2019).

The nuanced perspectives on the influence of environmental conditions (39% perceiving an impact) highlight the complexity of this relationship. This variation suggests that while environmental factors, such as socio-economic status and community norms, can contribute to financial behaviors, they may not be uniform across all individuals. Cultural and contextual factors likely contribute to this diversity in perceptions and underline the importance of tailored financial education and support programs.

4.5. Exploring Mechanisms and Future Directions

While this study focused on education, income, and environmental conditions as key factors, further research could delve into the underlying mechanisms driving their effects on financial management. For instance, future studies could investigate how psychological factors, such as financial attitudes, beliefs, and risk perception, mediate or moderate the relationships observed in this study.

Moreover, the study's limitations offer promising avenues for future research. Expanding the research scope beyond a specific locality could enhance the generalizability of findings. Incorporating a broader demographic range in the sample, including different age groups and genders, would provide a more comprehensive understanding of the factors at play. Additionally, introducing more independent variables, such as financial goals, family structure, and employment status, could contribute to a richer understanding of the complexities underlying financial decision-making.

4.6. Policy and Practical Implications

The study's insights have practical implications for financial education programs and policy development. Understanding the differential impact of education, income, and environmental conditions can inform the design of targeted interventions. Tailoring financial literacy initiatives to specific demographic groups, considering their unique circumstances, could enhance the effectiveness of such programs. Policymakers could use these findings to develop more inclusive and responsive policies that address the multifaceted nature of financial management.

In sum, this study provides a nuanced exploration of the intricate relationships between education, income, environmental conditions, and financial management. The findings underscore the significance of education and income in influencing financial behaviors, while also acknowledging the nuanced nature of environmental influences. By contributing to the existing body of knowledge and suggesting pathways for future research, this study advances our understanding of the multifaceted dynamics underlying individuals' financial decision-making processes.

5. CONCLUSION

The findings of this study underscore the significance of education, income, and environmental conditions in shaping financial management practices among respondents. Notably, a substantial proportion of respondents (72%) acknowledged the influence of education on financial management, while a majority (91%) recognized the impact of total income. Additionally, the study revealed diverse perceptions regarding the influence of environmental conditions, with 39% perceiving an effect.

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