

Financial Satisfaction on Small and Medium Business in Brastagi City

B K Hasibuan^{1*} and Y M Lubis²

¹Departement of Management, Faculty of Economic and Business University of Sumatera Utara, Jl. Prof. T.M Hanafiah, SH, Kampus USU Medan 20155

²Departement of Accounting, Faculty of Economic and Business University of Sumatera Utara, Jl.Prof. T.M Hanafiah, SH,Kampus USU Medan 20155

*bebykendida08@gmail.com

Abstract. Indonesia is a country with very beautiful nature at its regions. One of the wellknown tourism resorts in North Sumatera is Brastagi tourism site. This tourism object attracts domestic and international tourists to visit. This situation will certainly be beneficial for people around. We can find many micro, small, and medium enterprises (SMEs) around Brastagi site. Even though we can still find many of SMEs, we feel dissatisfied with their financial condition. This research aims at finding factors that cause financial satisfaction among SMEs in Brastagi city viewed from the demography side. The demography indicators we introduce are education, gender, age, income, marital status, number of children, business ownership, and length of business operation. By using cross-tab method analysis, we found out that demography factors that have correlation with financial satisfaction of SMEs in Brastagi site are factors of education, income, business ownership, and length of business operation. Therefore, this research concludes that to raise the financial satisfaction, someone should consider the four demography factors above. It is expected that the implication of this research will improve the financial satisfaction of SMEs forentrepreneurship.

1. Introduction

Indonesia is famous as a country with natural beauty and high tourist attraction. The Indonesian tourism attractiveness and competitiveness are currently ranked 70th out of 140 countries in the world [1]. Many ways are conducted by the government in improving the existing tourism in each region in Indonesia, one of which is to invite people around to participate in the development of the tourism sector through the activities of Micro, Small and Medium Enterprises (SMEs). This effort is conducted to increase tourism competitiveness and improve standards of living around the attraction.

In North Sumatra, Berastagi City is one of the very famous tourist town. There are Sinabung, Swimming Sidebuk-debuk and Mount Sibayak which became a bit of the appeal of this city. The construction of hotels, resorts and playground like further adds to its appeal. Berastagi city location in the mountains makes this city rich in a farm such as fruits and vegetables were very fresh. This condition would be an opportunity for the people around to obtain additional income through business



activities such as the activities of selling agricultural products and souvenirs of the city. One of the souvenir sale centers in the city of Berastagi is Berastagi Fruit Market.

Opening the business trade is one manifestation of SMEs, where they sold products for profit. This is also done by the people of Berastagi in Berastagi Fruits Market. They offer a wide variety of fruits and vegetables, some are selling flowers and souvenirs as well as unique culinary Berastagi, those that offer services around the City Berastagi using horses or wagon which will surely draw for tourists.

The income they earn later, would have to be managed properly so it will be able to meet their needs. This is done in order to achieve financial satisfaction in the future. If they can't manage its finances well will certainly be bad for the satisfaction of their financial future. Financial satisfaction is a feeling of satisfaction or the physical and non-physical aspects of a person's financial situation [10]. Financial satisfaction and impact on quality of life has received much attention in recent decades. Financial satisfaction can be determined by several factors such as demographic factors (income, education, ethnicity, and age), financial stress, financial knowledge and financial behavior [2]. One of the factors that determine an individual's financial satisfaction is the demographic factors. Demographic factors that become the benchmark of financial satisfaction can be seen from gender, education level, age, income, marital status, number of children, business ownership, type of business, and length of business operation.

Gender is a result of sexual dimorphism, which in humans it is known to be men and women. Age is a life-size limit or level that affects a person's physical condition. [5] Education is the learning of knowledge, skills, and habits of a group of people passed down from one generation to the next through teaching, training, or research. Personal income is the total annual gross income of an individual who comes from wages, companies, businesses and investments [8]. Marital status describes whether the status is married, unmarried or divorced. The number of children explain how many children are owned by the family.

Based on the above explanation researchers are interested to see the condition of the financial satisfaction of owners of SMEs in Berastagi City. The town is rich in natural resources and its attraction is generating maximum financial satisfaction also to its citizens?

2. Literature review

2.1. Demographic factor

The. Sociodemographic factors consist of gender, age, education level, marital status, occupation, position, and income [3]. Gender is the division of roles and tasks between men and women who is set out by the community based on the nature of women and men that are considered proper and appropriate with norms, customs, beliefs, or customs of the people [4].

Age is a life-size limit or level that affects a person's physical condition [5]. Education is the learning of knowledge, skills, and habits of a group of people passed down from one generation to the next through teaching, training, or research. Education is often the case under the guidance of others, but it is also possible under a self-taught. Every experience that has a formative effect on the way people think, feel, or act can be considered educational. Education is generally divided into phases such as pre-school, elementary school, middle school and then college, university or apprenticeship [6]. Education affects the productivity and efficiency of someone who would then affect the real income of individuals or households [7].

Jobs can be defined as profession that carries a person in doing activities that give good results in the form of experience or materials that could support his life [5]. Personal income is the total annual gross income of an individual who comes from wages, companies, businesses and investments. Personal income is measured based on income from all sources. The largest component of total income is wages and salaries. In addition, there are many other categories of income, including rental income, government subsidy, interest income and dividend income. Personal income is a good indicator of future consumer demand, although it is not a perfect indicator [8]. It is probable that

individuals with higher incomes would indicate that their behavior of financial management is more accountable.

2.2. *Financial satisfaction*

The financial satisfaction shows one's satisfaction with the current financial situation. Meanwhile [9]. Financial satisfaction is a feeling of satisfaction or the physical and non-physical aspects of a person's financial situation [10]. Financial satisfaction is the individual perception about whether or not one's financial resources are sufficient [11]. Financial satisfaction has long been recognized as a component of well-being [12] and has received attention in the study of health regarding the causes of stress relating to financial gaps, issues of risk management, locus of control and employment issues [13]. Financial satisfaction can be determined by several factors such as demographic factors (income, education, ethnicity, and age), financial stress, financial knowledge and financial attitudes and behavior [2].

Preliminary Study that has been conducted and the results.

Preliminary research results as a guide in this study are:

- Ida, Dwinta CY[14] with the title "The Effect of Locus Of Control, Financial Knowledge, Income on the Financial Management Behavior" with the results of research stating that there is no influence of locus of control and personal income to financial management behavior. There is an effect of financial knowledge on the financial management behavior.
- Robb CA, Woodyard AS [15] in the title "Financial Knowledge and Best Practice Behavior". With the results of research that states that the financial knowledge has an effect on financial behavior.
- Woodyard A, Robb C [16] in the title "Financial Knowledge and the Gender Gap". With the results of research that states that there is difference between men and women at the objective level of financial knowledge. The most significant differences can be found in the youngest (18-24 and 25-34) and the oldest (55-64 and 65 and above).
- Vincentius A, Linawati [7] in the title "The relation of demographic factors and financial knowledge with financial behavior of private sector employees in Surabaya". The results of research state that there is a significant relationship between demographic factors and financial behavior of private sector employees in Surabaya, especially on variable gender and income. There is a significant correlation between financial knowledge and the financial behavior of private sector employees in Surabaya.
- Selda C [17] in the title Understanding Factors Affecting Financial Satisfaction: The Influence Of Financial Behavior, Financial Knowledge And Demographics. The results of this study mention that the financial behavior and financial knowledge also have a positive and significant influence to the financial satisfaction, while in demographic factor only the income that has a positive and significant influence to the financial satisfaction.

3. Method

The population in this study is all sellers in the Berastagi fruit market with a total number of 200 people. The sample is the fruit and vegetable sellers by the number of 30 people. Technique used in sampling is stratified random sampling because each seller has equal opportunity of being selected as research subjects. Data used in this study are quantitative data in the form of numbers, consisting of the results of statistical data management. Sources of data in this research are the primary data source, data obtained directly from respondents through questionnaires related to demographic factors, and financial satisfaction on SMEs that are located in the Berastagi fruit market. Data analysis method used is the method of crosstab where this method is used to see whether or not there is a relationship between one variable to another.

4. Results and discussion

4.1. Descriptive analysis

Based on the result of processing of descriptive analysis we can know that male respondents are 9 people (30%) and the females are 21 people (70%). It means that the majority of respondents who works as sellers in fruit market are females. This is because they work to earn extra income. Meanwhile, men work outside of the area such as working in other agencies and work as a farmer. In the same table, we can also see that the majority of respondents are at high school education level, 20 people (66.7%). In business ownership data, it is known that the majority of respondents continue efforts of parents' business. Thus, business ownership still belongs to the parents with number of 19 people (63%). In the table, it can be seen that the majority of business duration of the respondent is 4-6 years, 12 people (40%). In general, Business in Berastagi Fruits Market is hereditary; sellers continue their parents' business. New sellers are those who come from other areas. Age of sellers in Berastagi fruit market is 40-50 years at majority with number of 9 people (30%) and above 50 years is 9 people (30%). The majority of income is above IDR 6,000,000 with number of 24 people (80%). This income is still the gross revenue that has not been reduced by expenditures. Although having a high income, the entrepreneur still are not satisfied with its finance. This is cause because of the lack of understanding of financial management. And we also know that most sellers have been married with number of 24 people (80%), those who have two children are 13 people (43.33%).

4.2. Analysis using Crosstab

Table 2 shows crosstab of financial satisfaction results with multiple variables. The result shows that gender has no relationship with the financial satisfaction in which the result of Chi-Square is 15.714 with a significant probability of 0.473 which is much greater than 0.05 so it can be concluded that there is no relationship between gender and financial satisfaction. This condition means that men and women have the same level of financial satisfaction, which means both are equally dissatisfied so that there is no relationship between the two variables. This is because there are more female respondents than male, so the difference is less descriptive in the results. This study is also consistent with research [2] which states that gender has no effect on the financial satisfaction.

Table 2. Crosstab of Financial Satisfaction results With Multiple Variables

Variable	Chi Square	Df	Significance
Gender	15,714	16	0,473
Education	66,250	48	0,041
Age	45,417	48	0,579
Income	51,542	32	0,016
Marital Status	11,250	16	0,794
Number of children	46,410	48	0,538
Business Ownership	55,650	32	0,006
Length of business operation	60,00	32	0,002

Source: research results(data processing 2016)

In table 2, it is also known that education has a relationship with the financial satisfaction in which the results of Chi-Square is 66.250 with a significant probability of 0,041 much smaller than 0.05 so it can be concluded that there is a relationship between education and financial satisfaction. This condition happens because when someone has education, they will figure out how to manage their money and use it properly in order to meet the necessities of life and will have an impact on the level of individual financial satisfaction. This study is also consistent with research [2] which states that education is the determining factor of financial satisfaction either directly or indirectly.

Age does not have a relationship with the financial satisfaction in which the results of Chi-Square is 45.417 with a significant probability of 0,579 much larger than 0.05 so it can be concluded that there is no relationship between age and financial satisfaction. These conditions indicate the productive age of each individual has a level of financial satisfaction which is not satisfied so that there is no

relationship between the two variables. This is because the majority of respondents were women so that many people in the productive age had better choose to be sellers, rather than to be unemployed. This study is also consistent with research [17] which states that age does not have effect on the financial satisfaction.

Revenue has a relationship with the financial satisfaction in which the results of Chi-Square is 51.542 with a significant probability 0,016 much smaller than 0.05 so it can be concluded that there is a relationship between income and financial satisfaction. This is because the revenue a person has will reflect whether or not the person is satisfied with his finance. This study is also consistent with research [18, 19] which states there is a relationship between a person's income and financial satisfaction where one of the factors that cause a person's financial satisfaction is the income of the person.

Marital status does not have a relationship with the financial satisfaction in which results of Chi-Square is 11.250 with a significant probability 0.794 much greater than 0.05 so it can be concluded that there is no relation between marital status and financial satisfaction. This condition means that both individuals who are married and unmarried individuals have the same level of financial satisfaction, which is equally dissatisfied, so that there is no relationship between the two variables. This happens because the majority of respondents work in SMEs merely as a side job. Thus, the income gained from the business is not a determinant of their financial satisfaction because they are more reliant on income from their main job. This study is not in line with the research [20] stating that respondents who are married have a relation with financial satisfaction with a percentage of 70%, which is the highest level of financial satisfaction.

The number of children does not have a relationship with the financial satisfaction in which the results of Chi-Square is 46.410 with a significant probability of 0.538 much greater than 0.05 so it can be concluded that there is no relationship between the number of children and financial satisfaction. This is because the respondents consider children a responsibility that should be given a living to be able to live decently. Besides, most respondents obtain help from the children when they are selling.

Business ownership has a relationship with the financial satisfaction in which results of Chi-Square is 55.650 with a significant probability of 0.006 much smaller than 0.05 so it can be concluded that there is a relationship between business ownership and financial satisfaction. This condition happens because most of business ownership belongs to the parents so they have to share their income with parents as borrowing cost of business location. This study is in line with research [21] which states that business ownership can make a person feel satisfied with their financial satisfaction for several years. It is also related to the fact that the majority of business ownership belongs to the parents so that they are more comfortable in running the business.

The duration of the business has relationship with financial satisfaction in which results of Chi-Square is 60.00 with a significant probability 0.002 much smaller than 0.05 so it can be concluded that there is a relationship between business duration and financial satisfaction. This is because the longer the entrepreneur is in the operations, their financial satisfaction is higher because they are capable of producing more.

5. Conclusions

Based on the discussion, it can be concluded that demographic factors that have a relationship with the financial satisfaction are only education, income, business ownership, and business duration. Therefore, the four demographic factors must be the primary concern in businesses. Because by having an adequate education then the individual will know how to manage finance that will increase their financial satisfaction. Income is an important factor in determining a person's financial satisfaction. If the person's income is higher, it will be more easily to allocate their finances so that financial satisfaction will be achieved. Business ownership should be a primary concern because it is associated with a person's income expenditure. Business duration is the next factor related to financial satisfaction. The longer a person is in business the more enjoyable he becomes and it will have an impact on financial satisfaction.

Acknowledgments

The authors gratefully acknowledge that the present research is supported by Ministry of Research and Technology and Higher Education Republic of Indonesia. The support is under the research grant TALENTA USU of Year 2016.

References

- [1] Santoso AB 2014 Daya Saing Wisata Indonesia Tempat Peringkat ke 70 dari 140 Negara, Tribunnews<http://www.tribunnews.com/travel/2014/11/13/daya-saing-wisata-indonesia-tempati-peringkat-ke-70-dari-140-negara>.
- [2] Joo S Grable J E 2004 An exploratory framework of the determinans of financial satisfaction **25** 25-50
- [3] Rita M R, Kusumawati R 2010 Pengaruh variabel sosiodemografi dan karakteristik finansial terhadap sikap, norma subjektif dan control perilaku menggunakan kartu kredit : Studi pada pegawai di UKSW Salatiga 109-128
- [4] Kaber N 1999 Resources, agency, achievements: Reflections on the measurement of women's empowerment *Development and change* **30**(3) 435-464
- [5] Iswanto A 2013 Hubungan Demografi, Anggota Keluarga dan Situasi dalam Pengambilan Keputusan Pendanaan Pembelian Rumah Tinggal Surabaya1 (2) 124-129
- [6] Schneider S L 2008 Applying the ISCED-97 to the german educational qualifications *The international standard classification of education* 77-102
- [7] Haveman R H and Wolfe B L 1984 Schooling and economic well-being: The role of nonmarket effects *Journal of human Resources* 377-407
- [8] Hilgert M A, Hogarth J M and Beverly S 2003 Household financial management: The connection between knowledge and Behavior **87**(7) 309-322
- [9] Zimmermann S L 1995 Understanding family policy: Theories and application (2nd ed), Thousand Oaks.
- [10] Williams F L 1983 Money income, nonmoney income, and satisfaction as determinants of perceived adequacy of income 106-125.
- [11] Hira T K Mugenda O M 1998 Predictors of financial satisfaction: Differences between retirees and non-retirees **9**(2) 75-84
- [12] Danna K and Griffin R W 1999 Health and well-being in the workplace: A review and synthesis of the literature *Journal of management* **25**(3) 357-384
- [13] Dulebohn J H, Molloy J C, Pichler S M and Murray B 2009 Employee benefits: Literature review and emerging issues *Human Resource Management Review* **19**(2) 86-103
- [14] Dwinta C Y 2010 Pengaruh locus of control, financial knowledge, income terhadap financial management behavior *Jurnal Bisnis dan Akuntansi* **12**(3) 131-144
- [15] Robb C A and Woodyard A 2011 Financial knowledge and best practice behavior.
- [16] Woodyard A and Robb C 2011 Financial knowledge and the gender Gap3 (1)
- [17] Coşkuner S 2016 Understanding factors affecting financial satisfaction: the influence of financial behavior, financial knowledge and demographics *Imperial Journal of Interdisciplinary Research* **2**(5)
- [18] Van Praag B M, Frijters P and Ferrer A 2003 The anatomy of subjective well-being *Journal of Economic Behavior & Organization* **51**(1) 29-49
- [19] Delaney L, Newman C and Nolan B 2006 Reference dependent financial satisfaction over the course of the Celtic Tiger: A panel analysis utilising the Living in Ireland Survey 1994-2001.
- [20] Scott G and James R 2013 Financial ratio and perceived household financial satisfaction **4**(1) 39-62
- [21] Gibson S G, McDowell W C and Harris M L 2014 Small business owner satisfaction with financial performance: alongitudinal study **17**(1) 1-7