THE IMPORTANCE OF ENTREPRENEURIAL RESILIENCE AND FINANCIAL EFFICACY ON FINANCIAL WELLBEING FOR SMEs ORIENTED TO INTERNATIONAL MARKETS

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ABSTRACT

This study aims to examine and analyze the effect of entrepreneurial resilience and financial efficacy on financial well-being in SMEs oriented to international markets. This research is based on the increasingly crowded domestic market and foreign market opportunities that are wide open and have not been optimally utilized by SMEs. A quantitative approach was used, and data were obtained by distributing questionnaires. Respondents are SMEs owners in East Java, Indonesia. There were 146 questionnaires returned and declared eligible to be used as research data, and then analyzed using SEM-PLS. The results showed that entrepreneurial resilience and financial efficacy had a positive effect on financial well-being. Financial efficacy has also succeeded in moderating the relationship between entrepreneur resilience and financial well-being, although the value is relatively small. Entrepreneurial resilience as a form of resilience to work pressures, unstable conditions has been proven to increase financial well-being and financial efficacy contributes to strengthening these relationships. Entrepreneur resilience owned by SMEs owners has proven to provide a way to find opportunities, and if equipped with financial efficacy so that they understand how to access finance in banks, get funding assistance from the government which has an impact on financial wellbeing even in the midst of turbulent conditions.

Keywords: SMEs, Entrepreneur Resilience, Financial Efficacy, Financial Well-Being, International Market.

INTRODUCTION

Every business requires as much planning as possible. Especially in doing business expansion. A careful plan can make it easier to direct where the business will be directed. Every human being has different goals and business motives. However, to be prosperous and happy is a common need for all human beings. Financial well-being is a condition where a person has been able to fulfill his current financial obligations, has had sufficient investment for future plans, and has the opportunity to choose to enjoy his life (Renaldo, Sudarno, & Hutahuruk, 2020). Financial well-being is a condition where individuals feel financially healthy and happy, and feel free from anxiety about bad events related to their financial condition (Chong et al., 2021). Finances should be managed properly, including personal and family financial conditions to guarantee a sense of comfort, security and avoid anxiety about uncertain conditions in the future. One of the financial management related to financial efficacy. Financial efficacy is the condition of a person who has the confidence to be able to manage finances well, on his financial capability and financial knowledge, so he is able to consider several things to get a balance of financial condition/financial well-being (Chavali, Mohan Raj, & Ahmed, 2021).

ISSN 2309-0405

To get that sense of comfort, of course there must be income earned as a result of working. An entrepreneur should be tough to always follow the adaptation process in an increasingly dynamic environment so that he can help the entrepreneur in carrying out his work. Resilience is an individual's capacity to overcome very difficult circumstances, where success depends on resources and environmental interactions (Windle, Bennett, & Noyes, 2011), because success depends on environmental resources and interactions (Windle, Bennett, & Noyes, 2011). In line with that, entrepreneurs must be able to reduce obstacles in their efforts to adapt. Entrepreneurs are not only a profession that provides income, but also contain a large social element because they are faced with the lower classes who actually have the right to welfare.

Novelty was born from the ability of this research to answer the current research gap. This study tries to cover the research gap on resilience to become an entrepreneur seen from the entrepreneurial profession that works independently and its effect on financial well-being with financial efficacy as a moderator. It should be noted that the ability to manage personal finances has a big role, especially if it is associated with the current conditions that are full of uncertainty. Resilience accompanied by awareness to manage finances well such as choosing to live frugally, considering financial investments for future needs has a good impact on perceived financial comfort.

LITERATURE REVIEW

Entrepreneurial resilience is a dynamic process that allows individuals to move forward despite turbulent conditions (Bernard & Barbosa, 2016). This resilience can be described to help manage future-oriented personal and environmental conditions. Resilience is described as a state of following change, and working hard to help achieve goals and challenges (Fatoki, 2018). Resilience sees difficult situations with a positive attitude and does not feel afraid, apathetic or hopeless. Resilience characteristics require hardiness, resourcefulness and optimism (Fatoki, 2018). Hardiness refers to the entrepreneurial ability with the aim of helping to exercise individual control and also support people. Resourcefulness acts as a skill, capacity, and resource to help manage adverse situations. Optimism is known as the ability to give a good attitude in the work process. Optimism keeps entrepreneurs from learning from mistakes and taking advantage of opportunities. Resilience can help midwives to withstand internal as well as external shocks and be one that leads to success (Chowdhury, Quaddus, & Agarwal, 2018).

Financial well-being refers to a healthy, happy and calm financial condition in dealing with daily activities due to the balance it has (Sabri, Wijekoon, & Rahim, 2020), as a feeling of security in the future with good financial management in the present (Sabri, Wijekoon, & Rahim, 2020), as a feeling of security in the future with good financial management in the present (Netemeyer et al., 2017). Financial well-being as a determinant of quality of life. As right now, the world is in crisis due to the Covid-19 pandemic, everyone is restless about their financial situation. Worrying about the condition of his family, career, health, declining income, unable to pay loan installments, which causes physical and psychological health problems. This concern affects mental, self-confidence, and work performance (Sabri & Zakaria, 2015); (Renaldo, Sudarno, & Hutahuruk, 2020).

One indicator that affects financial wellbeing is financial efficacy or self-confidence in being able to manage finances well (Saadah, 2020). Self-efficacy refers to a sense of personal belief that one can conquer and succeed under certain life challenges (Rothwell, Khan, & Cherney, 2016), so financial efficacy is the ability to act to change financial behavior with better control and control (Herawati et al., 2018). Individuals with high self-efficacy, are more daring to try several opportunities to get a better financial condition by developing some positive attitudes (Faique et al., 2017), self-efficacy also affects how long a person can survive when facing a problem and the extent of his resilience in trying to get out of these problems (Renaldo, Sudarno, & Hutahuruk, 2020), such as when faced with considering financial problems, they are able to obtain information to make financial decisions, the ability to make smart choices, and the ability to control personal finances (Chong et al., 2021).

Financial efficacy helps to have more financial knowledge and understanding, such as considering investing, making loans, shopping to get a balance in living daily life (Woodyard & Robb, 2012), and that balance is called financial wellbeing, where a person is able to manage his finances well. well (Brandon & Smith, 2009). Good financial management behaviors include reviewing and evaluating expenses, setting aside money for unexpected expenses to achieve the goal of financial well-being. Financial well-being is obtained as a result of financial knowledge, financial capability, investment and good planning (Sabri & Zakaria, 2015), life does not feel stressed and learns to live according to ability, does not depend on loans, focuses on the future, saves and take into account expenses each month (Chavali, Mohan Raj, & Ahmed, 2021).

METHODOLOGY

A quantitative approach is used and data collection using a questionnaire. The sample in this study were 164 SMEs owners in East Java. Data were analyzed by SEM PLS. The statement for entrepreneurial resilience was adapted from Fatoki's research (2018) which consisted of ten statements, financial efficacy was adopted from Renaldo, Sudarno & Hutahuruk (2020) with five statements, and financial well-being according to research by Renaldo, Sudarno & Hutahuruk (2020) with five statement. To determine the validity, convergent validity analysis is used, which can be seen from the Average Variance Extracted (AVE) value. Expected AVE value > 0.5 (Hussein, 2015). The reliability test was carried out using the composite reliability value. This research instrument will be said to be reliable if the value of composite reliability is greater than 0.7 and if the value of composite reliability is closer to 1, it indicates that the internal consistency of reliability is also higher. In addition, it also uses Cronbach's alpha value, where this value must be more than 0.7.

The next test is the analysis of the structural model which shows the relationship between variables in accordance with the theoretical study and supports the results of previous studies. This analysis is seen from the coefficient or value of the results of determination (R-square/R^2) and predictive relevance (Q-square/Q^2). The last test is hypothesis testing. The hypotheses that are built are:
H1: There is a positive and significant impact of entrepreneur resilience on financial well-being.
H2: There is a positive and significant impact of financial efficacy on financial well-being.
H3: There is a positive and significant impact of entrepreneur resilience on financial well-being through financial efficacy.

RESULTS

The first analysis is to determine the relationship between the manifest variables and the latent variables in the study, this test includes a convergent validity test and a reliability test.

Table 1. Validity and Reliability Test

Variable	AVE	Composite Reliability	Cronbachs Alpha
Enptrepreneur Resilience	0.820	0.970	0.963
Financial Efficacy	0.765	0.942	0.923
Financial Well-Being	0.795	0.951	0.935

Table 1 shows the AVE value for each variable has a value of > 0.5, thus the indicators measuring the entrepreneurial resilience, financial efficacy, and financial well-being variables are declared valid. Composite reliability values and cronbachs alpha values for all variables have a value of > 0.7, so it can be stated that the indicators that measure the variables of entrepreneur resilience, financial efficacy, and financial well-being are reliable.

Table 2. Coefficient Determinant Test

Variabel	R Square
Entrepreneur Resilience	0.406
Financial Efficacy	0.470

The R^2 criteria in this study used the basis of Ghozali & Latan (2015), as follows: 0.75 (strong category); 0.50 (moderate category); and 0.25 (weak category). In table 2 the R^2 value for the entrepreneurial resilience variable is 0.406. The R^2 value of entrepreneur resilience is categorized as a moderate model, meaning that the financial wellbeing variable can be explained by the entrepreneurial resilience variable of 40.6%, while the remaining 59.4% is explained by other variables outside the model. The financial efficacy variable has an R^2 value of 0.470 which is categorized as a moderate model, meaning that the financial wellbeing variable can be explained by the financial efficacy variable by 47%, while the remaining 53% is explained by other variables outside the model.

The next test is to calculate the value of Q-Square Predictive Relevance (Q^2) which is a measurement of how well the observations made can give results to the research model.

Q^2 = R^2 entrepreneur resilience + R^2 financial efficacy
= 0.406 + 0.470 = 0.876

According to the calculation above, the Q^2 value is 0.876 so it can be concluded that this research model is categorized as a strong model, meaning that 87.6% of the financial wellbeing variable can be predicted by the entrepreneur resilience and financial efficacy variables. The remaining 12.4% is explained by other variables not included in this research model.

Continued on testing the hypothesis that is to test whether there is an effect of exogenous variables on endogenous variables. The test criteria state that if the path coefficient is positive and Tstatistics T table (1.96, with alpha 5%) or p value level of significance (alpha (α = 5%)) then it is stated that there is a positive and significant effect of exogenous variables on the endogenous variable.

Table 3. Direct Relationship

Exogen	Endogen	Path Coefficient	t	p
Entrepreneur Resilience	Financial Well-Being	0.283	4.236	0.000
Financial Efficacy	Financial Well-Being	0.328	5.279	0.000

The influence of entrepreneurial resilience on financial well-being produces a path coefficient of 0.283 and a Tstatistic of 4.236 with a p value of 0.000. The test results show that the path coefficient is positive and Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). This means that there is a positive and significant influence on entrepreneur resilience on financial well-being, which means that the hypothesis (H1) is accepted.

The effect of financial efficacy on financial well-being produces a path coefficient of 0.328 and a Tstatistic of 5.279 with a p value of 0.000. The test results show that the path coefficient is positive and Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). This means that there is a positive and significant effect of financial efficacy on financial well-being, which means that the hypothesis (H2) is accepted.

Table 4. Indirect Relationship

Exogen	Moderating	Endogen	Indirect Coefficient	t	p
Entrepreneur Resilience	Financial Efficacy	Financial Well-Being	0.145	4.416	0.000

The influence of entrepreneurial resilience on financial well-being through financial efficacy produces a path coefficient of 0.145 and a Tstatistic of 4.416 with a p value of 0.000. The test results show that the path coefficient is positive and Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). This means that there is a positive and significant influence between entrepreneur resilience on financial well-being through financial efficacy, H3 is accepted.

DISCUSSION

The results of this study support the research conducted by Renaldo, Sudarno & Hutahuruk (2020), that financial efficacy is synonymous with personal ability to choose the most effective strategy in creating stability in financial conditions. One of them is the attitude of wanting to try some challenging activities to develop the positive things shown by SMEs owners. Having ambition, competitive spirit, responsibility is deemed necessary if you want to get financial efficacy. This finding is in line with several previous studies, namely those conducted by Brandon & Smith (2009); Saadah (2020); and Woodyard & Robb (2012), agree that financial efficacy provides an opportunity to be more flexible in managing finances. This analysis also proves that entrepreneurial resilience makes a positive and significant contribution to financial well-being.

Supporting Ruiz, Salazar, & Pozo (2017) which states that entrepreneurial resilience provides benefits to satisfaction. Satisfaction is described as a prosperous condition, having the strength and ability to manage finances. The results of this study also prove that entrepreneurial resilience does not only have a positive impact on organizations, such as increasing performance according to research conducted by Mukhti & Fachruddin (2016); Islam & Purnamasari (2019). The results of this study prove that self-confidence is caused by the condition of entrepreneur resilience and good financial efficacy. Self-confidence is a psychological effect of financial well-being, namely a feeling of financial well-being. These results support previous research conducted by Ruiz, Salazar & Pozo (2017); Renaldo, Sudarno & Hutahuruk (2020); Strenitzerová & Achimský (2019); and Giovanis (2019), who explained that entrepreneurial resilience is a strategy to grow resilience that has an impact on performance, it is also a human resource management strategy that has an impact on individuals and has an impact on organizations, for example, can be used as a basis for decision making by SMEs owners to releasing or retaining employees, as a consideration for programming some activities.

Financial efficacy has a relatively small effect as a moderating variable on the relationship between entrepreneur resilience and financial well-being, compared to its direct effect. Apart from these results, it is undeniable that financial efficacy still contributes to the existence of entrepreneur resilience to financial well-being. SMEs owners with good financial efficacy are better able to explore opportunities and determine strategies in managing their finances (Elfahmi, Solikin, & Nugraha, 2020) to make the right decisions (Qomar, Khemta, & Jamil, 2016), such as choosing to do some activities aimed at achieving financial well-being. So that if SMEs owners have more income as a result of having entrepreneurial resilience and financial efficacy, then SMEs owners will be wiser in taking strategies related to financial management because they have full understanding and awareness as an effort to increase financial well-being.

CONCLUSIONS

Entrepreneur resilience and financial efficacy have a positive effect on financial well-being. This shows that the higher the entrepreneurial resilience and financial efficacy, the higher the financial well-being. Entrepreneurial resilience accompanied by a good attitude of financial efficacy will lead to a state of financial well-being, which is a condition created to get comfortable in living life and looking to the future. In other words, the presence of entrepreneurial resilience should be balanced with an attitude of financial efficacy, a wise attitude in managing finances, especially for spending, so that financial well-being will be realized. This research is limited by sample, which is only on international market-oriented entrepreneurs. The hope for further research is that it can further expand the research subjects, can deepen and broaden the studies, topics, and discussions of this research, so as to provide results that are able to describe comprehensively and provide wider benefits for the development of the topic of financial well-being.

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