



FEMALE ENTREPRENEUR'S CHARACTERISTIC, FINANCIAL LITERACY AND RELIGIOSITY ON FUNDING DECISIONS

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Abstract

This study aims to examine the effect of entrepreneur characteristics, financial literacy, and religiosity on the decisions about female entrepreneurship funding in the creative industries in West Sumatra. It used the non-probability sampling techniques with the purposive sampling criteria, involving 130 female entrepreneurs as respondents. The study found that there was an influence of age, income, and personal financial literacy variables on the decision of female entrepreneurship funding in the creative industries in the province. This research is beneficial for women running businesses in creative industries in West Sumatra with the handicraft and fashion industries benefiting the most as the results of this study can be used as additional information in selecting the optimal sources for business financing.

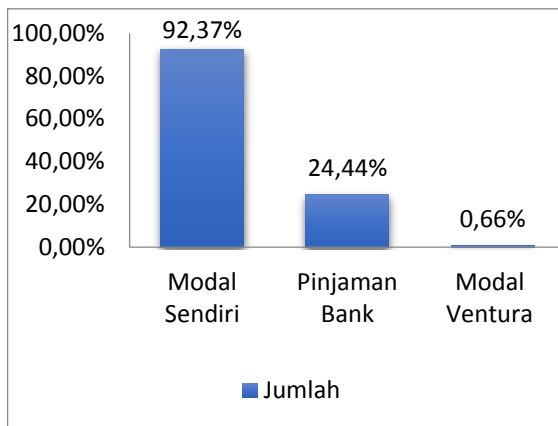
Keyword: age, education, financial literacy, religiosity, debt to equity ratio

INTRODUCTION

West Sumatra has the potential to develop a very large creative industry, due to the fact that almost every district or city in the province has creative products consisting of traditional foods, arts, carvings, and clothing that are worth developing. The micro, small, and medium enterprises (MSMEs) in the West Sumateran towns has developed significantly in the past four years with 10,211 MSMEs being nurtured and supported by the local government. The highest growth of MSMEs was recorded in 2018, totaling 3,091 business units operating with turnover of Rp. 300 million a year (Statistics, 2018). The need for funds as a source of capital is a crucial for a company, and also influences the development of MSMEs (Rita et al., 2018), stated that MSME entrepreneurs see capital

as the most important factor in starting a business and is considered an absolute resource that must be available to start a business, resulting in the development of the financial sector and economic growth in West Sumatra (Antoni et al., 2019). No business opportunity will exists in the absence of capital.

Figure 1 Percentage of Creative Enterprises by Access to Capital



Source: *The Indonesian Agency for Creative Economy (2016)*

This study examined women's involvement in the operations of MSME, mainly those dealing with creative industry, in West Sumatra as, based on custom and cultural practices, women of the Minangkabau tribe are entitled to hold the inheritance rights in the family. Thus, this condition certainly help them obtain the opportunity to manage family property and, at the same time, capitalize the opportunity to improve the family economy by running a business (Chandrayanti et al., 2020). In addition, according to Alhothali (2020), female entrepreneurs are more tolerant and flexible, realistic and creative, passionate and full of energy in doing business but afraid of taking risks, and have a low level of self-confidence (Alhothali, 2020). Some studies, including (Sinha, 2003), showed that most women face some difficulties in accessing capital from financial institutions especially when the country's economic conditions are not good and high interest rates and outsiders do not want to invest in Indonesia (Antoni, Nasfi, Sabri, 2020). Female entrepreneurs prefer to use savings, personal property, and personal loans as the sources of capital (Buvinic et al., 2020). This study aims to determine the key factors that influence the funding decisions made by female entrepreneurs in the

creative industry in West Sumatra. First, it is important to know the characteristics of individuals in influencing funding decisions (Shihadeh, 2018), individual characteristics consist of gender, age, education, and income. Age plays a crucial role in making decisions, one of which is the decision to select the right financial products and services. The more mature someone in terms of age, the more prudent they will be. They do not want excessive spending which will be a burden for them (Hastings & Mitchell, 2020).

The characteristics of education describe someone's level of knowledge to comprehend science well. Education influences decision-making. The higher the level of someone's education, the more knowledge they have, thus in making decisions they will be more careful about payment procedures and interest rate when applying for loans (Aydin & Selcuk, 2019) Someone's income also influences their funding decisions, income is the inflows gained from the delivery or production of goods and services by the company or from the main activities taking place within the company (Boyle et al., 2020). The tradeoff theory explains the factors that influence capital structure, namely company profit (profitability). Companies with high profits tend to raise debt capacity for the next year so that taxable income is lower (Edmans & Mann, 2019). Therefore, the company's profit becomes a key aspect, seen by the company before making a decision regarding capital structure (Rahim et al., 2019).

In developing a business, knowledge about finance is an important and fundamental element for MSME entrepreneurs to formulate a business plan, manage financial matters, and avoid financial problems. According to the Organization for Economic Cooperation



and Development (2018), financial literacy is "a combination of awareness, knowledge, skills, behaviour and attitudes in order to make effective financial decisions and improve individual financial well-being (OECD, 2018)." (Luksander et al., 2014) defined financial literacy as knowledge of financial matters as a basis to make good financial decisions. (Gathungu & Sabana, 2018) found that someone's personal financial management is one of the internal factors that is very important for the survival of the company. Savings are money that is set aside for future use purposes and credit management is one important element in financial management. Someone with low level of literacy will make mistakes in making funding decisions, and this is also reinforced by research Saputra.S.R and Dewi.S.A in Indonesia, where the lack of financial management knowledge in managing MSMEs (Saputra & Dewi, 2017).

The owner of the funds and MSMEs will not decide to choose a financial institution that is also influenced by religious factors (Nasfi et al., 2020). In writing (Kum-Lung & Teck-Chai, 2010) Religion is a belief of someone who can shape behaviour in their lives and is the foundation for morality-based life, which leads to the personal quality and attitudes of people who tend to have noble values that they believe in (Kara et al., 2016). Every religion teaches and emphasizes values that do not conflict with social norms. However, in Islam every decision or action in behaviour must be based on the Hadith and the Quran, including those related to interest that is considered usury (Rahim et al., 2019). A study of Rahim et al. (2019) found the relationship between religiosity and funding decisions, showing that Christian CEOs support a high level of debt compared to CEOs embracing other

religions. The Muslim CEOs do not have a significant impact on corporate debt as they are not very compliant with the teachings of Islam. in the writings of Edi Suandi (2020), where customer behavior also influences the selection of financial institutions including Islamic banking to be chosen for transactions (Suandi.E, Lukman.S, Primalita.R, Rahim.R, 2020).

This research was conducted in West Sumatra with the emphasis on female entrepreneurship in the creative industries, a sector that has a huge potential to develop in the province. The results of this study show that the decision to finance female entrepreneurs in the creative industries in West Sumatra is influenced by several factors, such as age, income, and personal financial literacy. The implications of this study for female entrepreneurs in the West Sumatra creative industry are on the fields of craft and fashion. This research can be used as additional information for businesses in the creative industry, which is related to financial literacy and religiosity, so that female entrepreneurs can be more optimal in making decisions to determine the source of funds . The next section is presented to review the relevant literature and explain our hypothesis. Section 3 is presented to illustrate the data and methodology. Finally, Section 4 data analysis technique, discusses the research findings and Section 5 presents conclusions and implications.

Literature Review

The pecking order theory explains the company's preferences for alternative funding sources for a business by considering the costs of capital arising from each type of funding. The first source of funding for companies is retained earnings. If they are still insufficient, the debt will be the next option with the issuance of new



shares (Myers, 1984) dan as well as according to Ripamonti article (Ripamonti, 2020). Whereas the MM theory explains that funding decisions, whether using debt or not, do not have an impact on the prosperity of the owner, assuming that the capital market is perfect and there are no taxes (Modigliani & Miller, 1958). The assumption of the MM theory is that there is no tax, no agency costs, no information asymmetry, no bankruptcy costs. EBIT is not affected by debt and in the case of bankruptcy, assets are sold at market prices. The trade off theory explains the factors that influence capital structure, namely profit (profitability). Profit is the difference between income and costs for a certain period. Companies with high profits tend to increase debt capacity for the next year so that taxable income is lower. Therefore, the company's profit becomes an important aspect that is seen by the company before making decisions related to capital structure (Myers, 1984) & (Ripamonti, 2020).

Funding is the provision of money or invoices based on an agreement between the bank and other parties that requires those receiving fund to return it after a specified period of time (Antoni et al., 2019) with interest or profit sharing agreed at the beginning (Nasfi et al., 2019). According to Antonio, M. Syafi'I, (Antoni, 2015), funding is the provision of facilities to provide funds to meet the needs of parties in deficit. Decision-making on funding related to the company's capital structure should take into account the costs of capital incurred. The costs of capital are those that must be incurred or paid to get capital in the form of debt, preferred stock, common stock, or retained earnings to finance the company's investment. By taking into account the cost of capital, the selection of capital composition seen from a low level of loans will result in less costs of

capital. Therefore, this study used the debt to equity ratio in measuring capital structure.

Gathungu & Sabana found that age has a significant and negative effect on funding decisions. Taking a sample in Kenya, it was indicated that the higher someone's age, the lower the loan-taking as they will be more careful and also think about the risk if they take debt (Gathungu & Sabana, 2018). Age has a negative and significant effect in making a decision on funding to purchase a house. This argument is in accordance with research conducted by (Shihadeh, 2018), who found that the age coefficient is negative and significant for financial inclusion or making loans to banks for those living in the Middle East, North Africa, Afghanistan, and Pakistan (MENAP). Besides, decisions made by someone are influenced by their educational background (Radianto et al., 2020). The higher the level of someone's education, the more knowledge they have, thus when making decisions they will be more careful in considering it, especially when applying for loans due to payment procedures and interest rate (Gathungu & Sabana, 2018). In line with research performed by (Lin et al., 2019), it was indicated that education has a negative and significant effect on the application for credit or debt.

In writing (Oler et al., 2010) states that income is the inflows obtained from the delivery or production of goods or services by the company or from the main activities taking place within the company (Boyle et al., 2020). Income (revenue) is the amount obtained by someone after providing goods or services to other parties/customers (Rita et al., 2018), supporting the relationship between income and financing decisions are conducted by (Lin et al., 2019).



In (Iwarere & Williams, 2003) stated that income has a significant and positive effect on the application for loans. This is also supported by research performed by (Enström-Öst et al., 2017), that found that income has a relationship with lending institutions in determining credit (Radianto et al., 2020). According to (Shihadeh, 2018), financial inclusion is significantly influenced by factors of income levels of people living in the Middle East, North Africa, and Pakistan. Besides, financial literacy is a basic requirement for someone to avoid financial difficulties or problems. With good financial literacy, someone can secure prosperity in their life, especially in the financial aspect. In line with the above-mentioned findings (Luksander et al., 2014) defined financial literacy as knowledge of financial problems that can be used to make good financial decisions. Gathungu and Sabana found that there is a positive and significant influence between entrepreneurial financial literacy on the financial access for micro entrepreneurs (Gathungu & Sabana, 2018).

This study used the level of financial literacy in the form of personal financial literacy such as about financial recording, financial planning, financial statements, and financial information. The next is savings literacy that covers the importance of savings, savings planning, and how to save money. According to the Financial Services Authority (OJK), financial literacy is knowledge, skills and beliefs that influence attitudes and behaviors to improve the quality of decision making and financial management in order to prosper (OJK, 2019). This is supported by several results of previous studies, including on the influence of financial literacy on access to finance or funding for MSME entrepreneurs (Hussain et al., 2018). The study conducted by (Nkundabanyanga et al., 2014) shows a

significant influence of financial literacy on formal funding decisions at MSMEs in Uganda. According to Suachi (2014), savings literacy among entrepreneurs is high as they understand the importance of savings for their business. According to Gathungu and Sabana (2018), there is a positive and significant influence of entrepreneurial financial literacy on financial access for micro entrepreneurs, as well as research conducted by Antoni in West Sumatra (Antoni et al., 2019).

Minangkabau people are known to stick to the philosophy of the custom stands along with the believing in Islam (*adat basandi syarak, syarak basandi kitabullah*). As a cultural community that upholds traditional and religious values, the Minangkabau people are said to be a religious community (Sulastri et al., 2019). This is reflected in the aphorisms and advice used in a series of traditional activities (Sulastri, Fitria.Y, Syahrizal, 2019). This study looked at the phenomenon of female entrepreneurship in the creative industries in West Sumatra over funding decisions using either their own capital or loans from banks. Islam regulates the faith in a person in Surah Al-Baqarah Verse 208 of Quran: "O you who have believed, enter you into Islam completely [and perfectly] and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy." (Ashari, 2019) stated that religiosity is a dimension of belief that is aligned with creed, religious practices that are aligned with sharia, the experience or appreciation dimension that is aligned with good deeds, the dimension of religious knowledge that is aligned with science, and the experiential dimension that is aligned with morals. The indicators of promoting religiosity, are confidence (ideology); religious worship or practice (ritualistic); religious knowledge (intellectual);



consequentialism; experience or appreciation (experimental).

Ashari (2019) states that religiosity is a dimension of belief that is aligned with creed, religious practices are aligned with sharia, the experience or appreciation dimension is aligned with ihsan, the dimension of religious knowledge is aligned with science, and the experiential dimension is aligned with morals. The five dimensions of religiosity have different levels, thus they also have different implementation in the real life, including in terms of funding activities. Several studies supported the relationship between religiosity and funding decisions or in debt management. Ashari (2019) found that debt management behaviour has a positive effect that if someone lacks knowledge of religious values, the level of faith is low and tends to do things that are forbidden by religion (Ashari, 2019). According to Yeniaras and Akarsu, religiosity can influence the behavior of debt management because if people have a low internalization of religious values, they will be easily tempted to search for debt. If someone has a good level of religiosity then they will think again before going into debt (Yeniaras & Akarsu, 2017).

Based on the above literature, the hypotheses are constructed as follows:

H₁ : Age has a positive and significant effect on funding decisions

H₂ : Education has a positive and significant effect on funding decisions

H₃₁ : Personal financial literacy has a positive and significant effect on funding decisions.

H₃₂ : Savings literacy has a positive and significant effect on funding decisions

H₃₃ : Debt literacy has a positive and significant effect on funding decisions.

H₄ : Religiosity has a positive and significant effect on funding decisions.

H₅ : Revenue has a positive and significant effect on funding decisions.

METHOD

This study examined female entrepreneurship in creative industries in West Sumatra. The variables studied were the funding decisions in the creative industries of MSMEs (Y), age (X¹), education (X₂), income (X₃), personal financial literacy (X₄₁), savings literacy (X₄₂), debt literacy (X₄₃), religiosity (X₅). The research was conducted in 2018. Data collection was carried out by observation and questionnaire methods with a Likert scale of 1-5. The collected data is processed using descriptive and quantitative analysis tools. The population in this study are MSME entrepreneurs in the creative industries in West Sumatra, with a sample of 130 MSME women entrepreneurs.

To see whether the instrument was valid or not, the comparison of the correlation value (r arithmetic) with r table was needed. The questionnaire in this study were 130, then $df = 130 - 2 = 128$ for a significance level of 0.10 was 0.1723. Based on the results of the validity test variables of personal financial literacy, savings literacy and debt literacy, and religiosity, it can be seen that the correlation value on each question is greater than the value of r table of 0.1723. This means that all items contained in the variables of personal financial literacy, savings literacy and debt literacy, and religiosity tested in this study are declared valid.

In addition to validity tests on the study, the research instruments must also be reliable. According to Ghazali (2011), the provisions in measuring reliability of a construct or variable can be considered reliable if it provides a Cronbach's alpha value of > 0.6 . The Cronbach's alpha values



of all variables in this study, namely personal financial literacy, savings literacy, debt literacy, and religiosity, produced figures greater than the minimum Cronbach's alpha value of 0.60. Therefore, it can be concluded that the measurement results of all variables in this study are declared to be reliable.

Meanwhile, the P-P graph normality test the plot of regression standardized residual shows that the data produced forms dots that follow around the diagonal lines along the graph. This indicates that the data of this study have a normal distribution pattern. The heteroscedasticity test results in this study show the distribution of dots forms irregular patterns and spreads above and below zero on the Y axis. Thus, it can be concluded that there is no heteroscedasticity in the regression model.

The multicollinearity test in the multiple regression model can be done by looking at tolerance value and the variance inflation factor (VIF). The results of the multicollinearity prerequisite test can be seen in the following table:

Table 1
Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF

Age	0,922	1,085
Education	0,988	1,012
Income	0,901	1,110
Personal Financial Literacy	0,684	1,461
Saving Literacy	0,856	1,169
Debt Literacy	0,951	1,052
Religiosity	0,755	1,325

Table 1 above shows that the tolerance value and VIF of all independent variables, namely age, education, financial literacy, religiosity, and income, meet the criteria as it is higher than 0.10 for the former and less than 10 for the latter. Therefore, it can be concluded there is no multicollinearity between independent variables.

The statistical test results show the extent of the influence of each independent variable on the dependent variable. The test was carried out using a significant level of 0.10 ($\alpha = 10\%$) with an adjusted R squared value of 0.404. This shows that the age, education, income, personal financial literacy, savings literacy, debt literacy, and religiosity variables accounted for 40.4% of female entrepreneurs' funding decisions, while the remaining 59.6% was influenced by other factors, which were not mentioned in this study.

This study used the multiple linear regression with the following equation:

$$DER = \alpha + \beta_1 Agit + \beta_2 Educit + \beta_3 Incit + \beta_4 Perslyit + \beta_5 Savlyit + \beta_6 Debtlyit + \beta_7 Religit + \epsilon$$

of female entrepreneurship and the average value of the research variables.

Data Analysis Techniques

This descriptive statistical analysis provides an overview of the characteristics

Table 2
Characteristics of Respondents by Age

Age (years)	Total	Percentage
18-24	9	7%
25-34	13	10%



35-44	39	30%
45-54	35	27%
55-64	31	24%
>65	3	2%
Total Number	130	100%

The following are descriptive statistical data in this study. Table 2 shows the characteristics of respondents based on the highest percentage for the age category of 35-44, 45-54 and 55-64 years with the percentage of 30%, 27%, and 24% respectively. The lowest age category was

more than 65 years, which accounted for 2% of the respondents. Therefore, it can be concluded that MSME entrepreneurs in the creative industries were generally adult female aged over 35 years, who were productive and active in carrying out business activities.

Table 3
3Characteristics of Respondents Based on Education

Education	Total	Percentage
SD	9	7%
SMP	28	22%
SLTA	56	43%
D3	15	12%
S1-S2-S3	22	17%
Total Number	130	100%

Table 3 above shows the highest number of respondents was that of the high school graduates, which accounted for 43% and the lowest number of respondents was that of the elementary school graduates (7%). Meanwhile, for the respondents holding the diploma III, undergraduate, and postgraduate degree, the figure was 37%. Referring to the educational levels of female entrepreneurs in West Sumatra, it was found that they were able to find alternative information sources of funding that provide useful information for the development of their businesses. The measurement of educational variables used

dummy variables for the graduates of elementary school, junior high school, and senior high school (category 0) and the holders of diploma III, undergraduate, and postgraduate degree (category 1).

The variety of questions for respondents based on personal financial literacy was divided into seven questions that refer to those about personal financial literacy. For each question, the respondents were asked to choose an alternative answer with five choices, namely strongly disagree, disagree, neutral, agree, and strongly agree. The characteristics of respondents that was based on personal financial literacy can be seen in Table 4 below:



Table 4
Characteristics of Respondents Based on Personal Financial Literacy

No	Question	Frequency						Mean
		STS	TS	N	S	SS	Total	
1	account book to record all income and expenses	8	30	8	46	38	130	3,58
2	the separation of business finance and personal finance	1	40	32	48	9	130	3,18
3	the withdrawal of salary	17	46	29	30	8	130	2,74
4	the formulation of annual financial plan	4	54	23	31	18	130	3,04
5	the projection of business cash flow	5	47	33	33	12	130	3,00
6	the preparation of financial statements (balance sheet, income statement)	2	21	57	40	10	130	3,27
7	the understanding of financial information & its use for business	42	54	22	11	1	130	2,04

Table 4 above shows the questions for the personal financial literacy variables. Most of the respondents gave the answer with the highest percentage of 3.58% to the question regarding of the account book, which records income and expenses, while the lowest percentage of the respondents gave the answer to the question of the understanding of financial information used to manage their business.

The respondents were also asked to see their understanding of savings. The respondents' savings activity in managing their business was also examined to determine the level of savings literacy. Four questions were presented in the savings literacy variable. The following are the results of the frequency of alternative answers chosen by respondents based on the questions on the research questionnaire:

Table 5
Characteristics of Respondents Based on Personal Financial Literacy

No.	Questions	Frequency						Mean
		STS	TS	N	S	SS	Total	
1	the knowledge about the importance of savings for business	0	10	27	59	34	130	3,90
2	the plan for the amount of savings every week/month	1	26	37	51	15	130	3,41
3	regular savings	1	14	50	44	21	130	3,54
4	financing personal routine expenses without	3	31	53	38	5	130	3,08



	withdrawing savings							
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Some 3.90% respondents responded to the question of the importance of savings for business activities. This was the highest percentage of respondents' response in this variable, while the lowest percentage of the respondents confessed that they used savings to meet personal routine expenses. It can be concluded that most respondents used savings for their business activities.

Debt literacy refers to the respondents' knowledge of debts that they will use to fund their business activities. The debt literacy variable presented three questions. The following are the results of the frequency of alternative answers selected by the respondents based on the questions on the research questionnaire:

Table 6
Characteristics of Respondents Based on Debt Literacy

No.	Questions	Frequency						Mean
		STS	TS	N	S	SS	Total	
1	Borrowing is risky for business	0	15	46	45	24	130	3,60
2	Debt is something inevitable in business	0	10	42	49	29	130	3,75
3	The difference between the simple interest rate and the compound interest rate	0	22	39	43	26	130	3,56

The table above shows that the majority of the respondents of 3.75% chose to reply the question about debt is something inevitable in business and the answer with the lowest percentage of 3.56% was on the question about the difference between the simple interest rate and the compound interest rate. It can be concluded

that the respondents were unable to not owe in carrying out business activities.

The religiosity variable presented twelve questions that refer religiosity. The following are the results of the frequency of alternative answers chosen by the respondents based on the questions on the research questionnaire:

Tabel 7
Characteristics of Respondents Based on Religiosity

No.	Questions	STS	Frequency					Mean
			TS	N	S	SS	Total	
1	always pray five times a day on time	1	9	61	32	27	130	3,58
2	salways pray at the mosque	1	37	59	27	6	130	3,00
3	always perform obligatory and <i>sunnah</i> worship	0	11	73	38	8	130	3,33
4	know the contents of the Al-Quran, the main points of the teachings that must be believed and	0	0	49	72	9	130	3,69



	implemented							
5	knowing Islamic laws in culture, society, politics, and economy	0	0	25	93	12	130	3,90
6	obeying Islamic laws in culture, society, politics and economy	0	0	30	85	15	130	3,88
7	knowing that interest is usury	0	0	9	56	65	130	4,43
8	understand the general rules of Islamic economy	0	12	44	66	8	130	3,54
9	obey and implement Islamic norms in life	0	2	3	31	94	130	4,67
10	realize that debt must be paid	0	2	5	35	88	130	4,61
11	debt obligations that have not been paid is accounted for after death	10	38	51	14	17	130	2,92
12	prefer business affairs through sharia banks compared to conventional banks	0	10	16	30	74	130	4,29

Alternative answers chosen by each respondent in providing the answer with the highest response to the question of debt obligations that have not been paid accounted for after death amounted to 4.67% and the answer with the lowest percentage of 2.92% went to the question item of the preference to use their own capital rather than debts. It can be concluded that regarding of the question on religiosity, the respondents realized that the debt that has not been paid is accounted for after death due to the fact that the female respondents in this study are Muslim.

RESULTS AND DISCUSSION

The regression test results were partially based on the significance value as shown in Table 8 and it can be concluded that there was a significant negative effect of the age on funding decisions. This research involved female entrepreneurs LLDIKTI Wilayah X

venturing in the creative industries in West Sumatra. Their age ranged from 18 to 24 years, 25-35 years, 35-44 years, 45-54 years, 55-64 years, and over 65 years. The results of this study are supported by research conducted by (Tsalitsa & Rachmansyah, 2016), which found that age has a significant negative effect on funding decisions (DER).

Table 8
Multiple regression test results

Variable	Coefficient
(Constant)	3,934 (.000)
Ag	-8,035*** (.000)
Educ	-1,495 (0,137)



Inc	-1,834* (0,069)
Persly	2,041** (0,043)
Savly	-0,117 (0,907)
Debtly	-0,827 (0,410)
Relig	-1,095 (0,276)
R Squared	0,436
Adj R Squared	0,406
F Stat	13,491
F (Prob)	0,000
Sampel	130

Note: Age is age; Educ is Education with dummy variables 1 are diplomas and scholars; 0 is the other; Inc is an increase in revenue; Persly is personal financial literacy; Savly is saving literacy; Debtly is debt literacy; Relig is religiosity. Significance: *** 1%; ** 5%; and * 10%

The negative effect indicates that the higher the age, the lower the possibility to take loans as someone will be more careful and also think about the risks or impacts of taking debts, including in financial management or funding decisions. This is in line with research conducted by Alma (Zappala et al., 2013), which found that female entrepreneurs are more realistic and afraid of taking risks. The significance value of the education variable was 0.137, which is higher than the probability value of 0.10. Thus, it can be concluded that there was no effect of education on funding decisions. The results of this study are supported by research conducted by (Tsalitsa & Rachmansyah, 2016), which suggested that education has a significant negative effect on funding decisions.

The negative influence indicates that the high level of education does not affect someone's funding decisions. In a similar way, the low level of education does not influence someone in making decisions on funding. The results of this study are also supported by research conducted by (Rita et al., 2018), which found that education has an insignificant negative effect on loans or credit. Given the significance value of the income variable of 0.069, which is greater than the probability value of 0.10, it can be concluded that the hypothesis (H_3) was accepted or that there was an influence of income on funding for female entrepreneurship. This study is supported by (Iswantoro & Anastasia, 2013), who found that the relationship of income and the type of funding selected is negative and significant. Majority of the respondents in their research were women, who tend to think more about the risk in making decisions to apply for bank loans due to the high interest rate. The higher someone's income, the more reluctant they apply for loans.

The personal financial literacy (H_{41}) variable had a significant positive effect on funding decisions (DER). The results of this study are supported by research conducted by (Tsalitsa & Rachmansyah, 2016), which found that financial literacy has a positive and significant effect on loan-taking. The positive influence indicates that the better the level of someone's financial literacy, the higher the loan-taking is, and vice versa. With better personal financial literacy, someone is supposed to have knowledge about financial products and services, including their features, benefits, and risks as well as the rights and obligations in using them. Therefore, someone can manage their finances to select the right financial products and services needed and is able to minimize financial risks that may



occur. This argument is supported by (Gathungu & Sabana, 2018), who suggested that personal financial literacy has a significant relationship with the access to finance for micro entrepreneurs because every entrepreneur has a written financial plan. Keeping records is a basic skill that must be possessed by a business person due to its nature as an important source for funding decisions and a guideline for minimizing risk.

Given the significance value of the savings literacy variable of 0.907, which is greater than the probability value of 0.10, it can be concluded that the hypothesis (H_{32}) was rejected or there was no savings literacy (X_{42}) on funding decisions. The results of this study are supported by research conducted by (Putri & Hamidi, 2019), which found that financial literacy does not significantly influence the decision of funding source selection due to the fact that the respondents have low level of knowledge of financial management. However, this is not supported by good financial management practices and entrepreneurs generally cannot save money regularly, not to mention the difficulty in saving money in the MSME businesses and respondents are also considered not well aware of other investment products. The hypothesis (H_{33}) was rejected or there was no influence of debt literacy on funding decisions. The t-arithmetic value for the debt literacy variable was -0.827. The results of this study are in line with research conducted by (Putri & Hamidi, 2019), which found that financial literacy does not significantly influence the decision of funding source selection. The respondents had fairly good knowledge of financial management, but this was not supported by good financial management practices. In fact, based on the study, the tight credit management would drive the respondents to

choose the non-bank funding sources. Gathungu and Sabana found that most of Nairobi's micro businesses did not take loans as they did not need initial capital and operating capital (Gathungu & Sabana, 2018).

There was no effect of religiosity (X_5) on funding decisions for female entrepreneurs, as seen from the t-value for the religiosity variable that is equal to -1.095, because the t arithmetic value is lower than the t table value of 1.97912. The results of this study are supported by research conducted by (Hikmiyah, 2019), which found that religiosity has a significant negative effect on debt management, implying that the more pious someone, the less their debts are or the more reluctant they apply for interest-bearing loans. Religiosity has an insignificant negative effect on the debt management behavior. It can be concluded that the religiosity level of the respondents does not affect them in making funding decisions. Neither the high level nor the low level of religiosity influences their funding decisions.

CONCLUSION

This research was conducted in West Sumatra with female entrepreneurs venturing in creative industries selected as the respondents. The purpose of this study is to determine the effect of entrepreneurs' characteristics, financial literacy, and religiosity on funding decisions of entrepreneurs venturing the MSME creative industries. This research was conducted by distributing questionnaires to 200 entrepreneurs with 130 women as the respondents with age ranging from 18 years to 64 years. The results show that there was a negative and significant effect on the age variable of female entrepreneurs in funding decisions. This is because the more



mature the age of the female entrepreneurs, the more careful they make funding decisions by thinking more about the risks or impacts that occur when taking loans in financial management or funding decisions. Likewise, the income variable had a significant negative effect on female entrepreneurs' funding decisions. This is because the amount of income was quite high and the respondents were not interested in applying for loans. They tended to use their own capital and be more careful in managing risks. In the meantime, the personal financial literacy variable had a positive and significant effect on funding decisions. This is because the high level of personal financial literacy is supposed to help someone be well aware of financial products and services in terms of features, benefits, and risks as well as the rights and obligations in using them. Thus, someone can their finance to determine the right choice of funding sources and be able to minimize financial risks that might occur.

This study is expected to provide the female entrepreneurs venturing in the creative industries in West Sumatra with benefits. Most of the female entrepreneurs in the province ventured in the craft and fashion businesses, factors that influence the choice of MSME funding sources related to the characteristics, income, and personal financial literacy of the respondents so that they can be more optimal in making decisions about funding sources for the future development of businesses. Future studies are expected to raise the number of respondents to be more than 150 for better results. Increase the number of independent variables in order to obtain better results in research such as adding innovation and leadership variables. It is hoped that research can be expanded, not only limited to female entrepreneurs in West Sumatra but on a national scale.

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