

THE ROLE OF FINANCIAL LITERACY IN FINANCIAL MANAGEMENT IN
ACCOUNTING PROGRAM VOCATIONAL STUDENTS

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ABSTRACT

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Financial literacy gives students the ability to become financially independent. They can take responsibility for their own finances and avoid unnecessary debt. Apart from that, it can increase financial risk awareness. This research aims to determine the role of financial literacy in financial management among accounting study program vocational school students. The method used in this research is a qualitative method and literature review. Respondents were accounting study program vocational school students and school teachers. Data was taken by interviews and observations as well as reviewing previous references. The results of the research show that financial literacy is very important to prepare Accounting Study Program Vocational School students to be able to manage their finances wisely and responsibly in the future.

INTRODUCTION

Financial literacy has a very important role in financial management, especially for Accounting Study Program Vocational School students. It is necessary to understand financial concepts. Financial literacy helps students understand basic concepts such as budgeting, saving, investing, and debt. This is important so they can make wise financial decisions in the future. Financial literacy can help in the development of financial management skills. By understanding financial literacy, students can learn how to manage their money more effectively. They can prepare a budget, manage expenses, and plan savings. Students can also prepare for the future. Students who have good financial literacy will be better prepared to face various financial situations in the future, whether when entering the world of work or when making investment decisions (Homan, 2015).

Another benefit that needs to be considered is that it can encourage financial independence. Financial literacy gives students the ability to become financially independent. They can take responsibility for their own finances and avoid unnecessary debt. Apart from that, it can increase financial risk awareness. Students are taught to understand the risks associated with various financial products, so they can make better choices and avoid common financial pitfalls (Widiyanto, et al, 2023).

In financial education, it is very important to provide practical experiences, such as investment simulations or budgeting projects, so that students can apply the knowledge they have learned (Wahyuddin, et al. 2024). This will help them become professionals who not only understand accounting theory but are also skilled in managing their finances. This study aims to determine the role of financial literacy in financial management for vocational high school students majoring in accounting (Wiliansa, R., & Rachmadani, 2024).

METHOD

This study uses qualitative methods and literature review. Qualitative methods are research approaches used to understand and explore social phenomena, behaviors, or experiences from the perspective of participants (Pahleviannur et al., 2022). This method focuses on collecting descriptive and narrative data, and often involves in-depth analysis of the context and meaning of the data collected. The literature review method is an approach used to collect, analyze, and express information from various literature sources that are relevant to the research topic (Fadli, 2021).

The following are the steps and descriptions of the literature review method. The first step in this research is determining the research topic. Choose a topic that is specific and relevant to your field of study. The topic must be clear and focused to make it easier to search for literature. The second step is to find literature sources. Look for relevant sources, such as books, journal articles, theses, research reports, and online sources. These sources can be found through libraries, academic databases (such as Google Scholar, JSTOR, or ProQuest), and academic websites. The third step is to choose relevant sources. Choose sources that are appropriate to the research topic. Consider the reliability, credibility, and relevance of the source to the research question being asked. The fourth step is to read and analyze the source.

By reading and analyzing each source in depth. Note down key information, arguments, methods, findings, and conclusions from each literature read. The fifth step is organizing the information. Organize the information that has been collected into certain categories or themes. This can help in identifying patterns, differences, and gaps in previous research. The sixth step is to compile a literature review. Create a literature review section in your research report. This literature review usually includes a summary and analysis of the existing literature, showing the context and relevance of the topic being studied. And the last step is to draw conclusions.

The research was conducted from May to July 2024 at one of the vocational schools in Bekasi city. The students who became respondents were 10 people from the Accounting Study Program, class XII and 2 teachers. Data collection activities were carried out by means of interviews, and observations.

RESULT AND DISCUSSION

Financial literacy is defined as a person's ability to understand and use a variety of financial skills, including budgeting, investing, and debt management. Research shows that high levels of financial literacy contribute to better financial decisions (Wibowo, 2022).

Impact on Personal Financial Management

- a. Students who have good financial literacy tend to be better able to manage personal budgets, set financial goals, and assess investment options. This shows that a good understanding of financial concepts helps students make more rational decisions and avoid financial problems (Savitri, 2016).

Financial Education in Schools

The curriculum in vocational high schools with accounting programs often includes basic financial education, providing students with the skills needed to manage their finances in everyday contexts. The influence of this formal education has been shown to be significant in improving financial literacy, especially among young students (Kartika, M. A., & Fitria, 2024).



Figure 1. Vocational Students (SMK)

Financial Risk Awareness

- 1) Financial literacy also increases students' awareness of the risks and benefits of various financial products. With a better understanding of risk, students can make better decisions regarding investments and spending, and avoid excessive debt.

- 2) Positive Financial Behavior

Research shows that students with a high level of financial literacy tend to have healthy financial behavior, such as discipline in saving and investing. It's important to build good financial habits from an early age. *erilaku Keuangan yang Positif*

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- 4) Preparation for the Future

Strong financial literacy is seen as important preparation for students to enter the workforce and manage personal finances after completing their education. The ability to make the right and strategic decisions influences their financial independence in the future.

5) Academic Performance and Engagement

Several studies show a positive relationship between financial literacy and students' academic performance in accounting. Students involved in financial literacy programs also show greater interest in studying finance and accounting related topics. *inerja Akademik dan Keterlibatan*



Figure 2. Vocational Students (SMK)

Based on interviews and observations from several students and teachers and combined with library sources, several financial literacy roles can be gathered which are very important in financial management, especially for Accounting Study Program Vocational School students. The following are some of the roles of financial literacy in this context, namely,

a. Basic Understanding of Finance

Financial literacy helps students understand basic financial concepts such as expenses, income, savings, and investments. This understanding is very important for students who will enter the world of work (Saraswati, A. M., & Nugroho, A. W. 2021).

b. Decision-making

With good knowledge of finance, students can make better financial decisions, both in everyday life and in business aspects in the future.

c. Budget Management

Financial literacy teaches students how to manage their budget. They learn how to plan expenses and save, which are important skills for achieving financial goals (Purba.et. al, 2022)

d. Financial Awareness

Financial literacy fosters awareness of the importance of long-term financial planning. Students are taught to think about the future and how to plan financially to achieve goals, such as higher education or purchasing assets (Suprpto, 2021).

e. Entrepreneurship

For students interested in starting a business, financial literacy provides knowledge about how to manage money, calculate costs, and analyze profitability, all of which are very important in business (Vernia, et al, 2023)

f. Avoiding Debt

With proper knowledge about financial management, students can avoid unnecessary debt and understand the consequences of loans (Amelinda, et al, 2024).

CONCLUSION

The role of financial literacy can prepare students to be more competitive. Besides that, financial literacy has a fundamental role in managing the finances of Accounting Study Program Vocational School students. Therefore, it is recommended that the financial education curriculum be strengthened and better integrated into learning to improve overall financial literacy.

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