



Financial attitude and financial performance of export MSMEs: Financial well-being as a mediating

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Abstract

This study aims to analyze the effect of financial attitudes on financial well-being and financial performance moreover, it analyses financial well-being to mediate the effect of financial attitudes on MSME financial performance. This is explanatory research with quantitative data analysis method. The unit of analysis is the 112 small and medium sized enterprises (SMEs) in the handicraft industry that export in Banyuwangi Regency. Samples were drawn using saturation and census sampling. Structural Equation Modeling (SEM) analysis, explain that there is a direct effect of financial attitudes on financial well-being and financial performance and financial well-being can mediate the effect of financial attitudes on financial performance. This study concludes that the financial attitude of MSMEs for export handicrafts in Banyuwangi Regency contributes to financial well-being and improving financial performance and financial well-being is able to improve financial performance and is able to mediate the effect of financial attitudes on MSME financial performance. This study's practical implication is that the export of handicraft (MSMEs) in Banyuwangi Regency need to have a financial attitude to develop a knowledge of personal financial orientation such as the ability to create effective financial planning records.

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1. Introduction

The role of Micro, Small and Medium Enterprises (MSMEs) can help increase local economic growth by creating jobs and generating income for the surrounding community (Agyapong & Attram, 2019). According to Morina (2020) MSMEs have a very important role in economic growth, social development, and poverty alleviation in developing countries. According to Khalique, Shaari, and Isa (2011) MSMEs can be found both in rural and urban areas. MSMEs in rural areas often focus on agricultural production, fisheries and handicraft industries, while MSMEs in urban areas often focus on creative industries, services and information technology.

The existence of MSMEs contributes to poverty alleviation efforts through job creation (Adomako, Danso, & Ofori, 2015). One of the MSME commodities is the handicraft business; the handicraft business plays a vital role in economic development and growth, not only in developing countries like Indonesia but also in developed countries. During the pandemic years, 2020 and 2021, the export value of Indonesian handicraft products have recorded continuously positive growth. In 2021 exports of Indonesian handicraft products reached USD 743. Fifty million or growing 16.48 per cent year over year. Whereas in 2020, the export value reached USD 638.33 million.

The success of economic development in East Java has been greatly influenced by the growth of the creative industry sub-sector activities, especially by encouraging exports that can increase foreign exchange; development-oil export value in East Java during the period of January to -April 2022 was recorded at US\$7,728.2 million or increased 19.08% year over year (Jatim.bps.go.id). The success of economic development in East Java has been greatly influenced by the growth of the creative industry sub-sector activities. One of the areas in East Java that has made a big contribution in encouraging handicraft exports is Banyuwangi Regency, with MSMEs making kalimba musical instruments by exporting to Jamaica, Brazil, Korea and France; besides that, handicrafts in the form of bracelets, anklets, rings, cutlery, which have been exported to France, England and Poland.

The increasing exports of handicraft products in Banyuwangi Regency, East Java, Indonesia, can be interpreted as an increase in the financial outcomes of handicrafts. It is interesting to study the improvement of the financial performance of handicraft exports. Financial performance is a representation of a company's success, which may be regarded as the results of the many operations that have been carried out. Financial performance is an analysis performed to determine how far a company has implemented it by adhering to the criteria of financial implementation (Fahmi, 2012). Tuffour, Amoako, and Amartey (2022) that measures the financial performance of MSMEs with profit, revenue, and sales. Meanwhile, Eke and Raath (2013) measure the financial performance of MSMEs by changing the total assets, capital, turnover, and profits. Agyapong and Attram (2019) measure SMEs' financial performance by sales growth, profit margins, cost efficiency and market share.

Asmin, Ali, Nohong, and Mardiana (2021) measures the content of financial performance with sales, assets, and revenue growth. Fitria, Soejono, and Tyra (2021) SME financial performance indicators consist of sales growth, capital growth, profit growth, market growth and workforce growth. Ahmad and Jamil (2020) use profit, sales and cash flow to measure SMEs' financial performance. Maduekwe and Kamala (2016) measure the financial performance of SMEs from sales growth, cash flow, operating income, net profit margin and return on investment. Because most SMEs are not ready or able to provide company performance data alongside financial data, the owner's perception technique might be used (Dess & Beard, 1984). Lee and Tsang (2001) state that the real conditions in SMEs are not yet available records that meet the applicable financial accounting standards; therefore, performance measurement uses the owner's perception.

SME financial performance is driven by superior resources, which are reflected in financial attitudes. Financial attitudes, a combination of concepts, facts, and feelings regarding learning, play a vital role in influencing company performance. As a result, MSMEs produce better preparedness to respond, which leads to more effective decisions that generate profits for business owners (Potrich, Vieira, & Mendes-Da-Silva, 2016). According to Renaldo, Sudarno, and Marice (2020) financial attitude indicators are measured by applying for credit (instalments), making regular investments, being responsible for financial well-being and having confidence in financial management. Susan (2018) explains that belief in saving patterns, recording cash flow, decide spending priorities, being responsible for financial well-being, making a financial management budget and making investment decisions is an indicator of financial attitude. Ismail et al. (2017) discussed how monthly spending control indicators assess financial behaviour, future financial goals, frugality and saving each month, future financial management, creation of monthly budgets, regular investing, and repayment of debt (instalments).

Shim, Barber, Card, Xiao, and Serido (2010) explained that indicators of financial attitude are measured by tracking monthly expenses, spending according to the budget, paying monthly instalments, saving every month, and investing for long-term goals. Ali, Abd Rahman, and Bakar (2013) measured financial attitudes with indicators of money as life happiness, the desire to save, control spending, dislike of lending money and money security.

Humaira and Sagoro (2018) explained that a study in MSMEs regarding indicators of financial attitudes consists of an orientation towards personal finance, debt philosophy, money security, and assessing personal finance. Fahim and Balan (2020) measures indicators of the financial attitude of MSME owners with confidence in taking risks, willingness to attend financial training and social factors. Sumani and Roziq (2020) states that four measures are used to assess financial attitudes are personal finance orientation, money philosophy, financial security, and personal finance respect. Dai, Kostini, and Tresna (2021) measure financial attitudes with obsession, power, effort, inadequacy, retention, and security.

The results of a previous empirical study regarding the effect of financial attitudes on the financial performance of MSMEs were carried out by Esiebugie, Richard, and Emmanuel (2018); Eniola and Entebang (2017); Rahim and Balan (2020); Buchdadi, Nguyen, Putra, and Dalimunthe (2020); Sharma, Lodha, Sharma, Ali, and Elmezughi (2022); Valiyeva and Thomas (2022) concluded that financial attitudes have an influence on the financial performance of SMEs. Different results were shown by Menike (2019) and Akhtar and Liu (2018) financial attitudes do not affect the financial performance of MSMEs. The existence of a research gap creates an opportunity that further investigate the influence of financial attitudes on MSMEs' financial performance by analyzing the variables that can mediate the effect of financial attitudes on MSMEs' financial performance, namely financial behavior and financial well-being.

Financial well-being can be measured objectively. Renaldo et al. (2020) explained that financial well-being could be measured through healthy financial conditions, comfort in dealing with financial situations,

confidence in controlling personal finances, satisfaction with financial situations, and urgent financial situations. [Fazli Sabri, Cook, and Gudmunson \(2012\)](#) explained that the content of financial well-being is your savings, current financial situation and financial management skills. [Adam, Frimpong, and Boadu \(2017\)](#) measure financial well-being with comfortable conditions on income, debt levels, current financial adequacy, adequacy in paying bills, absence of financial problems and income ability to meet financial goals. Financial well-being is defined as financial satisfaction, which includes satisfaction with material and non-material aspects of a person's financial situation, perceptions of financial stability, including financial resource adequacy, and the objective amount of material and non-material financial resources owned by everyone ([Delafrooz & Paim, 2011](#)). [Sumani and Roziq \(2020\)](#) Self-assurance regarding the financial situation one has because of the business, a sense of security in current financial conditions, comprehending the philosophy of debt and recognizing the value of money in the future are all indications of financial well-being.

Moreover, each person has an equal quantity of material and intangible financial resources. [Sumani and Roziq \(2020\)](#) indicators of financial well-being are shown by self-confidence about the financial condition one has because of the business, a sense of security in current financial conditions, understanding the philosophy of debt and understanding the value of money in the future.

Financial well-being is manifested when a person can satisfy all of their demands and yet have money left over, when they can regulate their finances and feel financially secure now and in the future ([Muir et al., 2017](#)). [Gutter and Copur \(2011\)](#) state that financial well-being can be high when you have a positive financial attitude and demonstrate healthy financial behaviour. One Theory that can explain how a person performs an action or behaves is the Theory of Planned Behaviour. According to planned behaviour theory, attitude toward behaviour is an important aspect that can anticipate an action. However, while assessing subjective norms and gauging a person's perceived behavioural control, it is vital to account the person's attitude ([Ajzen, 2020](#)). The Theory of Planned Behaviour states that a person's mindset affects how they should act. Financial attitude influences decision-making; applying the right attitude will make it easier to achieve financial success. Financial attitudes will form behavioural habits that can improve financial well-being. The results of previous empirical studies on the effect of financial attitudes on financial well-being were conducted by [Mutang, Wider, Bahari, and Madlan \(2017\)](#); [Abdullah, Fazli, Mastura, and Arif \(2019\)](#); [Sumani and Roziq \(2020\)](#) and [Bilal and Zulfiqar \(2016\)](#) prove that financial attitudes influence financial well-being.

Financial well-being is a state in which a person can fully meet current and continuing obligations, feel secure about their future finances, and make choices to enjoy life ([OECD, 2016](#)). Financial well-being is very important because having financial well-being can provide a sense of security for the owner ([Bureau, 2015](#)). A high level of financial well-being contributes increase in MSME financial performance. [Joo \(2015\)](#) reveals that financial well-being is a condition that is healthy financially. [Fazli Sabri et al. \(2012\)](#) revealed financial well-being as being financially healthy, happy, and free from worries based on the subject's assessment of one's financial situation. [Gutter and Copur \(2011\)](#) states that financial well-being is related to financial management. If financial management is bad, financial well-being will not materialize, and vice versa. If financial management is good, then financial well-being will be realized. When MSMEs are debt-free, their financial performance improves because they are less concerned about financial issues, which might gradually diminish the need for financial assistance to address debt issues ([Raaij, 2016](#)). The results of previous empirical studies on the effect of financial well-being on the financial performance of MSMEs were carried out by [Farrington \(2017\)](#); [Dijkhuizen, Gorgievski, van Veldhoven, and Schalk \(2018\)](#); [Zakaria, Abdulatiff, and Ali \(2014\)](#) and [Renaldo et al. \(2020\)](#) proves that financial well-being influences the financial performance of MSMEs.

In light of this setting, fundamental issues with the Theory of Planned Behavior, which holds that a person's attitude towards behaviour is a significant factor that may influence how they behave. Nonetheless, it is critical to take into account a person's attitude when evaluating subjective norms and determining their perceived level of behavioural control ([Ajzen, 2020](#)). MSMEs will have good financial performance if its actors can put forward attitudes in measuring behaviour control through financial well-being so that the concept of the Theory of planned behaviour is applied in a study of financial well-being as a mediating effect of financial attitudes on the financial performance of MSMEs that developed in one model.

2. Study Literature

2.1. Theory of Planned Behaviour

The Theory of planned behaviour ([Ajzen, 1991](#)) is an extension of the previous Theory, namely the Theory of Reasoned Action (TRA). First, with relation to psychology's interest in attention; second, the model takes into account deliberate processes and how they could affect how people behave. Furthermore [Ajzen \(2005\)](#) suggests that these three influencing factors are attitudes, subjective norms, and perceived behavioural control that can predict individual intentions in carrying out certain behaviours. [Laura \(2020\)](#) suggests that applying the Theory of Planned Behaviour (TPB) can influence individual decisions to use money. Furthermore, [Ajzen \(2005\)](#) suggests that these influencing factors are attitudes, subjective norms.

2.2. Financial Performance

Financial performance is the outcome of corporate management’s efforts to effectively manage the firm’s assets over a specific time period (Rudianto, 2013). Companies need financial performance to determine and evaluate the company’s success based on the financial activities that have been carried out. Tuffour et al. (2022) revealed that the measurement of MSME financial performance is by profit, revenue and sales (sales). Eke and Raath (2013) measure the financial performance of MSMEs with changes in total assets, capital changes, turnover, and profits. Agyapong and Attram (2019) stated that sales growth, profit margins, cost efficiency, and market share measure SMEs’ financial performance. Meanwhile, Asmin et al. (2021) measures the content of financial performance with sales growth, asset growth and revenue growth.

2.3. Financial Well Being

Financial well-being is the condition of a person who can fulfil his current and future financial obligations, prepare to meet future financial needs, make choices and enjoy his life (Bureau, 2015). Renaldo et al. (2020) explained that financial well-being could be measured through healthy financial conditions, comfort in dealing with financial situations, confidence in controlling personal finances, satisfaction with financial situations, and urgent financial situations. Fazli Sabri et al. (2012) explained that the content of financial well-being is money savings owned, current financial situation and financial management skills. Adam et al. (2017) measure financial well-being with comfortable conditions on income, debt levels, current financial adequacy.

2.4. Financial Attitude

Financial pattern created by a person's financial attitude can be used to inform personal financial planning. The financial attitude becomes an evaluative response to financial behaviour (Dew & Xiao, 2011). Renaldo et al. (2020) namely comparing in applying for credit (instalments), investing regularly, being responsible for financial well-being and having confidence in financial management. Susan (2018) explains the content of financial attitudes, beliefs about saving patterns, recording cash flows, deciding spending priorities, being responsible for their financial well-being, and making financial management budgets and investment decisions.

3. Method

This study uses a quantitative method with a type of explanatory research. The unit of analysis is the Micro, Small and Medium Enterprises (MSMEs) in the craft sector that are exported in Banyuwangi Regency, totalling 112 business actors and taking samples using saturated/census sampling. By using Structural Equation Modelling (SEM) analysis. A Likert scale is used to measure the variables, and each answer to a question in the questionnaire is given a measurement score of 5 (1=strongly disagree, 3=neutral, and 5=strongly agree). In general, the constructs and indicators used are presented in Table 1.

Table 1. Operational variables.

Variables	Indicators	Source
Financial attitude	Personal finance orientation	Ismail et al. (2017); Susan (2018); Shim et al. (2010); Humaira and Sagoro (2018); Sumani and Roziq (2020); Renaldo et al. (2020); Ali et al. (2013); Dai et al. (2021)
	Debt philosophy	
	Financial security	
	Personal finance management	
Financial well being	Current financial condition	Adam et al. (2017); Fazli Sabri et al. (2012); Renaldo et al. (2020); Sumani and Roziq (2020);
	Saved money	
	Financial management skills	
	Financial security	
MSME financial performance	Profit growth	Tuffour et al. (2022); Ahmad and Jamil (2020); Agyapong and Attram (2019); Maduekwe and Kamala (2016); Asmin et al. (2021)
	Revenue growth	
	Sales growth	
	Asset growth	

4. Results

4.1. Confirmatory Factor Analysis Results

A summary of the results of the CFA test on the indicators that make up the research variables is shown in Table 2.

Table 2 demonstrates that all of the indicators tested are important for forming financial attitude, financial well-being and MSME financial performance. The indicator that is considered to have the greatest contribution in shaping the financial attitude variable is financial security. The biggest influence on forming financial well-being is money saved.

Table 2. Factors loading (λ) research variable estimator.

Indicators and variables	Factors loading (λ)
Financial attitude \rightarrow Personal finance orientation	0.634
Financial attitude \rightarrow Debt philosophy	0.688
Financial attitude \rightarrow Financial security	0.836
Financial attitude \rightarrow Personal finance management	0.724
Financial well-being \rightarrow Current financial condition	0.704
Financial well-being \rightarrow Saved money	0.828
Financial well-being \rightarrow Financial management skills	0.695
Financial well-being \rightarrow Financial security	0.509
MSME financial performance \rightarrow Profit growth	0.634
MSME financial performance \rightarrow Revenue growth	0.703
MSME financial performance \rightarrow Sales growth	0.840
MSME financial performance \rightarrow Asset growth	0.729

4.2. SEM Goodness of Fit Analysis Results

If empirical facts support the theoretical model in the conceptual research framework, it fits. Figure 1 shows the results of the overall model goodness of fit test, which was performed after the SEM analysis to assess whether empirical data supported the hypothetical model.

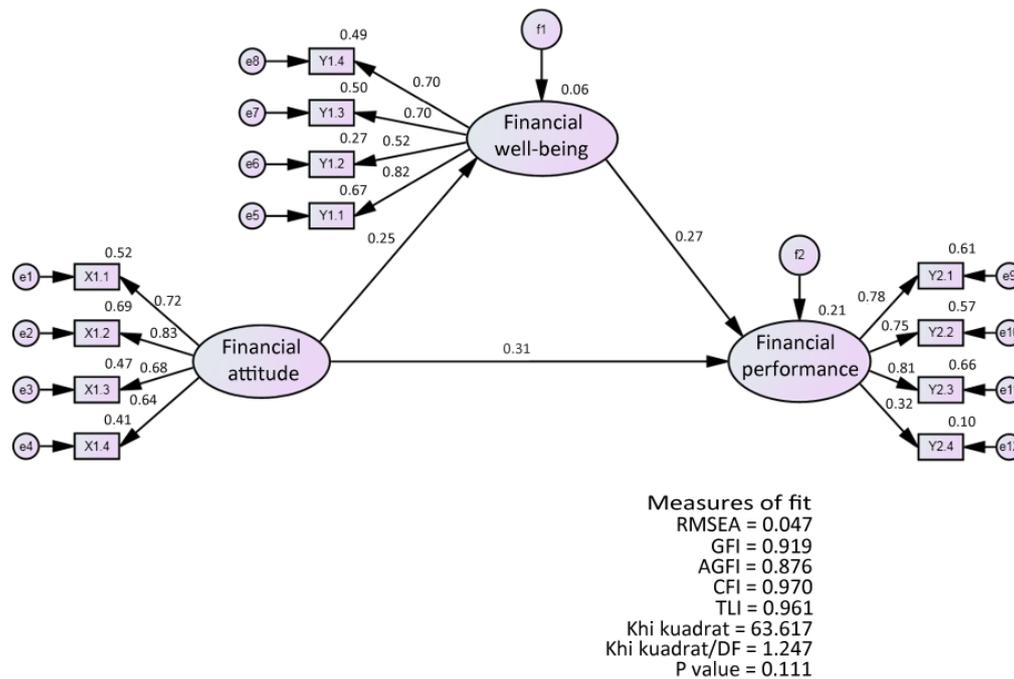


Figure 1. The results of the goodness of fit overall model test.

The model test results presented in Figure 1 were evaluated based on the goodness of fit indices criteria in Table 3.

Table 3. Evaluation of goodness of fit indices overall model SEM criteria.

Goodness of fit index	Cut-off value	Model results	Explanation
X ² – Chi square	Expected small	63.617	Good
Sign probability	≥ 0.05	0.111	Good
CMIN/DF	≤ 2.00	1.247	Good
GFI	≥ 0.90	0.919	Good
AGFI	≥ 0.90	0.876	Marginal
TLI	≥ 0.95	0.961	Good
CFI	≥ 0.95	0.970	Good
RMSEA	≤ 0.08	0.047	Good

Note: CMIN/DF: The minimum sample, discrepancy function divided with degree of freedom; GFI: Goodness of fit index, AGFI: Adjusted goodness of fit index, TLI: Tucker Lewis index, CFI: Comparative fit index, RMSEA: The root means square error of approximation.

To test the structural model of the relationship between financial attitudes and financial performance through financial well-being, it is necessary to test the suitability of the entire model statistically. The Goodness of Fit Overall test results based on Figure 1 and Table 3 explains that not all criteria indicate a good model. Referring to the opinion of Arbuckle and Werner (1999) that the best criteria as an indication of the goodness of the model are a CMIN/DF value that is less than two and an RMSEA that is below 0.08. This study's CMIN/DF and RMSEA values have met the cut-off value. Therefore, the hypothetical model is supported by empirical data to be suitable and feasible.

4.3. Hypothesis Testing Results

The results of testing the relationship hypothesis between financial attitudes and financial performance through financial well-being are presented in Table 4.

Table 4 explains that financial attitudes have an influence on the financial well-being and financial performance of MSMEs. Furthermore, financial well-being has an influence on the financial performance of MSMEs. The influence between these variables is shown by the probability value (p) < 5%.

The indirect effect can be seen from the direct influence coefficient and the sum of the coefficient values of each variable: financial attitudes, financial well-being and MSME financial performance.

Table 4. Results of the direct effect hypothesis test.

Influence between variables	Cr.	P
Financial attitude → MSME performance	2,660	0.008*
Financial attitude → Financial well being	2,147	0.032*
Financial well-being → MSME performance	2,339	0.019*

Note: Description: *p<5%.

Table 5. Results of indirect effect hypothesis testing.

Influence between variables	Direct influence	Indirect influence through competitive advantage	Total impact
Financial attitude -> Financial well being	0.252	-	0.252
Financial well being -> MSME financial performance	0.271	-	0.271
Financial attitude -> MSME financial performance	0.313	0.252 x 0.271 = 0.068	0.381

Based on Table 5, it can be explained that the indirect effect of financial attitudes on the financial performance of MSMEs through financial well-being has a total coefficient value of 0.381 and is greater than the direct effect of financial attitudes on the financial performance of MSMEs of 0.313. These results indicate that the financial well-being variable can mediate the effect of financial attitudes on the financial performance of export SMEs in Banyuwangi Regency.

5. Discussion

5.1. The Influence of Financial Attitudes on MSME Financial Performance

According to the analysis results, East Java financial performance influences their ability to succeed financially. This result means that the financial performance has an impact on the financial performance of MSMEs producing handicrafts for export in Banyuwangi Regency, as measured by profit growth, income growth, sales growth and asset growth, is influenced by financial attitudes. The financial attitude possessed by SMEs for export handicrafts in Banyuwangi Regency has implications for attitudes towards personal financial orientation by making notes on financial planning to ensure proper financial management and making financial plans to make the right decisions.

Financial attitude on the understanding of debt philosophy by handicraft sector MSME actors with their ability to compare credit options before applying for credit and awareness of the obligation to pay debts regularly. Attitudes towards financial security owned by MSME actors by investing in the profits obtained and the savings pattern to support their business activities. Financial attitude towards personal financial management, regarding the ability, possessed to manage personal finances and be responsible for the sustainability of its business.

Based on the results of the confirmatory analysis, the financial attitude of MSME actors regarding financial security is implicated in the ability of MSME actors to make investments if they make a profit and have a mindset on the importance of saving regularly to support their business, this condition causes financial attitudes not to affect performance. When MSME actors get benefits besides being used to make investments, for example investing in equipment and supplies to support their business and allocating in savings can also be used for personal needs and improving the welfare of their employees, so it does not affect financial performance, especially sales performance.

5.2. The Effect of Financial Attitudes on Financial Well Being

Attitude MSME finance for export handicrafts in Banyuwangi Regency contributes to financial well-being. The result shows that the financial attitude of export craft MSME managers in Banyuwangi Regency can improve their financial well-being as indicated by a healthy financial condition because export craft MSME actors have an orientation towards personal finance by keeping records of financial planning for proper financial management and assisting in making investment decisions. One of the elements of developing financial well-being is understanding the philosophy of debt, specifically the capacity to comprehend credit possibilities before applying for a loan and knowledge of paying debts.

The financial attitude of MSMEs for export handicrafts in Banyuwangi Regency by investing if they get profits and preparing a saving pattern to maintain their financial security can contribute to financial well-being. This contribution is indicated by the savings owned by export handicraft MSME actors for the continuation of their business and for unexpected needs as a form of financial well-being towards saving money. This condition explains that the average handicraft sector MSME actor has nominal savings in either banking institutions or cooperatives. Manufacturers of export goods maintain the sustainability of their business, even though the nominal savings owned by MSME players vary and are adjusted to the size of their business.

The results of this study support the previous empirical studies [Mutang et al. \(2017\)](#); [Abdullah et al. \(2019\)](#); [Sumani and Roziq \(2020\)](#) prove that financial attitudes influence financial well-being. A good financial attitude creates the ability to master good financial control, manage finances properly according to goals and have the financial freedom to make choices that will make life more enjoyable (prosperous).

5.3. The Effect of Financial Well-Being on MSME Financial Performance

The financial well-being MSMEs for export handicrafts in Banyuwangi Regency contribute to the financial performance of MSMEs. MSMEs for handicraft exports in Banyuwangi Regency currently have a healthy financial condition and feel comfortable facing the financial situation in terms of income, debt levels and business sustainability. The condition of money being saved for the future and meeting if there are unforeseen needs is also the basis for financial security for MSME actors in the export craft sector. The financial management skills of MSME actors because they can earn income from their business to achieve financial goals and can, cover business costs without borrowing and have the ability to overcome financial problems.

Financial well-being money saved by having savings for the future and saving for unexpected needs can contribute to the financial performance of MSMEs in export handicrafts in East Java. The contribution indicated by sales growth by generating higher sales for this year, this month compared to last month and sales for this year higher than last year. It shows that financial well-being by having savings in the future can be used to continue the business of MSME players to increase sales by always fulfilling requests or orders for products from abroad.

The results of this study support the research conducted by [Farrington \(2017\)](#) revealed that SMEs consider their business profitable, financially secure, and successful, and experience growth in sales, profits, and an increase in the number of employees, symbolizing financial well-being to create a financial performance. Meanwhile, [Andrés, González, and Castillo \(2022\)](#) Financial well-being can directly influence the financial performance of SMEs in Spain. SMEs that create established jobs and wealth can gain a competitive advantage and generate financial performance. [Zakaria et al. \(2014\)](#) described the role of financial well-being, which can affect financial performance. The results of the study show that financial well-being has a significant effect on financial performance.

5.4. Financial Well Being Mediates the Effect of Financial Attitudes on Financial Performance

The results of this prove that financial well-being can mediate the effect of financial attitudes on the financial performance of MSMEs. This result indicates that craft export SMEs in East Java have a good financial attitude can maintain financial security by making investments in assets utilised for operational support activities and saving to preserve their money (funds). By storing money for unforeseen expenses, one can improve their financial situation both now and, in the future, ensuring a safe and healthy future.

The results of this study follow the theoretical concepts disclosed ([Gutter & Copur, 2011](#)) states that financial well-being can be high when you have a positive financial attitude and demonstrate healthy financial behaviour. [Raaij \(2016\)](#) demonstrated that SMEs might increasingly reduce their need for financial assistance to resolve debt problems, which would improve their financial performance because they wouldn't have to worry about them as much.

6. Conclusion

The role of financial attitudes in improving the financial performance of export handicraft MSMEs in Banyuwangi Regency contributes in improving financial performance. It shows that improving the financial performance of MSMEs by increasing sales of products exported by MSME actors is supported by financial attitudes, as indicated by the ability of MSME actors to secure their money, such as making regular investments and preparing regular savings patterns to maintain business continuity. It means that the

financial performance of MSMEs in the craft sector increases because MSME actors have financial well-being, as indicated by using stored savings to use for the future and saving for unexpected business needs. Financial well-being can mediate the effect of financial attitudes on MSME financial performance.

The relationship between financial attitudes and financial well-being is related to the theory *Planned Behavior Theory* (TPB). In the Theory of planned behaviour, an attitude toward behaviour factors influences behaviour. This factor is included in the internal factor. In this study, attitude is represented by financial attitudes. The better MSME actors have behaviour in financial management. For MSME actors in export handicrafts in Banyuwangi Regency, a financial attitude is needed to build an understanding of personal financial orientation where the importance of ability and awareness in making notes on financial planning so that they can manage finances appropriately and assist in making investment decisions.

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