

# The Influence Of Performance Allowances And Financial Literacy On Financial Behavior Through Locus Of Control As An Intervening Variable In Library And Archives Service And Bappedalitbang Probolinggo City

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## **Abstract:**

Financial condition as well as low knowledge and poor financial behavior ultimately can lead to financial failure. Bad financial behavior if owned by state officials will have consequences, losses and effects negative for their personal and work lives. Failure to organize Personal finances will have a serious negative impact in the long run, where this not only has a personal impact, but also have a negative impact on companies and society. In the end, students need Have and implement good financial management behavior. This research aims to analyze the impact of performance allowances and financial literacy on financial behavior through locus of control as an intervening variable in Library and Archives Service of Bappedalitbang Probolinggo City. Population in This research includes all ASNs within the Library Service and Archives, and the Development Planning, Research and Development Agency(Bappedalitbang) Probolinggo City as many as 132 people. The data analysis method used is Structural Equation Modeling technique - Partial Least Squares (SEM-PLS). The results of the research show that first performance allowances have an insignificant but positive effect on finances behavior, which shows that every performance allowance increases then financial behavior will also increase but not significantly. Second financial literacy has an insignificant but positive effect on finances behavior, which shows that every time financial literacy increases, financial behavior will also increase but not significantly. Third locus of control has a significant and positive effect on financial behavior, which shows that every time the locus of control increases, financial behavior does too will experience an increase. Fourth performance allowances have a significant and positive effect on locus of control, namely shows that every time the performance allowance increases, the locus of control will also increased. Fifth financial literacy has a significant and positive effect on locus of control, namely shows that every time financial literacy increases, so will locus of control increased. Sixth performance allowances have a significant and positive effect on financial behavior through locus of control, which shows that locus of control can increase the influence of performance allowances on financial behavior. Seventh financial literacy has a significant effect on financial behavior through locus of control, which shows that locus of control can increase influence financial literacy on financial behavior.

**Key Word:** Allowances Performance, Financial Behavior, Financial Literacy, Locus of Control.

Date of Submission: 18-03-2024

Date of Acceptance: 28-03-2024

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## **I. Introduction**

The role of human resource quality as the driving force of Organizations can influence the success of achieving organizational goals. Human resources are something that must continue to be developed, even though the facilities and infrastructure they have are sophisticated, they are not supported by quality human resources, an organization will not can progress and develop. The existence of government for the life process society is very important in achieving the goals of a just, prosperous and social society prosperous. Here quality human resources play an important role increase the work productivity of government and private organizations.

Examining aspects of the quality of government officials in their role public servants still have various problems which result in no effective and efficient service. In government governance there are: human resources called the State Civil Apparatus (ASN) which consists of Civil Servants (PNS) and Government Employees with Contract Agreements (PPPK). Civil Servants are the main element of human resource state apparatus that has a role in determining success administration of government. After the ratification of Law Number 5 2014 Concerning ASN (hereinafter referred to as the ASN Law), PNS have professional strength and ability, high integrity in carrying out duties, having a work culture and being trusted by the public with support Reliable Human Resources (HR), but deep thought administration of government and public services still occurs as a result of handling seems slow so that people are increasingly doubtful and decreased public

trust in government institutions. Behavior employees sometimes act as officials (should be servants community), discriminatory services, lazy in taking initiative tendency to wait for instructions from superiors, indifferent attitude towards complaints society, lack of transparency regarding information and accountability of officials.

One area of implementing bureaucratic reform is system strengthening human resource management of the apparatus, with the aim of, among other things, giving birth apparatus with integrity, neutral, competent, capable, professional, performing high and prosperous. One of the efforts made to make this happen. This is stated in the Bureaucratic Reform Action Plan that has been established through the Minister of State Apparatus Empowerment and Reform Regulation Bureaucracy Number 11 of 2015 is Strengthening Based Remuneration Systems Performance and Formulation and Determination of ASN Salary System Policy and Civil servant pensions and regulations of the Minister for Administrative Reform and Bureaucratic Reform Number 63 of 2011 Guidelines for Structuring the Allowance System Civil Servant Performance.

Performance allowances are one type of civil servant expenditure (PNS) which has different characteristics when compared to the type of shopping other employees, that is, there is an element of employee performance in the calculation. The history of Indonesian bureaucratic reform has given birth to a policy system performance allowance (pay for performance) as a substitute for a remuneration system long (pay for person), with the Ministry of Finance as a pioneer that has implementing a performance allowance remuneration system since 2011. In its development, several changes to the allowance policy have been made performance, until the issuance of Presidential Regulation Number 156 of 2014 which mandates that the policy of providing performance allowances to civil servants Ministry of Finance carried out in order to improve employee performance.

A civil servant has responsibilities, duties and functions to serve society or the public, so that the performance assessment of a civil servant is very close relation to the level of perceived satisfaction of service users. If the user. It can certainly be said that public services feel maximum satisfaction that the civil servant has good performance. Based on Government Regulation Number 46 of 2011 concerning Assessment Civil servant work performance, civil servant performance is the result of a civil servant's work achievements based on two elements of assessment, namely assessment of achievement of performance targets and assessment of behavior. Performance targets are an employee's annual plan contains targets to be achieved. Civil servant performance targets are prepared and evaluated every year, with an assessment consisting of several aspects includes: quality, quantity, output quality, and costs. Meanwhile, behavior Work is the behavior, attitude or action that a civil servant must have by referring to the provisions of behavioral assessment laws and regulations employee. In Government Regulation Number 46 of 2011, the appraiser aspect Behaviors include service orientation, integrity, commitment, discipline, cooperation, and leadership.

Performance allowances are given to Civil Servants in amounts based on the results of job evaluations and work achievements of Civil Servants Civil is given every month. Job evaluation is a process for assess a position systematically using criteria position factors based on position information to determine the value of the position and job class. Performance allowances are given by taking into account achievements employee performance every month. However, in reality, effectiveness in implementing the determination of performance allowances for employees in environment of the Library and Archives Service, and the Planning Agency Regional Development, Research and Development (Bappedalitbang) City Probolinggo gave rise to several problems which later became factors causes of inability performance allowances are less effective in improving employee performance.

Consumptive life can indirectly reflect behavior finances due to low public financial awareness and knowledge, even though the financial behavior of the Indonesian people tends to be consumptive giving rise to various other irresponsible financial behaviors such as lack of savings, investment, emergency fund planning, and budgeting funds for the future (Herdjiono and Danamik, 2016).

Based on research from the Financial Services Authority (OJK, 2016) shows that the financial knowledge possessed by the community Indonesia is still at a fairly low figure, namely 29%. According to National Financial Literacy Survey (2016) conducted by the Services Authority Finance, Indonesian people also do not understand various products and financial services offered by formal financial services institutions and more interested in other potentially detrimental investment offers they. These data indicate that the level of financial knowledge Indonesian society is relatively low. The series of data above shows that financial knowledge has a close relationship with financial behavior. In carrying out their daily activities, civil servants work in the environment

The Library and Archives Service, and the Probolinggo City Bappedalitbang must Having intelligence in managing finances, of course to be able to managing finances well requires having good financial knowledge also. By having good financial knowledge, people will have awareness of the importance of having good financial behavior. Technology and developments over time have brought changes to habits

using money, where society is now more focused on enjoyment and perceived pleasures that must be fulfilled in order to feel comfortable and validated its existence in society (Pulungan, 2017).

In today's modern era with a world that is more financially driven rather than being driven by trade as its characteristic, it leads to dependence of quality of life on the individual's capacity to manage affairs finance. In this process, financial literacy can play a major role. Financial Literacy can be defined as a person's ability to make informed judgments and to make effective decisions regarding the use and management of money (Nicolini, 2019). Financial literacy can also be understood as the ability to understand and manage financial resources effectively for financial well-being (Santini, Ladeira, Mette, & Ponchio, 2019). From the definition above, it can be understood that financial literacy has relationship to Financial Behavior. However, it is necessary first financial literacy is known from a multidimensional perspective.

Financial literacy is important for people to have the millennial generation remembers growing up amidst a culture of debt accommodated with an expensive lifestyle and ease of obtaining credit. Para Millennials often enter the business world as young entrepreneurs (Employees Civil Affairs) without having responsibility for resources and management their finances carefully. It is also known that the younger generation is rare practice basic financial skills, such as budgeting, daily savings planning or planning for long-term needs and so on (Amanah, Iradianty, & Rahardian, 2016). The importance of literacy Finance (financial literacy) has gained space on the manager's agenda public, government agencies and other organizations (Lusardi & Mitchell, 2008). Several studies conceptualize and operationalize financial literacy as synonymous with actual financial knowledge, while others embracing behavior.

Financial behavior is starting to become known and developing in the business and academic world in 1990. Its development was pioneered by the existence of a person's behavior in the decision-making process. By him financial behavior must lead to appropriate financial behavior responsible for all finances, both individual and company can be managed well (Herdjiono, Damanik, & Musamus, 2016). Method a person's behavior will significantly affect well-being its finances (OECD, 2016). Therefore, it is very important to catch evidence of behavioral dimensions in Performance Benefits measures. Individuals with high financial behavior are more likely to participate in the stock market and formal financial markets, active savings, making bill payments punctual, carefully evaluates financial products, prefers savings to loans in times of crisis, self-assess the affordability of the product, do retirement planning, accumulating and managing assets well, preferred low cost loans and others related to financial behavior (Garg & Singh, 2018).

Another psychological aspect that can influence financial behavior is locus of control (center of control) was first proposed by Julian Rotter (1966) a social learning expert. The definition of locus of control, namely beliefs, expectations or attitudes about the interrelationships between a person's behavior with consequences. Locus of Control is how a person perceives an event and whether or not someone can control the event that occur on him. When someone can control themselves from within to use the money only as needed or use the money as needed, It is likely that someone will also carry out their financial behavior well, the better the locus of control the individual has the better his financial behavior.

Implement good financial management habits at an early stage will help individuals to achieve goals in financial terms, which can be this is done by making a spending plan so that it can help to prioritize spending based on needs rather than wants. Good financial planning is absolutely necessary to avoid this behavior consumptive. Financial planning can be based on the age of the manager and must be sequentially from productive age to retirement. Financial behavior that doesn't planned starting from productive age until entering retirement caused by not being able to carry out good financial management. Financial behavior habits must be started from a young age, becoming more active work, save, and invest in youth, the more money that can be used in retirement.

Based on researchers' observations of employees within the Department Libraries and Archives, and Probolinggo City Bappedalitbang are available a phenomenon that shows that some employees are not yet capable manage their finances well, this can be seen from employees who don't have future financial planning, and are also very rare to find employees who make budgets for their needs or just do it recording financial expenses. Apart from that, there is a lack of employee knowledge to manage finances in making financial decisions this can be done seen from the fact that some employees are unable to set aside some money for saved or invested, with a fairly extravagant lifestyle, funds that should be able to meet their needs for the next month, but it runs out faster. Apart from that, there is low financial knowledge owned by several employees who consider money as the most important part in life compared to friendship as well consider money as an uplift in life. Financial condition as well as low knowledge and poor financial behavior ultimately can lead to financial failure. Bad financial behavior if owned by state officials will have consequences, losses and effects negative for their personal and work lives. Failure to organize Personal finances will have a serious negative impact in the long run long, where this not only has a personal impact, but also have a negative impact on companies and society. In the end, students need Have and implement good financial management behavior.

Based on the description that has been explained, the researcher wants to do research on the influence of performance allowances and financial literacy on financial behavior through locus of control as an intervening variable in Library and Archives Service, and Probolinggo City Bappedalitbang.

**II. Material And Methods**

The variables analyzed in this research consist of independent variables, intervening variables, and dependent variables. Independent variables are variables that do not depend on other variables, in this study they are performance allowances and financial literacy. Intervening variables are variables that can influence the independent variable on the dependent variable directly or indirectly, in this research it is locus of control. The dependent variable is a variable that is influenced by an independent variable that cannot stand alone, in this research it is the financial behavior. Population in this research includes all ASNs within the Library Service and Archives, and the Development Planning, Research and Development Agency (Bappedalitbang) Probolinggo City as many as 132 people. The sampling technique used was through Saturated sampling technique is a technique for determining the sample if all members the population is used as a sample (Sugiyono, 2020). So this research using the entire population, namely 132 people.

This research assesses respondents' answers to the statements given using a Likert Scale. This research uses 6 scales with scores used for each as follows: strongly agree (SS) skor 6, agree (S) skor 5, simply agree (CS) skor 4, disagree (KS) skor 3, don't agree (TS) skor 2, strongly disagree (STS) skor 1. Primary data source in this case the data was obtained directly from ASN employees in environment of the Library and Archives Service, and the Planning Agency Development, Research and Development (Bappedalitbang) Probolinggo And secondary data It can also be obtained via the internet, journals and various literature related to and supporting research.

The data analysis method used in this research is descriptive analysis and the multivariate Structural Equation Modeling technique - Partial Least Squares (SEM-PLS). In descriptive analysis we will discuss the form of distribution of respondents' answers to the overall concept being measured. From the distribution of respondents' answers Then, a trend will be obtained from all the answers which exists. To get the tendency of respondents' answers to each variable will be based on the average score value and also on each item statements are categorized into score ranges based on the score results. To find out the criteria for all indicators for all research variables a criteria scale is needed with the following stages:

1. Look for the maximum score or ideal score and minimum score

Ideal skor = highest skor (6)

Minimum skor = lowest skor (1)

2. Find the interval and length of the Class Interval

Interval = ideal score – minimum score = 6 – 1 = 5

Interval length = interval : number of interval classes = 5 / 6 = 0.83

Next is the continuum line which is used for convenience the researcher looks at the assessment categories regarding the variables studied.

Very Bad	Bad	Poor	Good Fair	Good	Very Good
1 – 1,83	1,84 – 2,67	2,68 – 3,51	3,52 – 4,35	4,36 – 5,19	5,20 – 6

Figure 3.1 Continuum Line

Source: Sugiyono (2020)

**III. Result**

Respondents are employees of the Library and Archives Service, and the Agency Development Planning, Research and Development (Bappedalitbang) of Probolinggo City as many as 132 people

1. Gender

Respondents were taken from all genders, both male and female. From the results of data collection, it shows that male gender dominates, namely 67% of respondents, while the rest are female gender. Female gender is 33% of respondents as shown in the following picture:

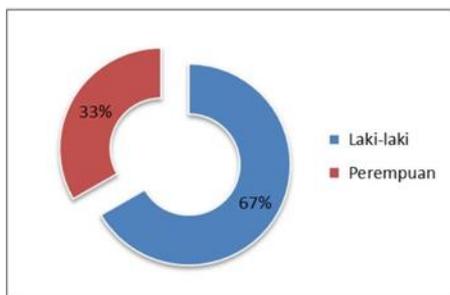


Figure 4.1 Diagram of Respondents Based on Gender  
Source: Processed data, 2023

2. Age Group

Respondents with an age group of more than 40 years are respondents the largest was 36%, aged between 31 – 40 years, as many as 27%, aged between 11 – 30 years old as much as 24%, and aged 20 years as much as 13%, can be seen in the following picture:

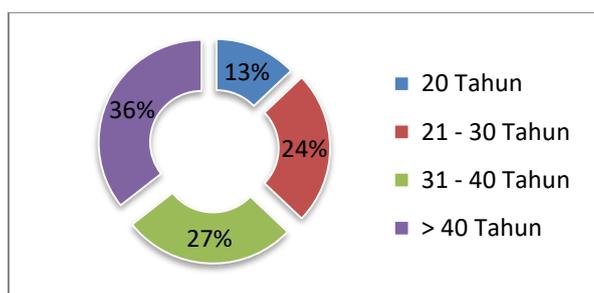


Figure 4.2 Diagram of Respondents by Age Group  
Source: Processed data, 2023

3. Final Education

From the final education group of junior high school as much as 9%, high school as much as 33%, 27% have a diploma and 31% have a bachelor's degree, as perfollowing picture:

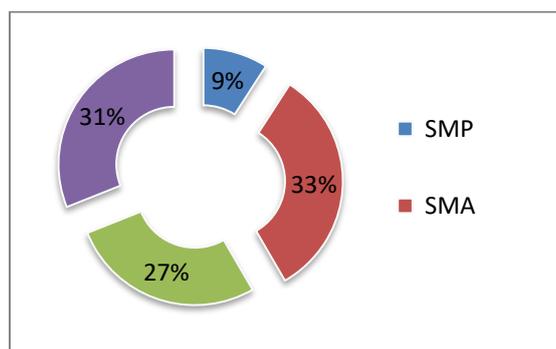


Figure 4.3 Diagram of Respondents Based on Final Education  
Source: Processed data, 2023

4. Work Periode

From the respondents' responses, it shows that as many as 17% work period 1 – 5 years, 24% have a work period of 6 – 10 years, 34% have a work period of 10 – 15 years and 25% have a work period of more than 15 years, as shown in the following figure

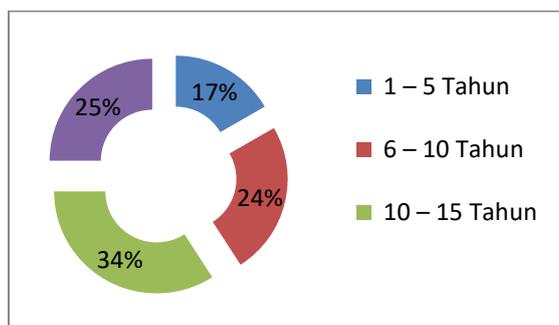


Figure 4.4 Diagram of Respondents Based on Years of Work  
Source: Processed data, 2023

### Descriptive Analysis

#### Performance Allowance Variable ( $X_1$ )

Results of descriptive analysis of variables Performance Allowance ( $X_1$ ), shows that the average respondent assessment of the performance allowance variable is known included in the good category (4.93). The highest rating is on the item question x1.4 is "Implementation of training by the Cooperatives and Business Service Mikro Probolinggo does not interfere with work and business operations Brother" with an average of 4.89. while the lowest assessment exists in question item x1.4, namely "You receive appropriate performance allowances with a defined plan" with an average of 4.98. Based on these results indicate that performance benefits are one form The motivation given to employees is built on a plan aims to encourage employee enthusiasm in improving their performance for the sake of to achieve goals.

#### Financial Literacy ( $X_2$ )

Results of descriptive analysis of variables Financial Literacy ( $X_2$ ), shows that the average respondent's assessment of the financial literacy variable is within good category (4.98). The highest assessment is found in question item x2.1, namely "You have an understanding of the basics of personal financial management" with an average of 5.06. Based on these results, it shows that the average average employees in the Library and Archives Service, and the Agency City Development Planning, Research and Development (Bappedalitbang). Probolinggo is able to understand the basics of managing finances and funds owned to develop and live more prosperously in the future.

#### Financial Behavior ( $Y$ )

Results of descriptive analysis of variables Financial Behavior ( $Y$ ), shows that the average respondent's assessment of the Financial Behavior variable is in the good category (5.05). The highest rating is in question item y.1, namely "You shop for goods or services according to your needs" with an average of 5.03. Based on these results, it shows that the average employee regulates and provide funds for expenses according to needs, including: compare prices between shops or supermarkets beforehand decide to make a purchase.

#### Locus of Control ( $Z$ )

Results of descriptive analysis of variables Locus of Control ( $Z$ ), shows that the average respondent's assessment of the locus of control variable falls into the good category (5.14). The highest rating is in question item z.1, namely "You are responsible for the tasks given" with an average of – average of 5.22. Based on the results of this study, it shows that on average employees within the Library and Archives Service, and the Planning Agency Development, Research and Development (Bappedalitbang) Probolinggo City like to work hard, employees have the drive for deep creativity carry out their work and be responsible for the tasks carried out.

### Structural Equation Modeling Technique - Partial Least Squares (SEM-PLS)

Statistical methods used to test hypotheses in research this is Partial Least Square (PLS). PLS is an alternative method of analysis with variance-based Structural Equation Modeling (SEM). The advantage of this method is that it does not require assumptions and can be estimated with a relatively small sample size. In Structural Equation Modeling. There are two types of models formed, namely the measurement model (outer model) and structural model (inner model). The measurement model explains a proportion of the variance every manifest variable (indicator) that can be explained in a latent variable. Through the measurement model, it will be known which indicators are dominant in forming latent variables. After the measurement model of each variable latent is described, then the structural model that will be studied is described the influence of each

exogenous latent variable (exogenous latent variable) on endogenous latent variables . The tool used is the Smart PLS Version 3 program specifically designed to estimate structural equations with a basis variance.

The value of testing this research hypothesis is shown in the model resultsresearch depicted in Figure:

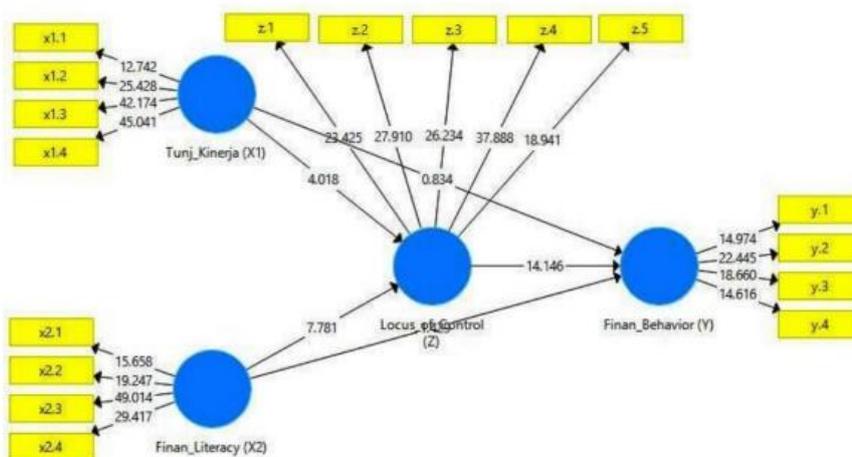


Figure 4.11 Research Model Test Results  
Source: Primary data, processed 2023

Based on Figure 5, the results of the influence hypothesis test directly presented in the following table:

**Table 1. Direct Effect Hypothesis Result**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
X1 Performance Allowances → Y Financial Behavior	0,049	0,049	0,058	0,846	0,398
X1 Performance Allowances → Z Locus of Control	0,270	0,273	0,071	3,834	0,000
X2 Financial Literacy → Y Financial Behavior	0,102	0,100	0,070	1,463	0,144
X2 Financial Literacy → Z Locus of Control	0,541	0,540	0,073	7,442	0,000
Z Locus of Control → Y Financial Behavior	0,767	0,770	0,050	15,209	0,000

Source: Primary data, processed 2023

- Hypothesis 1. Performance allowance (X1) has a significant effect on financialsbehavior (Y).  
The test results show that the original positive sample value is 0.049, t-statistic value 0.846 < 1.96 and p-value 0.398 > 0.05 which proves that performance allowances have an insignificant and positive effect on financesbehavior, thus Hypothesis 1 is rejected.
- Hypothesis 2. Financial literacy (X2) has a positive effect on financebehavior (Y).  
The test results show that the original positive sample value is 0.102, t-statistic value 1.463 < 1.96 or p-value 0.144 > 0.05 which proves that financial literacy has an insignificant and positive effect on finances behavior, thus the 2nd Hypothesis is rejected
- Hypothesis 3. Locus of Control (Z) has a positive effect on financial behavior (Y).  
The test results show that the original positive sample value is 0.767, t-statistic value 15.209 > 1.96 or p-value 0.000 < 0.05, which provesthat locus of control has a significant and positive effect on finances behavior, thus the 3rd Hypothesis is accepted.
- Hypothesis 4. Performance allowances (X1) have a positive effect on Locus of Control (Z).  
The test results show that the original positive sample value is 0.270, t-statistic value 3.834 > 1.96 or p-value 0.000 < 0.05 which proves that performance allowances have a significant and positive effect on locus ofcontrol, thus the 4th Hypothesis is accepted.
- Hypothesis 5. Financial literacy (X2) has a positive effect on Locus of Control (Z)

The test results show that the original positive sample value is 0.541, t-statistic 7.442 > 1.96 or p-value 0.000 < 0.05 which proves that financial literacy has a significant and positive effect on locus of control, This the 5th hypothesis is accepted.

The results of the indirect influence hypothesis test are presented in the table following:

**Table 2. Indirect Effect Hypothesis Result**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
X1 Allowances Pperformance → Z Locus of control → Y Financial behavior	0,207	0,210	0,056	3,722	<b>0,000</b>
X2 Financial literacy → Z Locus of control → Y Financial behavior	0,415	0,416	0,061	6,840	<b>0,000</b>

Source: Primary data, processed 2023

- Hypothesis 6. Performance allowances (X1) have a significant effect on financials behavior (Y) is mediated by Locus of control (Z).  
The test results show that the original sample value is positive (0.207), value t-statistic is 3.722 (>1.964) with a p-value of 0.000 (<0.05), then it can be concluded that performance allowances (X1) have a significant and positive effect on Financial behavior (Y) is mediated by Locus of control (Z), thus The 6th hypothesis is accepted.
- Hypothesis 7. Financial literacy (X2) has a significant effect on finance behavior (Y) is mediated by Locus of control (Z).  
The test results show that the original sample value is positive (0.415), value t-statistic is 6.840 (>1.96) with a p-value of 0.000 (<0.05), then you can it is concluded that performance allowances (X1) have a significant and positive effect on Financial behavior (Y) is mediated by Locus of control (Z), this The 7th hypothesis is accepted.

#### IV. Discussion

##### The Influence of Performance Allowances on Financial Behavior

Performance allowance is the amount of money a person receives due to efforts or their performance. The results of hypothesis testing show that allowances performance has a positive but not significant relationship with financial behavior, this indicates an increase in performance allowances a person, there is also their awareness about financial behavior, and in general The overall perception of respondents is good regarding performance allowances. Perry and Morris (2005) stated that individuals who have income tends to be more responsible in management their finances, and when they have a high sense of responsibility within manage their personal finances, they will be wiser in managing them funds for retirement. The results of this research are in line with Wardani's research (2018), Saputra (2020), Reza (2020) which states that income influence on retirement fund planning behavior. That matter indicates that the higher the income earned by an individual, the There will be more excess funds that can be used for investment and savings which can be used to prepare for entering old age. However, the results of this study are different from the results of previous studies stated by Arifin (2017) which states that income does not has an influence on financial behavior. This is because of people having a high income does not guarantee that an individual will have good behavior good finances and tends to practice impulsive shopping and think short term. This is because the research object is carried out by private workers in Jakarta, which is a metropolitan city causes the people to have a high lifestyle compared to other cities thus have poor financial management.

##### The Influence of Financial Literacy on Financial Behavior

The test results show that financial literacy has a positive effect but not significant to financial behavior. If someone wants to have Good financial behavior means you must have knowledge about finance which is good too. Overall respondents' perception of financial literacy already well. Financial literacy has an important role in creating employee financial behavior (financial behavior). Having knowledge about finances can help someone become wiser in managing their finances, both for long-term and short-term interests. Matter This has been stated by Lusardi and Mitchell (2011) that people with a high level of financial knowledge will be much better in planning his retirement so that the individual has a life the best in his old age.

The results of this research are in line with Rahmawati's (2020) research states that financial literacy has no effect on behavior finance. This is because most respondents still lack depth knowledge about savings and investment, so do not know which funds savings will be protected by LPS within certain limits. Results of this research not in line with research conducted by Arifin, et al (2017) who found that there is a positive influence between financial knowledge on financial behavior. Almost the same research was conducted by Sugihartatik

(2017) who found that there was a positive influence of financial knowledge on Family retirement fund planning behavior. Research is almost the same too conducted by Satoto (2019) who found a positive influence between financial literacy on financial management behavior. Financial literacy is basically very important in improving individual welfare, where financial literacy can be encouraged in making financial decisions. Financial literacy includes abilities to differentiate finances, plan for the future and be competent to life events that influence everyday financial decisions.

Someone who lacks financial literacy can cause individuals to get involved larger debt which will interfere with welfare planning in old age, due to lack of financial knowledge and management skills financial information. Therefore, with increasingly sophisticated developments technology and the increasing number of sources to increase knowledge It is hoped that respondents and the parties concerned can manage finances good financial behavior for a prosperous old age.

### **The Influence of Locus of Control on Financial Behavior**

The test results show that locus of control has a significant effect and positive towards financial behavior, this shows that someone If you want to have a good plan, you must have self-confidence good and reduces dependency. In this research, the variable locus of control is perceived well, which indicates that it is low belief in planning far ahead is futile has a very important role in creating financial behavior.

In this study, respondents had good financial behavior The indicator has an average value and high loading. Locus of control is an individual's perspective regarding an event and level of ability the individual is in control of the events he experiences. Individuals who Have the self-control to use your money very wisely allows the individual to carry out financial management well. Someone who tends to have a locus of control assumes that his life is determined by outside or external forces, such as from people who have power, fate, or luck (Kholilah and Iramani, 2013). Individuals who have a locus of control have no traits Ambitious and tends to be resigned to living his life. They do too tend not to plan ahead because they have the view that this is a waste of work and assumes that everything inside him was determined by fate. Individual type like this will not have financial behavior in the future or good old days. This is due to lack of motivation or the desire from within to be able to change life in the present be better in the future.

The results of this research are in line with research by Wulandari (2018), Wardani (2018) which states that external locus of control influences behavior finance. Someone who has a locus of control tends to believe that future financial and welfare problems will be determined by factors—factors such as destiny, luck, fate and other people in power. Because That is, they don't feel the need to think about their future now and think that planning far ahead is futile. Locus of control is an individual's perspective regarding an event and the level of the individual's ability to control the events they experience. Individuals who have the self-control to use it money wise it is very possible that the individual can carry out good financial management. Individuals who have a locus of external control will usually have a skeptical mentality that creates it sad and hopeless because of facing life's problems. He hesitated at the moment making personal choices, in some cases, that stress turns into deep worries and shape a person's personality skeptical of his own capacities and tends not to take responsibility for his own failure.

### **Effect of Performance Allowances on Locus of Control**

The research results show that performance allowances have an effect significant and positive towards locus of control, which shows that increasingly The higher the performance allowance a person receives, the more that individual will be believes that this is the result of his hard work, not because of it just luck. If someone wants to have good self-confidence then must have more income too. Performance benefits and locus of control well perceived in this research. According to Perry and Morris (2005), the level of income a person receives individuals will influence their financial management behavior. The income Being high will be meaningless if a person has no control within himself The good self in this case is the locus of control. These results are in line with research conducted by Wardani (2018) states that the higher an individual's income level, the more that person believes that The success experienced by an individual is the result of ability from within him and not just because of fate alone. However conversely, if the income received by an individual is lower then These individuals view their success as coming from external factors like fate.

Performance allowances are assessed based on income from various sources. Benefits are the main measuring tool in assessing the level of welfare, although imperfect, of consumer demand in the future. Income is an indicator to measure the welfare of a person or society, so Income reflects economic progress and the way of thinking of a society (Arianti, 2020). So as income increases, society will view that the amount of income they earn is the result of work the severity is not solely due to fate and predictions.

### **The Influence of Financial Literacy on Locus of Control**

The research results show that financial literacy has an effect significant and positive towards locus of

control, according to Asih & Khafid (2020) Financial literacy can make someone act wisely use the finances they have and also provide various benefits for individual economy. Locus of control is defined as a psychological theory about a person's beliefs about events that occur in his life (Asih & Khafid, 2020). So it can be concluded that when someone has Good financial literacy will immediately foster a locus of control good or in other words good self-control.

Financial literacy basically helps individuals to behave rationally and further increase his self-confidence in terms of his understanding of Money. Financial literacy is also defined as the application of principles finance to create and maintain value through extraction appropriate decisions and management of resources. Locus of control is the extent where someone believes that something that happens is within their control himself. Meanwhile (Myers, 2013), states that the locus of control is perception of how one can control one's destiny. Robbins and Judge also defines locus of control as the level of trust someone in control of his destiny.

With financial literacy in a person, the individual They will make careful decisions to manage their finances the aim of obtaining financial prosperity according to their knowledge (Irine Herdjiono and Lady Angela Damanik, 2016 in Shinta & Lestari, 2019). So the higher the level of financial literacy a person has then a person's level of locus of control will be low because they will have good financial management so they will not easily believe in zodiac predictions and fate in financial management. Precisely someone will have good self-confidence in making decisions financial and not easily influenced by external things such as other people, zodiac and so on. This is not in line with research previously stated that financial literacy has an influence negative impact on locus of control (Rahmawati, 2020; Wardani, 2018; Wulandari, 2018). However, there is also research that shows that financial literacy has a positive influence on locus of control. Thus increasingly The higher the level of knowledge possessed by a person, then a person They tend to have good financial behavior and are not too resigned with fate.

#### **The Influence of Performance Allowances on Financial Behavior is Mediated by Locus of Control**

The research results show that performance allowances have an effect significant and positive impact on financial behavior mediated by locus of control, this shows that if someone wants to have good financial behavior then you must have more performance allowances accompanied by self-confidence high too. In this research, performance allowances have an average value and high loading, so it is perceived as good in assessing financial behavior, with the mediating variable namely locus of control as well well perceived. According to Perry and Morris (2005), a person's way using their income will depend on whether they believe that they have control over their success. If someone feels that they can control their own destiny, hence the income they have perhaps it can be fully utilized.

The results of this research are in line with research by Wulandari (2018), Wardani (2018), Rahmawati (2020) who states that financial knowledge influence on pension fund planning with locus of control as intervening variable. This means that if you have an external locus of control The higher an individual is, the lower the financial influence will be knowledge on retirement fund planning behavior. Individuals who have more income will tend to be able to utilize the income they have and have good self-control to plan future finances, because the individual thinks that if he does not set aside income to prepare for old age then he will not find prosperity in the future old. Even though someone has more income, they don't have it good self-control then the income he has will not be used for future planning because they feel it is futile and leave it to fate, destiny and people in power without any effort to anticipate.

Research by Perry and Morris (2005) obtained results in the form of locus of control is considered to be something that mediates the relationship between knowledge finances on retirement fund planning behavior. This is because with Using financial knowledge can increase self-confidence people who have an external locus of control, because individuals tend to believe that everything that happens is an ability comes from outside himself.

#### **The Influence of Financial Literacy on Financial Behavior is Mediated by Locus of Controls**

The research results show that performance allowances have an effect This significant and positive effect on financial behavior is mediated by locus of control shows that a high level of financial knowledge can create high level of financial behavior through locus of control. If someone wants To have good financial behavior you must have financial knowledge good things accompanied by good self-confidence. In this research financial behavior is well perceived which shows that financial Letteracy has a very important role in creating financial behavior the good one. The role of external locus of control in efforts to improve behavior finance can be seen in several previous studies, namely Wardani (2018) and Wulandari (2018) who found a negative influence between External locus of control on pension fund planning behavior. Study Perry and Morris (2005) obtained results in the form of external locus of control is considered to be something that mediates the relationship between financial knowledge and financial behavior. This is because using financial

knowledge can increase self-confidence in people who have a locus of control, because individuals tend to believe that everything that happens is an ability that comes from outside himself.

The results of this research are in line with research by Wulandari (2018), Wardani (2018), Rahmawati (2020) who states that financial knowledge influence on pension fund planning with locus of control as intervening variable. This means that if you have an external locus of control The higher an individual is, the lower the financial influence will be knowledge on retirement fund planning behavior. These results are appropriate with the behavioral finance theory put forward by Shefrin (2000), in behavior finance, psychological factors can influence behavior one's finances. This approach explains how humans manage Their finances are influenced by psychological factors. To control the impact of the emotional aspect, these reasoning patterns are necessary carried out with self-control so that skills emerge in reading situations and environment.

If the individual already has good self-control then The individual will get better and more confident in doing it financial planning for the future and is not influenced by factors which comes from outside himself. The mediation obtained from this hypothesis is partial mediation where financial literacy can be directly achieved influences financial behavior as well as the influence of financial literacy through locus of control. Based on the results of this hypothesis testing, it can be explained that The higher a person's financial literacy, the better the person will be In exercising self-control, the better the level of self-control a person's financial behavior will be better. In deciding Locus of control can be seen from how someone views the money and can be seen from how someone shops for daily needs or other economic behavior (such as how much money to set aside for saving or investment).

This shows that respondents have a good understanding of financial literacy and makes someone able to have a locus of control Good. Regarding financial planning or investment, a person can delay high levels of satisfaction in order to control excessive spending and consumptive in nature.

## **V. Conclusion**

Based on the results of the research conducted, conclusions can be drawn as follows following:

1. Performance allowances have an insignificant but positive effect on finances behavior, which shows that every performance allowance increases then financial behavior will also increase but not significantly.
2. Financial literacy has an insignificant but positive effect on finances behavior, which shows that every time financial literacy increases, financial behavior will also increase but not significantly.
3. Locus of control has a significant and positive effect on financial behavior, which shows that every time the locus of control increases, financial behavior does too will experience an increase.
4. Performance allowances have a significant and positive effect on locus of control, namely shows that every time the performance allowance increases, the locus of control will also increased.
5. Financial literacy has a significant and positive effect on locus of control, namely shows that every time financial literacy increases, so will locus of control increased.
6. Performance allowances have a significant and positive effect on financial behavior through locus of control, which shows that locus of control can increase The influence of performance allowances on financial behavior.
7. Financial literacy has a significant effect on financial behavior through locus of control, which shows that locus of control can increase influence Financial literacy on financial behavior.