

UICRIC_KhasanSetiaji.pdf

by

Submission date: 27-Jun-2020 11:23PM (UTC+0700)

Submission ID: 1350456849

File name: UICRIC_KhasanSetiaji.pdf (509.73K)

Word count: 3732

Character count: 21242

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/322653048>

The Importance of Financial Education for Vocational School Students in Indonesia (A Case Study in Business and Management Program of Vocational High School (SMK) in Semarang City)

Conference Paper · November 2015

CITATIONS

0

READS

218

1 author:



Khasan Setiaji
Universitas Negeri Semarang

26 PUBLICATIONS 5 CITATIONS

[SEE PROFILE](#)

The Importance of Financial Education for Vocational School Students in Indonesia

A Case Study in Business and Management Program of Vocational High School (SMK) in Semarang City

Kardoyo¹, Widiyanto², Partono Thomas³, Khasan Setiaji⁴

¹²³⁴Faculty of Economy, Semarang State University, Semarang, Indonesia

e-mail: kardoyo_unnes@yahoo.co.id¹, wiedz2863@yahoo.com², thomaspartono@yahoo.co.id³, setiajih@yahoo.co.id⁴

Abstract - This article focuses on the importance of financial education for vocational students in Indonesia in terms of the framework of national financial education, the integration of financial education into school curricula and the financial education practices in vocational education. One possible great impact of financial education implemented in schools improves the confidence of vocational students for any job opportunities after they graduate. Some complaints about graduate students of vocational school from the company owners show that the students are not yet well-prepared to face the new circumstances of the workplace and the fact shows that there are only a few numbers of graduates becoming entrepreneurs. The entrepreneurship subjects must be much more directed for the growing spirit of entrepreneurship, production and marketing. However, the financial management is not yet considered as the subject concerned. As a result, financial understanding gained does not support their success in entrepreneurship. It shows that the people's understanding about financial management in Indonesian is generally low. Concerning the importance of financial education, school and government need to encourage the students to improve their understanding in financial education.

Keywords— importance, financial, vocational students, entrepreneurship

INTRODUCTION

Indonesia's national education emphasizes the character building in larger portions of the curriculum. It shows that character education in school has to be put in priority. One of the purposes of the implementation of a vocational school is students' independence and their readiness to face the challenges in the workplace. Therefore, the character of being independent and adaptable in the workplace must be taken into account. Some of the complaints of the company owners about the vocational school graduates always have something to do with the character problems of the graduates and most of them are not ready at the workplace. The results of the research show that the students are not ready to adapt to the job in the workplace, and the number of vocational graduates becoming entrepreneurs is less than 10 % every year (Widiyanto, 2011).

Today, understanding and learning about entrepreneurship are still done in concepts and theories,

according to Davies (2002), entrepreneurial learning should be more on soft skills, because entrepreneurship is not just theories. It includes the aspects of behaviour and habits that are built into a character. Steiner and Watson's (2006) emphasize that the character of the business is the foundation for entrepreneurs that should not only be gained but also reflects on social responsibility among others forming efficient behaviours.

To form a character which shows a social responsibility, Draycott and Rae (2011) emphasized the need of entrepreneurship study in determining the competence of entrepreneurship by building the basic framework of competencies required for the graduates. In their opinion, one of the competencies that prospective entrepreneurs must have is finances management. According to Davies (2002) it is an important key in entrepreneurship, since many entrepreneurs fall down because they do not have the ability to manage finances.

Entrepreneurship learning is one of the ways to realize the goal of vocational education (vocational) which has a purpose of preparing the graduates to face the workforce (work), to continue their education, and to become entrepreneurs. It is often known as *BMW (Bekerja, Melanjutkan, dan Wirausaha)* (UUSPN No. 20 of 2003). In particular, entrepreneurship is defined in the annex to the Decree of the Minister of Cooperation and Development of Small Businessman No. 961 / KEP / M / XI / 1995: Entrepreneurs are people who have the spirit, attitude, behaviour and entrepreneurial abilities. Thus it can be said that an entrepreneur must have the behaviour and entrepreneurial abilities that can then be considered to have competence of entrepreneurship.

According to Jones (2006), 'Enterprise education creates a learning environment mimicking an entrepreneur's way of life.' It can be said that entrepreneurship education is actually a practical based learning because it must be based on the learning of the environment that serves as the people's views and way of life. In order to be able to focus more on this learning, Draycott and Rae (2011) said that it is important to establish a basic framework for entrepreneurial

competencies which are based on reality. Learning development of entrepreneurship implemented in the United Kingdom does not merely emphasize on improving the motivation and mentality of potential entrepreneurs, but also supports the competence in terms of funding and financial management. It is designated by the collapse of the new entrepreneurs due to their incompetence to manage finances, especially when the business is in the growing periods (McLarty et al., 2010).

The research result gained by Widiyanto and Yulianto (2013) show that entrepreneurial character-based learning need to include financial literacy skills not only for building the students' mentality, attitudes, motivation and communication skills, especially when deciding the operational costs and investment which often miscast so that the operating costs become very high. As stated above, it is true that the entrepreneurial learning must pay attention to the environment though it is not the most important thing for it, as found in the results of the study of the concept of Taatila (2010) described as follows:



PICTURE 1. THE ENTREPRENEURIAL LEARNING CYCLE

The picture above emphasizes the need of 'the entrepreneurial learning cycle,' not the external factor directed in learning, learning should lead us for motivation, but this motivation has to be supported by the environment, because the environment has a very strong influence in encouraging people to have strong motivation, with a strong motivation students will pursue their learning success.

Financial literacy is the basic, fundamental and essential aspect in financial education (PISA 2012 financial literacy), The National Financial Educators Council defines financial literacy as "possessing the skills and knowledge on financial matters to confidently take effective action that best fulfills an individual's personal, family and global community goals." (<http://www.financialeducatorsCouncil.org>). Based on the two definitions above, it can be seen that financial literacy is the basic and fundamental aspect which can be either the expertise or knowledge about finance which enables us to take effective behaviours in finances for individuals, families and the purpose of the global community. Financial literacy gives a wise choice for people to use their money (Abbesson, 2008: 35-46), with

the financial literacy, people will understand what the function of their money, motives of possessing money, the power of money, and the efficient and effective use of the money (Setiawan 2005; 178).

Due to the importance of all issues related to finances, it is very important to include financial literacy taught in schools because it gives a lot of benefits in people's lives particularly in business. According to (Len Boselovic, 2013), the purpose of teaching financial literacy is to prepare the students anticipate the future, considering that many adults have bad habits in using their money. Therefore, many experts suggest the students learn financial literacy and agree that it must be included in education (Matt Kabala, Gene Natali Jr. of CS McKee; 2012).

Understanding that Financial literacy gives a strong influence in forming entrepreneurial character is very important because many businesses require activities and jobs which have something to do with finances including the preparation of the investment, costing, and so on (Malshe; 2011.47-57). One thing to note that learning about financial literacy is not just a theory, but it is a practical study that can be adopted for any aspects in life, and it is also appropriate to be taught at all levels of education.

RESEARCH APPROACH

This research focuses on the importance of financial education for vocational students in Indonesia in terms of national financial education, the integration of financial education into school curriculum and the financial education practices in Vocational High School Business and Management Programs in Semarang City.

The location of this research takes place in the city of Semarang, Central Java. The site of the research is Business Management Program of SMK public school. The research site is a region of SMK public school majoring in business and management: (1) SMK N 2 in Semarang City and; (2) SMK N 9 in Semarang City.

In conducting the research, the researcher uses *mixing methods*; Qualitative and quantitative methods (Sugiyono, 2010; Bogdan & Biklen, 1998; Lincoln & Guba, 1985). The data type of this research is divided into two types as follows: (1) primary data; and (2) secondary data. Primary data was obtained in the form of verbal or the words and behavior of the subject (the informant) related to the research. While secondary data taken from documents, photographs, recordings and objects are used as a supplement to a primary data.

FINDINGS AND DISCUSSION

Framework off National Financial Education

Through Financial Literacy, people are expected to have an understanding about the financial institutions as well as financial products and services including the benefits and risk of the products, the rights and obligations, and the skill of utilizing the financial

products and services. In other words, Financial Literacy hopefully enables people to use financial products and services more effectively in accordance with their needs. This kind of situation will finally stimulate the financial service sector to develop its education program, products and services in accordance with the people's needs.

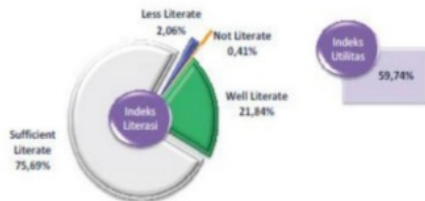
Indonesia is not the first country applying the national strategy on Financial Literacy. The followings are the countries applying the strategy:

TABLE 1. COUNTRIES APPLYING THE STRATEGY OF FINANCIAL LITERACY

a. Inggris	Towards a National Strategy for Financial Capability
b. Amerika Serikat	Promoting Financial Success in the United States: National Strategy for Financial Literacy
c. Australia	National Financial Literacy Strategy
d. Selandia Baru	National Strategy for Financial Literacy
e. India	National Strategy for Financial Education
f. Kanada	Canadians and Their Money Building a Brighter Financial Future

The results of the national survey on the implementation of Financial Literacy in semester 1 2013 (OJK, 2013) show that the Financial Literacy of people in Indonesia is still low, as shown in Graphic 1. In fact, in particular financial service sectors, the Financial Literacy Index of well literate people in Indonesia is also considered low.

GRAPHIC 1: FINANCIAL LITERACY INDEX AND FINANCIAL PRODUCT AND SERVICE UTILITIES



PICTURE 2. INDONESIA'S NATIONAL STRATEGY ON FINANCIAL LITERACY

Concerning about this situation, a basic supporting framework for the national strategy on Financial Literacy

which leads Indonesian people to have high literacy index (well literate) is very recommended, as shown in the picture 2.

The Indonesia's national strategy on financial literacy consists of 3 pillars as the basic framework supporting the Indonesian people to be well literate. Each pillar has different purposes, as follows:

Pillar 1 Education and National Campaign on Financial Literacy

1. Raising the public awareness, knowledge and skills about financial products and services.
2. Changing the people's mindset and behaviors, and;
3. Increasing the number of financial product and service users.

Pillar 2 Strengthening the Financial Literacy Infrastructures

1. Strengthening and supporting the education programs and national campaign on Financial Literacy.
2. Enlarging and facilitating the access of information about Financial Literacy; and
3. Ensuring the continuity of the Financial Literacy program.

Pillar 3 Financial Product and Service Development

1. Encouraging the financial institutions to develop their financial products and services in accordance with the needs of people.
2. Encouraging the financial institutions to improve the quality of their financial products and services; and
3. Encouraging the financial institutions to expand their services and make them reachable for people.

Framework for the integration of financial education into school curriculum

Russia has implemented WB/OECD Trust Fund for Financial Literacy and Education. The OECD and its INFE have focused on financial education for youth and in schools. The first OECD recommended the Principles and Good Practices for Financial Education and Awareness in 2005 and it is already acknowledged that financial education should start to be applied at school.

1. Financial education in school programmes: an integral part of the national coordinated strategies.

Financial education should ideally be integrated into the school curriculum as part of a co-ordinated national strategy which involves the wide community. School programmes should allow every child in a country or jurisdiction to be exposed to this subject matter through the school curriculum. The introduction of financial education should be preceded by, and based on, an assessment and analysis of the status and level of financial education provided through the existing

curriculum and the current level of financial literacy of children and young people.

2. Appropriate, tailored and quantifiable goals

The whole goal of the introduction of financial education in the school curriculum should be set up through the nationally coordinated strategy and has to be based on the relevant education principles. The content of the learning frameworks may vary according to the national, regional or local circumstances, the identification of particular talents of the students, the needs, aspirations and gaps, the structure and requirements of the education system and cultural or religious backgrounds as well as the approach adopted for the introduction of financial education in schools. In this respect, in some countries or jurisdictions, learning frameworks on financial education may need to be developed at the regional or local level.

Learning frameworks on financial education should ideally encompass knowledge and understanding; skills and behaviours; as well as attitudes and values. These frameworks may also encompass entrepreneurial skills. In general, learning frameworks on financial education in schools provide some guidance either to schools and teachers or to local authorities on:

- a. The learning outcomes
- b. The topic/content of financial education classes which can include: Money and transactions; Planning and managing finances; Risks and rewards; and, Financial landscape (according to school age/grade).
- c. Pedagogical approaches and methods
- d. Resources: Number of hours per week and/or per year depending on the school grades; Time span in the curriculum.
- e. Assessment and monitoring criteria

Financial Education Practices in High School Business and Management Programs in Semarang City

In understanding finance (financial literacy), students should learn at least the meaning of money, the money itself, financial needs and management. From the results of the research above, it can be concluded as follows:

TABLE 2 FINANCIAL UNDERSTANDING

Financial Dimension	SMK N 9 in Semarang City				SMK N 2 in Semarang City				Σ
	A P	A K	P M	R P L	A P	A K	P M	R P L	
Money Definition	4	7	4	6	3	8	4	6	48
The function of Money	3	9	2	2	3	7	3	8	37
The Need of money	1	5	4	1	3	4	5	4	27
Financial Management	2	8	4	3	3	3	2	1	26
Σ	10	18	12	10	10	12	18	10	100

From the data above, there were 100 students becoming the respondents. In order to understand the finance condition of each school, 50 students from 4 majors or courses (Office Administration (AP),

Accounting (AK), marketing (PM), and engineering software (RPL)) were taken. The results indicate that the level of understanding of the four dimensions is still below 50%, the highest level of understanding the meaning of money is achieved by 48 people, 37 people understand the function of money, 27 people understand the financial needs of the people and 26 people understand private financial management. It shows that the students still need to have an understanding of the financial study.

The factors that affect character education in vocational schools is the learning process, developed values, extra-curricular activities, school culture and vision and the missions of the school. The methods used in the character education are directly and indirectly integrated to the value of the characters in theories and practices. Besides, the teachers also give the real examples in class. Actors who play a very important role in character education of the vocational students (SMK): classroom teacher, principal, mass media, friends and family especially parents and brothers or sisters.

The profile of character education in Secondary Vocational Schools should certainly reflect on the competence of the graduates, standard professionalism, independence and entrepreneurship, as stated in the principles of SMK N 2 Semarang and SMK N 9 Semarang:

“Vocational High School as a school of skill training has to prepare its graduates to be professional and capable of entrepreneurship and have good characters. We strive to create a good learning, innovation, collaboration. The school is also able to support the achievement of the graduates’ competencies and characters.”

This is in line with the theory stated by Lickona (1992) that the development strategies should be applied in all schools including the moral and cultural character education in the school environment. This is also conform with research result of Utaminingsih (2011), the development of soft skills as a part of characters is determined by the culture of the school.

The profile of character education in Secondary Vocational Schools should also be based on the characteristics of the schools reflected in the vision and mission of the school. The vision of SMK Negeri Semarang 9 is **“to create a professional and competent Labor Character and to promote spirit of Entrepreneurship”**. Both Professionalism and spirit of entrepreneurial character have already become the main characters developed in SMK Negeri 9 Semarang. The vision of SMK Negeri 2 Semarang is **“to embody a standard qualified school, strong character, and cultural environments in the global era”**. Beside the quality characteristics (professionalism and competencies) and strong character, SMK Negeri 2 Semarang specifically also developed character education concerning the environment among the students.

The success of character education in the Secondary Vocational School is influenced by the rules and code of ethics applied by the school. Then the school organizes the learning environment both in the classroom and outside the classroom which support the achievement of the characters. Teachers also provide knowledge of the characters developed in the learning practices and places. The facilities which used in the learning activities are also important in supporting the success of the competence and the entrepreneurship characters. Some of the facilities supporting the learning activities have already been provided in both SMK Negeri 9 Semarang and SMK Negeri 2 Semarang, such as bussines center, laboratory, library, Gallery, mini bank for the entrepreneurship programs, cooperation center and entrepreneurial practice materials.

Entrepreneurship character education in both SMK Negeri 9 city of Semarang and SMK Negeri 2 Semarang in is generally implemented through the following ways:

- a. Granting or giving financial support for entrepreneurship programs such as materials used for making a business plan
- b. Practicing to produce manufacturing products
- c. Selling
- d. Doing laboratory practices such as packaging practice, organizing stuff and the other accounting practices.
- e. Practicing in the fieldwork
- f. Practicing in the school business units such as the cooperation center, business school and mini bank.

CONCLUSION

1. Financial literacy index and financial product and service utilities are still low.
2. Financial education should ideally be integrated into the school curriculum as part of a co-ordinated national strategy for financial education which involves the wide open community.
3. Understanding financial management on effective expenditure and proper money use is still below 50%.
4. The entrepreneurship characters learning programs in vocational school (SMK) are applied in three ways: inclusive education within the subjects, the culture of the school and extra-curricular activities.
5. All character education programs integrated to the curriculum and the school supports are the main factors that support the character education in school.

REFERENCES

- Abbeson, Adam 2008; Financial Literacy for Education; Journal Financial & Accounting, 26/1 (2008) 35-46Emerald Group Publishing Limited
- Bogdan, R.C. & Biklen. 1998. Qualitative Research for Education : An Introduction to Theory and Methods. Allyn and Bacon. Boston. London
- Davies, H. (2002), A Review of Enterprise and the Economy in Education, HM Treasury, London.
- Draycott, Matthew and Rae , David,2011 : Enterprise education in schools and the role of competency frameworks; International Journal of Entrepreneurial Behaviour & Research; Vol. 17 No. 2, 2011, pp. 127-145
- Davies, H. (2002), A Review of Enterprise and the Economy in Education, HM Treasury, London.
- Financial Education For Youth And In Schools: OECD/INFE Policy Guidance, Challenges And Case Studies. OECD International Network on Financial Education (INFE). 2013. www.finlitedu.org
- Jones, C. (2006), "Enterprise education: introducing Whitehead to Gibbs", Education + Training, Vol. 48 No. 5, pp. 356-67.
- Lincoln, Y & Guba, E. 1985. Naturalistic Inquiry. SAGE, Publications, Inc. California
- Lickona, Gaiane. (2003). My Thoghts about National Character. Kaliningrad
- Len Boselovic, 2013, Heard Off the Street: Youths want financial literacy on syllabus, <http://www.post-gazette.com/>
- Menteri Negara Koperasi dan Usaha Kecil dan Menengah Republik Indonesia Nomor : 05 /PER/M.KUKM/IX/2010
- McLarty, L., Highley, H. and Alderson, S. (2010), Evaluation of Enterprise Education in England, research report DFE-RR015, The Department for Education, London.
- Malshe, Avinash 2011; An exploration of key connections within financial literacy circumstances; Journal Financial & Accounting, 26/1 (2011) 47-57
- Steiner, S.D. and Watson, M.A. (2006), "The service learning component in business education: the values linkage void", Academy of Management Learning & Education, Vol. 5 No. 4, pp. 422-434.
- Setiawan ,2005; The Objectives Financial Literacy for manager & accounting staff; Disertasi Unpublished, USM Penang, Malaysia
- ,2013; **Financial Literacy Definition;** (<http://www.financialeducatorsouncil.org/financial-literacy-definition/>)
- Strategi Nasional Keuangan Indonesia, Otoritas Jasa Keuangan (OJK), 2013. Jakarta: Indonesia
- Sugiyono,2010, Metode Penelitian Kuantitatif, Kualitatif dan R&D, Penerbit Alfabeta, Bandung
- Widiyanto,2011; Peranan Kompetensi Pekerja Terhadap Kebutuhan Industri untuk Meningkatkan Daya Saing Perusahaan; Eksplanasi, vol 8 No 1 Edisi Maret 2011
- Taatila, Vesa P., 2010; Learning entrepreneurship in higher education; Education + Training, Vol. 52 No. 1, 2010, pp. 48-61
- Utaminingsih,Sri 2011; Model Manajemen Pengembangan Soft skill SMK program keahlian Pariwisata; Eksplanasi, vol 6 No 2 Edisi September 2011
- Undang-Undang Republik Indonesia Nomor 20 Tahun 2003 Tentang Sistem Pendidikan Nasional.
- Widiyanto dan yulianto, Arief, 2013: Inovasi Pembelajaran Berbasis Karakter Wirusaha untuk Siswa SMK Jurusan Bisnis dan Manajemen; Penelitian Hibah Bersaing di biayai dipa 2013

UICRIC_KhasanSetiaji.pdf

ORIGINALITY REPORT

17 %

SIMILARITY INDEX

9 %

INTERNET SOURCES

6 %

PUBLICATIONS

15 %

STUDENT PAPERS

MATCH ALL SOURCES (ONLY SELECTED SOURCE PRINTED)

6%

★ mafiadoc.com

Internet Source

Exclude quotes On

Exclude bibliography On

Exclude matches < 15 words