

The Role of Financial Literacy in The Form of Saving to Improve the Sustainable Performance of Primary School Students at Miftahuddeen School Through Recycled Materials

Amnila Hanisah Rifainy^{1*}, Dunyarat Booyosoh², Masnah Tohlu¹, Ia Kurnia¹, Erfan Erfiansyah¹, Yuti Yuniarti¹, Iis Dewi Fitriani¹, Abin Suarsa¹, Darto³, Siti Kodariah¹

¹ University of Muhammadiyah Bandung, Soekarno-Hatta street 40614 Panyileukan West Java, Indonesia

²Miftahuddeen School, nj3 44, Na Thawi, Na Thawi District, Songkhla 90160, Thailand

³University of Muhammadiyah Jakarta, K.H. Ahmad Dahlan street 15419 Banten West Java, Indonesia

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ABSTRACT

This study aims to analyse the role of financial literacy in the form of saving to improve the sustainable performance of primary school students at Miftahuddeen School through recycled materials. The research method used is qualitative with interview method using phenomenological approach. Miftahuddeen primary school students' class 6 data were sampled. The results of the study are expected to be a recommendation for academics who are concerned about the role of financial literacy in improving the sustainable performance of primary school students through recycled materials and become a reference for action research for further research.

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Introduction

Education is the cornerstone upon which an individual's character and abilities are shaped, and it has a substantial impact on the growth of society and the country. Legislation on the Education System No.20 of 2003, says that education is "a conscious and planned effort to create an atmosphere of learning and learning so that students actively develop their potential to have religious spiritual strength, self-control, personality, intelligence, noble character and skills needed by themselves and society" (Desi Pristiwanti, 2022). Education has seen several changes over the years. It began with traditional education that focused on moral and religious education and evolved into a modern education system that encompasses a variety of academic disciplines and technological advancements. The educational journey diminishes the ability of education to adapt to the changing social and economic needs of the community. In order to encourage behavioral changes and more conscientious use of resources, it is imperative to raise public awareness and educate the public about the importance of sustainability. Furthermore,

teaching about sustainability prepares the next generation to handle current issues with effectiveness.

According to Basiago, 1998, Sustainability is the ability to maintain the integrity of an entity over time. While according to Milne & Gray, 2013 while in practice and academic vocabulary the concept is applied to promote a healthy socio-economic and ecological environment for human society (Sulistiyani Prabu Aji, 2022). The United Nations approved the Sustainable Development Goals (SDGs) in 2015 as a comprehensive and ambitious global agenda to address the most critical issues facing the planet. The seventeen interrelated goals address a broad spectrum of issues, including gender equality, excellent education, combating climate change, and ending hunger and poverty. Through achieving a balance between social inclusion, economic development, and environmental sustainability, the SDGs seek to make the world a more equitable and prosperous place by the year 2030 (Rahmat, 2022). Sustainability initiatives were created in response to the growing effects of climate change and environmental degradation brought on by human activity, including overuse of natural resources, deforestation, pollution, and greenhouse gas emissions. These factors have created a global

* Corresponding author.

E-mail address: amnilahr17@gmail.com

environmental crisis that calls for immediate, sustainable action. Utilizing used things is a smart way to support environmental protection, encourage sustainability, and build a more resilient and inclusive economy.

Using used items can increase consumer consciousness of sustainability by promoting more conscientious consumption and a mentality that places value on prolonging the life of objects. Furthermore, used goods frequently stimulate originality and ingenuity, especially in upcycling, the process of repurposing waste resources to create useful new things. This approach ensures that materials and products are used for longer periods of time, which is consistent with the circular economy's tenets. Waste recycling is the process of converting used or waste materials into new materials that can be reused. The waste is recycled into a product that is useful and has a high value (Sari Endah Nursyamsi, 2024). The purpose of recycling is to reduce the amount of waste that ends up in landfills, save natural resources, reduce pollution, and protect the environment (Hasibuan, 2023). The idea of recycling is then used in one of the sciences, specifically financial literacy, to aid in sustainability through saving.

Fund management according to Chen and Volpe (1998) is a form of ability of a person to manage finances in order to prepare for unexpected things in the future. There are many ways to prepare for life in the future, one of which is by saving money as a form of controlling one's finances in life (Alghifari Mahdi Igamo, 2021). Saving allows individuals to prepare for future needs, such as education, by using the funds they have accumulated. This approach helps achieve goals without the need to incur debt. By saving money, individuals develop discipline and effective financial management skills. It encourages more responsible use of funds and helps prevent unnecessary spending.

Survey conducted by the Financial Services Authority (OJK) in 2016, the level of financial literacy in Indonesia is (29.7%), the Philippines (27%), Malaysia (66%), Thailand (73%) and Singapore (98%). Arceo-Gomez & Villagomez, 2017 said, The low level of financial literacy is due to the fact that the financial industry has become increasingly complex and the average citizen is less able to cope with the changes (MegaNoermanNingtyas, 2019). The younger generation now views financial literacy essential ability in today's globalized and digitalized environment. It includes comprehending financial products and investments, budgeting, and personal financial management. This skill improves general economic well-being and helps people manage their personal finances. Financial literacy of each individuals must be improved in order to make good

financial decisions and be able to manage personal finances optimally (Rochmi Widayanti, 2017). Especially in today's young generation, so that the ability to make good financial decisions has been mastered from an early age.

Community service programmes that focus on financial education can provide opportunities for people to apply theoretical knowledge in real life, including helping people understand good financial management. Community Service Program is a form of community service activities by students with a cross-disciplinary and sectoral approach. Community by students with a cross-disciplinary and sectoral approach at a certain time and area (Ceni Eka Putri Wulandari, 2020). In this context, financial literacy can be one of the main topics, where students teach the community about the importance of saving and how to plan financially for the future. Financial literacy programmes can improve people's understanding of basic financial concepts, which is very useful for them in facing economic challenges. Students can also provide practical solutions, such as introducing a simple financial record-keeping system. In this way, community service program not only serves as an academic activity, but also plays a role in improving the economic well-being of the community through increased financial literacy.

This study aims to fill the gap in understanding by examining the interest of students at Miftahuddeen school grade 6 about the role of financial literacy in the form of saving to improve the sustainable performance through recycled materials. The study will also provide recommendations to improve financial literacy education, thereby encouraging students to make informed financial decisions and contribute to sustainable development.

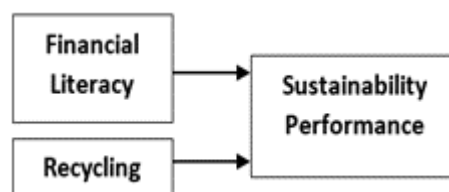


Figure 1. Theoretical Framework Diagram

Methods

This research uses qualitative research methods. Bogdan and Taylor (1975) define qualitative research as research that produces descriptive data in the form of words-written or spoken words from people-people and behaviour that can be observed (Haryono, 2023). Primary data regarding financial literacy and saving using recycled materials and also how this affects sustainability. Data was collected through interviews. This method was chosen to gather

detailed information and to capture the attitudes and interest of students.

Data Analysis

1) Transcription

Interviews were transcribed verbatim to ensure accuracy.

2) Theme Development

The data was categorised into broader themes that captured the students key patterns and insights regarding the students' desire for financial literacy and saving. The themes were reviewed and refined to ensure that they were accurate and appropriate to represent the data and answer the questions.

3) Interpretation

The themes were interpreted within a framework of existing theories and literature, involving a comparison of the research findings with previous research to identify the role of financial literacy in the form of saving to improve the sustainable performance through recycled materials.

4) Triangulation

Data was collected from multiple sources (interviews and focus groups) to triangulate findings and increase credibility.

Ethical Considerations

This research meets ethical standards to protect the rights of informants:

1) Informed Consent

Transparency regarding the objectives, procedures, and student's rights before obtaining informed consent.

2) Voluntary Participation

The students conduct's the interview voluntarily, and can withdraw or not complete this study at any time without any consequences.

Results and Discussions

Financial Literacy

Many of the students have already been exposed to financial literacy materials, suggesting they possess a fundamental grasp of financial literacy in their everyday lives. This exposure could come from a variety of sources, such as lessons at school, family interactions, or media. according to margaretha and sari in 2015, Financial literacy helps one to improve one's level of understanding to deal with financial problems that enable one to process financial information and then make the right decisions for personal finance (Wilda Rahmayanti, 2019). This initial knowledge is essential in fostering their awareness of the importance of financial literacy. Consequently, most students have a basic comprehension of concepts like the use of money, saving, and investing to meet both needs and wants. While this understanding remains largely theoretical, it serves as a solid foundation for developing greater financial maturity in the future.

Relationship between Financial Literacy and Recycling Through Money Saving

Students who answered positively to the statements "I understand finance" and "I believe financial literacy can aid in saving" demonstrated a strong comprehension of the link between financial literacy and saving habits. Their responses reflect a clear awareness that financial literacy has practical implications for everyday life, particularly in managing personal finances. This awareness suggests that students are beginning to recognize how financial literacy supports the discipline needed for consistent saving, which is a crucial skill for achieving long-term financial goals. Moreover, financial literacy equips students with the ability to prioritize their spending and differentiate between needs and wants, promoting more responsible money management. With this knowledge, it is expected that they will gradually cultivate better saving habits and make more informed financial decisions over time.

The concept of saving can be further emphasized by drawing an analogy between finance and recycling. This comparison can inspire students to adopt creative saving strategies using recycled materials in their daily lives. For instance, by purchasing fewer new items and choosing used or recyclable ones instead, they not only save money but also help protect the environment. This approach teaches students that saving is not solely about money; it's also about making wise use of the resources they already have.

Using the recycling principle as a metaphor for saving can help clarify the concept. This understanding may encourage students to explore innovative ways to save money, such as opting for second-hand or recycled goods. By doing so, they can reduce their expenses while positively impacting the environment. It also highlights that being frugal is more than just cutting costs—it's about using available resources efficiently.

Discipline in money saving

Most students agreed that saving requires discipline, reflecting their initial grasp of the basic principles of personal finance management. Their recognition of the importance of discipline indicates that they understand saving isn't just about setting aside money but also about maintaining consistency and commitment in managing both income and expenses. This awareness serves as a critical foundation for developing good financial habits in the future, such as budgeting for essential needs, avoiding unnecessary expenditures, and consistently saving for long-term financial goals. With discipline as a cornerstone, students can cultivate the ability to make wiser and more sustainable financial choices, which will greatly contribute to their financial security in the future.

Interest in Further Learning

Many students expressed a strong interest in learning more about saving and financial literacy. This highlights the students' eagerness to deepen their understanding of financial literacy and enhance their money management skill. This interest stems from an early awareness of the importance of financial literacy in everyday life, particularly when it comes to making informed financial choices. Students with this enthusiasm for learning have the potential to develop crucial financial literacy skills, not only in saving but also in understanding investments, creating budgets, and planning for long-term financial success. With ongoing education in financial literacy, they can acquire the tools necessary to achieve financial stability and economic security in the future.

Awareness of Needs and Desires

The majority of students displayed a key skill in distinguishing between needs and wants in personal finance management. This ability shows they have a fundamental understanding of spending priorities, recognizing the difference between what must be addressed immediately (needs) and what can be delayed or avoided (wants). This serves as a strong foundation for more careful financial management, as identifying needs versus wants is essential when making financial decisions.

In practice, students who can prioritize their spending are better equipped to minimize waste and direct more resources toward essential expenses like food, education, and long-term savings. This skill is vital for fostering good financial habits early on, preparing them for more complex financial responsibilities in the future. Additionally, these abilities help build saving discipline by encouraging students to focus on achieving larger financial goals rather than succumbing to the temptation of purchasing unnecessary items.

Conclusions

Financially literate students are more likely to build strong saving habits and effective money management skills. Early exposure to financial literacy, whether through the media, family, or school, provides a crucial foundation for understanding saving, investing, and budgeting. This knowledge helps students prioritize their spending, differentiate between needs and wants, and manage their finances responsibly.

Additionally, linking financial literacy with recycling teaches students about resource efficiency, emphasizing that saving extends beyond just money. By practicing financial discipline, students create a strong foundation for long-term financial security. Their eagerness to learn more about financial literacy highlights their potential to enhance money

management skills, contributing to lasting financial stability.

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