

The Role of Financial Literacy and Family Resources to Improve Community Welfare in the Mandalika Lombok Tourism Area

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Abstract

This study aims to analyze the role of financial literacy and family resources in improving the welfare of the community in the Mandalika Tourism Area, Lombok. This study uses a quantitative approach with an explanatory research method to test the causal relationship between variables. A total of 160 respondents who work as small business actors, tourism service workers, homestay owners, and local traders were used as research samples using the proportionate stratified random sampling technique. Data were collected through surveys and analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The results of the study show that financial literacy has a positive and significant effect on people's welfare, which is reflected in people's ability to manage income, save, and invest wisely. Meanwhile, family resources have a stronger influence on welfare, through the optimization of economic, social, and human potential in the household. This research provides important implications for policies to strengthen financial literacy capacity and family empowerment as an inclusive economic development strategy in sustainable tourism areas such as Mandalika.

Keywords: financial literacy, family resources, community welfare, sustainable tourism, Mandalika Lombok

1. Introduction

The development of the tourism sector in Indonesia has become one of the main strategies in accelerating regional economic growth while improving people's welfare. Tourism plays an important role in encouraging job creation, increasing people's income, and strengthening the local economy through trade, services, and creative economy activities (Saksono et al., 2022; Tapfuma et al., 2024; Zhao et al., 2023). The Mandalika Tourism Area in Lombok is one of the five national super priority destinations designed as a new economic driving center in eastern Indonesia. However, amid the rapid development of tourism infrastructure and the increasing flow of tourists, some local communities have not fully felt the significant economic benefits. This shows that the welfare of the community is not only determined by the existence of tourism economic activities, but also by the ability of individuals and families to manage their economic resources effectively and sustainably.

In this context, financial literacy is an important factor that affects people's ability to manage income, save, invest, and make rational economic decisions (Bai, 2023; Suresh G., 2024). Financial literacy allows people to optimize their economic potential, especially in

dynamic tourist areas such as Mandalika, where money flows and economic opportunities are highly volatile. Meanwhile, family resources include the economic, social, and human capabilities of each household, including income, assets, education, skills, and social support between family members (Cogan et al., 2022; Dickinson et al., 2023; Freak-Poli et al., 2022). These two factors interact with each other in influencing the welfare of the community. Families with high financial literacy tend to be able to manage their resources more wisely, minimize financial risks, and take advantage of the economic opportunities that arise from tourism activities. Therefore, increasing financial literacy and strengthening family resources are strategic components in creating a prosperous society in sustainable tourism areas.

Despite having great economic potential, the reality on the ground shows that there is a welfare gap between local communities and external economic actors in the Mandalika region. Most of the local people still work in the informal sector with uncertain incomes, and do not have the skills to plan and manage household finances (Hsiao & Yip, 2024; Korsunova et al., 2022). Many families do not understand the benefits of savings, micro-investments, or access to formal financial services. In addition, some family resources, such as household skills and productive working hours, have not been optimally utilized for sustainable economic activities. For example, some families rely only on seasonal income from tourism without business diversification, making them vulnerable to changing economic conditions. These limitations show the importance of strengthening the capacity of financial literacy and family resource management as an effort to reduce economic vulnerability and improve the welfare of local communities (Dako-Gyeke et al., 2022; Katnic et al., 2024).

Research on financial literacy and community welfare has been extensive, but most of it still focuses on urban contexts and the formal sector. The results of previous research show that financial literacy has a positive effect on household welfare through more rational financial decision-making and better risk management (Bai, 2023; Kumar, Islam, et al., 2023; Kumar, Pillai, et al., 2023; Sajid et al., 2024). On the other hand, studies on family resources emphasize the importance of social support and human capital in strengthening household economic capacity (Singh et al., 2022; Wang et al., 2024; Zhang et al., 2023). However, studies that integrate these two variables in the context of rural tourism economics, such as the Mandalika area, are still limited. Thus, the novelty of this research lies in its efforts to empirically examine the simultaneous influence of financial literacy and family resources on community welfare in national priority tourism areas. This research also has important value in supporting the sustainable development agenda and economic empowerment of local communities in tourist destination areas.

Based on this description, this study aims to analyze the role of financial literacy and family resources in improving community welfare in the Mandalika Lombok Tourism Area. Theoretically, this research is expected to enrich the literature on family economics and sustainable tourism development by adding a financial literacy perspective in the context of the local economy. Practically, the results of this research can be the basis for the formulation of policies of local governments and financial institutions in developing programs to increase financial literacy, family empowerment, and inclusive economic strategies that favor local communities. Thus, this research not only provides a scientific contribution, but also has direct implications for strengthening the economic capacity of the community in facing the dynamics of tourism that continues to grow in Mandalika.

2. Method

Research Design

This study employs a quantitative research design using an explanatory approach to examine the causal relationship between financial literacy, family resources, and community welfare in the Mandalika tourism area. The quantitative design was chosen because it enables the researcher to measure the strength and direction of relationships among variables objectively through statistical analysis. The explanatory approach allows the testing of hypotheses that explain how and to what extent financial literacy and family resources contribute to improving community welfare. This design also supports the identification of mediating mechanisms and strengthens the generalizability of the findings to similar tourism-based communities in developing regions.

Research Location and Period

The research was conducted in the Mandalika Tourism Area, located in Central Lombok Regency, West Nusa Tenggara Province, Indonesia. Mandalika is designated as one of Indonesia's Super Priority Tourism Destinations, covering approximately 1,035 hectares along the southern coast of Lombok Island. It features various tourism attractions such as Kuta Beach, Seger Beach, and the Mandalika International Circuit, which hosts international events like MotoGP. This area was selected as the research location because it represents a growing tourism-based economy where local communities are transitioning from traditional livelihoods to tourism-oriented economic activities. Despite the rapid tourism development, disparities in financial capability and household welfare persist among local residents. Therefore, Mandalika provides an ideal context for examining how financial literacy and family resource utilization can enhance community welfare within a dynamic tourism environment. The study was conducted over a period of four months, from March to June 2025, encompassing data collection, validation, and analysis stages.

Population, Sample, and Sampling Technique

The population of this study consists of residents living within the Mandalika Tourism Area and surrounding villages whose livelihoods are directly or indirectly related to tourism activities. These include small entrepreneurs, tourism service workers, local vendors, homestay owners, and craft producers. A total of 160 respondents were selected as the study sample. The sample size was determined based on the population scale and the statistical requirements for Structural Equation Modeling (SEM). The sampling technique applied was proportionate stratified random sampling, ensuring that different community groups (by occupation, income, and education) were proportionally represented. This approach was chosen to enhance the representativeness of the sample and the validity of conclusions drawn about the broader population of Mandalika's tourism-based community.

Research Procedure

The research was conducted in several stages to ensure systematic data collection and analysis. The first stage involved preliminary observation and consultation with local stakeholders, including community leaders and tourism managers, to identify relevant issues related to financial literacy and family resource utilization. The second stage consisted of instrument development and pilot testing, where a structured questionnaire was prepared and tested on 30

respondents outside the sample to ensure clarity and reliability. The third stage was data collection, carried out through face-to-face surveys assisted by trained enumerators who visited respondents' homes and workplaces. The final stage involved data screening, coding, and statistical processing, followed by interpretation of the results to test the proposed hypotheses (Hair et al., 2017).

Research Instrument, Validity, and Reliability

The research instrument used was a structured questionnaire comprising closed-ended questions measured using a five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5). The questionnaire consisted of three main sections: (1) items measuring financial literacy (knowledge, behavior, and attitudes), (2) items measuring family resources (economic, social, and human capital aspects), and (3) items measuring community welfare (income sufficiency, life satisfaction, and financial stability). To ensure the quality of the instrument, content validity was confirmed through expert judgment involving three academic reviewers specializing in economics, community development, and social research. Construct validity and reliability were tested using Confirmatory Factor Analysis (CFA) through SEM-PLS. All constructs met the acceptable thresholds, with factor loadings above 0.70, composite reliability exceeding 0.80, and Average Variance Extracted (AVE) greater than 0.50, indicating that the measurement model was both valid and reliable (Hair et al., 2019).

Data Analysis Technique

Data analysis was conducted using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with the assistance of SmartPLS 4.0 software. This technique was chosen because it is suitable for analyzing complex models with multiple latent variables and relatively small sample sizes. SEM-PLS allows simultaneous estimation of measurement and structural models, enabling the assessment of both direct and indirect relationships among variables. The analysis followed two main stages: (1) evaluation of the measurement model to test indicator reliability, convergent validity, and discriminant validity, and (2) evaluation of the structural model to assess path coefficients, R^2 values, and predictive relevance (Q^2). The significance of relationships was tested using bootstrapping with 5,000 resamples (Hair et al., 2019). The results of this analysis provided empirical evidence on the extent to which financial literacy and family resources influence the welfare of communities in the Mandalika tourism area.

3. Result

3.1 Evaluation of Measurement Models

The evaluation of Measurement Models in SEM-PLS aims to ensure that the indicator is able to represent the construct in a valid and reliable manner. This process includes testing for convergent validity, discriminant validity, **and** internal reliability, as presented in Tables 1, 2, and 3.

Table 1: Evaluation of Measurement Models

Variable	Code	Indicator	Outer Loading	Cronbach's alpha	Composite Reliability	AVE
Financial Literacy (X1)	X11	Financial Knowledge	0,830	0,854	0,902	0,697
	X12	Financial Management Behavior	0,863			
	X13	Financial Planning Skill.	0,891			
	X14	Financial Decision-Making Ability	0,749			
Family Resources (X2)	X21	Economic Resources	0,916	0,909	0,943	0,846
	X22	Human Resources	0,923			
	X23	Social Resources	0,920			
Community Welfare (Y)	Y1	Economic Well-being	0,852	0,848	0,908	0,766
	Y2	Psychological Well-being	0,889			
	Y3	Educational Well-being	0,885			

Based on the results of the Evaluation of Measurement Models in Table 1, all constructs in this study meet the criteria of validity and good reliability. The outer loading value for all indicators was above 0.70, indicating that each indicator had a significant contribution to the construct it measured (Hair et al., 2017). Cronbach's Alpha and Composite Reliability (CR) values exceeded the thresholds of 0.70 and 0.80, respectively, indicating a strong internal consistency among indicators in each latent variable (Hair et al., 2019). In addition, the Average Variance Extracted (AVE) value of the entire construct is above 0.50 Financial Literacy (0.697), Family Resources (0.846), and Community Welfare (0.766) so that all variables have met the requirements for convergent validity according to the recommendations of Hair et al. (2019). Thus, the measurement model can be declared valid and reliable, so it is feasible to proceed to the structural model analysis stage in SEM-PLS.

Table 2: Fornell-Larcker Criterion

	Financial Literacy (X1)	Family Resources (X2)	Community Welfare (Y)
Financial Literacy (X1)	0.835		
Family Resources (X2)	0.724	0.920	
Community Welfare (Y)	0.639	0.738	0.875

Based on the results of the Fornell-Larcker Criterion analysis in Table 2, it was found that the square root value of Average Variance Extracted (AVE) for each construct was higher than the correlation between other constructs. The root values of AVE for each variable, namely Financial Literacy (0.835), Family Resources (0.920), and Community Welfare (0.875), are greater than the cross-correlation between constructs as shown in Table 2. This shows that each latent variable has a good ability to distinguish itself from other constructs in the Fornell & Larcker (1981) model. Thus, these results confirm that the measurement model has met the criteria of discriminant validity, which means that each construct in the research model has a unique concept and there is no multicollinearity between variables. Success in meeting this test is an important prerequisite before proceeding to the structural model evaluation stage in the SEM-PLS analysis (Hair et al., 2017).

Table 3: Heterotrait-Monotrait Ratio (HTMT)

	Financial Literacy (X1)	Family Resources (X2)
Family Resources (X2)	0.815	
Community Welfare (Y)	0.747	0.838

Based on the results of the discriminant validity test using the Heterotrait-Monotrait Ratio (HTMT) as shown in Table 3, all HTMT values between constructs are below the threshold of 0.90, namely Financial Literacy–Family Resources (0.815), Financial Literacy–Community Welfare (0.747), and Family Resources–Community Welfare (0.838). These results show that each construct has clear differences and there is no problem of discrimination between latent variables (Hair et al., 2017). HTMT values that are below 0.90 also confirm that the measurement model meets the discriminant validity well (Hair et al., 2019). Thus, it can be concluded that the variables Financial Literacy, Family Resources, and Community Welfare have strong conceptual uniqueness and can be relied upon to proceed to the structural model analysis stage in SEM-PLS (Hair et al., 2017).

3.2 Evaluation of Structural Models

Upon verifying that the measurement model satisfies validity and reliability standards, the subsequent step involves assessing the structural model to examine the causal relationships among the study variables. This section presents the results of path analysis, detailing determination coefficients and the significance of relationships between constructs as per the proposed hypothesis, as illustrated in Table 4.

Table 4: Evaluation of Structural Models/Hypothesis testing

	Path Coefficient	P-value	Significance	VIF	f Square / Upsilon on V
Direct Effect					
Financial Literacy (X1) > Community Welfare (Y)	0.220	0.007	Significance	2.105	0.053
Family Resources (X2) > Community Welfare (Y)	0.578	0.000	Significance	2.105	0.368

Based on the results of the structural model evaluation in Table 4, the relationship between variables shows a statistically significant influence. The financial literacy variable (X_1) has a positive and significant effect on the welfare of the community (Y) with a path coefficient value of 0.220 and a p-value of 0.007, which means that the higher the level of financial literacy, the better the welfare of the community in the Mandalika Tourism Area. Meanwhile, family resources (X_2) also showed a positive and significant influence on community welfare (Y) with a path coefficient of 0.578 and a p-value of 0.000, indicating that the optimization of family resources has a stronger contribution to welfare than financial literacy. The VIF value of 2.105 for both variables indicates the absence of multicollinearity problems, while the f-square value (0.053 for X_1 and 0.368 for X_2) indicates that the influence of financial literacy is small and the influence of family resources is large on community welfare (Hair et al., 2019). Thus, these results confirm that the combination of financial literacy and the strength of family resources is an important factor in improving the welfare of the community in the Mandalika Lombok Tourism Area.

4. Discussion

The findings of the study show that financial literacy plays a significant role in improving the welfare of the community in the Mandalika Tourism Area. People with a good level of financial literacy are able to manage income from tourism activities in a more planned way, such as through savings, small investments, and wise debt management. This is in line with the findings of Bai (2023) and Sajid et al. (2024) who affirm that good financial knowledge and behavior have a direct impact on financial well-being through more rational economic decision-making. In Mandalika, this is reflected in local business actors such as homestay owners and souvenir traders who are starting to take advantage of tourist income to open additional businesses, such as providing transportation services or local culinary. On the other hand, people with low financial literacy tend to be unable to separate business income and consumption, so they are easily trapped in a cycle of spending without savings. Consistent with the study by Katnic et al. (2024), increasing financial literacy is also a factor in household economic resilience in the face of fluctuations in the number of tourists. Thus, increasing access to community-based financial training can be an effective strategy to strengthen sustainable economic welfare in Mandalika.

In addition, family resources have been proven to have a stronger influence on community welfare than financial literacy. Family resources include economic capabilities, family member skills, and internal social support which are important foundations for household economic resilience. The results of this study are in line with the views of Cogan et al. (2022) and Wang et al. (2024) who emphasize that social support and collaboration between family members can increase the economic adaptation capacity of the community. In Mandalika, this phenomenon is seen in families who run joint businesses, such as weaving crafts and traditional lodgings managed collectively by family members. This kind of collaboration not only reduces operational costs, but also improves the skills of the younger generation and strengthens social solidarity. These results also support the research of Singh et al. (2022) who stated that families with strong social and human resources are more resilient to economic and environmental changes. Therefore, strengthening family resources through education, skills training, and productive capital support is the key to strengthening the welfare of local communities in creative economy-oriented tourism areas such as Mandalika.

From the results of this study, the theoretical and practical implications can be drawn clearly. Theoretically, these findings expand the literature on community well-being in the context of sustainable tourism by affirming the importance of integrating financial literacy and family resources as key determinants of well-being. The contribution of this research lies in the unique local context, where the people of Mandalika face the dynamics of the tourism economy that are fast and fluctuating. Practically, this research provides a basis for local governments, financial institutions, and tourism area managers to design family-based empowerment programs that emphasize financial education and the management of household productive resources. However, this study has limitations because it only highlights the direct relationship between variables without considering mediating factors such as entrepreneurial behavior or institutional support. Therefore, further research is recommended to explore mediation mechanisms and the role of inclusive policies that can strengthen the impact of financial literacy and family resources on improving community welfare in sustainable tourism areas.

5. Conclusion

The results of this study show that financial literacy and family resources have an important role in improving the welfare of the community in the Mandalika Lombok Tourism Area. Financial literacy has been proven to have a positive effect on people's welfare through improving the ability to manage income, save, invest, and make wise economic decisions. People with a good level of financial literacy are able to take advantage of economic opportunities from tourism activities in a more productive and sustainable manner. Meanwhile, family resources show a stronger influence on people's welfare. This indicates that economic strength, skills, and social support in the family are the main foundation for improving the quality of life and economic independence of local communities. Optimizing these two aspects can strengthen the resilience of the household economy to the fluctuating dynamics of the tourism sector and encourage the creation of inclusive economic growth in the region.

Based on the results of this study, it is recommended that local governments, financial institutions, and managers of the Mandalika tourist area develop community-based financial education programs that are easily accessible and relevant to local characteristics. In addition, it is necessary to strengthen family empowerment programs through increasing skills, education, and productive business capital support that can encourage household economic diversification. Collaboration between governments, educational institutions, and the private sector is also important to create an inclusive and sustainable economic ecosystem. This study has limitations because it only highlights the direct relationship between variables, so further research is recommended to explore mediating factors such as entrepreneurship or institutional support in strengthening the relationship between financial literacy, family resources, and community welfare in sustainable tourism areas.

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