



THE COMPARISON OF FARMER'S GENDER IN FINANCIAL LITERACY

Karin Amelia Safitri

Department of Insurance Administration and Actuary
Universitas Indonesia
Indonesia
karinamelia@ui.ac.id

*Corresponding Author email: karinamelia@ui.ac.id

Submission: 28 December 2020

Revised: 15 February 2021

Accepted: 12 March 2021

Peer-review under responsibility of 6th Asia International Conference 2020 (Online) Scientific Committee

<http://connectingasia.org/scientific-committee/>

© 2021 Published by Readers Insight Publisher,

Office # 6, First Floor, A & K Plaza, Near D Watson, F-10 Markaz, Islamabad, Pakistan,

editor@readersinsight.net

This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).



ABSTRACT

This study has a purpose is to examine differences between male and female farmers in the financial literacy index. The data used are primary data taken directly from the field through questionnaires. It is constructed according to three indicators of financial literacy concept namely financial behaviour, financial knowledge and financial attitude. The analytical method applied to see differences in financial literacy between gender groups is to use a non-parametric test, namely the Wilcoxon test. The finding of Wilcoxon test showed that the difference in the level of financial literacy between male and female farmers is not statistically significant. In addition, from the deeper analysis of survey data discovered female farmers seem to have financial knowledge and good behaviour in finance more than male. On the other hand, male farmers are quite better in financial attitude than female.

Keywords: *Farmer, Financial Literacy, Gender*

RESEARCH HIGHLIGHTS

Financial literacy is very much needed by every individual as a basic need to be able to manage finances better and that income is not spent on consumptive things. Income that is managed incorrectly and is used for consumptive purposes will result in financial difficulties in the future. Having financial literacy is the most important thing to get a prosperous life. Especially farmers who have a big risk to their production, such as crop failure and fluctuating prices, certainly need to be well literate in financial terms. Farmers whose lives rely solely on income from harvests that do not necessarily need knowledge of proper household financial arrangements to be able to meet their daily needs, save, and even invest. According to OECD (2006), the index of financial literacy is a value measured based on three indicators of financial literacy, namely financial knowledge, financial behavior and financial attitudes. Related to those financial literacy component, this study analyzes the differences based on the gender of the farmers.

Research Objectives

Ute and Yabibal M (2015) have conducted research investigating differences between women and men living in India's matrilineal and patriarchal environments in financial knowledge. They found that women were slightly less knowledgeable about financial instruments and practices on average than men. Another research conducted by Anokye (2017) investigating gender disparities in financial literacy in 560 respondents who were students at the University of Cape Coast, Ghana. According to their findings, they stated that there is no significant difference between male and female students in financial literacy. Another study conducted by Bottazzi and Lusardi (2016) investigating the gender differences in financial literacy. Their research target is high school students in Italy. They found that there is strong and significant gender differences and Italian students also score very low on assessments of financial literacy. Another research by Fonseca et al., (2012) examines the gender gap in financial literacy through how these different characteristics generate financial literacy. Their research targets are respondents who are married and the findings state that men make more decisions about finances so that they are more literate

than women. Therefore, the aim of this study was to examine whether there are differences and gap between genders in farmer groups regarding financial literacy.

Methodology

This study utilized survey as a data collection technique with the sample size were 53 rice and horticultural farmers in South Sumatra, Indonesia. This primary data was obtained from filling out questionnaires by farmers. The questionnaire is constructed to quantify an index of the financial literacy of farmers with 3 indicators, namely financial knowledge, financial attitudes, and financial behavior (OECD, 2006). Each indicator is calculated first so that the index value ranges from 0 to 1, then averaged. The analytical method used is the Wilcoxon test which is a non-parametric test to see the difference and compare the financial literacy index between groups, male and female farmers. the hypothesis for the Wilcoxon test is as follows:

H_0 = There is no significant difference between male and female farmers in the financial literacy index

H_1 = There is a significant difference between male and female farmers in the financial literacy index

Test criteria is to reject the null hypothesis (H_0) if the p-value < alpha 5% level of significance.

Before determining the type of statistical difference test, it is necessary to test whether the data is from a normal distribution or not by performing the Kolmogorov Smirnov test. The formulated hypothesis is H_0 = data follows a normal distribution; H_1 = data do not a normal distribution.

Results

Based on the results of the Kolmogorov Smirnov test, the significance value of the statistics is greater than 5% alpha so it is stated that the data are not normally distributed. Another cause of this is that the index value is the value obtained not from measurement results and from more than one process. Therefore, the difference in the financial literacy index is continued by the Wilcoxon test.

The result of statistic descriptive showed the average index of financial knowledge of male farmers is 0.47, slightly lower than its female farmers which 0.52. It means the gap of difference is 0.05. The average financial behavior index for male farmers is 0.34, still lower than its female farmers is 0.37. The average financial attitude index for male farmers is 0.74 which is a bit higher that its female farmers 0.71. On contrast, based on Wilcoxon test, there is no significant difference between female and male farmers for all three indicators. However, for indicators of financial knowledge and behavior, female farmers were higher than male farmers. This is evident from the survey results that female farmers decide more about financial matters in the household than men. Therefore, this is what makes women more well financially literate. On the other hand, the value of male farmers' financial attitudes was better than female farmers.

Findings

We found that there was a slight difference in the index of financial knowledge and behavior between male and female farmers. Women farmers seem to know better financially because they are more often involved in making decisions about household financial issues such as having a household budget and the principle of prudence before buying. In addition, women farmers appear to be quite good at calculating bank interest, the principle of time value of money and risk. While male farmers scored a slightly higher in financial attitude as seen from how they planned their finances for the short term than women.

References

- Anokye, A.M., 2017. Gender Disparity in Financial Literacy: Evidence from Homogeneous Group. *J. Account. Manag.* 7, 140–148.
- Bottazzi, L., Lusardi, A., 2016. Gender Differences in Financial Literacy: Evidence from PISA. *J. Consum. Aff.* 1–20.
- Fonseca, R., Mullen, K.J., Zamarro, G., Zissimopoulos, J., 2012. What Explains the Gender Gap in Financial Literacy? The Role of Household Decision Making. *J. Consum. Aff.* 46, 90–106. <https://doi.org/10.1111/j.1745-6606.2011.01221.x>. What
- OECD, 2006. The Importance of Financial Education [WWW Document]. URL <http://www.oecd.org/finance/financial-education/37087833.pdf> (accessed 10.26.20).
- Ute, F., Yabibal M, W., 2015. The financial literacy gender gap: A question of nature or nurture? Discussion (No. 176).

Author's Biography



Karin Amelia Safitri, was born on 1992 in Palembang, Indonesia. She attended the mathematics education in Universitas Sriwijaya and studied applied statistics in IPB University Bogor for her second degree. Now, she is a lecturer in Vocational Higher Education Program, Universitas Indonesia, Depok.