

GENDER DIFFERENCES IN FINANCIAL MANAGEMENT AND ITS LITERACY

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Abstract: Micro, Small and Medium Enterprises (MSMEs) have a significant role in Indonesia. They are part of an effort in accelerating economic development in Indonesia, supporting economic growth and opening up new jobs. However, these small and medium enterprises in general do not have good financial management while in fact their role is pivotal in especially domestic economy. The MSME entrepreneurs need to separate their personal and business assets if they target increasing growth in their business income. One particular thing to be heeded in this regard is the importance of recording routine transactions. This way they may leave ineffective traditional ways of recording their finances. Gender differences maybe one hurdle to cope with. This study aims to look gender differences in financial literacy and financial management of MSMEs in Kelurahan Sudimara Timur Ciledug. The area was chosen to be the research site because it was easy to distribute questionnaires. The sample technique used by the researcher was a saturated sample of the assisted MSMEs in Kelurahan Sudimara Timur Ciledug. This research uses a descriptive method. The results show that there are differences in financial literacy and financial management. It turns out that men are better at managing finances and financial literacy than women

Keywords: Gender, Financial Literacy, Financial Management, MSMEs

1. Introduction

BPS data show that in 2018, the number of entrepreneurs in Micro, Small, and Medium Enterprises (MSMEs) in Indonesia reached 64.2 million. It indicates that nearly 99.9 percent of business units in the country are medium to low-income and that MSMEs are proven to have absorbed 97 percent of employment besides contributing 60.3% of Indonesia's total gross domestic product (GDP).

However, not many of these small and medium businesses have a good financial management while in fact they play significantly in the wheels of the Indonesian economy. That they support its largest part, especially in domestic chunks, many MSME operators don't have enough knowledge of managing their personal and business assets. A lack of resources has made the business not run smoothly. To make it worse, they even don't keep track their regular transactions. Traditional methods in terms of recording their finances are still in use.

According to Anggraeni(2016), there are 4 major obstacles faced by MSME operators in general, namely limited working capital, human resources, product and technology innovation and marketing. But in sum, it can be said that bottom line many of these MSMEs are underdeveloped. It needs correct financial management and accounting principles. Financial management seems at the front of their main problem. It cripples performance and their capacity to gain profits. So much so, Risnaningsih(2017) even reports that financial management is most often neglected, while only through good financial management will there be positive impact on business continuity.

According to Ediraras (2010), the MSME operators whose finances are managed and informed transparently and accurately will be more likely to benefit a positive impact on their work. Abanis et al., (2013) stated that "financial management is related to all areas of management, not only to the source and use of finance in the company but also the financial implications of investment, production, marketing, personnel and the whole company's total performance." Good financial management will also give a positive impact on business continuity.

A national unit of MSME training, Peridakopukm, wasofficially opened in Kecamatan Ciledug, Kota Tangerangon Monday 20/7/2020. This facility is expected to help small entrepreneurs, where they will also receive guidance to improve quality and product marketing. This MSME Corner is the 4th of its kind in Kota Tangerang. Everyone is invitedto join this facility as it provides many benefits. It seems that the facility targets currently registered 157

MSMEs in 8 kelurahan in Kecamatan Ciledug (bantenhariini.id. 2020), with their total number, both registered and unregistered, until December 2020 is 244 MSMEs.

Head of Ciledug MSME Corner, Anggraini explained that more than 60 MSMEs in Kecamatan Ciledug produce commodities ranging from dry, wet, and frozen food, also handicraft and various types of drinks. The product price offered starts from five thousand rupiahs to tens of thousands.

Based on preliminary information received by researchers from the deputy head of MSMEs training in East Sudimara Village, Mr. Rama, it is known that the number of MSMEs assisted in December 2020 was 24 MSMEs, where nearly 90% of their products were food and beverages. The majority of MSMEs in Sudimara Timur Village is run by housewives whose knowledge and managerial skills are limited.

To follow Sommer (2011), human behavior can be driven by a variety of reasons or possibilities. Person's beliefs, his or her conducts and behaviors, may become main factors that interfere their activities regarding finance and its management. Moreover, certain backgrounds, such as age, gender, knowledge and experience, are important to understand a person's behavior.

Gender as one among these factors may also influence a person's financial behavior accordingly. Several studies in this regard reveal that men are better at managing finances than women (Ansong & Gyensare, 2012), because men are considered to have high confidence in making financial decisions. While in the other hand, women tend to be "risk averse" compared to them.

According to Wagland and Taylor (2009), the low self-confidence within women in this regard is caused by their double role as housewives and career women which put them in a difficult position to invest. Women tend to be less able to control financial problems than men. In the end, they have different motivations in terms of managing finances.

2. Literature

Financial Management

Financial management is an action to achieve financial goals in the future. It includes personal, family, and company financial management. It is an important part of way to overcome problems in finance. According to James C. Van Horne in Kasmir (2010: 5), financial management includes all activities related to the acquisition, funding and management of assets with several objectives, while in process it needs planning, analysis, and control to financial activities. Bambang Riyanto in Mulyawan (2015) defines financial management as the whole of the activities concerned with getting funds.

Financial Literacy

According to Manurung (2009: 24) financial literacy is a set of knowledge and skills that enable a person to make effective decisions with all their financial resources. To add Manurung, the Financial Services Authority (OJK), defines Financial Literacy as knowledge, skills, and beliefs, which influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity.

Gender

Gender theories are many. According to (Sasongko, 2009), they are as follows:

1. Nurture Theory

According to the nurture theory, the differences between women and men are the result of socio-cultural constructions resulting in different roles and tasks. This difference makes women always left behind and neglected by their roles and contributions in family, social, national and state life. Social construction places women and men in class separation. Men are identified with the bourgeoisie class and women with proletarian.

2. Nature Theory

According to the theory of nature, the distinction between men and women is very much natural, so it must be accepted. Biological differences provide indications and implications that between the two sexes have different roles and tasks. There are roles and tasks that can be exchanged, but some cannot, because they are different in nature. In the process of its development, it was realized that there were several weaknesses in the concept of nurture which did not create peace and harmony in family and community life, namely gender inequality, so we turned to nature theory. Aggregate gender inequality in various lives is mostly experienced by women, but this gender inequality also affects men.

3. Equilibrium Theory

Besides these two schools, there is a compromise known as equilibrium theory which emphasizes the concept of partnership and harmony in the relationship between women and men. This view does not conflict between women and men, because both of them basically must work together in partnership and harmony in their family, community, nation and state life. To realize this idea, every development policy and strategy should take into account the interests and roles of women and men in a balanced manner. The relationship between the two elements is not contradictory but rather a complementary in order to complement each other.

Micro, Small and Medium Enterprises (MSMEs)

Based on Law Number 20 of 2008, the definition of Micro, Small and Medium Enterprises (MSMEs) respectively is

1. A micro business is a productive business owned by an individual and / or an individual business entity that meets the criteria for a micro business as regulated in this law.

2. Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not a subsidiary or branch of a company that is owned, controlled, or is a part, either directly or indirectly, of a medium or large business criteria for small businesses as referred to in this law.

3. Medium enterprises are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of, either directly or indirectly, with small or large businesses with total assets or annual sales proceeds as regulated in this law.

According to Abduh, Thamrin (2018: 12) small and medium enterprises have a role strategic in national economic development, and its absorption of labor also plays a role in distributing business results. MSMEs are a sector that can reduce levels of inequality both economically and socially, foster a family system and cooperation and in the economic field can increase the purchasing power of domestic consumers (Wulansari et al., 2017).

3. Research Methods

Research Design

This research uses data that will be processed to be used as its sources. Descriptive research is one type of research that aims to present a complete picture of the relationship between one phenomena to another. This study aims to look through a gender perspective at differences in financial literacy and financial management.

Population and sample

The population used as the research object was 24 MSMEs registered in Sudimara Timur Village. Researchers used saturated samples, where the whole population was sampled

Method of collecting data

The data collection method used was a questionnaire. The questionnaire is a data collection technique which is done by giving a set of questions or written statements to the respondent to answer. The questionnaire is considered an efficient data collection technique when the researcher knows exactly what variables to measure and what can be expected from the respondent. Moreover, a questionnaire is also suitable if the number of respondents is large enough and spread over a wide area. Questionnaires can be either in the form of closed or open questions or statements, given to respondents in person or sent by post or the internet. Here the measurement scale used in the questionnaire is the Guttman scale. The Guttman scale is a measurement scale that requires a firm answer from the respondent, such as the answer "yes" or "no", "true" or "wrong". The answer is submitted to get a firm answer by the researcher regarding the problem being asked.

4. Result and Discussion

Financial Management

Financial management is an action to achieve financial goals in the future. Financial management includes personal financial management, family financial management, and company financial management. Financial management is an important part of overcoming problems.

Table 1 Financial management

No	QuestionnaireItem	Ya	%Ya
1	Do you make financial planning in the production and sale of products?	18	81.8
2	Did you plan the initial capital to set up a company and profit?	16	72.7
3	Do you routinely recapitulate cash disbursements every month?	8	36.4
4	Do you record sales and purchases transactions?	17	77.3
5	Do you make complete financial reports?	4	18.2
6	Do you use the balance sheet in assessing the progress of your business?	3	13.6
7	Do you have a procedure or stages for cash outflow?	7	31.8
8	Do you archive all the memorandum of sale of merchandise?	10	45.5
			47.16

Source: Data processed (2021)

Based on table 4.1, the majority of MSMEs have not carried out good financial management; this can be seen from the average number who answered the question Yes, only 47.16%. This can be seen, of the 8 question items only question items 1,2 and 4 have a high enough percentage, namely above 70%. Meanwhile, other items related to recording or bookkeeping, filing and procedures had a percentage of below 50%. MSMEs have not done bookkeeping because they experience difficulties, which of course require accuracy, whereas they do not have sufficient knowledge to do bookkeeping, and there is a sense of carelessness in doing bookkeeping. Bookkeeping is important, it is fortunate to evaluate and know business developments in terms of profit and return on investment. Lack of coaching and training as well as mentoring causes SMEs to not have the ability to manage finances. Business and personal finances are often mixed, making it difficult to control the financial condition of the business. This is in line with research conducted (Putra, 2018) which states that 80.4% of MSMEs in Kota Tangerang Selatan have not implemented SAK EMKM in their financial reports.

Table 2 Differences in Financial Management Level Values Based on Gender

Gender	Quantity	Lowest Values	Highest Values	Median
Male	9	2	7	4.00
Female	13	0	8	3.62

Source: Data processed (2021)

From the table above, it is known that men's financial management is better than women's. This can be seen from the average value of male respondents, which amounted to 4.00.

a. Financial Literacy

According to the Financial Services Authority (OJK), Financial Literacy is knowledge, skills, and beliefs, which influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity.

Table 3 Financial Literacy

No	Question Item	Yes	%Yes
1	Do you know the administrative fees charged by financial institutions (Banks)?	8	36,4
2	Do you know the calculation of the interest you receive when you save money?	5	22.7
3	Do you know the minimum deposit when opening an account?	20	90.9
4	Do you know the various types of loan interest?	4	18.2
5	Are you able to use the funds effectively (effectively)?	17	77.3
6	Do you pay the responsibility for credit/financing bills on time?	21	95.5
7	Did you set aside money for savings?	22	100
8	Have you prepared an emergency fund?	17	77.3
9	Do you make future financial plans?	16	72.7
10	Do you regularly check your assets, debts and capital?	10	45.5
11	Do you do risk management?	3	13.6
12	Have you insured your assets?	1	4.5
			54.55

Source: Data processed (2021)

Based on the table above, the average value of respondents who answered "Yes" was 54.55% in the less literate category or in the sense that MSMEs still need guidance in terms of financial literacy. 90.9% of respondents already know the minimum deposit of funds when opening an account. Likewise with items nos. 6 and no.8, the majority of respondents already understood the importance of setting aside money for savings and their responsibility to pay bills on time. Respondents also have prepared an emergency fund and financial plan quite well, this can be seen from the respondents who answered "Yes" above 70%. From the question items above, it can also be seen that there are still many respondents who do not understand the calculation of interest rates, types of loan interest, risk management and asset insurance, this is due to the low number of respondents who answered "Yes," which is below 50%.

Table 4 Differences in Financial Literacy Level Values Based on Gender

Gender	Quantity	Lowest Values	Highest Values	Median
Male	9	5	9	6.89
Female	13	2	9	6.31

Source: Data processed (2021)

From the table above, it is known that men's financial literacy is better than that of women. This can be seen from the average value of male respondents, which amounted to 6.89. This is in line with research conducted (Anokye, 2017) which states that there are insignificant differences in the level of financial literacy of men and women. This is not in line with research conducted (SARI, 2020) which states female students have higher financial literacy than male students. This is because female students are more diligent in learning things related to financial concepts, and are more diligent in making financial planning.

Conclusion

The results show that there are differences in financial literacy and financial management. It turns out that men are better at managing finances and financial literacy than women. However, generally speaking, the financial literacy of MSME operators in Kelurahan Sudimara Timur is relatively low. This fact requires attention from related parties. Likewise with financial management, the average percentage of respondents' answers is still below 60% so that training on financial management is still needed.

Suggestions

1. Related institutions, such as OJK or banking, need to provide socialization or training for MSME operators on the importance of financial management
2. Future researchers need ask and test furthermore in financial management and financial literacy in this particular regard.

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