

The Effect of Financial Literacy and Financial Management Behavior on Female Workers Purchasing Power

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Abstract. The purpose of this research is to examine the effect of financial literacy and financial management behavior on female labor purchasing power of garment industries. This study was carried out in Subang District, Indonesia. The data were collected using questionnaire, in which 150 sample of female labors participated. We found that financial literacy and financial management behavior have a positive significant effect on female labor purchasing power. This study was conducted with the limited data from a relatively small sample of female labors. This study was conducted in Indonesia, indicating that some of the results might be specific to the Indonesian context.

Keyword: financial literacy, financial management behavior, female labor.

1. Introduction

The industrial sector is one solution for some in the community in terms of livelihoods. So far, not a few have thought that industrialization can affect in improving the lives of the better people. Based on data from the Central Bureau of Statistics (BPS) of the industrial sector, in addition to providing economic contributions through added value, employment and foreign exchange, but also able to contribute to the cultural transformation of society towards modernization that supports the competitiveness of a region[1].

The entry of industry into urban/rural areas has affected the family both directly and indirectly. Directly, the environment and working life attitude of a particular type of work will affect the environment and attitude of life of a family. While the influence is indirect, the association between work and family is done through the social media membership class[2].

Modern lifestyle, usually associated with a person's behavior in consuming their life needs. Many people who were previously unable to buy a variety of goods (low purchasing power) or did not really want to do it (they did not see any need or value added to buying fashion-oriented goods). It turns out that now these people have developed a new cultural need, value, and goal that can be easily satisfied by consuming it[3].

This phenomenon is common in women, especially factory female workers[4]. There are a wide variety of women workers from different backgrounds and characteristics. For those with a family background of rich people, consumptive behavior, in this case, shopping patterns and consuming something for fashion or trend has become commonplace[5]. However, for those from middle to lower social status, such consumptive behavior is indeed not an ordinary thing. Talk about consumptive attachments to women than men, because women buy and spend more money to meet their needs while men buy gadgets and food, which once consumes quite a significant amount[4].

Gender is identified as one of the factors that influence personal financial management behavior. That men and women have different traits in financial management. Wagland and Taylor (2009) said men are usually responsible and therefore more likely to understand financial concepts that are better than women. This indicates that men have confidence in managing their personal finances compared to women. According to Wagland and Taylor (2009), the low level of female self-confidence is caused by their role as housewives as well as Career Women, making it very difficult to save.

When researchers are together with coworkers, they often mention their financial management problems, even they often experience or run out of funds before salaries go down, because they manage finances without proper management and make them threatened to fall into consumptive behavior in managing their finances.

Many individuals still cannot distinguish between important needs and momentary desires that can make each experience problems in their finances[6]. Based on a survey of researchers, female employees who work in factories show that they have a wasteful culture and do not have personal financial management, some do not have a design that needs to be purchased.

Errors in financial management will cause financial literacy to be low. A low level of financial literacy will reduce welfare in the future so having high financial literacy is vital to get a prosperous life. Financial difficulties are not only a function of income (low income), financial problems can also arise if there are errors in business management (mismanagement) such as misuse of credit, and the absence of financial planning[7]. With proper financial management which is undoubtedly supported by good financial literacy, the standard of living is expected to increase, this applies to each level of income, because however high the level of one's income, without proper management, financial security will certainly be challenging to achieve.

Along with the increasing development of the industry in each region, it triggers a person to improve life and improve the quality of life. Along with this, the role of women in life continues to change, one of which is the role of women in improving family welfare. These are many women who actively work to help meet the family's economic needs, while the data of women working in the industrial sector in Subang Regency shows that of the 702 companies registered in the Subang District Manpower Office in 2017, 25 companies engaged in the industry absorb approximately 39,924 people. Of the total workers in the industry, 84% are female workers, and only 16% are male workers. Based on these data that in Subang Regency, the number of female workers is more than the number of male workers.

Based on the background above, the identification of this research problem is as follows:

1. Does Financial Literacy have a positive effect on female labor purchasing power?
2. Does Financial Management Behavior have a positive effect on female labor Purchasing Power?
3. Does Financial Literacy and Financial Management Behavior affect female labor purchasing power simultaneously?

2. Literature Review

Financial literacy (financial literacy) is the ability of an individual to make decisions in terms of personal financial arrangements[8]. Financial literacy or financial knowledge is one of the critical aspects in everyday life that directs individuals to use financial instruments and products and be able to make appropriate financial decisions[9]. Financial literacy is a fundamental understanding and knowledge that is also needed for the need for successful personal finance arrangements[10].

According to the Financial Services Authority (OJK), financial literacy is a series of processes to increase the knowledge, skills, and beliefs of consumers and the public to be able to manage their personal finances well[11]. So that it can be interpreted that the wider community not only knows and understands financial service institutions and financial products or services but also can change people's behavior in financial management so that they can improve people's welfare.

According to Lusardi & Mitchell (2007), financial literacy as financial knowledge and the ability to apply it[8]. Huston 2010 define that financial literacy as the ability to understand financial conditions and financial concepts and to change that knowledge appropriately into behavior[12]. Besides that, also definition according to Chen and Volpe (1998) financial literacy has aspects namely general knowledge, savings, insurance and investment that are by personal financial management[13]. Based on this opinion, it can be concluded that financial literacy emphasizes a person's ability to understand the basic concepts of economics and finance so that they can be applied appropriately.

Financial literacy is divided into four aspects consisting of basic financial knowledge, savings, and loans (saving and borrowing), protection (insurance), and investment[13]. Basic financial knowledge (basic financial knowledge) includes expenses, income, assets, debt, equity, and risk. This basic knowledge is usually related to decision making in investing or financing that can affect a person's behavior in managing money owned.

Financial knowledge is an obligation for someone to have that knowledge. Financial intelligence in recent competition is currently absolutely needed by society. It is considered necessary because financial intelligence which includes how one manages finances that are owned well is capital to improve the welfare of each. Often

a person's failure in managing finances is not due to someone's low income, but rather to the factors of ignorance of individuals in allocating income to specific posts[12].

This study aims to determine the relationship between financial literacy and financial management behavior towards purchasing power, according to Brown & Graf (2013), someone who is not married has a low level of financial literacy when compared to those who are married[14]. A low level of literacy causes a person to take the wrong step in using his money; this will lead to debt and affect the family relationship later[15]. Shim *et al* (2008) found that families, who have debt, tend to carry threats to their marital relations, even though the level of financial literacy is higher[2]. Calamato (2010) says that working conditions can also influence one's financial attitudes and behavior, given that a person with stable income has better conditions in terms of managing and planning his financial life[15].

The research conducted by Navickas, Tadas, and Emilia (2013) states that the responsibility of individual financial planning needs planning as early as possible because financial mismanagement will be very costly and difficult to repair in the future[16]. The results of the study show a lack of financial knowledge that causes households not to be able to manage finances well, spend a certain amount of money to buy something that is less needed. It creates the deposit level to be low and the investment rate of return to be lower. Other conclusions from the study include a high level of awareness of financial literacy knowledge that has a positive influence on everyday decisions and encourages a higher level of savings which ultimately improves the quality of life in the long run.

Previous research shows that four factors influence student financial literacy, namely (1) financial experience and education factors, (2) parents' socio-economic factors, (3) individual / personal factors, and (4) demographic factors. The conclusion of this study is that there are new factors that influence student financial literacy, namely elements of experience and financial education. The implications in this study, namely the factors that affect financial literacy need to be optimized to improve financial literacy.

Deposits, loans and investments are directly related to how individuals manage assets or cash, make loans and then determine the appropriate form of investment to guarantee their finances in the short and long term. The ability of someone to use the money they have depends on the financial literacy they have. The higher a person's financial literacy, the more careful someone is in using their money because people who have high literacy tend to think of needs that are important for now and in the future so that the person does not behave consumptively and does not experience Financial Problem.

H1: Financial Literacy has a positive effect on female labor purchasing power

According to Nidar and Bestari (2012), in conducting financial management, there must be financial planning to achieve goals, both short-term and long-term goals[17]. The media for achieving these goals can be through savings, investment, or allocation of funds. With proper financial management, it will not be trapped in unlimited behavior.

The research conducted by Nidar and Bestari (2012) concluded, 1) there is a negative influence between financial literacy on the consumptive behavior of students. Students who have good financial literacy will be more rational in consuming, so the consumptive level is low; 2) There is a negative influence between self-control towards the consumptive behavior of the students[17]. Students who can control themselves will be less consumptive; 3) There is a simultaneous influence between financial literacy, self-control of consumer behavior. That is, if students have good financial literacy and self-control, the consumptive level is low.

H2: Financial management behavior has a positive effect on female labor purchasing power

By analyzing one's work, Chen and Volpe (1998) find that someone with longer working experience will have financial experience[13]. Therefore they gain more knowledge of finance so that they will provide proficiency in decision-making. High income makes it difficult to control financial management which tends to be more wasteful and lacks an understanding of financial literacy. High income also makes female employees who workable to buy goods and services according to current prices, and with inflation also they will still buy because it has become a basic necessity.

H3: Financial literacy and financial management behavior simultaneously affect female labor purchasing power

3. Methodology

The population of this study is female labors who work in industrial and garment sector companies in West Java. The sample in this study were 150 female labors who worked in the Manufacturing Industry sector in Subang District, Indonesia.

In this study, researchers used Purchasing Power as the dependent variable. According to the Central Bureau of Statistics (2017) Purchasing power is the ability of people as consumers to buy goods or services needed[18]. Independent variables related to this discussion are Financial Literacy and Financial Management Behavior. Financial Literacy is the ability of an individual to make decisions in terms of personal financial arrangements. Financial literacy or financial knowledge is one of the important aspects of everyday life that directs individuals to use financial instruments and products and be able to make appropriate financial decisions. Financial literacy is a fundamental understanding and knowledge that is also needed for the need for successful personal finance regulation[10].

Financial Management Behavior is the process of forecasting, issuing, investing and planning cash needed by a company or individual to operate smoothly. Formation of behavior starts from oneself, but because humans are social beings who cannot live alone, internal behavior and external behavior are also formed. Internal behavior is behavior that is formed by itself in terms of birth from birth which is influenced by parents whereas external behavior is behavior that is influenced by external factors such as environmental factors.

4. Result and Discussion

This research has succeeded in proving that there is an influence of Financial Literacy on Purchasing Power, this is evidenced by the results of t-test (partial) with $t_{count} > t_{table}$ that is equal to $9.127 > 1.976$ with a significance level of $0.000 < 0.05$. This indicates that the financial literacy of female workers in manufacturing industries in Subang Regency does tend to use its money for food and non-food consumption compared to saving in line with its knowledge of financial literacy.

Table 1. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.857	.221		3.873	.000
Financial literacy	.549	.060	.595	9.127	.000
Financial management behavior	.209	.066	.208	3.189	.002

a. Dependent Variable: purchasing power

The level of income owned by respondents also has an impact on purchasing power. This is supported by 64% of respondents earning 3-4 million. Increased consumption is supported by increased income, and increased savings. But according to this research survey, some respondents were unable to save regularly. It will be even better if female employees understand financial products, especially investment products. By understanding investment products, female employees not only consume various products but can add funds to maintain and even increase purchasing power. High financial literacy is a basic need for every individual to avoid financial problems.

Based on the total answers of financial literacy 3,879 with a maximum score of 6,000 in percentage which is 64,7%, then the financial literacy is on a scale of 3120 - 4080 with sufficient information. In this case, it shows that the Financial Literacy of female employees of industrial and garment factories is considered sufficient. Below is explained in detail Financial Literacy for female factory workers in manufacturing industries based on each indicator.

From the indicators of financial literacy, basic knowledge gets the highest score that is equal to 506 from a maximum score of 750 or a percentage of 67.5%. Based on the results of the interview, the factory employees claimed that the importance of good financial basic knowledge to avoid financial problems while credit or debt management indicators get the lowest score of 479 from a maximum score of 750 or with a percentage of 63.9%, based on the results of interviews that factory employees often borrow or owe money to friends/family.

Financial management behavior is the process of forecasting, issuing, investing and planning cash needed by a company or individual to operate smoothly. The results of this study indicate that financial management behavior has a positive effect on purchasing power, this is evidenced by the value of $t_{count} > t_{table}$ that is equal to $3.189 > 1.976$ with a significance level of $0.002 < 0.05$. This indicates that the financial literacy of female employees in manufacturing industries in Subang Regency. Based on the total answer financial management behavior 3,030 with a maximum score of 4,500 in percentage which is 67.3%, then the financial

management behavior is on a scale of 2340 - 3060 with sufficient information. In this case, it shows that the behavior of the financial management of female employees of industrial and garment factories is considered sufficient

Below is explained in detail the Behavior of financial management of female employees of industrial and garment factories based on each indicator. Of all indicators of Financial Management Behavior, indicators of shopping ability get the highest score of 554 from a maximum score of 750 or a percentage of 73.9%. Based on the results of interviews, female employees claimed to buy goods or services as needed first. While the saving indicator gets a score of 456 from a maximum score of 750 or 60.8% in percentage. Based on the results of interviews, this female factory and garment factory employee admitted that it was very difficult to save regularly because of the many obligations that must be paid each month and their role as housewives and Career Woman.

This shows that there is still a lack of financial management behavior in female employees of manufacturing industry factories in Subang Regency because they do not manage their finances well such as recording all income and recording expenses. Financial management behavior can control purchasing power by choosing needs first rather than desires.

This study succeeded in proving the alleged hypothesis, namely the influence of literacy and financial management behavior on purchasing power. Thus this hypothesis is accepted, namely the influence of Financial Literacy and Financial Management Behavior on Purchasing Power, it is proven based on the results of simultaneous tests (F-Test), $F_{count} > F_{table}$ is $77.864 > 3.06$ with a significance level of 0.000. Because the probability of 0,000 is smaller than 0.05, this regression model can be used to determine the effect of financial literacy and financial management behavior on purchasing power. This shows that Financial Literacy and financial management behavior together influence purchasing power.

Based on the total answers to the questionnaire from the Purchasing Power of 4416 from the maximum score of 6000, while in percentage it is 73.6%. The total score is on the interval scale of 4080 - 5040 with good information. In this case, the purchasing power of female employees is considered good. From the results of interviews of researchers with respondents, respondents claimed that they were able to buy or spend their money for their daily needs at the prices listed, especially many of the respondents who liked to travel with their family or friends. Of the two purchasing power indicators, non-food indicators get the highest score of 3270 from a maximum score of 4500 or a percentage of 72.7%. Based on the results of interviews, female employees claimed that most non-food consumptions were related to education and health.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717 ^a	.514	.508	.28557
a. Predictors: (Constant), financial management behavior, financial literacy				
b. Dependent Variable: purchasing power				

While the Food indicator gets the lowest score that is equal to 1146 from a maximum score of 1500 or a percentage of 76.4%, based on the results of observations and interviews of the authors, female employees claimed that they bought food and non-food staples or ready-made food and bought snacks at the roadside or non-food places and there were still few respondents who could afford to buy housing.

When viewed from the coefficient of determination (R^2) is 0.514. However, because in this study there are two independent variables, the adjusted R^2 is 0.508. This shows that 50.8% of the variation in Purchasing Power can be explained from the two independent variables studied, namely Financial Literacy and Financial Management Behavior while the rest ($100\% - 50.8\% = 49.2\%$) is explained by other variables not examined in this study.

5. Conclusion

This study concludes that Financial Literacy held by female labors has a significant positive effect on their purchasing power. Also, Financial Management behavior also has a significant positive impact on the purchasing power of female labors. Simultaneous testing results also show that Financial Literacy and Financial Management Behavior together have a significant positive effect on the purchasing power of female labors.

The limitation of this study is the number of samples that may still be too small. So that further researchers can increase the number of samples studied. Further researchers are also expected to be able to dig deeper into financial literacy and financial behavior and other variables regarding purchasing power such as adding cultural variables, individual characteristics, and so on.

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