

Determinant of financial literacy in laying hens farmers

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Abstract. The ability of farmers to manage their finances and make sound financial decisions is referred to as financial literacy. Financial literacy of laying hens farmers is still relatively low. Some of the determinants that determine financial literacy are related to the demographic requirements of laying hens farmers including education, farming experience, income and working status. The research was conducted in five regencys, namely Gowa, Maros, Soppeng, Sidrap and Enrekang with a sample size of 123 people. The ANOVA is used to test the hypothesis at 5% significance level. The results of the research show that education, frequency of financial transactions, Making Expenditure and Receipt Records, and amount of income are factors that determine the financial literacy of laying hen breeders. This study is expected to be input for decision making and implementing strategies in an effort to increase the level of financial fraud among laying hens farmers.

1 Introduction

The capacity to manage one's finances is referred to as financial literacy. Using money sensibly, whether for everyday expenses, investment ideas, or savings initiatives, is part of financial literacy [1]. Knowledge about financial literacy also does not only refer to personal money management but how to understand banking institutions that can be used as a source of financing for livestock farmers. [2,3] states that low financial knowledge will cause a bias in achieving prosperity when one is no longer productive in age.

Farmers must be financially literate in order to prevent financial difficulties. In addition to farmers' low incomes, poor money management practices like credit abuse, a lack of financial planning, and a lack of savings all contribute to financial issues. As stated by [3] that there are four important things in financial literacy, namely budgeting, savings, loans and investment. This is important considering that generally farmers run livestock businesses, apart from financing their daily needs, they are also expected to save for the future needs of their family members, such as school fees. If you are not able to manage your finances well, it is possible that you will not make a profit but will instead face a loss. It's envisaged that

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laying hen farmers' standard of living would rise and financial security will be attained with sound financial management and financial literacy.

Socioeconomic circumstances and demographic characteristics are two of the many elements that influence an individual's degree of financial literacy. The elderly, women, and those with less education or income were shown to have lower levels of financial literacy [4]. In Russia, retirement savings are positively correlated with high financial literacy. Higher literacy was found to be positively correlated with retirement planning and individual retirement fund research [5].

One of the successes of managing a livestock business, especially egg-laying chicken farming, is when part of the business results obtained in a certain period can be saved, used according to its intended purpose, and can sort urgent and non-urgent needs so that there is more organized financial planning. This is important because breeders who generally live in rural areas do not have good financial records, do not have planned financial planning and management. Due to poor socialization regarding financial institutions and a lack of understanding regarding the significance of financial planning and recording, people's saving habits are comparatively low.

This is the context in which this study was carried out, specifically to evaluate laying hen producers' financial literacy and the factors that influence it. This data will assist regulators and policymakers in creating suitable plans to raise laying hen farmers' financial literacy in managing livestock enterprises. Farmers' welfare can be attained in the long run if this is successful.

2 Research methodology

This research was conducted in 5 regencies in South Sulawesi, namely Gowa, Maros, Soppeng, Sidrap and Enrekang regencies. The survey was conducted among people who own egg-laying chicken farming businesses in South Sulawesi. A representative sample of the population has been obtained through the use of multistage sampling. From a total of 5 regencies, 123 respondents were the sample for this research. Each respondent's overall score is determined by assigning one mark for each right response; bad replies are not deducted. Each respondent's percentage score is then calculated from their total (Table 1).

Data were analyzed using ANOVA at a significance level of 5%. Table 2 presents the outcomes of the ANOVA. Based on a number of demographic and socioeconomic variables, Table 2 displays the literacy level's mean score, F value, and financial significance level [6,7].

3 Results and discussion

3.1 Demographic and Socio-Economic Profile of the Respondents

An overview of the respondents' demographic and socioeconomic traits is given in Table 1. According to the demographic and socioeconomic profile, 89.4% of respondents were men and 10.6% were women. This is because generally those who manage livestock businesses and also make financial decisions are men. At the time of the research, men were generally found at the farm location, while women were generally at home preparing for the family's basic needs such as: cooking, washing and cleaning the house.

Most of the respondents were of productive age and only 1.6% were of productive age, namely over 60 years. As many as 28.5% of respondents were in the 31-40 year age group and 30.9% were 41-50 years old. This shows that breeders who manage livestock businesses in five regions in South Sulawesi are established breeders in terms of their age.

The majority of respondents, namely 44.7%, were high school graduates. Others had a junior high school education level of 20.3%, a bachelor's degree level of 17.9% and an elementary school level of 17.1%. This shows that the education level of the respondents is generally quite high so that this supports them in running their livestock business, especially in receiving technical innovations in livestock, information related to good financial management. Thus, the information provided regarding financial literacy is truly based on their knowledge and skills in managing finances and utilizing the financial assets they own. In general, if you refer to Table 1, it can be seen that the income of breeders in one year is above 25 years and above. This shows that annual income is between >25-50 million, namely 29.3%, income of >50-75 million, >100 million, namely 23.6% and only 4.1% have income of less than 25 million. Looking at this income, it can be said that they have sufficient income and their business has the potential to grow in the future. From this amount of income, breeders should be able to start learning to allocate their funds to save or use for urgent or non-urgent needs.

The proportion of respondents based on geographic region who came from Gowa, Maros, Soppeng, Sidrap, Enrekang regencies were 23.6%, 35.0%, 22.8%, 4.9% and 13.8%, respectively. Gowa and Maros regencys have relatively large numbers compared to the other three regions because the number of laying hen breeders in these two regions is also relatively large and these two regions are located easily to reach on the border with Makassar City.

Generally, respondents work in rural areas, namely 89.4%. This is because most of the activities involved are raising livestock while gardening and farming. This shows that the respondent is a person who directly manages his livestock business and is assisted by other workers.

The number of farmers who have bank accounts is already high, namely 92.7%. This shows that awareness of saving and using banking institutions to save funds is very good. This condition supports that one indicator of a person's literacy level is that saving and utilizing banking institutions has been fulfilled.

The frequency of financial transactions varies, dominated by once a month, namely 56.1%. This is followed by more than one month, namely 17.9%. However, there are also those who make transactions per week and every two weeks in one month, namely 14.6% and 11.4% respectively. Financial transactions in this case are the activities of selling rejected chickens and their eggs, purchasing feed and medicine and necessary cage equipment. These financial transactions include financial transactions through banking, both saving and withdrawing funds.

The majority of respondents also always record their receipts and expenditures when financial transactions occur, even though the form of recording is very simple. This shows that there is no correlation between gender and financial literacy level, as indicated by Table 2, where the F value is not significant at the 5% significance level. Therefore, it can be said that when it comes to laying hen breeders, gender has no bearing on their degree of financial literacy. This indicates that men and women are equally aware of the value of saving and practicing sound money management.

Table 1. Demographic and Socio-Economic Profile of the Respondents

Description	Criteria	Frequency	Percentage % (n = 123)
Gender	Male	110	89,4
	Female	13	10,6
Age	20-30	23	18,7
	31-40	35	28,5
	41-50	38	30,9
	51-60	25	20,3

	More than 60	2	1,6
Education	Elementary School	21	17,1
	Junior high school	25	20,3
	Senior High School	55	44,7
	Bachelor Degree	22	17,9
Annual Income	≤25 Million	5	4,1
	>25-50 Million	36	29,3
	>50-75 Million	29	23,6
	>75-100 Million	24	19,5
	>100 Million	29	23,6
Geographic Region	Gowa Regency	29	23,6
	Maros Regency	43	35,0
	Soppeng Regency	28	22,8
	Sidrap Regency	6	4,9
	Enrekang Regency	17	13,8
Place Work	Urban	13	10,6
	Rural	110	89,4
Bank Account Ownership	Yes	114	92,7
	No	9	7,3
Financial Transaction Frequency	Every week	18	14,6
	Every 2 weeks	14	11,4
	Every Month	69	56,1
	More than 1 month	22	17,9

Table 2. Mean and F values of Financial Literacy Level

Description	Criteria	Mean	F Value	Significance
Gender	Male	2,34	0,581	0,448
	Female	2,46		
Age	20-30	2,44	1,321	0,266
	31-40	2,46		
	41-50	2,21		
	51-60	2,35		
	More than 60	2,17		
Education	Elementary School	2,39	8,687	0,000
	Junior high school	2,74		
	Senior High School	2,15		
	Bachelor Degree	2,38		
Annual Income	≤25 Million	2,79	2,437	0,051
	>25-50 Million	2,50		

	>50-75 Million	2,28		
	>75-100 Million	2,21		
	>100 Million	2,28		
Geographic Region	Gowa Regency	2,55	2,215	0,071
	Maros Regency	2,34		
	Soppeng Regency	2,14		
	Sidrap Regency	2,39		
	Enrekang Regency	2,36		
Place Work	Urban	2,28	0,291	0,590
	Rural	2,36		
Bank Account Ownership	Yes	2,35	0,950	0,758
	No	2,40		
Financial Transaction Frequency	Every week	2,37	4,081	0,008
	Every 2 weeks	2,76		
	Every Month	2,24		
	More than 1 month	2,42		

Table 2 shows that the F value is not significant at the 5% significance level with regard to age. This indicates that age and degree of financial literacy are unrelated. Therefore, it can be said that the age of the laying hen farmer has no bearing on financial literacy. This might be as a result of the nearly identical age trend and the fact that all responders are of working age.

Table 2 demonstrates the relationship between education level and financial literacy. High school graduates had the highest level of financial literacy (44.7%), followed by those with junior high (20.3%) and bachelor's degrees (17.9%). Table 2 shows that the F value is significant at the 5% significance level, indicating that educational attainment influences financial literacy. A farmer's financial literacy skills will improve with his educational attainment. Research also says this [8–10] that education influences financial literacy. This is also stated in research [11] that the importance of formal financial education to improve financial literacy skills.

Table 2 shows that financial literacy is correlated with annual income. The average annual income of respondents is in the range of >25 50 million/year, 29.3%. Income >50-75 million and >100 million is 23.6% and income >75 100 million is 19.5%. Financial literacy is rising among respondents with comparatively high yearly incomes. Table 2 shows that, at the 5% significance level, the F value is significant. Therefore, it may be said that financial literacy is determined by the laying hen farmers' yearly income. Research also revealed this [8,11,12] that financial literacy is a determinant of farmer income. Another thing was also conveyed by [13] Savings habits in both official and informal financial institutions are strongly influenced by financial literacy. The frequency of informal savings is determined by income. The study's findings also point to the demographic groups who would benefit from financial literacy and other initiatives meant to broaden access to financial services. The market segmentation capabilities of financial service providers will be strengthened by these findings, which will also help regulators create policies that will increase and broaden financial access.

Table 2 shows that, at the 5% significance level, the F value between geographic location and financial literacy is not significant. This indicates that there is no connection between financial literacy and geographic location. Therefore, the geographic location of the responder does not determine their level of financial literacy. The presence of respondents in the regencys gives a tendency to answer almost the same about how they manage their funds, knowledge about the importance of saving and managing finances well.

The F value is not significant at the 5% significance level when examining the association between respondents' financial literacy and their place of employment. This demonstrates that there is no connection between financial literacy and one's place of employment. The significance of financial literacy in the livestock enterprises they oversee is perceived similarly by respondents who work in rural and urban locations. Therefore, it can be said that the laying hen farmer's workplace has no bearing on their level of financial literacy.

Financial literacy and respondent account ownership are unrelated. The data indicates that there is no correlation between account ownership and financial literacy since the F value is not significant at the 5% significance level. Data from 92.7% of respondents who have a bank account supports this. Therefore, it can be said that laying hen farmers' account ownership is not influenced by their level of financial literacy.

Table 2 indicates a correlation between the frequency of financial transactions and financial literacy. Financial transactions occur 56.1% of the time each month. Table 2 shows that, at the 5% significance level, the F value is significant. Therefore, it can be said that one factor influencing financial literacy is the volume of financial transactions. One aspect of financial literacy is the frequency of financial transactions. Your comprehension of financial literacy and your capacity to deepen your understanding of financial matters will both improve with the frequency of your financial transactions. This is under research [3] states that low financial knowledge will cause a bias in achieving prosperity when one is no longer productive in age.

Keeping track of financial expenses and receipts is associated with financial literacy, as Table 2 demonstrates. As many as 49.6% of respondents routinely keep records of expenditure and receipts, but there are still 27.6% and 22.8% who do not and rarely keep records of expenditure and receipts. The table indicates that, at the 5% significance level, the F value is significant. Therefore, it may be said that one measure of financial literacy is the capacity of egg-laying chicken breeders to maintain track of their business's financial expenses and receipts. This demonstrates how crucial financial literacy is for breeders of laying hens. people's financial management talents or abilities. Financial literacy involves the capacity to handle finances, which includes making prudent use of funds for anything from savings and investment plans to everyday expenses. Keeping records of receipts and expenses is part of simple financial management and part of financial literacy. This was stated in the research [14] that entrepreneurs should be financially literate. Therefore, in order to ensure that entrepreneurs have a sufficient level of financial literacy, proactive efforts must be expedited. To guarantee that everyone in society benefits from it, regardless of their financial situation, entrepreneurial funding can also be incorporated into both official and informal schooling. Finding the least financially literate demographic subgroups was another finding regarding the significance of financial literacy in research [15]. After that, the effect of financial literacy on economic decision-making in the US and other nations is examined. conclusions on financial illiteracy's effects and repercussions as well as possible ways to close the gap.

4 Conclusion

Based on the results, it was found that education, frequency of financial transactions, annual income, and keeping records of expenses and receipts are determinants of financial literacy in laying hen farming businesses. Financial literacy is expected to be able to overcome various frauds in financial transactions and financial decision making in the laying hen farming business.

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Data availability statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

Author contribution statement

Aslina Asnawi: Conceptualization, Methodology, Investigation, Writing- Original draft preparation. Muh. Ridwan: Data curation, Writing- Reviewing and Editing. Vidyahwaty Tenrisanna: Investigation, Writing- Reviewing and Editing. Wempie: Investigation, Writing- Reviewing and Editing. Nirwana: Investigation, Writing- Reviewing and Editing. Budi Rahayu Tanama Putri: Investigation, Writing- Reviewing and Editing. Mochamad Sugiarto: Investigation, Writing- Reviewing and Editing.

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