

## Financial Literacy Analysis of Brick Business Actors in Bontotangnga Village, Bajeng District, Gowa Regency

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### ABSTRACT

*This study aims to determine the financial literacy of brick business actors in Bontotangnga Village, Bajeng District, Gowa Regency. This study uses a qualitative approach to the type of phenomenological research. Data collection techniques were carried out by interviews, observation, and documentation. The results of the study show that each entrepreneur has not utilized the services and products of existing financial institutions. Even though the services of financial institutions will greatly assist business transactions and can facilitate the expansion of sales. The results of this study found that the opening of a brick business was due to the basic factors inherited from their parents' business. Brick entrepreneurs are also influenced by suppliers of raw materials, so that output and fluctuations in raw materials will affect production costs which ultimately reduce profits, especially for brick entrepreneurs who do not record income and expenses in their business activities.*

**Keywords:** financial literacy, brick business actors

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## 1. INTRODUCTION

In recent years, the issue of financial literacy has been hotly discussed in various parts of the world. Special attention to financial literacy is caused by the desire of a country to have quality citizens who have good financial intelligence, so that it will have an impact on improving the country's own economic wheels. Based on the latest research conducted by Master Card, Indonesia's financial literacy index is still low. Based on the results of research conducted by Master Card (2013), Indonesia is ranked 14th and is far behind Malaysia which is ranked 6th. Indonesia itself conducts research to determine the level of financial literacy among its people through the OJK.

**Table 1.** Indonesian Population Financial Literacy Index

No.	Financial Literacy Index	Percentage
1	<i>Well literate</i>	21.84%
2	<i>Literate Sufficient</i>	75.69%
3	<i>Less Literate</i>	3.06%
4	<i>Not Literate</i>	0.41%
<b>Total</b>		<b>100%</b>

Source: Financial Services Authority, 2016

Based on the survey results above, with such a large population, the highest level of public financial literacy is well literate. This proves that many Indonesian people do not have the knowledge and confidence in financial services and institutions. The number of Indonesian

people who have a poor level of financial literacy is far greater than people who have a good level of financial literacy. According to Nugraha et al (2019) and Pada et al., (2022) people who do not have a good level of financial literacy certainly have a greater chance of receiving risks from the financial products and services they use due to ignorance about the risks of these financial products and services. Besides that, the public also does not understand the various financial products and services offered by existing financial service institutions. The phenomenon with special attention to financial literacy is due to the progress of the current era which prioritizes every individual who is aware or financially literate as a support for his or her welfare (Pratama & Selvia, 2021; Isma, 2020). Agree with the views of Suryani and Ramadhan (2017) that there will be some individuals who do not understand the importance of financial literacy, this will have an impact on the lack of knowledge to go to financial institutions so that they are easily influenced by sellers of financial products, this of course can hinder the country's economic development. The phenomenon with special attention to financial literacy is due to the progress of the current era which prioritizes every individual who is aware or financially literate as a support for his or her welfare (Pratama and Selvia, 2021). Agree with the views of Suryani and Ramadhan (2017) that there will be some individuals who do not understand the importance of financial literacy, this will have an impact on the lack of knowledge to go to financial institutions so that they are easily influenced by sellers of financial products, this of course can hinder the country's economic development. The phenomenon with special attention to financial literacy is due to the progress of the current era which prioritizes every individual who is aware or financially literate as a support for his or her welfare (Pratama & Selvia, 2021; Isma, 2022). Agree with the views of Suryani and Ramadhan (2017) that there will be some individuals who do not understand the importance of financial literacy, this will have an impact on the lack of knowledge to go to financial institutions so that they are easily influenced by sellers of financial products, this of course can hinder the country's economic development.

Indah Fatmawati (2015) and Isma et al., (2019) said that low public financial literacy causes many people to experience losses, resulting in a decline in economic conditions, inflation or the development of consumptive behavior that tends to be wasteful. Many people use home loans and credit cards but have minimal knowledge so that not a few suffer losses or there are often discrepancies in calculations between consumers and banks. Geographically, Bajeng Subdistrict, Gowa Regency is a very strategic area because it is located at the gate of the economic crossing route between Regencies in South Sulawesi, namely Gowa Regency and Takalar Regency, making Bajeng Subdistrict, Gowa Regency a trade center that has quite high mobility.

Industrial development in Bajeng District, Gowa Regency has increased from year to year, although the increase does not reach or exceed 10%. According to Diskoperindag, the MSME category consists of trade, services and industry. Each level of business has a different diversity. At the micro business category, the business sector that is most engaged in the trade sector, while at the small and medium enterprise (UKM) level, most are in the type of industrial sector. The application of financial literacy in daily activities is needed by every community. Especially for people who have a business to fulfill their daily needs, where entrepreneurs should understand and implement financial literacy in running their business. Well-implemented financial management, in addition to benefiting entrepreneurs, also improve and develop the business to be more effective. In addition, entrepreneurs have the ability to manage finances well, the business and the surrounding environment can develop better in the future.

The results of these observations were then strengthened by the implementation of the next observation in early March 2020 that four out of five existing brick entrepreneurs, in addition to being weak in terms of financial administration, these entrepreneurs chose financial products only based on the benefits obtained regardless of the risks involved, so the expected results are not running optimally. Thus brick entrepreneurs who do not have good financial literacy do not know what kind of financial products to use that can help them achieve these

financial goals. So that financial management is still simple by not using financial products and institutions. Conditions like this can affect the management of the brick business that is run.

Based on the description and problems above, the authors are interested in conducting further research regarding "Financial Literacy Analysis of Brick Business Actors in Bontotangnga Village, Bajeng District, Gowa Regency".

## 2. METHOD

This study uses a qualitative approach, which is carried out in natural conditions and is an invention obtained from the field and concludes data related to the financial literacy of brick entrepreneurs in Bontotangnga Village, Bajeng District, Gowa Regency, and looks at the pattern of financial management applied by these entrepreneurs. This research is a type of phenomenological research. Phenomenology aims to explain and understand the phenomena that occur. Phenomenology is a research strategy in which the researcher identifies the nature of human experience about a particular phenomenon. The research location that will be used as an observation location by researchers is in Bontotangnga Village, Bajeng District, Gowa Regency.

"The sample in this study is not called a respondent, but as a resource person or informant." The subjects of this study were the people in Bontotangnga Village, Bajeng District, Gowa Regency who were directly involved and became brick entrepreneurs who were the main informants, totaling 25 businesses using random sampling technique because the population was considered homogeneous by taking a sample of 20 or 25. percent of the number of informants.

The data collection method used in this study is intended to obtain data that is relevant to the issues discussed. So this research used the scientific method to obtain objective, accurate, and justifiable data/information. The method used to obtain data used data collection by interview, observation and documentation

## 3. RESULTS AND DISCUSSION

The informants in this study were people who work as brick entrepreneurs in Bontotangnga Village, Bajeng District, Gowa Regency. The author obtained informants as many as 5 entrepreneurs who provided information related to financial literacy, how entrepreneurs deal with financial problems, especially in terms of how to manage business finances, and in making financial decisions.

### 3.1 Brick Entrepreneurs Classified as Having Well Literate Financial Literacy

This research began with a preliminary study through observation which was carried out in February 2019 when carrying out visits to various industries in Bajeng District, Gowa Regency, the authors observed that one of the industries was the most dominant and almost occupied by various residents or communities in every sub-district/village in Bajeng District. is the brick industry. The author then develops several general and unstructured questions about financial literacy when carrying out observations. What was conveyed by the informant Mr. Malik, he explained that the business he was engaged in did not have a lot of notes and regulations, because the sales were sometimes not enough for his household needs, so it just ran out.

Based on the second informant, Mr. Taba, who also conveyed more or less similar arguments, he said that he went through this profession by following the pattern of the existing community members who sometimes deposited it at the bank for the proceeds from the sale, sometimes it was also spent directly because of the great needs. Based on the results of the preliminary study, the authors found that there were still entrepreneurs who had not separated business financial administration from family financial administration. In the five informants, the authors found 1 informant who was classified as having a high level of financial literacy or

Well Literate, 3 of them were classified as having a moderate level of financial literacy or Sufficient Literate, and the remaining 1 was classified as having a low level of financial literacy or Less Literate.

Research by Hendiks (2010) in Febriandi (2015) has similarities with this study which states that good financial literacy is described as the ability to make informed judgments and take effective action regarding current and future use related to life events such as retirement savings, when you lose your job or use it for educational expenses. Based on other supporting research by (2005) in Hidayah (2019) which states that investment is usually carried out by someone who has a certain amount of income freedom after being allocated for consumption needs, because investment itself is defined as placing a number of funds in the hope of generating profits in the future.

### **3.2 Brick Entrepreneurs Classified as Having Sufficient Literate Financial Literacy**

Entrepreneurs who are classified as having sufficient literate financial literacy, in managing finances tend to think about how the income received can meet the needs of the family and business and in efforts to increase the added value of income still depends on the existing situation and conditions. At this level, two out of three informants kept records starting from estimates and incoming and outgoing business funds. This is because the informant realizes the importance of recording for allocating income and this is done with the aim of guarding against future losses. This is in line with the statement of Wibawa (2003) in Yushita (2017) that the most important factor in allocating income is financial planning. In simple terms, financial planning relates to the flow of funds coming in from business income and the flow out and for consumption and how much money is used for saving and investing. Meanwhile, according to the informant who did not make detailed records and did the budgeting after imagining the desired needs.

Informants belonging to the level of sufficient literacy have various characteristics. This is because each informant has conditions of different needs. Not all informants belonging to this level have good understanding and ability to manage business finances. Two of the three informants can be said to have a better understanding and management of business finances, this is based on the knowledge gained based on the hereditary business of their parents, while the other informants obtained it based on collaboration with other entrepreneurs who had run a joint business. It can be seen that informants who obtained knowledge based on hereditary business have better experience than other informants in terms of financial management.

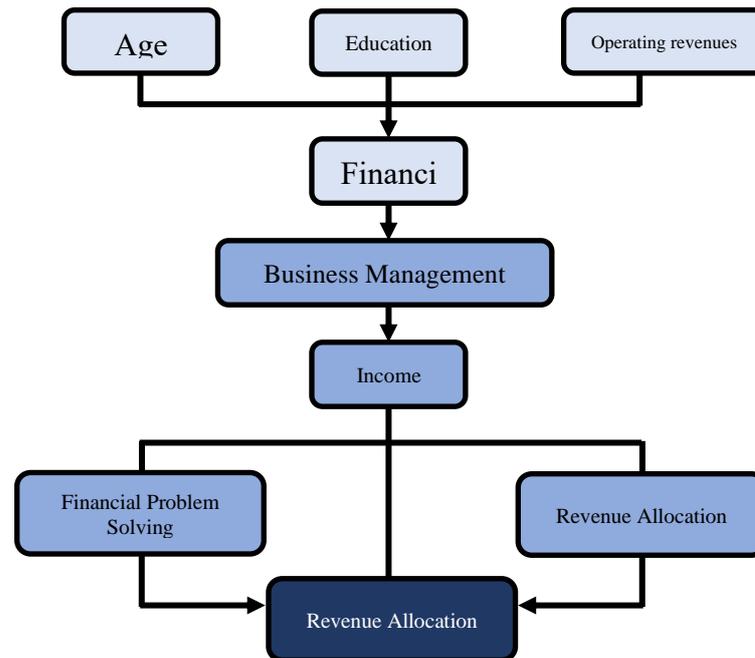
Slightly different from insurance, informants belonging to this level have a fairly good understanding of the basics of investment. This can be seen in the average number of informants who have an investment in the form of land. In addition, several informants have investments in jewelry that are kept at home. This aims not only to be used to provide additional income in the future but also to guard against old age. This is in line with Budianto's statement (2006) in Hidayah (2019) that another motive for someone who works or does not work physically to invest is that they realize they will be dealing with retirement age. On average, the informants have not been able to explain the meaning of existing investments, but they have sufficient understanding of implementation in life.

### **3.3 Brick Entrepreneurs Classified as Having Less Literate Financial Literacy**

Brick entrepreneurs who are classified as having less literate financial literacy, tend to combine the management and use of their funds based on personal desires. Regarding the fulfillment of the needs of informants, they did not always make clear plans, only small records and were of a mandatory nature. Regarding the deposit of funds, the informants did not have special considerations in managing their funds. This is evidenced by the inability of informants to maximize savings services in banking services. This is in line with Byrne's statement (2007) in Hidayah (2019) which says that low financial knowledge will lead to wrong financial plans and make it difficult to achieve prosperity when you are no longer productive.

The low literacy of informants belonging to this level reflects that the informants do not yet have good understanding, confidence, and skills in using financial services. So that in managing the finances of a good family business there is no application of financial knowledge. It can be seen that there is a consistent relationship between age, education, and income on the level of literacy possessed by entrepreneurs. This is in line with Kusumaningrum's statement (2013) in Sofiana (2016) that financial literacy can be seen by age, education and spending level. Where the pattern of the relationship between financial literacy and age shows a positive relationship where the older a person is, the lower his financial literacy,

Further explanation is in the chart below:



**Figure 1. Financial Literacy of Brick Entrepreneurs in Bontotangnga Village**

Information:

: Inputs

: Process

: Outputs

Brick entrepreneurs who are under 40 years old can be said to have a higher understanding than entrepreneurs who are over 40 years old. After that, regarding the education taken and experience based on the length of time the entrepreneur has run a business, it can affect the literacy level of the brick entrepreneur. This relationship that is said to be in line is shown by informants in choosing goods based on quality, having long-term investments, and choosing to fulfill obligations and fulfill business and family needs.

Based on this, informants who have a younger age, better education, and have greater business income tend to have high financial knowledge. With good knowledge, informants can manage businesses that are run optimally in order to obtain maximum income as well. In addition, informants who have good financial knowledge are able to overcome financial

problems such as credit, seek alternative options, and fluctuating businesses and are able to allocate the income earned to support the continuity of the business being run or in other words make the brick business grow.

#### 4. CONCLUSIONS AND SUGGESTION

Based on the results of the research and data analysis that has been done, it can be concluded that the level of financial literacy of brick business actors in Bontotangnga Village, Bajeng District, Gowa Regency, on average, the existing brick business actors are classified as medium or medium financial literacy levels. sufficient literate, where out of 5 (five) informants were selected based on the criteria set by the author. The existing brick business actors still have the view that financial institutions only have savings and loan services and there are still a few informants who have confidence in financial institutions.

The financial literacy possessed by brick business actors can be said to be quite good, this is indicated by business actors who prefer higher quality products so that there is no loss of both time and money; have investments for long-term needs and can increase income in the future; have consideration of the obligations and fulfillment of business and family and there is social awareness in seeing the surrounding situation by inviting the surrounding community as workers to increase their income. In addition to the influence of the welfare received by the surrounding community, the level of financial literacy of brick business actors has an impact on their own welfare and the long-term sustainability of the business they run.

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