

# Financial Management Behavior in Indonesia: Gender Perspective

Nur Ariani Aqidah<sup>1\*</sup>, Hamida<sup>2</sup>

<sup>1,2</sup>Institut Agama Islam Negeri Palopo, Indonesia

<sup>1</sup>[nurariani\\_aqidah@iainpalopo.ac.id](mailto:nurariani_aqidah@iainpalopo.ac.id), <sup>2</sup>[hamida\\_pbs@iainpalopo.ac.id](mailto:hamida_pbs@iainpalopo.ac.id)

\*Corresponding Author

Diajukan : 11 November 2024

Disetujui : 18 Desember 2024

Dipublikasi : 1 Januari 2025

## ABSTRACT

This study aims to compare financial behavior between unmarried working men and women. This research used a purposive sampling technique with a total of 100 respondents. To achieve the research objectives, this research uses quantitative methods with independent sample t test data analysis. The research results show that there is no difference in the financial behavior of unmarried working men and women in Indonesia. This research shows that individual financial behavior is determined by how individuals gain financial knowledge and self-control in financial management. The limitations of this research are this research uses a sample of unmarried working men and women in Indonesia so it cannot be generalized to other countries. Second, this research does not use control variables that influence financial management behavior such as Financial Attitude, Financial Knowledge, and Locus of Control.

**Keywords:** *Financial Management Behavior, Gender.*

## INTRODUCTION

Understanding and skills in financial management is an important aspect in supporting economic strengthening now and in the future. The potential for financial expenses to be high and not beneficial for the future if it is not accompanied by good understanding and skills in financial management. This understanding and skills are obtained through financial literacy so that we are expected to be able to access finances and be able to manage personal finances wisely through making appropriate short-term decisions and long-term financial planning with the aim of creating financial well-being for both the individual and the family. Wise financial management can have a positive effect or impact on a person's financial well-being, and vice versa, bad financial behavior can have a negative impact on a person's financial well-being.

Nowadays, the phenomenon of financial management behavior has become an issue that is widely discussed globally (Buana and Patrisia, (2021); Imaniah, (2021); Jannah and Setiyono, (2021); Mardhatillah, Susyanti, and Hufron, (2020); Nisa and Haryono, (2022); Pula, Tafa, and Sanaja, (2023); Putra, Harahap, and Rahmah, (2020); Satiti and Sa'diyah, (2021); Schuhen et al. (2022); Widagdo et al. (2022)). These studies show different and varied results using different methods.

Study Chavali et al. (2021) found that Financial behavioral factors such as future security, savings and investments, credit indiscipline and financial awareness impact the financial well-being of individuals in India. Baig et al. (2021) found that financial management behavior each person is different based on experience, income and education level but not based on gender, marital status, age and credit card use in Turkey. Apart from that, there is an influence of financial knowledge, financial self-efficacy, financial literacy, and emotional intelligence on financial management behavior (Tran, Minh, & Wang, 2021). The differences in research results indicate that research on financial management behavior still needs to be carried out because of the complexity of factors that influence financial management behavior itself.

The variables of financial knowledge, income and other variables that have been researched previously are deemed insufficient Kurniawan (2019); Putra, Harahap, and Rahmah (2020);

Sugiyanto et al. (2019), several other variables such as marital status, employment and gender are also very important to research regarding Financial Management Behavior. The results of the Katadata Insight Center (KIC) survey on 12-16 September 2021 show that women are smarter and wiser in managing family finances than men. The question is, is this condition the same as personal financial management behavior, especially for young men and women who have worked but are not married because they are considered not to have as many responsibilities as those who are married. For this reason, it is important to carry out this research to get answers to these questions.

This research examines the differences in personal financial management behavior between women and men who are working but not yet married in Indonesia, which has an impact on individual financial well-being. This combination has never been done by researchers before. Thus, this research may contribute to addressing the weaknesses observed in previous literature. The main reason this research was conducted was that the results of the Nielsen survey in October 2019 showed that on average women around the world are more worried about their financial well-being than men. Globally, 40% of men worry about their financial well-being, while women worry slightly more about their financial well-being at 46%. Where these financial worries will influence the financial management behavior of men and women. This research will be organized into several parts. Starting with an introduction and continuing with a literature review. The research method will be explained in the third section, followed by the findings and theoretical implications, managerial implications, and limitations and ideas for future studies in sequence.

## LITERATURE REVIEW

Financial management behavior is a critical area of study, particularly in understanding how various factors such as financial knowledge, financial attitude, and locus of control influence individuals' ability to manage their finances effectively. Recent research has shed light on these relationships, particularly among different generational cohorts and cultural contexts.

Nisa and Haryono (2022) conducted a study focusing on Generation Z in Surabaya, Indonesia, revealing that financial knowledge, financial attitude, and financial self-efficacy did not significantly impact financial management behavior. This finding suggests that even when individuals possess good financial knowledge and attitudes, it does not guarantee effective financial management practices. The study highlighted that factors such as income, locus of control, and lifestyle had a more substantial influence on financial behavior. This indicates that external factors may play a more critical role in shaping financial management behaviors than previously thought.

In contrast, Turnip and Krisnandi (2023) explored the millennial generation in DKI Jakarta and found that financial attitude, financial knowledge, and income significantly influenced financial management behavior. Their research emphasized the importance of financial knowledge and attitudes in shaping financial practices, although they noted that locus of control did not have a direct effect on financial management behavior. This divergence in findings between the two studies suggests that generational differences and contextual factors may influence how financial knowledge and attitudes translate into actual financial behavior.

Lakew et al. (2024) further contribute to this discourse by examining the role of financial capability in Eastern Europe, particularly in Poland. Their study utilized Sen's Capability Approach to frame financial capability and identified higher income as a key predictor of improved financial capability. They also found a strong positive correlation between financial capability and psychological variables, indicating that an individual's mindset and self-efficacy can significantly affect their financial management behavior. This research underscores the complexity of financial behavior, suggesting that financial knowledge and attitudes must be understood within broader socio-economic contexts.

The intersection of financial behavior and digital entrepreneurship is explored by Chavez-Ruiz et al. (2024), who investigated the mediating role of perceived behavioral control among university students in Peru. Their findings revealed that financial attitude and behavior significantly influenced perceived behavioral control, which in turn impacted digital entrepreneurial intentions. This study highlights the importance of financial education in fostering not only responsible financial management but also entrepreneurial aspirations, suggesting that enhancing financial literacy can lead to broader economic development.

Moreover, Potocki and Białowas (2022) addressed the ambiguity surrounding financial capability, particularly in Eastern Europe. They proposed a measurement model of financial capability and identified factors predicting positive changes in financial capability over time. Their research emphasizes the need for clear definitions and reliable measures of financial capability to enhance understanding and research in this field. By linking financial capability to demographic variables, they provide insights into how different groups may experience financial management challenges differently.

Lastly, the role of organizational climate in knowledge transfer, as discussed by Stefano and Micheli (202), offers an interesting perspective on the locus of control. Their study suggests that an employee's identification with their organization can influence knowledge transfer behaviors, which may indirectly affect financial management practices within organizations. This highlights the potential for organizational factors to shape individual financial behaviors, suggesting that a supportive climate may enhance financial decision-making processes.

In summary, the literature indicates a complex interplay between financial knowledge, financial attitude, and locus of control in influencing financial management behavior. While some studies emphasize the importance of financial knowledge and attitudes, others point to external factors such as income and organizational climate as significant determinants. This body of research underscores the necessity for a multifaceted approach to understanding financial management behavior, particularly in diverse cultural and generational contexts. Future research should continue to explore these relationships, considering the implications for financial education, policy-making, and individual financial practices.

### METHOD

Previous studies have studied and tested variables that influence financial management behavior, but have not studied it by comparing the financial management behavior of men and women who are working and not yet married. To measure financial management behavior, this research used indicators such as consumption, cash-flow management, saving, investment, and credit management. This research was conducted in Indonesia. This research uses male and female respondents who meet the criteria as respondents to find out the comparison of their financial management behavior. This research only focuses on women and men who are working, unmarried and have an income at least equivalent to the minimum wage in their respective regions

The data collection process was carried out using purposive sampling technique. In this study, the population size is unknown, so the sample size was set at 100 people that representative from various region in Indonesia. The analysis tool in this research uses the independent sample t test. The independent sample t test is used to calculate the average difference between variables or groups, in this case calculating the average gender difference regarding financial management behavior

### RESULT

Based on table 1, The Shapiro Wilk estimation results show a p-value of 0.26649. In this study,  $\alpha$  was 5%, so the estimate shows that the data is normally distributed. Meanwhile, the homoscedasticity estimation results show a p-value of 0.8121. Thus, the model used is free from symptoms of heteroscedasticity or homoscedasticity.

Table 1. Normality and Homoscedasticity

Test	Obs	Prob > Z
Data Normality	104	0.26649
Homoscedasticity	104	0.8121

Source: Primary Data Processing, 2024

Table 2. Hypothesis Testing

Group	Obs	Mean	Std. Dev	Std. Mean Error
Man	50	62.52	8,003	1,132
Woman	50	59.48	7,680	1,086

Source: Primary Data Processing, 2024

The average value of financial management behavior for men is 62.52, while the average value of financial management behavior for women is 59.48, so it can be seen that men's financial management behavior is higher than women ( $62.52 > 59.48$ ).

Table 3. Independent Samples T-Test

Variable	Levene's Test	t-test for Equality of Means	
	F	Sig.	Sig. (2 tailed)
Financial Management Behavior	0.136	0.713	0.056

Source: Primary Data Processing, 2024

Based on the results of the Levene's test, it is known that the F value = 0.136 ( $p = 0.713$ ), namely the p value  $> 0.05$  ( $0.713 > 0.05$ ), so it can be concluded that there is no difference in variance in the data. Financial management behavior men and women who have worked but are not married (equal/homogeneous data). Meanwhile, the sig (2-tailed) value is 0.056 ( $0.056 > 0.05$ ), so it can be said that there is no significant difference in financial management behavior between men and women who work and are not married.

### DISCUSSION

Based on the estimation results, it is known that there are not significant differences in financial management behavior between men and women who work and are not married. This is because an individual's financial management behavior will be determined by how the individual, both male and female, acquires knowledge about financial management. The findings of this research are supported by research results that gender factors do not influence individual financial behavior, especially the level of individual financial literacy (Shankar, Vinod, and Kamath, 2022). As previously found, the younger generation, especially unmarried individuals, tend to rarely practice basic financial skills such as short-term and long-term financial management skills (Cwynar, 2021). In contrast to the study conducted by Thu et.al, (2023) shows that gender has an influence on individual financial behavior in managing business and finances. These findings are in line with the Planned Behavior Theory (TBP) that individual decision making will be influenced by age, gender, experience and knowledge which will influence the individual's behavior and actions.

The results of this study also show that although there is no significant difference financial management behavior between men and women who work and are not married, but it can be seen that men's financial management is higher than women. This finding is in line with previous studies that men generally have higher financial literacy than women (Gomes-Miranda et al, 2022). This is because men generally do not consider many variables when making financial decisions, because men are independent, logical, confident and do not really need a sense of security. This is in line with studies conducted by (Akbulaev & Mammadova, 2021) that men are braver in making financial decisions than women.

Differences in the financial behavior of working men and women, both married and unmarried, will depend on the individual's self-control (Sahabuddin and Hadiano 2023). This self-control will determine individual decisions in financial management. Hapsoro et al. (2022) explains that individuals who have financial knowledge will make financial information choices more effectively and efficiently. The financial behavior of individuals, both men and women, will be influenced by many factors. Based on findings from Trisnowati et al. (2020) states that Financial Attitude, Financial Knowledge, and Locus of Control have an influence on individual Financial Management Behavior.

### CONCLUSION

This research aims to determine the comparison of financial management behavior of working but unmarried men and women. The results of this study indicate that there are no significant differences in the financial management behavior of men and women.

Although this research has contributed to the development of existing literature, this research has limitations. First, this research uses a sample of unmarried working men and women in Indonesia so it cannot be generalized to other countries. Second, this research does not use control variables that influence financial management behavior such as Financial Attitude, Financial Knowledge, and Locus of Control.

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