

Financial literacy among tin mining workers: A study of ethnography in East Belitung, Indonesia

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Abstract

The purpose of this research is to describe the level of financial literacy in East Belitung, to explore the challenges and constraints faced in the application of financial literacy, and to reveal the efforts to face challenges and constraints in the application of financial literacy. The research method used was ethnography with a qualitative approach. Data collection techniques of this study were interviews, observation, and documentation. In-depth interviews were conducted with village heads and the people of East Belitung. This study applied data reduction, data display, and verification as the data analysis steps. The results of this study indicated that the high income of people who work as tin miners triggered some people to have a consumptive lifestyle. The consumptive lifestyle is one aspect that shows that the level of financial literacy was still low and generated problems with family money management. The challenges and constraints in the application of financial literacy in East Belitung were consumptive lifestyles or habits that were inherent in the culture in society. Hence, it took time and effort to reduce these consumptive habits.

Keywords: financial literacy, consumptive lifestyle, tin miners

Abstrak

Tujuan penelitian untuk mendeskripsikan tingkat literasi keuangan di Belitung Timur, menggali tantangan dan kendala yang dihadapi dalam penerapan literasi keuangan, serta mengungkap upaya menghadapi tantangan dan kendala dalam penerapan literasi keuangan. Metode penelitian kualitatif menggunakan etnografi, teknik pengumpulan data wawancara, observasi, dan dokumentasi. Wawancara mendalam dilakukan kepada kepala desa dan masyarakat Belitung Timur. Penelitian ini menggunakan reduksi data, penyajian data, dan verifikasi sebagai langkah analisis data. Hasil penelitian ini menunjukkan bahwa tingginya pendapatan masyarakat yang bekerja sebagai penambang timah memicu sebagian masyarakat memiliki gaya hidup konsumtif. Gaya hidup konsumtif menjadi salah satu aspek yang menunjukkan masih rendahnya tingkat literasi keuangan sehingga menimbulkan permasalahan dalam pengelolaan uang keluarga. Tantangan dan kendala penerapan literasi keuangan di Belitung Timur adalah gaya hidup atau kebiasaan konsumtif yang melekat pada budaya di masyarakat. Perlu waktu dan upaya untuk mengurangi kebiasaan konsumtif tersebut

Kata kunci: literasi keuangan, gaya hidup konsumtif, penambang timah

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Introduction

Financial literacy is a crucial issue for all levels of society. People who have a high income or low income should comprehend financial literacy. Financial literacy is closely related to behavior to avoid a consumptive lifestyle. Each individual in all levels of society certainly has different levels of expenditure, depending on their lifestyle and abilities in financial management. If an individual cannot control his/her desires, it can lead to consumptive behavior (Ulfatun et al., 2016). There are several factors that influence the high consumptive nature of an individual, especially in adolescence, which is caused by a lack of financial literacy provided by the family, school, and the surrounding environment (Mawo et al., 2017).

The family has a highly significant role in shaping the personality or character of children, likewise the habits in managing finances. The family should provide opportunities for children to live independently aiming at being able to manage their finances, while schools that are educational institutions should provide financial literacy through learning (Wardani et al., 2017). Furthermore, schools are parties that should participate in providing literacy for students to increase literacy rates as a provision for them to take further non-formal learning (Oakley & Imtinan, 2018; Sari et al., 2020)

Financial education is considered highly crucial to be given especially at adolescence since they are more likely to prioritize self-existence and not be outdone by their friends, which can lead to consumptive behavior (Sari, 2018). However, the financial education provided by the school will not run well without support from the family, which is the closest environment of adolescence. Consumptive behavior is also influenced by age where older individuals will have more self-control to minimize consumptive behavior (Kumalasari & Soesilo, 2019). Moreover, the

level of consumerism of individuals is also influenced by the level of satisfaction; the higher the level of satisfaction of individuals, the lower the level of consumerism will be (Box, 1984).

The existence of high income can also lead to consumptive behavior that brings to waste and gives the possibility that individuals will spend half of their income to fulfill their desires (Sutriati et al., 2018). To avoid this consumptive behavior, good financial management can be done. One of them is financial planning where individuals can plan expenses based on needs by paying attention to past events as a benchmark for expenditure ((Wiyono & Hadri, 2017).

If individuals can manage their finances well, it will have a positive impact on their life, such as being able to prepare for a better life in the future with investments (Mardiana & Rochmawati, 2020). Conversely, if individuals do not master the financial sector, it will tend to trigger negative impacts on the financial crisis. The existence of a financial crisis will be resolved if we return to financial theories and based on these theories. A financial crisis can be resolved through risk analysis and re-examining the relationship among existing financial institutions (Carey et al., 2012).

Other research states that in addition to education, socialization agents and attitudes towards money will also influence the level of individuals' financial literacy (Albeurdy & Gharlegghi, 2015). What is meant by a socialization agent is like a family that can have a huge influence on children's behavior where a child will imitate the behavior of parents in managing finances. This opinion is in line with a researcher who explains that demographic, education, gender, income level, and financial attitudes owned by individuals will influence on the level of financial literacy (Santini et al., 2019). Gender also influences the level of financial literacy possessed by individuals

where women have a lower literacy level compared to men, which is indicated by the high consumptive nature of women (Cupák et al., 2018). There are factors outside of individual attitudes and habits concerning financial literacy, namely the existence of social media that also influences the level of financial literacy of individuals (Okello Candiya Bongomin et al., 2016). Since financial literacy is highly crucial for the lives of all social levels, it is necessary to make efforts to increase financial literacy without discriminating against gender, educational background, race, and income of individuals (Murugiah, 2016).

East Belitung is an area that has sufficient tin yields. It makes most of the people of East Belitung choose to work as tin miners because the results of tin mining activities are high. In 2016, Bangka Belitung region reached 1,009 trillion rupiahs for exporting tin (Anugrah, 2016). In addition to providing high income for tin workers, the presence of tin mining activities will also have an environmental impact in the form of an ex-tin excavated hole called the pit. In the East Belitung area, the term pit is better known as *Kulong*. Each *Kulong* formed from mining activities will produce much money for the tin miners. Hence, it is not surprising that the income of the majority of the people of East Belitung is very high.

The habits of the East Belitung community are intriguing to investigate, especially in relation to consumptive behavior associated with a lack of financial literacy in the community, particularly among teenagers, as well as the role of the environment, family, and schools in influencing the implementation of financial literacy. This research is unique because it delves deep into financial literacy within the specific context of East Belitung, with the potential to provide valuable insights into the challenges, constraints, and efforts that can be made to enhance financial literacy in the region. The research is conducted through direct involvement via social interactions, traditions, culture, and the values existing within the community to

gain in-depth access to information.

Method

This study used a qualitative approach with an ethnographic research design. In ethnographic research, researchers observed a pattern of behavior and habits in community groups scientifically aiming at studying, describing, analyzing, and explaining the cultural patterns of the group being studied related to values, habits or behavior, trust or belief, language or patterns, thoughts, and views used by a group of people (Harsono, 2019). The Ethnography method becomes a relevant approach to address the research problem. Ethnographic research is utilized because of its ability to provide in-depth understanding of complex cultural and social contexts. It is a strong approach for comprehending behaviors, values, and norms within specific communities, and it can offer valuable insights for research and policy development.

The research was conducted in East Belitung Regency, Bangka Belitung Islands Province, Indonesia. East Belitung Regency is a location known as a tin mining area. The data collection technique was completed by using data collection methods towards the research focus. Data collection techniques used in this study comprised of interviews, observation, and documentation. Open and in-depth interviews were conducted with 2 village chiefs and 8 community leaders in East Belitung. The number of informants was determined because the data was sufficient and saturation was reached during the information collection process.. Observations were made on community activities, especially those related to consumption. The documents collected were in the form of demographic data for the community, especially data on people's income. From the data collected, the researcher triangulated the sources before conducting the analysis.

The research analysis is conducted

through several steps, including: (1) Data reduction, where researchers gather, organize, and simplify the collected data. (2) Data presentation, involving the use of tables, graphs, or narratives to communicate research findings to the audience in a clear and systematic manner. (3) Drawing conclusions or verification, where researchers attempt to answer research questions and evaluate the identified findings based on data analysis (Harsono, 2019).

Result and Discussion

Financial Literacy in East Belitung

The people of East Belitung are mostly working as tin miners. It results in the high-income level of the people in East Belitung. The abundant availability of tin makes the majority of people choose to continue mining even though some people choose to work in other sectors such as gardening and trading. The abundance of tin in the East Belitung region is also supported by the increasing price of tin in the market. Viewing from the level of income, workers with higher incomes tend to be more prosperous than workers with lower incomes. In East Belitung, based on the results of observations made by researchers, it shows that the level of welfare of the people who work as tin miners tended to be more prosperous than people who work in other fields. Thus, it indicates that the level of income earned by tin miners was very high.

The net revenue of tin miners reached one million rupiahs in a day. It is strongly possible because the price of one kg of tin is Rp. 80,000. If a tin miner can obtain 10-20 kg of tin ore in one day only, it can be seen how much profit the tin miners obtained from their job of mining tin (Suhendra, 2015). Notwithstanding, the income earned by tin workers is uncertain per day. It is not certain how much the income of the people of East Belitung who work as tin miners in a month. The uncertainty of the daily income earned by tin miners is because they

do not obtain a large amount of tin every day, which will then be processed before being sold on the market. Furthermore, the price of tin, which has fluctuated in price, also affects the income of tin miners in the East Belitung region.

Another study states that the price of tin in the world market, which refers to the London Metal Exchange (LME) per year fluctuates but tends to rise. The price of tin from February 2009 to February 2010 increased by USD 10,000 per metric ton in March 2009 and increased by USD 17,000 per metric ton in February 2010. Meanwhile, in October 2010, the price of tin rose drastically by USD 27,000 per metric ton (Munandar, 2016). The level of income owned by tin miners only depended on the results of mining activities. Hence, there was no specific management strategy applied. Management strategy is a vital issue to implement to increase sales (Hepşen & Vatansever, 2011).

The behavior of individuals in terms of finances can be observed from the individuals' habits in managing or spending money they have. The level of income can also show how individuals behave in spending money in their lives. Individuals who have high incomes will tend to have a high lifestyle as well. It is in line with researchers who elucidate that the level of consumption of each family will be different according to the income they have (Nababan, 2013). Meanwhile, age disparity was not the main differentiating factor concerning consumptive life in East Belitung. It is because the consumptive lifestyle was also practiced by young people who have a relatively high allowance and most of them do not save the allowance given by their parents. Therefore, there has been no habit of saving and preparing for future needs or only need-oriented and temporary desires only.

The expenditure for the people of East Belitung depends on the results of mining products every day. When mining

products are abundant, the community is more motivated to immediately fulfill their needs and desires without considering future needs. However, when mining products decrease, which results in reduced revenue for tin miners, the community must also restrain their respective desires.

Apart from the level of income, the environment also has a big impact in influencing the level of public expenditure. It is in line with the statement of a researcher who confirms that the environment has a significant influence on the proportion of household expenditure (Wuryandari, 2015). Consumptive behavior in most of the people of East Belitung was not only caused by high income but the price of primary necessities and food in East Belitung can also be said to be high. Therefore, people will also spend a lot of money to meet their needs or desires.

The high level of income and consumptive behavior that is owned by most of the people of East Belitung has positive and negative impacts on the government and the community itself. The positive impact arising from consumptive behavior is that the community participates in improving the country's economy because the more people buy local products, the state will get more benefits as well. On the other hand, a consumptive lifestyle will be detrimental to the community because they are more likely to spend their money at that time to fulfill their desires regardless of what will happen in the future. Hence, there is no preparation to face it financially.

High income followed by consumptive behavior will affect the level of financial literacy in East Belitung. Financial literacy is highly crucial for individuals who are related to the environment (Potrich et al., 2016). People who work as tin miners and have a high-income level make them less concerned about good financial management. In fact, financial literacy such as how to manage finances properly is highly significant for every level of society to have. It is because someone who has a low-income level will tend to be more

financially illiterate or have less knowledge of finance (Pg Md Salleh, 2015). Financial literacy is a fundamental need that every individual must have to minimize financial problems (Mendari & Kewal, 2013). Thus, equitable economic development will be able to reduce income inequality in a country (Chiu & Lee, 2019). However, the majority of people in East Belitung were still less aware of financial literacy. Communities who have an awareness of the importance of financial literacy were dominated by non-mining workers such as teachers, traders, and village officials.

Moreover, education also affects the financial literacy level of individuals. Individuals with higher educational backgrounds tend to have better financial literacy than individuals with low educational backgrounds. The level of formal education and business income influences the level of financial literacy that is owned by each individual (Suryanto & Rasmini, 2018). Observations and interviews that have been conducted show that the majority of the people of East Belitung had a low level of financial literacy.

Challenges and Constraints Faced by the People of East Belitung in the Application of Financial Literacy

High income not only has a positive impact in terms of public finances but also negative impacts. With high incomes, people are more likely to not think about issues related to financial management such as consumptive or wasteful behavior. Every process must meet constraints and challenges. Likewise with the process of implementing financial literacy in East Belitung. It is said as a process since currently, the level of financial literacy in East Belitung was still low and efforts were still being made to improve financial literacy in East Belitung.

The high level of income of the people who work as tin miners is a challenge in the application of financial

literacy in East Belitung. High income will encourage people to have a high level of expenditure as well. It was done continuously by some people of East Belitung so that it has become a habit to have a luxurious lifestyle. Even though the prices of basic materials or other supporting materials are expensive, it does not become a deterrent for the community to spend their money just to fulfill their wishes. This desire is more of a lifestyle and not a basic necessity. The consumptive lifestyle is not only shown by the behavior of spending goods with the money they have but is also reflected in people's habits in fulfilling their inner satisfaction. One of the examples is by having a vacation outside East Belitung district. People of East Belitung went on holiday to the West Belitung district every week, specifically in the Tanjung area that has tourism and city arrangement progress. There were even people who go to the Tanjung every few days to satisfy their desire to have fun in the city. Even though the costs spent to go to Tanjung are expensive, especially if they wanted to cross the tourist islands there. Viewing this habit, it can be calculated how much money is spent by the people of East Belitung to fulfill their wishes.

Apart from high income, the social environment is also a challenge in the application of financial literacy. The large number of people who work as tin miners trigger the people to be more competitive in terms of consumptive behavior. Therefore, it becomes an inhibiting factor in the application of financial literacy in the East Belitung region.

Efforts that have been made to face challenges and constraints in the application of financial literacy in East Belitung

Challenges and constraints are part of the process of implementing financial literacy in East Belitung. Although only a small proportion of people were aware of the importance of financial literacy, it has made several parties continue to increase

the efforts made to improve financial literacy in East Belitung.

Parties that have made efforts to face challenges and constraints in the application of financial literacy in East Belitung included schools and village officials. The school as a formal educational institution provided efforts through socialization or learning related to the financial sector. The school believed that if financial education is continuously conducted, it can break the bad habits of the people of East Belitung in managing their finances.

Furthermore, schools also provided understanding to parents through parenting education activities to always provide understanding to their children about the importance of living frugally and saving for the future. Apart from the school, village officials were also making efforts to face challenges and constraints in the application of financial literacy in East Belitung. Efforts were made in the form of providing an understanding to the community about the importance of living frugally and investing. Thus, if tin production in East Belitung decline, the community is ready to face these conditions financially and can open other businesses with the money invested or saved as early as possible. Further, money from savings or investment can also be used to meet future needs that cannot be predicted.

The efforts that have been made by several parties are still lacking in improving a sufficient understanding of financial literacy in the people of East Belitung. Thus, the efforts from the government are also needed so that people pay more attention to their respective financial management and the willingness of the community to make changes by minimizing a consumptive lifestyle.

Conclusion

The level of financial literacy in East Belitung was still low. Every result of tin

mining activities at *Kulong* in East Belitung generated very high income for miners, both for mine owners and tin workers. However, with this high income, people even tend to adopt a consumptive lifestyle where people will try to be able to fulfill their desires even though they are not their primary needs. Most of the people who adopt a consumptive lifestyle make it a habit in East Belitung so that it becomes a challenge and constraints in the application of financial literacy.

To address the existing challenges and constraints, various parties have made efforts, such as the efforts made by schools in educating students about the importance of financial literacy. Consequently, students will begin to understand the importance of financial management in their daily lives. Efforts to increase financial literacy were also held by village officials through appeals and counseling related to financial management. The research shows that the education sector is a vital place to increase the level of public financial literacy. It takes the efforts of the community, schools, and government to pay more attention to financial planning and management to create a better level of financial literacy.

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