Research Article

Analysis of the Saving Behavior of Farmers in Lopawon Village, Malang Regency, Based on Nudge Theory

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Abstract: Saving is one of the solutions to achieving financial well-being. However, farmers find it difficult to save due to their low and uncertain income. Even so, farmers have the opportunity to save by being given a nudge in order to make good decisions in saving. This study aims to analyze the saving behavior of farmers in Lopawon Village from the perspective of nudge theory. The findings of this study revealed that farmers in Lopawon Village have differences in saving behavior from each savings container used. Good saving behavior shown during saving in cooperatives and arisan tahlil activities is formed through social influence and libertarian paternalism.

Keywords: Saving Behavior, Nudge, Social Influence, Libertarian Paternalism

INTRODUCTION

Saving is a process whose purpose is to use money in the future by not using money at the current time (Warneryd, cited in Helmi Hashim et al., 2018) . Saving certainly provides many benefits. One of the benefits is to direct individuals to achieve financial well-being. This is as stated by Teniwut (2022) that saving can increase the chances of realizing financial well-being and financial management becomes healthier. In addition, saving can provide benefits including practicing frugal living, anticipating unexpected needs in the future, financial security, learning discipline, calculating debt, meeting future needs, and healthier managed *cashflow*.

However, farmers' low income and uncertain income make it difficult for farmers to manage their finances for savings so that they cannot feel the benefits of saving. This is as explained by Damiana (2023) , farmers deviate about 20-40% of their harvest and the rest is sold. The savings are usually used for capital for the next harvest, but savings can be immediately eroded to meet their daily needs. In the end, farmers are unable to save because, let alone to save, they have to go into debt just for planting capital.

Research results from Bingawati, et al. (2023) show that farmers' difficulties in saving are also experienced by clove and coffee farmers in Central Java. Clove and coffee farmers in Central Java have unstable incomes due to unstable commodity prices and capital problems. With the income that farmers have, it is found that most farmers save, but most of these farmers have erratic saving intensity. Meanwhile, some farmers do not save at all because their income has been used up to meet their daily needs, so there is no income to save.

Both findings show that farmers' income has a big influence on saving. Low and unstable farmer income makes it difficult for farmers to save because the income is only enough to meet their daily needs. This is in line with research conducted by Mudhori and Rohmah (2022) and Ni Wayan Sri Widari & Dewi (2022) that income levels have a positive effect on saving. If the income level rises, the volume of savings will increase.

This does not mean that farmers no longer have the opportunity to save. The opportunity comes with a *nudge* that moves farmers to take action to save. As stated by (Thaler & Sunstein, 2020) that *nudge* can help individuals to make good decisions in various fields, including saving.

Figure 1. Dry Dead Clove Trees in Lopawon Village

In connection with this study, the researcher made preliminary observations to farmers in Lopawon Village, Malang Regency and found the fact of the phenomenon of Lopawon Village farmers who routinely save money every Thursday in arisan tahlil activities for decades. Although, farmers in Lopawon Village are faced with a large number of dried cloves, decreased yields, and longer harvest cycles that result in decreased and unstable income. This does not prevent farmers from continuing to save in the arisan tahlil activity every Thursday. This phenomenon shows that the level of income owned by farmers does not affect farmers to save in arisan tahlil activities.

The phenomenon of the decline in income from clove commodities for farmers in Lopawon Village has a huge impact on farmers in Lopawon Village. Although, Lopawon Village farmers have diverse commodities such as chili, coconut, coffee, banana, durian, pete, and durian. The clove commodity provides a significant income for farmers in Lopawon Village because the yield of clove commodities is greater than other commodities and the clove leaves are also valuable so that clove income is not only generated at harvest time. The results of the sale of clove leaves are often used by farmers to save money in arisan tahlil activities, but with the death of clove trees, farmers cannot save using this income.

The absence of a source of income that is usually used for saving provides a challenge for farmers in Lopawon Village to save. However, these challenges can be overcome well by farmers so that they can continue to consistently save. With these problems, this study aims to determine the *nudge* in the saving behavior of farmers in Lopawon Village that leads them to make good decisions during saving. Therefore, the researcher is interested in conducting research with the title "Analysis of Saving Behavior of Farmers in Lopawon Village, Malang Regency in Based on *Nudge Theory*".

METHOD

This study uses a qualitative method with a phenomenological approach to explain in depth the subjective experience of each clove farmer in Lopawon Village, Malang Regency in managing their finances to save well when faced with the phenomenon of declining clove yields in *terms of nudge theory*. The informants in this study were farmers in Lopawon Village. Meanwhile, the technique used in the selection of informants is *purposive sampling.* The determination of the informant is based on the consideration that the informant controls the information related to the research issues raised. Based on the determination of these informants, the informants in the study were farmers in Lopawon Village, Malang Regency who had good saving behavior during saving in cooperatives and arisan tahlil activities.

Researchers have a very crucial role in qualitative research because researchers are the main instruments that explore, collect and interpret the meaning of the data needed in the study. The techniques used to collect research data are interviews, observation, and documentation. After the data was collected from the informants, the researcher analyzed the data using the Miles and Hubermean model consisting of data reduction, data display, and verification and conclusion drawing.

RESULTS AND DISCUSSION

Saving Behavior

Saving behavior consists of aspects of planning the use of savings in the future, setting aside part of their income to save, and the decision to use the savings accumulated to meet needs. The results of research on saving behavior of farmers in Lopawon Village, Malang Regency showed that during saving farmers use four savings containers, namely cooperatives, banks, homes, and arisan tahlil. In the cooperative, farmers can routinely save once a month on the principal savings and other savings if they have money that can be used to save. The results of savings in cooperatives can be used to fulfill their goals through loans, SHU, savings, and basic necessities before Eid al-Fitr. At home and banks, Lopawon Village farmers do not routinely save. Farmers in Lopawon Village will only save in the container when they get abundant sustenance or feel there is residual income to save. While saving in the container, Lopawon Village farmers have difficulty controlling themselves in taking savings that have not met the desired target so that Lopawon Village farmers cannot meet their savings targets when saving at home and banks. In the arisan tahlil activity, farmers routinely save every Thursday and if they have obstacles so that they cannot save in a certain period they will pay the savings in the next period. The savings generated from arisan tahlil activities are used to meet the needs of farmers in Lopawon Village, such as funds for children's schools, groceries, home renovations, organizing celebrations, and business capital . The nominal savings in arisan had changed from around Rp. 5,000 to Rp. 20,000 to around Rp. 50,000 to Rp. 200,000. The saving behavior based on the saving container used by farmers in Lopawon Village can be categorized into two, as follows.

Table 1. Savings Categories Based on Savings Time

No	y	Savings Container	Saving Time	Savings Retrieval Time
1.	Specific time	Arisan tahlil	Every week	At the time of tahlil activities at the farmer's own house
		Cooperative	Every month on the 10th	Every month on the 10th
2.	Whenever	Bank	Whenever	Anytime
		Home	Anytime	Whenever

In a certain time category, clove farmers in Lopawon Village save regularly according to the specified time and the results of their savings can be used to fulfill various kinds of intended needs. This shows that cooperatives and arisan tahlil provide benefits for farmers to meet their needs. As stated by Wardhani (2021) with arisan the members can fulfill their needs with effective and efficient financial management. In addition, similar research is shown by research conducted by Neng Frida (2023) shows that cooperatives can improve the welfare of their members through loans and financing, as well as savings.

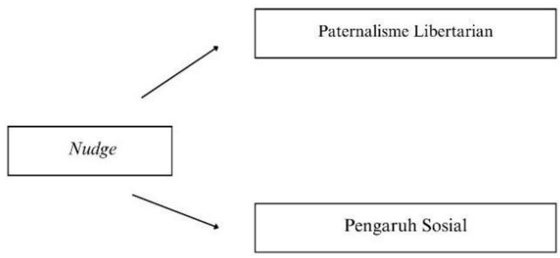
The saving behavior of farmers in Lopawon Village in the saving container in the category of anytime saving time shows the existence of obstacles in the form of income that is not enough to save and self-control during saving. Income level and self-control have a positive influence on saving behavior. As stated in research conducted by Mudhori and Rohmah (2022); Ni Wayan Sri Widari & Dewi (2022); Utami & Sirine (2016) that the higher the income level, the easier it will be for individuals to set aside their income for saving and someone has self-control can set aside their money by controlling themselves through the application of budgeting and economic cost assessment.

In the category of time-specific savings containers, farmers can routinely save and fulfill their needs with these savings in accordance with the planned use of these funds. Meanwhile, in the category of any time saving container, farmers have difficulty saving and the savings are not used to meet the needs they have planned. The difference in saving behavior of farmers in Lopawon Village based on the category of savings container shows that farmers' saving behavior can change based on how the savings container provides treatment in making savings decisions. Good saving decisions of Lopawon Village farmers in arisan tahlil and cooperative activities need to be analyzed so that it can be found that ultimately moves farmers in making good decisions during saving.

Saving Behavior Viewed Based on *Nudge Theory*

The saving behavior of farmers in Lopawon Village which shows that farmers have good saving behavior shown in the behavior of saving in cooperatives and arisan tahlil activities. In the savings container, Lopawon Village farmers can set aside their income regularly and eventually meet their needs. This behavior can be formed from the *nudge* (encouragement) that moves farmers to make good decisions during saving. As stated by (Thaler & Sunstein, 2020) that *nudge* directs humans to make good decisions, including the decision to set aside part of their income to save. The following aspects of *nudge* (encouragement) are found in the saving behavior of farmers in Lopawon Village

Figure 2. *Nudge* that shapes the saving behavior of clove farmers in Lopawon Village



The social influence given from arisan tahlil activities is to stay in touch, pray together, provide pressure in the form of shame if you do not participate, and provide important information. This influence moves farmers to take the action of saving in arisan tahlil. Meanwhile, the social influence provided by the cooperative is in the form of information on the benefits obtained when becoming a member of the cooperative provided by people around so that farmers decide to become members of the cooperative. In addition, differences in the type of involvement and frequency of involvement of others have an impact on how useful cooperatives and arisan tahlil are for clove farmers in Lopawon Village to save. The cooperative is only able to mobilize some informants of clove farmers in Lopawon Village to save, while arisan tahlil can mobilize all informants of clove farmers in Lopawon Village. This shows that the more often the frequency and type of involvement of others will move farmers to take action to save.

The involvement of others provides encouragement for clove farmers in Lopawon Village to make good decisions in saving. This is as stated by (Thaler & Sunstein, 2020) statements or actions of others can influence others. Social influence is also the most effective way to push towards good or evil. There are three social influences used to encourage: information, peer pressure, and preparing. As for "preparing" to encourage someone to do good actions, that is by showing that some people have done certain actions. Research conducted by (Kast et al., 2018) shows that social interventions with peers can encourage microcredit clients in Chile to save.

The rules imposed on arisan tahlil and cooperative activities make it easier for farmers to save according to their abilities and use the savings to meet their needs. The rules for arisan tahlil include the time to save, the amount to save, and the collection of savings according to the number that can be redeemed. The saving time in the tahlil arisan activity is once a week on Thursdays, but if the farmer has an obstacle to saving on a certain week, the farmer can pay the savings the following week. The nominal amount set for saving is Rp. 50,000 to Rp. 200,000, but some farmers are allowed to save according to their ability even if it is less than Rp. 50,000. The sequence number indicates when the farmer organized tahlil activities at his residence and obtained the savings. If the farmer's serial number does not match when his needs must be met with the savings, the farmer can exchange it with a member of the arisan tahlil whose serial number matches when his needs must be met. While the rules in the cooperative are in the form of types of savings and saving time. The type of savings that must be paid is mandatory savings while other savings can be paid according to their abilities. Saving time is once a month.

The rules and concessions given when saving in arisan tahlil and cooperative activities allow farmers in Lopawon Village to make good saving decisions. Rules and concessions in tahlil activities are made based on mutual agreement, while in cooperatives are made by tahlil administrators. Those who make these rules have given encouragement to saving behavior. The encouragement is in accordance with the *nudge* strategy according to (Thaler & Sunstein, 2020) namely libertian paternalism (maintenance of freedom). Libertian paternalism aims to make it easier for someone to choose a decision without using freedom.

CONCLUSION

Farmers in Lopawon Village showed differences in saving behavior based on the four saving containers used, namely banks, houses, arisan tahlil, and cooperatives. The good saving behavior of farmers in Lopawon Village is shown when saving in arisan tahlil and cooperatives. This is indicated by farmers who routinely save once a week in arisan tahlil activities and once a month in cooperatives. In addition, farmers benefit from these savings to meet their needs. The good saving behavior of farmers in Lopawon Village when saving in arisan tahlil and cooperatives is formed through *nudge*, namely social influence and libertian paternalism. The social influence of the people closest to the clove farmers of Lopawon Village encouraged farmers to start and continue saving in that place. Libertarian paternalism helps farmers to be able to save by providing rules and a little leeway that does not violate the rules that have been set.

Implication

The findings of this study indicate that good saving behavior among farmers can be fostered through nudge (libertarian paternalism and social influence). These findings are expected to enrich the literature on nudges and assist the government in formulating policies on farmer welfare.

Limitation and Future Direction

The limitations of this study are that it was conducted in Lopawon Village, Malang Regency, so it cannot be generalized or applied to other locations. Furthermore, the study relies on the researcher's interpretation of the implied meaning in the interviews, which may lead to bias. Therefore, the researcher will conduct triangulation, both source and data triangulation, to reduce bias. Furthermore, since this study demonstrates the influence of nudges on the behavior of saving, it is hoped that future researchers will conduct studies on the same topic using different research methods.

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