

The Effect of Financial Literacy on Consumptive Behavior of Economics Education Students of the Faculty of Economics Universitas Negeri Makassar

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ABSTRACT

This study aims to describe and test the effect of financial literacy on consumptive behavior in students of the Faculty of Economics, Makassar State University. This study was designed using a quantitative approach using SPSS. The population of this study were all students of the Faculty of Economics, Makassar State University who had passed general courses as many as 541 students. The sample of this research was 230 students using proportional random sampling. Collecting data in this study using SEM (Structural Equation Modeling) analysis. Based on the results of the research conducted, it is known that there is a significant influence between financial literacy on consumptive behavior in students of the Faculty of Economics, Makassar State University.

Keywords: *financial literacy, consumptive behavior*

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1. INTRODUCTION

Consumption becomes an obligation because it relates to meeting the most basic needs for a person, while consumptive behavior can be interpreted as fulfilling one's own needs excessively regardless of the surrounding circumstances (Murisal, 2007). All activities, actions, and psychological processes that continue to encourage someone to carry out activities to buy, use, spend existing products and services (Sumarwan, 2011). Consumptive behavior is often associated with shopping tendencies, because shopping can be used as an alternative to consumption so that transactions occur in everyday life. Consumptive humans will be willing to do and sacrifice various things in order to have them. Suminar (2015) found that consumptive behavior is the behavior of consuming expensive goods and services with increasing intensity in order to get something newer, better and more numerous and beyond the actual need to show social status, prestige, wealth and privileges, as well as to gain the satisfaction of possession.

The theory of consumer behavior in this study applies that students choose and spend their money not only to meet their needs but also to follow the level of will that exists within a person. If this is implemented, it will prevent students from behaving consumptively. Most of the early theories about consumer behavior were based on economic theory, with the notion that individuals act rationally to maximize their gain (satisfaction) in purchasing goods and services. As a student who is in his teens, his consumption behavior cannot be separated from his peer group, family environment, ways of managing finances and the culture in his surroundings. Current student behavior seems to have a high consumptive behavior. It can be seen when students are more concerned with shopping in well-known places, malls and so on, which incidentally sell luxury and branded goods. In addition, students are also closer to their friends than their parents due to long distances and also most students live in boarding houses or rented houses so that their consumption behavior when at home and boarding is different. Seeing this situation, students need to be trained to apply economic education in carrying out their lifestyle and consumption behavior.

Self-control in terms of financial management is an activity that encourages a person to make savings by reducing purchases in economic activities, therefore students need to be taught about financial literacy which

will help individuals become better consumers, critically looking at the quality, price and service of a product. Financial literacy has actually been taught by parents, schools and the surrounding environment both directly and indirectly in terms of carrying out economic activities such as saving and so on. In carrying out economic activities, humans must act economically and rationally, which means that humans must consider and take into account the sacrifices and results to be obtained. For this reason, in economic activities, humans must adhere to economic principles. Economic principles are guidelines for carrying out economic actions that will teach individuals to tend to be economical in transactions so that it is sufficient to issue certain capital for maximum results.

One of the intelligences that must be owned by modern humans is financial intelligence, namely intelligence in managing personal assets, especially in managing personal assets, Gitman in (Isnahriyati, 2013) states that in general financial management is defined as the process of planning, analyzing and controlling financial activities. One form of application of financial management is personal financial management (personal finance), namely the process of planning and controlling the finances of individual units or families. Financial literacy is knowledge, understanding and ability not only to manage finances but also knowledge that can assist us in making economic considerations and decisions (Habybillah, 2016). Therefore, financial literacy is absolutely known to everyone so that they are able to use their finances properly and appropriately for their daily lives.

Financial literacy relates to a person's competency in managing finances. The definition of financial literacy according to Mason & Wilson in (Krisna et al., 2010) is a person's ability to obtain, understand, and evaluate relevant information for decision making by understanding the resulting financial consequences. Meanwhile, according to Hilgert, Holgart & Bayerly (2003) and Cude, Laurence Lyons, Metzger, LeJeune, Marks & Machtmes (2006) also stated that knowledge is needed about how to manage finances and how investment techniques can no longer be ignored, such as at times previously. According to Orton (2007) clarifies by stating that financial literacy is something that is not an integral part of a person's life because financial literacy is a useful tool for making informed financial decisions but from experiences in various countries it still shows a relatively low level. Meanwhile, Byrne (2007) also found that low financial knowledge will lead to making financial plans that are wrong and cause a bias in achieving prosperity when people are no longer productive.

The phenomenon that exists in students of the Faculty of Economics, Makassar State University in carrying out economic activities is strongly influenced by the surrounding environment so they tend to be wasteful in shopping. This shows that the consumption behavior of these students is not good. There are also students who continuously force themselves to fulfill their desires without considering only the things that are needed. They tend to be willing to owe money to their friends or groups or prioritize their siri' or prestige to fulfill their desires. Apart from that, students who come from the regions will also be tempted by the environment in the middle of the city of Makassar, such as the many variants of food, clothing, collections of trinkets, and entertainment facilities which are relatively close to campus which have an impact on financial management and behavior adolescent consumption in general.

Based on the results of observations, researchers saw that the condition of Makassar City was increasingly crowded with many shopping centers, gathering places, movie theaters and culinary tours that had spread throughout the city. Such facilities are used by students as a place of association and not a few students are still wasteful in consuming and almost all of them do not have the initiative to save. With these existing facilities, students sometimes ignore their campus assignments when they are having fun hanging out with their friends and there are also students who use their savings just for fun. The purpose of economics education on campus is to educate students to always be smart in managing pocket money given by their parents to meet their needs. For this reason, economics lessons on campus have been instilled regarding the nature of humans as economic beings, with rational economic learning.

2. RESEARCH METHODS

This research is an explanatory research with a quantitative approach which aims to explain two or more variables objectively, namely the influence of exogenous variables, namely financial literacy on consumptive behavior as an endogenous variable. The relationship between variables in this study is processed using Structural Equation Modeling (SEM) because it is able to measure variables that cannot be measured directly but must also be through indicators supporting the variables. So in this study it will be known the effect of endogenous variables on exogenous variables, namely consumptive behavior. This research also used some

software to process data such as Statistical Product and Service solution (SPSS), Microsoft Excel 2007 and Linear Structural Relationship (LISREL) version 8.80.

2.1 Research Instruments

The instrument in this study was to use a questionnaire with closed questions. The questions that will be asked are related to each variable then from the variables there are indicators that will be asked questions. Each variable consists of at least three indicators and three indicators have at least three questions. Questions or statements in this closed questionnaire use a Likert scale which has five categories, namely strongly disagree with point 1, disagree with point 2, disagree with point 3, agree with point 4 and strongly agree with point 5. The questionnaire tested on students will be analyzed for the level of validity and reliability of each question/statement in the questionnaire using a Likert Scale where this scale uses a score weight of 1 to 5 but the output or results of this Likert Scale will produce ordinal data whereas if you want to analyze or process the data use interval data. Therefore, researchers use software in the form of Methods Of Successive Interval (MSI) to convert ordinal data into interval data. Collecting data in this study is using a questionnaire, observation and documentation.

2.2 Data Analysis Technique

The data analysis technique used is descriptive analysis and inferential analysis. Descriptive analysis technique is a type of data analysis that is intended to describe the circumstances or characteristics of each research variable individually. Data in the form of numbers will be processed and then presented in descriptive statistical calculations in the form of frequency distribution tables and percentages of respondents' answers. In this descriptive analysis, frequency and percentage are used to determine whether the research variable is included in the very high, high, moderate, poor, and very poor categories. In another section, descriptive analysis is also discussed based on the results of the frequency distribution of respondents' answers and the percentage of categories in each indicator and variable. Inferential statistical analysis was obtained through SPSS data processing and SEM analysis to determine the degree of correlation or influence from endogenous variables to exogenous variables. In addition, the SEM analysis technique is processed through five stages, namely model specification, model identification, model estimation, model evaluation and model modification. This method is intended so that all the variables in this study can be measured specifically. The prerequisite test in this study is as follows.

a. Normality Test

The normality test is carried out with the intention of seeing whether the data being analyzed is normal or not. One of the normality tests to find out whether the data is normally distributed or not is by using the Kolmogorov Smirnov test by making a hypothesis. The category is said to be normally distributed or fulfill the normality test if the variable Asymp Sig (2-tailed) value is above 0.05. Conversely, if the Asymp Sig (2-tailed) value of the variable is below 0.05, then the data is not normally distributed or does not meet the normality test.

b. Linearity Test

Linearity test is carried out to see whether the specifications used are correct or not. The relationship between variable X and variable Y is linear if F count is smaller than F table at a significance level of 0.05 or 5%. This test was carried out on the independent variable data and the dependent variable. Calculations from this linearity test are assisted by using the SPSS 20 application for windows.

c. Partial Test (t test)

The t test is used to find out which variables have a significant or insignificant effect partially. The regression coefficient test is carried out using the t-value statistic. Determination of the test results can be done by comparing t-counts with t-tables or it can also be seen from the significant value.

d. Correlation Analysis

The correlation test was used to measure the relationship between the independent variables and the dependent variable, namely to measure the relationship between financial literacy and consumptive behavior in students of the Faculty of Economics, Makassar State University.

e. Coefficient of Determination

Identification of determination (R^2) serves to determine the significance of the variable, so we must look for the coefficient of determination (R^2). The determinant coefficient shows the magnitude of the independent variable's contribution to the dependent variable. The greater the value of the coefficient of determination, the better the ability of the independent variables to explain the dependent variable. If the determination (R^2) is greater (close to one), then it can be said that the influence of the independent variable

is large on the dependent variable. This means that the model used is stronger to explain the effect of the independent variables studied on the dependent variable.

3. RESULTS AND DISCUSSION

3.1 Results

The description of financial literacy data as a factor influencing the independent variable, namely consumptive behavior, is obtained from a questionnaire given to respondents. Financial literacy variable data was obtained from three sub-variables namely financial information, financial decisions and financial management and several indicators namely personal financial practices, knowledge of savings products and knowledge of investment products then translated into 9 question items consisting of 5 alternative answers namely strongly agree, agree, moderate, disagree and strongly disagree. Alternative answers have the highest score of 5 and the lowest score of 1, which means that the lowest expected value is $1 \times 9 = 9$ and the highest expected value is $5 \times 9 = 45$. Thus, the empirical results of data collection can be tabulated in a frequency distribution which will then be presented. Financial literacy variable data was tabulated into data which was divided into 5 categories, namely very irrational, irrational, quite rational, rational and very rational. Tabulation details can be seen in Table 1.

Table 1. Frequency Distribution of Financial Literacy Variables

| No | Interval Score | Criteria | Frequency | |
|--------------|----------------|-----------------|------------|------------|
| | | | F | % |
| 1 | 31–33 | Very Rational | 1 | 0,43 |
| 2 | 34–36 | Not Rational | 12 | 5,22 |
| 3 | 37–39 | Rational Enough | 69 | 30 |
| 4 | 40–42 | Rational | 110 | 47,83 |
| 5 | 43 - 45 | Very Rational | 38 | 16,52 |
| Total | | | 230 | 100 |

Source: Processed Research Data Results 2020

Based on Table 1 it can be seen that the frequency distribution of the financial literacy variable among Faculty of Economics, Makassar State University students is in the rational category, namely at interval scores between 40-42 as many as 110 respondents or 47.83 percent of the total respondents. It can be concluded that students of the Faculty of Economics, Makassar State University tend to be rational towards financial literacy. In addition, the answers from students in this study stated that financial literacy was approved by students in implementing its management while studying. Thus, the results of data collection can be tabulated based on the frequency distribution and bar chart as follows:

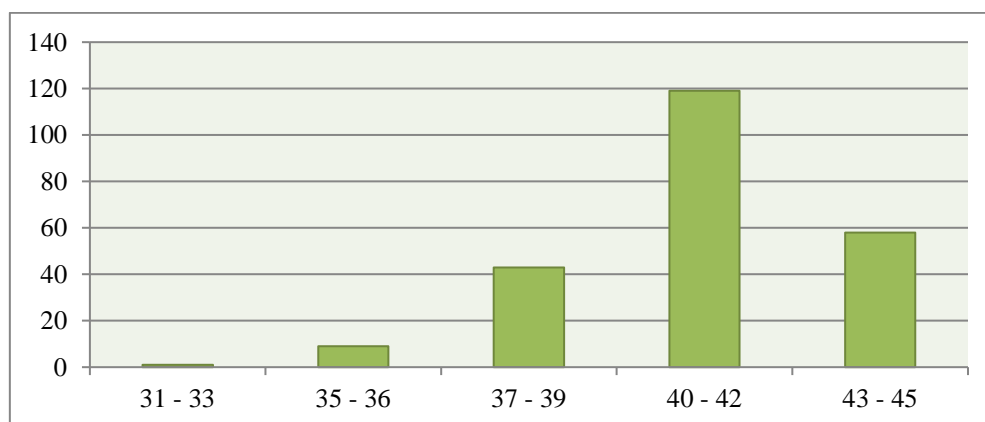


Figure 1. Histogram of Financial Literacy Variables

In addition, the description of the consumptive behavior data as a factor that acts as the dependent variable is obtained from the questionnaire given to the respondents. Consumptive behavior variable data is

obtained from one sub-variable, namely the efficiency of consumption actions and several indicators, namely consumption planning, principles of savings and value maximization then elaborated into 9 questions consisting of 5 alternative answers namely strongly agree, agree, moderate, disagree and strongly disagree. Alternative answers have the highest score of 5 and the lowest score of 1, which means that the lowest expected value is $1 \times 9 = 9$ and the highest expected value is $5 \times 9 = 45$. Thus, the empirical results of data collection can be tabulated in a frequency distribution which will then be presented.

Based on the results of the study, data on consumptive behavior variables were tabulated which were divided into 5 categories, namely strongly disagree, disagree, moderately agree, agree and strongly agree. Tabulation details can be seen in Table 2.

Table 2. Frequency Distribution of Consumptive Behavior Variables

| No | Interval Score | Criteria | Frequency | |
|--------------|----------------|-------------------|------------|------------|
| | | | F | % |
| 1 | 31–33 | Strongly Disagree | 1 | 0.43 |
| 2 | 35 – 36 | Don't agree | 11 | 4.78 |
| 3 | 37–39 | Simply Agree | 54 | 23,48 |
| 4 | 40–42 | Agree | 109 | 47,39 |
| 5 | 43–45 | Strongly agree | 55 | 23,92 |
| Total | | | 230 | 100 |

Source: Processed Research Data Results 2020

Based on Table 2 it can be seen that the distribution of the frequency of consumptive behavior variables in Faculty of Economics, Makassar State University students is in the Agree category, namely at interval scores between 40-42 as many as 109 respondents or 47.39 percent of the total respondents. It can be concluded that students of the Faculty of Economics, Makassar State University tend to reflect consumptive behavior in everyday life. In addition, the answers from students in this study stated that consumptive behavior approved by students in implementing its management during college. Thus, the results of data collection can be tabulated based on the frequency distribution and bar chart as follows:

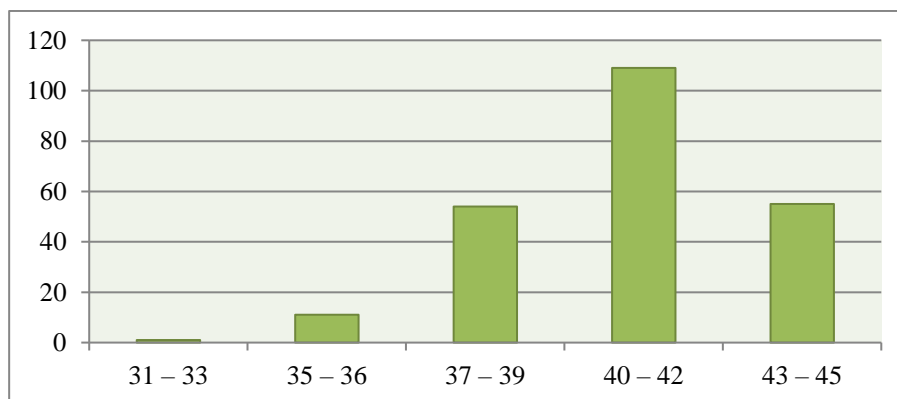
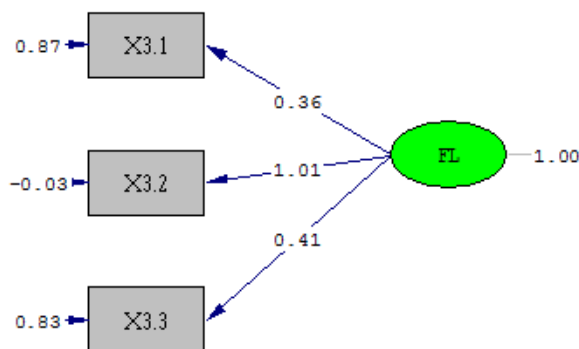


Figure 2. Histogram of Consumptive Behavior Variables

The results of data analysis in SEM use the construct variable's undimensionality test. The latent variable consists of several indicators. The following is the identification of the measurement model for each variable, namely financial literacy and consumptive behavior. In this study, financial literacy consists of 3 indicators, namely personal financial practices (X1.1), knowledge of savings products (X1.2) and knowledge of investment products (X1.3).

In order to test whether the three indicators of the observed variables are valid and reliable indicators in explaining the construct variable of financial literacy in students of the Faculty of Economics, Makassar State University, it was analyzed using the LISREL 8.80 application program which can be presented in the image of the Confirmatory Factor Analysis results (CFA). The results of the analysis can be seen in the following figure.



Chi-Square=0.00, df=0, P-value=1.00000, RMSEA=0.000

Figure 3. Undimensionality Test of the Financial Literacy Construct

Information:

- FL = Financial Literacy
- X1.1 = Personal Finance Practice
- X1.2 = Product Knowledge Savings
- X1.3 = Knowledge of Investment Products

A summary of the results of the analysis and interpretation of the validity of the financial literacy variable can be presented in Table 3.

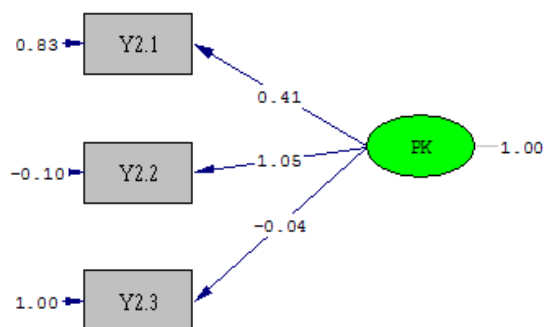
Table 3. Construct Validity of Financial Literacy

| Manifest Variable | Λ | R^2 | T-Value | Information |
|-------------------|-----------|-------|---------|-------------|
| X1.1 | 1.46 | 0.38 | 3.84 | Valid |
| X1.2 | 0.72 | 0.14 | 5,13 | Valid |
| X1.3 | 0.43 | 0.08 | 4,11 | Valid |

Source: Processed Research Data Results 2020

Standard loading output results above, it can be concluded that the manifest variable financial literacy can be seen with a T-Value ≥ 1.97 or 2. Therefore all lambda coefficients or factor loading of each manifest are proven to be valid. As for the reliability test, the reliability coefficient Croanbach alpha was 1.00. The data criterion is said to be reliable if the reliability coefficient is above 0.60. Based on this, the construct reliability of the financial literacy variable is declared to have met the requirements.

The dependent variable, namely consumptive behavior, consists of 3 indicators, namely consumption planning (Y1.1), the principle of savings (Y1.2) and value maximization (Y1.3). To test whether the three indicators of the observed variables are valid and reliable indicators in explaining the construct variable of consumptive behavior in students of the Faculty of Economics, Makassar State University, it is analyzed using the LISREL 8.80 application program which can be presented in the results of the Confirmatory Factor Analysis (FIG.CFA). The results of the analysis can be seen in Figure 4.



Chi-Square=0.00, df=0, P-value=1.00000, RMSEA=0.000

Figure 4. Undimensionality Test of the Consumptive Behavior Construct

Information:

- PK = Consumptive Behavior
- Y1.1 = Consumption Planning
- Y1.2 = Principle of Saving
- Y1.3 = Value Maximization

A summary of the results of the analysis and interpretation of the validity of lifestyle variables can be presented in Table 4 as follows.

Table 4. Construct Validity of Consumptive Behavior

| Manifest Variable | Λ | R^2 | T-Value | Information |
|-------------------|-----------|-------|---------|-------------|
| Y2.1 | 0.67 | 0.35 | 2.50 | Valid |
| Y2.2 | 0.41 | 0.33 | 1.98 | Valid |
| Y2.3 | 0.42 | 0.06 | 2.37 | Valid |

Source: Processed Research Data Results 2020

The standard loading output above, it can be concluded that the manifest variable of consumptive behavior can be seen with a T-Value ≥ 1.97 or 2. Therefore all lambda coefficients or loading factors of each manifest are proven to be valid. As for the reliability test, the reliability coefficient Croanbach alpha was 1.00. The data criterion is said to be reliable if the reliability coefficient is above 0.60. Based on this, the construct reliability of the consumptive behavior variable is declared to have met the requirements.

3.2 Discussion

Financial literacy has several manifest variables including personal financial practices, knowledge of savings products and knowledge of investment products. Based on the results of research conducted on students of the Faculty of Economics, Makassar State University, it can be concluded that financial literacy has a significant effect on student consumptive behavior. Students sometimes find it difficult to manage finances (mismanagement) because the higher financial literacy, the lower a person's consumptive behavior and conversely the lower a person's financial literacy, the more likely his consumptive behavior will increase or tend to make decisions that are less productive, meaning that individuals who have management mature money will think when it will make a transaction.

This research is in line with research conducted by Mintarti (2016) which said that students who have low financial literacy skills will make the wrong decisions in consumption because they do not take into account priority needs. Conversely, if students have good financial literacy, they will be smart in consumption because they will definitely prioritize their needs and set aside their desires and be able to think far ahead about the possibilities that will occur if priority needs are set aside.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

Based on the results of the research and discussion in this study, it can be concluded that there is a significant influence between financial literacy on consumptive behavior in students of the Faculty of Economics, Makassar State University. Practically, increasing financial literacy will be able to reduce student consumptive behavior because financial literacy is organized by increasing good cooperation between campuses and academics for further development.

4.2 Recommendations

The campus or lecturers must be able to insert material regarding financial literacy in economics and accounting subjects or other applicable actions. In addition, lecturers should encourage students to consume as much as possible effectively because students as academics can actually develop financial literacy for further benefits.

5. NOTE (THANK YOU NOTE)

The completion of this scientific article is inseparable from the help, guidance, direction and encouragement from various parties. For this reason, the author expresses his gratitude to the head of the Syari'ah Economics study program, the Muhammadiyah Sinjai Islamic Institute of Religion, who always provides input or suggestions to researchers, GP2M who has made improvements to the editing of this article and all parties who have helped smooth the preparation of this scientific article which It is impossible for the author to mention one by one.

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