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The Effect of Financial Literacy on Consumptive Behavior of Managerial Accounting Study Program Students in Batam State Polytechnic

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Abstract

This research aimed to investigate the impact of financial literacy on the spending habits of students enrolled in the Management Accounting Studies Program at Batam State Polytechnic. The research employed a quantitative approach, with data collection accomplished through the distribution of a Likert Scale-based questionnaire. The study population comprised 161 students, and a purposive sampling method was employed to select 64 respondents from the Batam State Polytechnic Program. Simple linear regression analysis was utilized for data analysis, conducted using the SPSS version 20 program. The findings revealed a significant and negative correlation, indicating that financial literacy has a discernible adverse effect on the consumptive behavior of students in the Management Accounting program at Batam State Polytechnic.

Keywords: Consumptive Behavior, Financial Literacy, Managerial Accounting, Students

1. Introduction

The development of an increasingly advanced era creates additional impetus for economic development. This development also makes the number of industries that can meet all the needs of society. People are starting to compete to meet their needs, but because the desire is too strong to consume or own, people are also starting to compete to buy what is not needed. The behaviour of buying products excessively without being based on consideration and rationality, only concerned with wants and needs, this behaviour is said to be consumptive behaviour as explained (Ridhayani & Johan, 2020).

Research that has been conducted (Zahra & Anoraga, 2021) says that current habits and lifestyles have changed drastically to become luxurious and excessive in a short time, for example in terms of appearance which can become consumptive over time. Impulsive buying is a phenomenon that can occur in all walks of life but is more common in adolescents who are starting to grow up and do not have sufficient money or finances to meet their needs and lifestyle as described by (Anisa et al., 2020). Accompanied by research (Jannah et al., 2021) explaining that consumptive behaviour like this can be embedded in the lifestyle of young people, if this behaviour is not controlled during their growth period, they will grow up to be accompanied by a consumptive lifestyle because they do not have financial literacy as a foundation in behave.

A low level of financial literacy can trigger a high lifestyle, then this high lifestyle can also create high consumptive behaviour for students (Nurzianti, 2022). Students are supposed to live every moment that passes by expanding their knowledge, skills and other expertise and carry out their daily activities through various positive activities so that in the future they will have sufficient capital for a good future for the community and the nation. All of this changed because campus life created different forms of lifestyle among students, and then a high social-cultural overhaul occurred and made students allow the growth of consumptive behaviour as explained (Selvia et al., 2021). College students as an illustration of teenagers are more likely to want to raise their self-esteem through owning goods with famous brands and have a lifestyle that is considered luxurious and classy to gain recognition from their friends.

Financial understanding which is said to be good financial literacy is a solution that can be used to minimize the negative impact of consumptive behaviour (Deviyanti, 2020). The basic premise that students need financial literacy is to control spending money only on necessary things. Research (Ritonga et al., 2021) explains financial literacy as knowledge skills and beliefs that impact a person's behaviour in making decisions and managing finances wisely with welfare as the goal. The importance of financial literacy in society is no exception for students so they can manage finances well. In line with what was disclosed (Jannah et al., 2021) in their research which argues that low financial literacy will lead to a low desire to save money for plans and the habit of spending on luxury goods causes people to become consumptive, this will cause a person to be more It's hard to be a smart consumer in the future. Financial literacy, namely knowledge and understanding of financial concepts, makes a person more effective in making financial decisions and makes a person more prosperous in economic terms.

2. Literature Review

Theoretical Review

The theory of planned behaviour (TPB) posits that consumer behaviour is shaped by attitudes toward the behaviour, subjective norms, and behavioural control. Developed by Ajzen in 1991, this theory aimed to enhance the predictive accuracy of the Theory of Reasoned Action (TRA) by introducing the concept of behavioural control (PBC). According to this theory, attitudes, subjective norms, and PBC collaborate to influence thoughts and guide actions.

Zahra and Anoraga (2021) characterize the Theory of Planned Behaviour (TPB) as a highly predictive framework capable of anticipating human behaviour across various domains. According to their explanation, studies employing this theory often delve into contemporary subjects such as marketing (purchase behaviour, advertising, promotion), online behavioural patterns, and the promotion of environmentally friendly products. Moreover, its applications extend to health-related areas, including public education and entrepreneurial behaviour. Given that this research aims to investigate the impact of financial education on consumer behavior, the TPB serves as a suitable foundation for this study.

Literature Review

Numerous studies have operationalized consumptive behaviour as a variable influenced by financial literacy. Soekarno and Pranoto (2020) found that millennials with high education levels, jobs related to economics, and those well-versed in financial science tend to be influenced by financial literacy, impacting stock market access and consumption behaviour in Indonesia.

Jannah et al. (2021) investigated the impact of financial education, social networks, and the social environment on the consumptive behavior of Jepara High School students. Their findings indicate that financial education, social media, and the social environment significantly and negatively affect consumer behavior. The study reported specific negative impacts: 20.16% from financial education, 43.16% from social media, and 34.45% from the social environment.

Ridhayani and Johan's (2020) research identified factors influencing the consumptive behavior of high school students in Bogor City, including gender, financial behavior, and reference groups. Correlation analysis revealed a significant association between female students and consumptive behavior, with regression tests indicating a negative impact of financial behavior on consumptive behavior.

Anisa et al. (2020) explored the motivational buying behavior of Generation Y in online shopping, revealing a significant negative impact of financial literacy (-0.321) on impulse buying behavior. Higher financial knowledge among students was found to lead to a reduction in impulsive purchases.

Selvia et al. (2021) studied the influence of financial knowledge on the consumptive behavior of students in the Business Studies Program at the Islamic University Kalimantan Muhammad Arsyad Al-Banjari Banjarmasin. The results indicated a significant impact of financial knowledge on saving behavior. Deviyanti's (2020) research on the impact of financial education on consumptive behavior among XII IPS students at SMA Negeri 3 Makassar found a significant influence, with a t-test result of 0.555.

Nurzianti's (2022) investigation into the influence of Islamic financial knowledge on the consumptive behavior of students at IAIN Takengon revealed a significant negative impact, with a probability value of

0.633. Ritonga et al.'s (2021) study explored the influence of financial education, financial inclusion, and spending habits on students, showing significant impacts on student interest. Financial literacy and financial inclusion significantly affected student interest, and consumptive behaviour positively influenced it, collectively contributing 88.10%.

Fauzia and Nurdin (2019) studied the consumptive behavior of students at the Islamic University of Bandung, finding a significant influence on financial knowledge, accounting for 38.9%.

Zahra and Anoraga's (2021) research aimed to understand the influences of lifestyle, financial literacy, and socio-economic factors on students' consumptive behaviour. The study revealed positive impacts of lifestyle, financial knowledge, and personality, with sociodemographics having the most significant impact.

Hypothesis Development

Financial literacy, a factor influencing consumptive behaviour, manifests various impacts according to the findings of several preceding studies. When viewed through the lens of the Theory of Planned Behavior (TPB), the perception of something can prompt habits in individuals. The comprehension or perception of one's financial situation can either lead to more impulsive behaviours or result in better control of financial matters. By this theory, it can be inferred that a person's level of financial literacy directly affects their consumptive behaviour. It is logically deduced that a person's financial literacy cannot exist independently of its influence on their consumptive behaviour. Drawing from these insights, the hypothesis the researcher will formulate is as follows:

H_0: Financial literacy does not affect the consumptive behaviour of Managerial Accounting Study Program students in Batam State Polytechnic.

In connection with the Theory of Planned Behavior (TPB), possessing a relatively elevated level of financial literacy leads an individual to perceive that if they deem something unnecessary or non-essential, they should refrain from spending money on it. From a logical standpoint, heightened financial literacy corresponds to diminished consumptive behaviour. Contrary to the notion that financial literacy has no impact on consumptive behaviour, certain studies, including those conducted by Anisa et al. (2020), Jannah et al. (2021), and Nurzianti (2022), demonstrate a negative influence of financial literacy on a person's consumptive behaviour. Concurrently, research by Fauzia and Nurdin (2019) and Selvia et al. (2021) underscores a significant correlation between financial literacy and consumptive behavior.

Considering that heightened financial literacy generally leads to more efficient financial management, it follows that an individual can curb impulsive shopping activities. Thus, the hypothesis emerging from this research is as follows:

H_a: Financial literacy has a significant effect on the consumptive behaviour of Managerial Accounting Study Program students in Batam State Polytechnic.

3. Research Method

The research method approach used in this study is to use quantitative methods. Research data collection, namely surveys by distributing questionnaires, makes the data taken a definite answer that is directly obtained from the respondent. Batam State Polytechnic Managerial Accounting Study Program students are used as the population in this research data.

Operational and Measurement Variables

Dependent Variable

The indicators for measuring consumptive behaviour as the dependent variable in this study follow the aspects described in the study (Lina & Rosyid, 1997) by measuring:

1. Impulsive Buying

This behavioural indicator is measured by assessing a sudden purchase decision before making a purchase.

2. Non-Rational Buying

This behavioural indicator is measured by assessing the decision to purchase whether it makes sense or is it just for fun.

3. Wasteful Buying

This behavioural indicator is measured by assessing the behaviour of wasting money excessively without any clear reason.

Consumptive behaviour is measured using Impulsive Buying, Non-Rational Buying, and Wasteful Buying as measurement indicators. Respondents measured their consumptive behaviour with several questions using a Likert scale with 5 levels of answers, namely 1 (strongly disagree) to 5 (strongly agree).

Independent Variable

The indicators for measuring financial literacy in this study follow the aspects described in the study (Chen & Volpe, 1998) by measuring:

1. General Personal Finance Knowledge

This indicator is measured by assessing understanding of matters related to knowledge of personal finance.

2. Savings and Borrowing

This indicator is measured by assessing understanding of matters related to knowledge of savings and loans.

3. Insurance

This indicator is measured by assessing understanding of matters related to insurance and insurance products.

4. Investment

This indicator is measured by assessing understanding of matters related to investment.

Financial literacy is measured using General Personal Finance Knowledge, Savings and Borrowing, Insurance, and Investment as an indicator of measurement with several questions using a Likert scale with 5 levels of answers, namely 1 (strongly disagree) to 5 (strongly agree).

Sampling Technique

Non-probability sampling is through the use of purposive sampling used as a withdrawal technique in this research. Batam State Polytechnic's Managerial Accounting Study Program students are devoted to this research object causing the use of purposive sampling, as well as students who have completed Financial Management and Management Accounting courses as additional criteria.

Table 1 Research Sample

Criteria	Students Who Don't Meet the Criteria	Students Who Meet the Criteria
Batam State Polytechnic's Managerial Accounting Study Program	0	705
Has Taken Management Accounting Course	353	352
Has Taken Financial Management Course	191	161

Source: Processed by researcher

Data Collection Technique

The use of surveys, namely the distribution of questionnaires, is the data collection technique in this study. The distribution of questionnaires for this research survey was carried out using the Google form. The questionnaire survey will be distributed to students of the Batam State Polytechnic Managerial Accounting Study Program and will be filled in directly by these students.

Data Processing Technique

Several stages are used as data processing techniques in this study. First, determine the variables in advance which will later be used in the tabulation table. Second, perform tabulations by recapitulating all data obtained using Microsoft Excel. The third is editing by checking the data that has been obtained, and the last is entering the data into the SPSS application for processing.

Data Analysis Technique

A simple regression analysis method was created as a data analysis technique for this study. Test the validity and reliability of the data first before processing and analyzing the data to see whether each question from the questionnaire is appropriate for use in this study. Simple regression analysis will be carried out after the classical assumption test is carried out to ensure that the dependent variable is not biased if the independent variable is encountered. After that, hypothesis testing was carried out to test whether the hypothesis in this study was acceptable or not.

4. Research Results and Discussion

Data Collection Results

This study used a quantitative method which was presented in the form of data processing and distributing questionnaires to students of the Batam State Polytechnic Managerial Accounting Study Program. Purposive sampling was used in the sampling of this study which was only aimed at students who had completed Management Accounting and Financial Management courses. The results of data collection included 161 students as the population of the sample in this study, then 64 respondents after distributing the questionnaires.

Descriptive Statistics

The respondents in this study describe that the respondents are classified based on the courses that have been completed and gender.

Completed Courses

The results based on the questionnaire show that 64 respondents have completed the Management Accounting course and 64 respondents have completed the Financial Management course. It was concluded that all respondents, namely 64 students who were sampled in this study, had completed the Management Accounting and Financial Management courses.

Gender

Table 2 Gender

		Frequency	Per cent
Valid	L	13	20.3
	P	51	79.7
	Total	64	100.0

Source: SPSS 20 data processing results, 2023

The results of data processing in Table 3 above show that there are 13 male respondents with a percentage of 20.3%. Then there were 51 female respondents with a percentage of 79.7%. From these results, it can be said that there were more female respondents than males in this study.

Validity and Reliability Test

Validity Test

The validity test is measured through a comparison of the rcount and rtable values. Research data can be considered valid if rcount > rtable, then research data is considered invalid if rcount < rtable. Based on the significant level in this study is 0.05 n = 30, the way to find the rtable is (30-2) = 28 so that the rtable 28 with a significant level of 0.05 is 0.374.

Based on the results of calculations on the variables Financial Literacy and Consumptive Behavior are verified as valid. This can be seen from the comparison between the rcount of each item of the Financial Literacy and Consumptive Behavior variables which is greater than the rtable. All items in these variables can be said to be valid because their value is not lower than 0.374 or in other words rcount > 0.374.

Reliability Test

This reliability test uses the Cronbach Alpha value, the data is said to be reliable if the Cronbach Alpha value is > 0.60, then the data is said to be unreliable if the Cronbach Alpha value is <0.60. The results of SPSS in the reliability test show that all dependent and independent variables show Cronbach Alpha values > 0.60 which concludes that the data collected is said to be reliable in this research.

Simple Regression Analysis

Proving the acceptance or rejection of the hypothesis which sees the effect of the independent variables on the dependent variable. Simple regression analysis shows the following results:

Table 3 Regression Result

Model	B	t	Sig
Constant	57.806	5.515	.000
Financial Literacy	-.360	-2.138	.036

Source: SPSS 20 data processing results, 2023

The results of simple regression analysis are based on table 9 above when associated with the simple regression analysis formula, namely Y = a + bX. a = Constant on Unstandardized Coefficients whose value is 57,806, which means that if there is no Financial Literacy, the value of Consumptive Behavior is 57,806. b = regression coefficient whose value is Sig. is -0.360, which means that for every 1% increase in the level of Financial Literacy, Consumptive Behavior also increases by -0.360.

The regression coefficient is (-), which concludes that financial literacy hurts consumptive behaviour. It can be said that the higher the level of financial literacy results the lower the level of consumptive behavior. So the regression equation is Y = 57,806 – 0,360 X.

Hypothesis Test (*t-test*)

The t-test was carried out by comparing the value of t_{count} with t_{table} with a significance level of α of 5%. The independent variable has a significant effect on the dependent variable if the $t_{count} > t_{table}$, which means the hypothesis is accepted. The independent variable has no significant effect on the dependent variable if the $t_{count} < t_{table}$ means that the hypothesis is not accepted.

The output of the hypothesis test based on Table 4 previously known that the tcount is -2.138. t_{table} is searched by looking at which distribution of t_{table} values: α/2 = 0.05/2 = 0.025 df = n–2 = 64–2 = 62
t_{table} value 0.025; 62 in the t_{table} value distribution where the value is 1,999. The tcount value is 2,138 > the t_{table} value is 1,999, then it can be interpreted that financial literacy has a significant effect on consumptive behavior so that it concludes that H_0 is rejected.

Discussion

Based on 64 respondents consisting of 13 (20.3%) men and 51 (79.7%) women, the results of this research indicate that financial education has a significant negative effect on the consumer behaviour of students in the Batam State Polytechnic Business Accounting Study Program. From the results of simple regression analysis, a regression coefficient value of -0.360 is obtained, which shows that financial literacy hurts consumer behavior. For every 1% increase in the level of financial literacy, the level of student shopping behaviour decreases by 0.360.

A correlation emerges in this research between increased levels of financial knowledge and decreased levels of student consumer behavior. This aligns with findings from (Anisa et al., 2020), (Jannah et al., 2021), and (Nurzianti, 2022), all of which indicate that financial education negatively impacts consumer behavior. This assertion finds backing in studies demonstrating the significant influence of financial knowledge on consumer behavior, as evidenced by research conducted by (Fauzia and Nurdin, 2019) and (Selvia et al., 2021). Previous research, specifically the study by (Nurzianti, 2022), reveals a connection where low financial literacy leads to elevated living habits, subsequently resulting in increased spending among students. Thus, the pattern emerges that higher financial knowledge is associated with lower levels of consumer behavior.

The higher the students' financial literacy, the better they will be at managing finances for everyday life. Based on the theory of planned behaviour (TPB) developed by Ajzen (1991), students think that if they have good financial knowledge then they will manage their money well to avoid consumptive behaviour. In general, students who have completed business accounting and financial management courses can be said to have a good level of financial knowledge.

Management accounting courses teach financial analysis, giving students a better understanding of financial theory and financial reporting to help them make decisions about how to spend their money. Financial management courses teach you how to plan, manage, and allocate your finances to better support your students. Financial literacy level.

5. Conclusion

From the results of the analysis based on information from 64 students who took part in this research, it is known that financial education has a significant negative influence on consumptive behavior. It can be said that the higher the financial education of research students at the Faculty of Management and Accounting, Batam Province, the lower the level of consumption behavior. Students who complete managerial accounting and financial management courses have significantly improved financial literacy and the ability to curb consumptive behaviours. A high level of financial literacy can reduce the negative behavior of students' shopping habits.

There are suggestions for respondents who already have income and future researchers. Respondents who already have income are advised to diversify their investments, for example putting their funds in shares, deposits or gold. Suggestions for further research to expand the research population to continue this research. By adding more examples of students from various academic programs in the Department of Business Administration, we can see a complete picture of the impact of financial education on consumer behavior most of the time. You can expand your research project by adding additional independent variables and dependent variables.

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