



STABILITY
Journal of Management & Business
Vol.6 No.2 Years 2023
<http://journal.upgris.ac.id/index.php/stability>



FINANCIAL BEHAVIOR: IS IT INFLUENCED BY HEDONIC LIFESTYLE AND FINANCIAL LITERACY?

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Article Information

Article History:

Submission: 2023-11-13

Accepted: 2023-12-21

Published: 2023-12-29

Keywords:

Financial Behavior, Financial Literacy, Hedonic Lifestyle

INDEXED IN

SINTA - Science and Technology Index
Dimensions
Google Scholar
ResearchGate
Garuda

Abstract

The development of market places and digital finance has a negative effect on young people's finances, especially on their financial behavior. This study aims to prove the effect of hedonic lifestyle and financial literacy on financial behavior by taking the location and respondents of students of the Faculty of Economics and Business, YPPI Rembang University. Students in the 2019-2022 batch were used as a population with a proportionate stratified random sampling technique with a total sample of 150 students. The data analysis technique uses multiple linear analysis using SPSS software. The results showed that a hedonic lifestyle has a significant positive effect on financial behavior, while financial literacy has an insignificant positive effect on financial behavior.

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DOI : <https://doi.org/10.26877/sta.v6i2.17401>

OPEN ACCESS

ISSN :2621-850X

E-ISSN : 2621-9565



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INTRODUCTION

The development of technology has a real impact on society, as well as for young people, also known as the millennial generation. Technology offers various changes in young people's shopping behavior through market places and easily accessible financial digitization. This has various impacts. On the positive side, young people find it easy to make purchases and payments using only their devices. The negative effect, if not well controlled, is that their financial behavior becomes poor due to continuous consumption.

The results of research conducted by the OCBC NISP Financial Fitness Index in 2021 showed that 85.6% of the younger generation indicated that they had an unhealthy financial condition. The unhealthy financial condition of the younger generation indicates poor financial behaviour. If this is not addressed immediately, it will have an adverse effect on the long-term stability of their lives.

Students are the young generation at the adolescent age level who are most easily influenced by the times and modernization. Students as a young generation are able to quickly adopt technology and follow the changing times that have an impact on student behavior. The behavior of current students will affect financial management, according to Sari and Wiyanto (2020) Financial behavior is defined as human behavior in relation to managing finances. According to Wahyuni, et al (2023) financial behavior is an attitude of responsibility for financial management in a mature and welfare-oriented manner in the future.

There are many factors that influence financial behavior, one of which is a hedonic lifestyle. According to Pulungan, et al (2018) the lifestyle of today's students tends to be more hedon or luxurious, as is often the case that students prefer luxurious and expensive places to cover their prestige. This will affect the financial behavior of students who tend to be more wasteful and feel deprived, and sometimes choose debt as the fastest and best way to cover the lack of funds in meeting their needs.

According to Gunawan, et al (2020) hedonism is part of the identification of social change. According to Sampoerno and Asandimitra (2021) a hedonic lifestyle is a lifestyle where all life activities are only directed at the pleasures of life, most of the time is usually spent outside the home playing. According to Mufidah and Wulansari (2018), the hedonic lifestyle is influenced by the environment, especially the work environment. In addition, the hedonic lifestyle for students is influenced by the level of stress in doing assignments,

because some students not only study but also work. According to the results of research by Pulungan, et al (2018) and Rumianti and Launtu (2022), it is found that a hedonic lifestyle has a significant positive effect on student financial behavior. This means that the hedonic lifestyle of students has a strong impact in influencing changes in student financial behavior.

The second factor that affects student financial behavior includes financial literacy. Research results show that the financial literacy of Indonesia's young generation or millennials is still very low, which is only 37.72 points compared to Singapore, which has reached 61 points. According to Regista, et al (2021) financial literacy is knowledge, skills and beliefs that influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity. According to Azizah (2020) financial literacy is an ability that individuals must have in order to avoid financial problems, because financial problems often occur due to lack of understanding of individuals regarding financial knowledge. According to Wahyuni, et al (2023) financial literacy is also directly correlated with positive financial behavior such as paying bills on time, loan installments, savings and using credit cards wisely.

According to research from Fatimah and Susanti (2018) financial literacy has a significant positive effect on financial behavior, in line with research conducted by Wahyuni, et al (2023) partially financial literacy has a significant positive effect on financial behavior in Management Study Program students at Muhammadiyah University of North Sumatra. Meanwhile, according to research by Regista, et al (2021) partially financial literacy has a positive but insignificant effect on the financial behavior of students of the Faculty of Economics, University of Samudra class of 2017 and 2018.

YPPI Rembang University is one of the universities located in Rembang Regency, which has two faculties namely FEB (Faculty of Economics and Business) and Saintek (Science and Technology), and there are five study programs or majors namely Management, Accounting, Actuarial Science, Statistics, and Information Systems.

Based on the description and problems that have been described, the purpose of this study is to prove the effect of hedonic lifestyle and financial literacy on the financial behavior of students of the faculty of economics and business, YPPI Rembang University.

METHOD

In conducting this research, researchers used quantitative research methods with data collection techniques in the form of surveys and questionnaires. The type of research data is subject data with data sources, namely primary data. Data measurement uses a Likert scale technique where there are favorable and unfavorable statements. The research time was conducted from October 2022 to February 2023 using the research object of FEB Students of YPPI Rembang University. The sampling method used is proportionate stratified random sampling, which is a way of sampling where the population has members or elements that are not homogeneous and stratified proportionally (Sugiyono, 2018).

In the research conducted, the financial behavior variable is used as the dependent variable. According to Wahyuni, et al (2023) financial behavior is an attitude of responsibility for managing their finances in a mature and welfare-oriented manner in the future. Indicators of financial behavior according to Abdurrahman and Oktapiani (2019) are: 1) Saving; 2) Planning and Budgeting; 3) Purchasing Behavior.

As the first independent variable, namely the hedonic lifestyle. According to Sampoerno and Asandimitra (2021) a hedonic lifestyle is a lifestyle where all life activities are directed only at the pleasures of life, most of the time is usually spent outside the home playing. Indicators of a hedonic lifestyle according to Rohmanto and Susanti (2021), are: 1) Activities; 2) Interests; 3) Income.

The second independent variable is financial literacy. According to Fatimah and Susanti, (2018) financial literacy is a person's ability to manage finances which is formed from a person's knowledge of financial concepts and information. The indicators of financial literacy according to Rohmanto and Susanti (2021) are as follows: 1) Financial knowledge and personal financial solvency; 2) Savings and savings; 3) Investment; 4) Insurance.

Data analysis techniques using instrument tests, multiple linear regression analysis, hypothesis testing and determination tests. Instrument tests carried out in the form of validity tests and reliability tests on each variable indicator. Linear regression analysis is carried out by testing the multiple linear regression equation model which is written as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

Description:

Y = The dependent variable is student financial behaviour

a = Constant

$\beta_1 \beta_2$ = Regression coefficient of the independent variable

X₁ = Hedonistic Lifestyle

X₂ = Financial Literacy

e = error

The next test is hypothesis testing. Hypothesis testing is a test tool to measure a statement statistically and is used to draw conclusions whether the statement can be accepted or rejected. In this study, a partial test (t test) was used. Partial Test (t test) is used to test the accuracy of the parameters used to estimate the multiple linear regression equation or model in the study (Pulungan, et al 2018). From the description above, the following hypothesis is prepared.

H1: It is suspected that a hedonic lifestyle has a significant positive effect on the financial behavior.

H2: It is suspected that financial literacy has a positive effect on the financial behavior.

RESULTS AND DISCUSSION

Respondent Characteristics

Respondents of this study were students of the Faculty of Economics and Business (FEB), YPPI Rembang University with a total of 150 respondents consisting of gender, study program and semester which can be seen in the table below:

Table 1. Respondent Semester

No.	Gender	Total (Person)	Percentage
1	Class of 2022.	36	24,0%
2	Class of 2021.	39	26,0%
3	Class of 2020.	33	22,0%
4	Class of 2019.	42	28,0%
Total		150	100%

Source: processed data results (2023)

Instrument Test Results

The instrument test consists of a validity test and a reliability test, this test is carried out to determine whether the instrument in this study, namely the questionnaire,

is declared good through the validity test and reliability test. The questionnaire is said to be good if it is declared valid and reliable. The results are:

Table 2. Financial Behavior Variable Validity Test Results.

Statement Item	r count	r table	Description
Y1	0,639	0,361	Valid.
Y2	0,741	0,361	Valid.
Y3	0,765	0,361	Valid.
Y4	0,833	0,361	Valid.
Y5	0,812	0,361	Valid.
Y6	0,720	0,361	Valid.

Source: processed data results (2023)

Table 3. Hedonic Lifestyle Variable Validity Test Results.

Statement Item	r count	r table	Description
X1.1	0,545	0,361	Valid.
X1.2	0,622	0,361	Valid.
X1.3	0,693	0,361	Valid.
X1.4	0,787	0,361	Valid.
X1.5	0,838	0,361	Valid.
X1.6	0,759	0,361	Valid.
X1.7	0,732	0,361	Valid.
X1.8	0,628	0,361	Valid.
X1.9	0,782	0,361	Valid.

Source: processed data results (2023)

Table 4. Financial Literacy Variable Validity Test Results.

Statement Item	r count	r table	Description
X2.1	0,492	0,361	Valid.
X2.2	0,581	0,361	Valid.
X2.3	0,650	0,361	Valid.
X2.4	0,638	0,361	Valid.
X2.5	0,603	0,361	Valid.
X2.6	0,590	0,361	Valid.
X2.7	0,630	0,361	Valid.
X2.8	0,542	0,361	Valid.

Source: processed data results (2023)

From the table's of 1-5, these results indicate that all statement items on each variable are declared valid because the significance value > 0.05.

Table 5. Reliability Test Results.

Variable	<i>Cronbach Alpha Value</i>	Standart	Description
Financial Behavior	0,855	0,70	Reliable.
Hedonistic Lifestyle	0,877	0,70	Reliable.
Financial Literacy	0,738	0,70	Reliable.

Source: processed data results (2023)

These results indicate that each variable is declared reliable because the value of Cronbach alpha > 0.70.

Multiple Linear Regression Analysis Results

Multiple linear regression analysis is a test in research to determine how much influence hedonic lifestyle, financial literacy on the financial behavior of FEB UYR students.

Table 6. Regression Analysis Results

Variable	<i>Regression Coefficient</i>	Sig.	Level of Sig	Description
Constanta	14,455			
Hedonistic Lifestyle	0,182	0,003	< 0,05	H1 Accepted
Financial Literacy	0,034	0,567	> 0,05	H1 Not Accepted

Source: processed data results (2023)

From these results, the following equation is obtained:

$$Y = 14,455 + 0,182 X_1 + 0,034 X_2$$

Description:

Y : Financial Behavior

X₁ : Hedonistic Lifestyle

X₂ : Financial Literacy

The results of the first hypothesis test which can be seen in Table 6, the beta coefficient value shows a positive direction, namely 0.182 with a significance value of 0.003 < 0.05. This means that the hedonic lifestyle has a significant positive effect on the financial behavior of FEB UYR students. Thus the first hypothesis proposed is proven (accepted).

The results of the second hypothesis test which can be seen in Table 6, the beta coefficient value shows a positive direction of 0.034 with a significance value of 0.567 > 0.05. This means that financial literacy has a positive and insignificant effect on the

financial behavior of FEB UYR students. Thus the second hypothesis proposed is not proven (rejected).

Determination Test Results

The determination test is used to show how much the independent variables in the model can explain the dependent variable.

Table 7. Regression Analysis Results

Model	Adjusted R square
Gaya hidup hedonis, literasi keuangan terhadap perilaku keuangan	0,56

Source: processed data results (2023)

From the table, it is known that the regression model above is able to explain 56% of financial behavior, while 44% is explained by other variables that are not in this study.

DISCUSSION

The Effect of Hedonic Lifestyle on Financial Behavior.

Hypothesis one states that a hedonic lifestyle has a significant positive effect on the financial behaviour of FEB UYR students. Based on Table 6 shows that the regression coefficient value of the hedonic lifestyle variable shows a positive direction of 0.182 and is proven to be significant based on the significance value of $0.003 < 0.05$. This means that the results of the study prove that a hedonic lifestyle has a significant positive effect on financial behaviour. Thus, hypothesis one proposed is proven (accepted). The results of this study are in accordance with the results of research by Pulungan, et al (2018) and Rumianti and Launtu (2022) which show that a hedonic lifestyle has a positive and significant effect on student financial behavior.

The Effect of Financial Literacy on Financial Behavior.

Hypothesis two states that financial literacy has a significant positive effect on the financial behaviour of FEB UYR students. Based on Table 6, it shows that the regression coefficient value of the financial literacy variable shows a positive direction of 0.034 with a significance value of $0.567 > 0.05$. This means that the research results prove that financial literacy has a positive and insignificant effect on financial behaviour. Thus hypothesis two proposed is not proven (rejected).

This means that increasing financial literacy which includes indicators of general personal financial knowledge, savings and savings, investment and insurance has a positive influence on improving the financial behavior of FEB UYR students but is small. The results of this study are not in accordance with the results of research by Fatimah and Susanti (2018), Wahyuni, et al (2023) which show that financial literacy has a significant positive effect on student financial behavior. However, the results of this study are in accordance with the results of research by Regista, et al (2021) which show that financial literacy has a positive but insignificant effect on student financial behavior.

CONCLUSIONS AND SUGGESTIONS

The results of hypothesis one test show that a hedonic lifestyle has a significant positive effect on improving the financial behavior of FEB UYR students. This means that an increase in the hedonic lifestyle which includes indicators of activity, interest and opinion has a major influence on improving the financial behavior of FEB UYR students. In theory, a hedonic lifestyle is a lifestyle where all life activities are directed only at the pleasures of life, most of the time is usually spent outside the home playing (Sampoerno and Asandimitra, 2021). Students tend to follow trends and spend their money on buying expensive items to be the center of attention of many people, it shows that students prefer a hedon or luxurious lifestyle for the pleasure of life. Therefore, the hedonic lifestyle greatly changes the behavior of students in managing their finances. The results of this study are in accordance with the theory of planned behavior in which a person's behavior is not only controlled by himself (full individual control), but also requires control, namely the availability of resources and opportunities and even certain skills. So the higher the hedonic lifestyle of students, the higher their financial behavior.

The results of hypothesis two test show that financial literacy has a positive and insignificant effect on the financial behavior of FEB UYR students. According to Wahyuni, et al (2023) financial literacy is also directly correlated with positive financial behavior, for example someone who has good financial literacy will tend to be more careful in managing their finances. However, the results of this study indicate that a high level of financial literacy has not been able to fully improve student financial behavior, although the results of this study are in line with the theory of planned behavior.

Based on the results of respondents' answers to financial literacy variables, many respondents answered with a score of 4 by 45.7%, but there were also respondents who answered doubtfully with a score of 3 by 24.4%. The insignificant results of this study may be that students have a habit of hanging out or gathering with friends in a place such as a cafe or *angkringan* so that students are less wise in determining attitudes in making decisions about needs and wants. Students have good literacy but have not been able to fully improve their behavior in financial matters.

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