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THE INFLUENCE OF FINANCIAL LITERACY, DEMOGRAPHIC FACTORS, LOCUS OF CONTROL AND PARENTAL INCOME ON BEHAVIOR STUDENT FINANCE (Study on Management Study Program Students at Bumi Persada University)

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Abstract

This study aims to determine the effect of financial literacy, demographic factors, locus of control, parental income on financial behavior in UNBP Management Study Program Students. The data used in this study are primary data with a sample of 115 students and distributed online using a questionnaire obtained from the main source, namely UNBP Management Study Program Students. The data analysis method uses multiple linear regression analysis. The results of this study partially indicate that the financial literacy variable has a positive and significant effect on the financial behavior of UNBP Management Study Program students, the demographic factor variable has a positive and significant effect on the financial behavior of UNBP Management Study Program students, the locus of control variable does not have a significant effect on the financial behavior of UNBP Management Study Program students, and the parental income variable has a positive and significant effect on the financial behavior of UNBP Management Study Program students.

Keywords: ***financial literacy, demographic factors, locus of control, parental income***

INTRODUCTION

Financial behavior has now become a widely discussed issue in society. This is due to the low level of public knowledge about the importance of financial knowledge. Financial knowledge is essential in managing finances for the needs of each individual's life. Hung et al (2009) in his research said that someone with low financial knowledge tends not to understand financial problems, does not carry out good financial behavior and is less skilled in dealing with economic shocks.

In today's modern era, people must have financial intelligence, namely intelligence in managing finances. By implementing a system in managing money properly, a person is expected to be able to maximize the benefits of the money they have (Cindy Arsanti and Selamet Riyadi 2018). Where we know that in Indonesia there are still many people who have consumptive financial behavior. This can lead to various irresponsible financial behaviors such as lack of saving, investment, and budgeting for the future. Therefore, to achieve financial well-being, people need to have knowledge about how to manage finances and attitudes in implementing healthy personal finances.

One part of society involved in economic activities in the future is students. Students are one of the components of society that is quite large in number, who will later start working and start to be independent in managing finances. In this case, students must be able to manage their own finances well and be responsible for the decisions they make, but consumer behavior does not only occur among adults, but also occurs in teenagers, especially students (Indah Imawati, Sulsilaningsing and Elvia Ivada, 2013).

Another problem that arises in students is that many of them do not have their own income and still depend on their parents. In addition, many students have a wasteful attitude towards unimportant needs. Students when they receive pocket money every month from their parents, are expected to be able to manage their finances well and be responsible for the decisions taken in using the pocket money given by their parents.

A common phenomenon in the field is that only a few students can manage their personal finances well. This is because students still have a low level of financial literacy and have uncontrolled financial behavior. Many students do not understand and have knowledge about consistent and correct financial management. Therefore, the role of financial literacy is very important for public understanding in terms of finance. By implementing the correct management method, students are expected to get maximum benefits from the money they have. Good financial literacy will make students smart, who can sort goods, can manage financial management well and plan for the future.

LITERATURE REVIEW

The Influence of Financial Literacy on Financial Behavior

Students who have sufficient knowledge of financial concepts will have a wiser attitude in managing their finances. The results of Agung Listiadi et al.'s (2019) research show that financial literacy has a significant effect on students' financial behavior. Lusardi (2014) stated that financial literacy consists of the ability and knowledge of finance owned by individuals to manage a certain amount of money to improve their standard of living in order to achieve prosperity. The results of this study are supported by research by Imawati (2013) which is also reinforced by research by Andrew, et al. (2014) and Agustina (2016) that financial literacy has a significant influence on financial behavior.

The Influence of Demographic Factors on Financial Behavior

Gender

According to several studies, the influence of gender differences on personal financial management can be one of the factors that influence an individual in making their financial decisions. One of them is according to research conducted by Astari and Widagda (2014) that gender, namely in the perspective of male and female gender differences, influences personal financial management. Where men tend to be more rational in spending money than women who are more based on pleasure factors alone. Research conducted by Kusumowidagdo (2010) suggests that gender differences affect a person's shopping behavior control, where men are utilitarian shoppers (based on benefits) while women are mostly hedonic shoppers (pleasure alone). So spending income on more useful goods/services will certainly greatly affect personal financial management to be better.

Age

Where we know that the older a person is, the more responsible they are for the finances they hold. Age is thought to influence a person's financial management behavior because someone who is of productive age and has an income is considered better at using their money. Therefore, the age of a person who is already an adult is considered to be more capable of managing finances and making financial plans for their old age. This is in accordance with research by Gutter et al. (2010) and Robb and Woodyard (2011) that age has a positive effect on financial behavior. In Amminatuzzahra (2014) also showed that the more mature a person is, the better their financial behavior in terms of investment decision making. However, different results were shown by Laily (2013) who showed that age did not affect students in managing finances.

The Influence of Locus of Control on Financial Behavior

To manage finances well, it is necessary to have confidence from within that what will or has been done is the best thing for financial management in the future. In this case, the role of locus of control is very much needed, with an understanding of the locus of control that is owned, it will be able to help students in managing their financial behavior. Each individual or student has a different locus of control from one another so that the financial behavior between individuals or students can also be different according to their respective locus of control. Locus of control is divided into two categories, namely internal and external, where internal locus of control tends to be more confident in oneself or factors within oneself, while external locus of control tends to be more on factors outside one's own abilities. According to Kholilah and Iramani (2013), someone with a good internal locus of control will also have better financial management behavior. So when someone can control themselves from within to use money only as needed or use their money according to their needs, it is likely that the person will also carry out good financial management behavior. This is also supported by the research results of Nadia Asandimitra et al. (2018) which states that locus of control has a significant effect on Financial Management Behavior

The Influence of Parental Income on Financial Behavior

Students who have parents with sufficient income will have more opportunities to develop good financial management skills because what the child needs, parents can fulfill it. For students whose parents' income is low, of course their financial behavior is different from students who have parents with high incomes. In addition, there is a greater possibility that individuals with available sources of funds (income) will demonstrate more responsible financial management behavior, considering that available funds (income) give them the opportunity to act responsibly (Ida and Dwinta, 2010). However, Lady Angela Damanik et al. (2016) stated that parental income does not have a significant effect on Financial Management Behavior.

METHOD

The object of this study was students of the Management Study Program, Faculty of Economics, UNBP. The location of the study was carried out on the campus of Bumi Persada University (UNBP) located on Jln. Medan Banda Aceh, Alue Awe, Muara Dua, Lhokseumawe City. The population taken in this study were students majoring in management at UNBP starting from the 2021-2023 intake totaling 115 students. So the sample in this study will be the entire population taken, namely all students majoring in management at UNBP starting from the 2021-2023 intake totaling 115 employees.

RESULTS AND DISCUSSION

Data Quality Test

a. Validity Test

Validity test aims to measure the validity or invalidity of a questionnaire. According to Ghozali (2009:49) A questionnaire will be said to be valid if the questions in a questionnaire are able to reveal the indicators measured by the questionnaire. If the calculated r value ≥ r table then the instrument used is declared valid.

Table 1 Validity Test

No	Question/statement indicators	R count value	Rtable Value	Caption
1	X1 financial literacy			
	X1.1	0.629		
	X1.2	0.683		
	X1.3	0.582		
	X1.4	0.675	0.124	Valid
	X1.5	0.731		
	X1.6	0.725		
2	X2 gender			
	X2.1	0.801		
	X2.2	0.815	0.124	
	X2.3	0.823		Valid
	X2.4	0.792		
	X2.5	0.820		
	X2.6	0.791		
3	X3 age			
	X3.1	0.743		
	X3.2	0.796	0.124	Valid
	X3.3	0.683		
	X3.4	0.649		

No	Question/statement indicators	R count value	Rtable Value	Caption
4	X4 locus of control X4.1 X4.2 X4.3 X4.4 X4.5	 0.588 0.678 0.729 0.725 0.546	0.124	Valid
5	X5 parental income X5.1 X5.2 X5.3 X5.4 X5.5 X5.6 X5.7	 0.573 0.646 0.725 0.661 0.623 0.408 0.324	0.124	Valid
6	Y Purchase Decision Y.1 Y.2 Y.3 Y4 Y.5 Y6	 0.691 0.748 0.721 0.766 0.685 0.630	0, 124	Valid

The results of the validity test show that all statement items of variables X1, X2, X3, X4, X5 and Y are declared valid because r count ≥ r table.

b. Reliability test

Reliability testing is carried out to measure the feasibility of a questionnaire which is an indicator of a variable. A questionnaire is said to be reliable if it has a Cronbach Alpha value ≥0.6 (Ghozali, 2011).

Table 2 Reliability Test Results

No	Variables	*Croncbach Alpha*	Information
1	*Financial Literacy*(X1)	0.757	Reliable
2	Gender (X2)	0.893	Reliable
3	Age (X3)	0.689	Reliable
4	*Locus Of Control*(X4)	0.663	Reliable
5	*Parental Income*(X5)	0.646	Reliable
6	Financial Behavior (Y)	0.796	Reliable

Classical Assumption Test Results

a. Normality Test

Normality test is done to see whether the data is normally distributed or not. The best model is if the data is normally distributed or close to normal. The author conducted a data normality test using a probability plot graph test. If the data is spread around the diagonal line and follows the diagonal direction, then the regression model meets the normality assumption.

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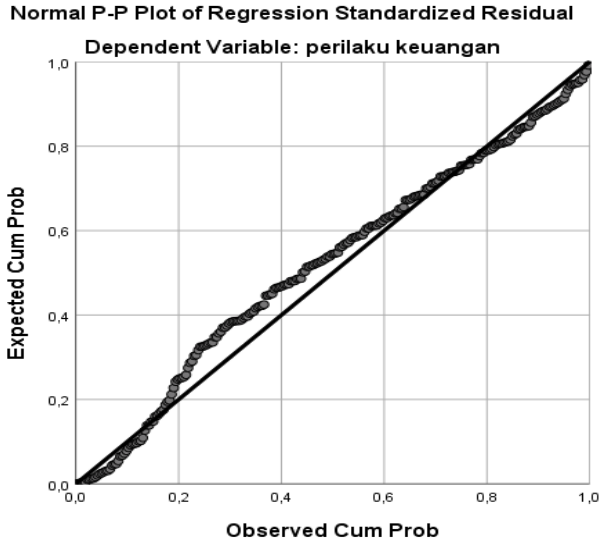


After seeing the results of the Normal P-Plot image, it can be seen that the data is spread around the diagonal line and follows the direction of the diagonal line. So it can be concluded that all research data is normally distributed.

b. Multicollinearity Test

This test aims to determine whether there is a correlation between independent variables in the regression model. If there is a correlation, there is a multicollinearity problem that must be overcome. This test can be done by looking at the tolerance value or its opposite, the Variance Inflation Factor (VIF).

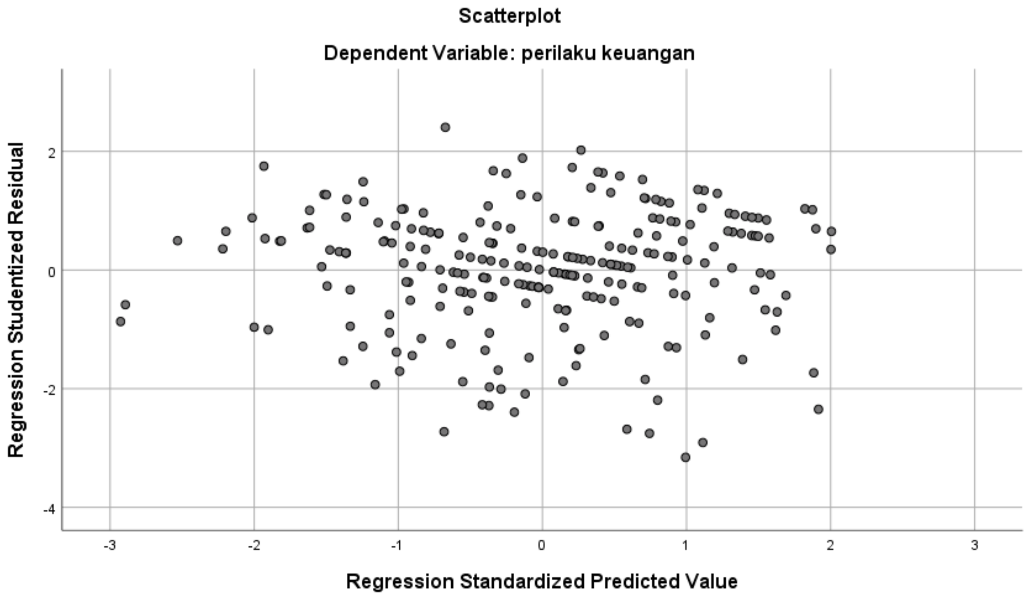
Table 3 Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Financial Literacy	0.716	1,397
Gender	0.769	1,300
Age	0.952	1,050
Locus Of Control	0.937	1,068
Parental Income	0.820	1,220

From table 3 it can be seen that all variables have a VIF value ≤ 10 and a tolerance value ≥ 0.1. This indicates that there is no multicollinearity symptom and this test is good to use in this research model.

c. Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is inequality of variance from the residual of one observation to another. If the variance from the residual of one observation to another remains, it is called homoscedasticity and if it is different, it is called heteroscedasticity.



Based on the image, the scatterplot graph shows that the points are spread randomly and are spread both above and below the number zero on the Y axis. This can be concluded that there is no heteroscedasticity in the regression model. So the regression model is suitable for use.

Multiple Linear Regression Results

The data analysis used in this study is quantitative analysis with multiple linear regression equations used to determine whether or not there is an influence between the variables of financial literacy (X1), gender (X2), age (X3), locus of control (X4) and parental income (X5) on financial behavior (Y) with the regression equation. As shown in table 4 below:

Table 4 Multiple Linear Regression Results

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10,550	2,044		5,162	,000
	Financial Literacy	,130	,064	,140	2,021	,044
	Gender	,161	,053	,203	3,023	,003
	Age	,165	,083	,120	2,002	,046
	Locus Of Control	-,009	,072	-,008	-,131	,896
	Parental Income	,116	,059	,126	1,944	,053
a. Dependent Variable: financial behavior						

From the SPSS processing results, the regression results can be written as follows:

$$Y = 10.550 + 0.130X1 + 0.161X2 + 0.165X3 + -0.009X4 + 0.116X5 + e$$

Correlation Coefficient and Determination (R^2)

If the coefficient of determination is getting closer to one, then it can be said that the independent variable has an effect on the dependent variable, in addition the coefficient of determination (R^2) is used to determine the percentage change in the dependent variable (Y) caused by the independent variable (X).

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Table 5 Results of Correlation and Determination Coefficient Tests

Model Summaryb				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,397a	,158	,141	3,328
a. Predictors: (Constant), Parental Income, Locus Of Control, Age, Gender, Financial Literacy				
b. Dependent Variable: Financial Behavior				

Based on the table above, the correlation coefficient (R) is 0.397. This value shows a close relationship (correlation) between the independent variables (financial literacy, gender, age, locus of control and parental income) to the dependent variable, namely student financial behavior. Meanwhile, the coefficient of determination (R2) is 0.158, meaning that the variables of financial literacy, gender, age, locus of control and parental income have the ability to explain their influence on students' financial behavior by 0.158. The remaining 0.842 is influenced by other factors that were not studied or outside this research model.

Hypothesis Testing

a. Simultaneous Test (F test)

The F statistical test basically shows whether all independent variables included in the model have a joint influence on the dependent variable. Proof is done by comparing the Fcount value > Ftable at a 5% error rate (α = 0.05). Sugiyono (2012).

Table 6 Results of F Test Calculation (Simultaneous Test)

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	507,004	5	101,401	9,157	,000b
	Residual	2701,992	244	11,074		
	Total	3208,996	249			
a. Dependent Variable: financial behavior						
b. Predictors: (Constant), parental income, locus of control, age, gender, financial literacy						

b. Partial Test (t-Test)

Proof is done by t-testing or partial testing of all observed variables with t-test. Testing is done by comparing the calculated t value> t table at a degree of error of 5% and 10% (α = 0.05 and 0.10). Sugiyono (2012).

Table 7 Results of F Test Calculation (Partial Test)

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10,550	2,044		5,162	,000
	Financial Literacy	,130	,064	,140	2,021	,044
	Gender	,161	,053	,203	3,023	,003
	Age	,165	,083	,120	2,002	,046
	Locus Of Control	-,009	,072	-,008	-,131	,896
	Parental Income	,116	,059	,126	1,944	,053
a. Dependent Variable: Financial Behavior						

1. The influence of financial literacy on students' financial behavior

The results of the hypothesis test (H1) show that the financial literacy variable (X1) on students' financial behavior (Y) obtained a t-value of 2.021, which is greater than the t-table value of 1.969 and a significant value of 0.044, which is smaller than the alpha value of 0.05, meaning that the relationship formed between the financial literacy variable and students' financial behavior is influential or H1 is accepted.

2. The influence of gender on students' financial behavior

The results of testing the gender variable (X2) on student financial behavior (Y) obtained a t-value of 3.023, which is greater than the t-table value of 1.969 and a significant value of 0.003, which is smaller than the alpha value of 0.05, meaning that the relationship formed between the gender variable and student financial behavior is influential or H2 is accepted.

3. The influence of age on students' financial behavior

The results of testing the age variable (X3) on student financial behavior (Y) obtained a t-value of 2.002, which is greater than the t-table value of 1.969 and a significant value of 0.046, which is smaller than the alpha value of 0.05, meaning that the relationship formed between the age variable and student financial behavior is influential or H3 is accepted.

4. The influence of locus of control on students' financial behavior

The test results of the locus of control variable (X4) on student financial behavior (Y) obtained a t-value of -0.131 smaller than the t-table value of 1.969 and a significant value of 0.896 greater than alpha 0.05, so the locus of control variable does not have a positive and insignificant effect on student financial behavior, meaning that the relationship formed between the locus of control variable and student financial behavior does not affect or H4 is rejected.

5. The influence of parental income on students' financial behavior

The results of testing the parental income variable (X5) on student financial behavior (Y) obtained a t-value of 1.994, which is greater than the t-table value of 1.651 and a significant value of 0.053, which is smaller than the alpha value of 0.1, meaning that the relationship formed between the parental income variable and student financial behavior is influential or H5 is accepted.

CONCLUSION

1. Financial literacy has a positive and significant influence on the financial behavior of students in the Management Study Program, Faculty of Economics and Business, Bumi Persada University.
2. Gender has a positive and significant influence on the financial behavior of students in the Management Study Program, Faculty of Economics and Business, Bumi Persada University.
3. Age has a positive and significant effect on the financial behavior of students in the Management Study Program, Faculty of Economics and Business, Bumi Persada University.
4. Locus of control does not have a significant effect on the financial behavior of students in the Management Study Program, Faculty of Economics and Business, Bumi Persada University.
5. Parental income has a positive and significant effect on the financial behavior of students in the Management Study Program, Faculty of Economics and Business, Bumi Persada University.

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