

The Influence of Financial and Environmental Literature Social on Financial Behavior Students Of Faculty Of Economics And Makassar Unismuh Business

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Abstract

The purpose of this study was to analyze and test the Effect of Financial Literacy and Social Environment on Financial Behavior of Students of the Faculty of Economics and Business Unismuh Makassar. The type of data used in this study is quantitative data obtained from questionnaires distributed to students of the Management Study Program, Muhammadiyah University of Makassar. The results showed that the data used multiple linear regression with the help of the Statistical Package For The Social Science (SPSS) version 24. The results showed that the financial literacy variable had a positive and significant effect on financial behavior and the social environment had a positive and significant effect on student financial behavior.

1. INTRODUCTION

In recent years, many countries have talked about *financial literacy*. This is inseparable from concerns about population growth and the rapid development of financial markets. Every country also has the desire to have quality residents and have good financial intelligence, so that it will have an impact on the country's economy itself. At this time financial literacy is important and a necessity for the wider community, so that people are required to understand financial literacy. Based on the results of the National Financial Literacy and Inclusion Survey (SNLIK) conducted by the Financial Services Authority (OJK) in 2019, the 2019 financial literacy and financial inclusion levels reached 38.03% and 76.19%, respectively. This result is quite encouraging because Indonesia has exceeded the target set by the Government in Presidential Regulation no. 82 of 2016 concerning the National Strategy for Financial Inclusion (SNIK) of 75% for the level of financial inclusion, while the target for the level of financial literacy set out in Presidential Regulation no. 50 of 2017 concerning the National Strategy for Consumer Protection of 35% has also been exceeded. The results of this survey also

show that based on regional strata for urban areas, the level of financial literacy and inclusion reaches 41.41% and 83.60%, respectively. Meanwhile, the level of literacy and financial inclusion of rural communities is 34.53% and 64.49%, respectively. When viewed by gender, the level of literacy and financial inclusion for men is 39.94% and 77.24%, relatively higher than women at 36.13% and 75.15%, respectively.

Data from the Financial Services Authority (OJK) 2019 Regional VI Salampua, stated that the level of financial literacy in South Sulawesi was only 32.46%. In detail, the level of public literacy in banking is still 36.12%, and assurance is 19.40%. Pegadaian 17.81%, financing 14.13% and capital market 4.92%. Financial literacy in urban areas reached 38.54%, only in rural areas only reached 26.32. This figure shows that South Sulawesi has not yet achieved the national target of 35%.

The Deputy Commissioner for OJK Institutions and Digital Finance, Imansyah explained that OJK plays an active role in efforts to improve digital financial literacy and financial literacy cases from an early age. digital finance. Packaged in the form of media books, *e-books*, animated videos, and *games*, the main target is the millennial

generation who have the potential to be the largest users of digital financial services. Inviting the public, especially students, to increase financial literacy towards digital finance. This is meant by the hope of becoming a pioneer and an extension of the OJK's (agent) arm in providing digital financial literacy to the surrounding community.

Financial literacy is financial knowledge that is used to regulate every economic behavior that develops in society, whether consciously or unconsciously done in such a way. Reporting from The Balance, financial literacy is a skill needed when making choices about what to do with the money you have. Financial literacy can also be said of how to manage money by understanding banking, investment, personal financial management, and budgeting.

The increasingly sophisticated technology and social environment also triggers the increase in irrational consumption. Online shopping systems with increasingly creative promotional strategies and the proliferation of shopping centers are some of the factors that make people become more consumptive and make transactions without careful consideration. The decision to buy a product or service is based on the influence of the social environment rather than the need as a priority. The increasing compulsive buying also affects the economic activities of the community.

The social environment cannot be separated from people's lives. Humans and the environment have a reciprocal relationship where the environment affects humans and vice versa the environment also affects the environment. The environment is one of the factors that influence the formation and development of individual behavior, both physical and socio-psychological environments. The environment is often called the main

benchmark for shaping behavior, including consumption behavior or financial behavior.

The social environment is a place where people interact and do things together with each other and with their environment. The social environment is one of the factors that can influence a person or group to be able to take an action and change the behavior of each individual. The social environment we know includes the family environment, the peer environment, and the neighborhood environment. The family is the first known social environment and is directly related to the individual from birth, while society is the social environment that is known and influences the formation of one's personality.

Healthy financial behavior is indicated by good financial planning, management and control activities. Indicators of good financial behavior can be seen from a person's attitude in managing the entry and exit of money, credit management, savings and investment. Students who have the knowledge and ability to manage their finances well will demonstrate financial behavior in making wise financial decisions, such as when is the right time to invest, save, and use credit cards.

A person's knowledge of finance is closely related to factors of age, gender, and level of education. Age is thought to have a positive correlation with financial literacy because the higher a person's age, the more experience they have. Academic ability also has an effect where students who have high academic ability (IP) are likely to understand more about financial concepts. The social environment at the Unismuh campus which is different from the students' hometowns makes changes in their lifestyle and also a different friendship environment which is also influenced by the customs of each region. The majority of students studying at the Muhammadiyah University of Makassar are overseas

children who migrated from their home areas to come to the city for university education, therefore it is important to manage their respective finances so that the monthly money sent by their parents can be used properly according to their needs. - each. And can also set aside the money for investment for the future. It is very important for students to master financial literacy to be wiser in managing their finances. Following the description above, the writer intends to take the title, namely "The Effect of Financial Literacy and Social Environment on Financial Behavior of Students of the Faculty of Economics and Business, Unismuh Makassar".

2. LITERATURE REVIEW

2.1 Understanding Financial Literacy

Developments in this era, every individual is required to have knowledge about managing finances so that they can be more effective for their financial well-being. With their financial knowledge, they can manage all their financial activities so that they are arranged systematically and according to their respective priority scales.

Finance is one of the main things needed in people's lives. Good financial insight can analyze optimal financial products in financial decisions, financial literacy is very important to be mastered by each individual so as not to make mistakes in making decisions regarding daily financial behavior (Margarethaha 2015).

Finance is an important aspect inherent in the life of the wider community. Financial knowledge possessed can determine financial products that can optimize financial decisions. Knowledge of finance becomes very important for individuals so that they are not wrong in making financial decisions later. (Margaretha 2015)

Remund (2010) states that financial literacy is a measurement of one's

understanding of the concept of financial literacy financial management, and has the ability and confidence to manage personal finances through making appropriate short-term decisions, long-term financial planning, and paying attention to economic events and conditions. Financial literacy includes awareness and knowledge of financial instruments and their applications in business and life (Huston 2010).

Palametaet al. (2016) stated that the financial knowledge possessed by a person then develops into financial skills, where financial skills themselves are defined as the ability to apply knowledge. finances in their daily life. Financial skills allow a person to be able to make rational and effective decisions related to finances and economic resources.

The intelligence that a person possesses that enables people to make informed and confident decisions regarding all aspects of their budgeting, spending, and saving and use of financial products and services, from day-to-day banking through lending, investing, and planning for the future (Yates and Ward 2011).)

Financial literacy or financial literacy, better known as knowledge in financial management, is one of the economic behaviors that develop in society, consciously or unconsciously, it has been carried out for years. Financial literacy is a basic need for everyone to avoid financial problems.

3. RESEARCH METHODS

3.1 Data Analysis Techniques

Data analysis technique is how to analyze the research data that has been obtained, including the relevant statistical tools used in research. The data analysis technique used is *descriptive structural statistics*, which is a data analysis technique by describing or explaining data that has previously been collected as it is from the

value of independent variables, either one or more variables, then combining one variable with another. Then make general conclusions or generalizations. The analysis tools used by IBM SPSS-24 with analysis steps include the following:

a. Data quality test

This study uses primary data, so testing the quality of the data using the validity test and reliability test.

1) Validity test

Validity test is conducted to determine the feasibility of the items in a list of questions in defining a variable. Each question describes a variable. Assessing each question can be assessed through the *corrected item-total correlation value*. Each question is declared valid if the r-count which is the value of the *corrected item-total correlation* of the r-table obtained through the DF (*degree of freedom*) to test it can use the *excel statistical analysis & SPSS computer program*.

2) Reliability test

The reliability test is a measure of the stability and consistency of respondents in providing answers to matters relating to the constructs of questions which are the dimensions of a variable and are arranged in the form of a questionnaire. It can be concluded that the reliability test is one of the tools used to determine whether the instrument used in this study is trusted as a means of collecting data and the instrument is declared reliable when the *Cronbach's alpha value* is at least 0.60 .

b. Multiple Linear Regression Analysis

According to Sugiyono (2011) multiple linear regression analysis is used to determine how much influence the independent variable has on the dependent variable with the following equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

γ	= financial behavior
X_1	= financial literacy
X_2	= social environment
β_0	= constant
β_{1-2}	=variable regression coefficient
ε	= disturbance error

c. Classical Assumption Test

The classic assumption test is needed, especially in this type of research that uses primary data as a data source. Classical assumption test is an analysis used to assess whether in a regression model there is a classic assumption problem or not . The classical assumption test includes several tests, namely normality test, autocorrelation test, multicollinearity test and heteroscedasticity which must be explained as follows:

- 1) Normality test is a test conducted to determine whether the regression model, the confounding variable has a normal distribution. The noemality test explains that the residual value follows a normal distribution, but if it is the other way around then the statistical test is declared invalid, there are two ways to test it, namely using graphical analysis and also statistical tests. There is a basis for making decisions in the Kolmogorov-Smirnov test.
- 2) If the results of the *one-sample Kolmogorov-Smirnov test* are above the significance level, then it shows a normal distribution pattern, it can be said that the regression model meets the assumption of normality and vice versa.
- 3) Multicollinearity test aims to test whether the regression model found a correlation between independent variables. A good correlation model at least does not occur correlation between variables. There is one way that can be used to determine whether or not

multicollinearity is affected in a regression by looking at the *tolerance value* and VIFN with the following conditions:

- If the tolerance value is 0.10 and VIF < 10, it can be interpreted that there is no multicollinearity in the research regression model.
 - If the tolerance value is <0.01, it can be interpreted that there is a multicollinearity disorder in the regression model
- 4) The heteroscedasticity test aims to test whether in one regression model there is an inequality of *variance* and *residual* from one observation to another. If the *variance* and *residual* are fixed, it is called homoscedasticity and if it is different it is called heteroscedasticity. To test it, you can see the *graph plot* between the predicted value of the ZPRED dependent variable and the residual, namely SRESID.

d. Hypothesis testing

Hypothesis testing is used to determine whether there is influence between the variables and also to prove whether the hypothesis was used previously. This test was performed using multiple linear regression analysis and analysis with the help of SPSS. Can be measured by looking at the value of the determinant coefficient, the value of F and the value of t.

- 1) Partial test (t) is used to see how far the influence of the independent variable in giving effect to the dependent variable . The hypothesis in this t test is H_0 = no significant effect and H_1 = significant effect. The basis for decision making is as follows:

- H_0 Accepted and H_1 rejected if the t-count value is < from the t-table or if the significant value is > 0.05 .

- H_0 Rejected and H_1 accepted if the t-count value is > from the t-table or if the significance value is <0.05

e. Coefficient of Determination

The coefficient of determination essentially measures how far the ability of the independent variable to explain the dependent variable. The value of the coefficient of determination is between zero and one if the value of R is getting smaller, it means that the ability of the independent variables to explain the dependent variable is very limited or has a small effect and vice versa.

4 RESULTS AND DISCUSSION

From the data that has been obtained, it shows that financial literacy and social environment affect financial behavior. More clearly it can be seen as follows:

4.1 The influence of financial literacy on financial behavior

Literacy Finance has an influence on the financial behavior of students from the Faculty of Economics and Business, Unismuh Makassar , meaning that the lower a person's level of financial literacy, the worse their financial behavior. This shows the importance of the influence of financial literacy on financial behavior as shown by the t-count value = t_{hitung} 9.850 and the sig value of 0.000. The sig value obtained by the X1 variable (financial literacy 0.005 < 0.05 and also the value t_{hitung} = 9.850 is greater than the value t_{tabel} = 1.990 this indicates that there is an influence between the financial literacy variable (X1) and financial behavior (Y)

The results of this study are the same as the research conducted by Fadnan Setianingsi (2021) with the title "The Effect of Financial Literacy and Learning on Student Financial Behavior" which states that financial literacy has a significant effect on student financial behavior.

4.2 The influence of the social environment on financial behavior

Environment has an influence on the financial behavior of the students of the Faculty of Economics and Business, Unismuh Makassar, meaning that the better the students are in their relationships, the more precise the financial behavior of the students, the better. and also the financial level owned by the family also affects whether it belongs to the lower middle class or the upper middle class. This can be seen from the significance of the t effect of the social environment variable on financial behavior of $t_{hitung} = 2.287$ and $\text{sig} = 0.025$. The sig value obtained by the X1 variable (financial literacy $0.025 < 0.05$ and also the value $t_{hitung} = 2.287$ is greater than the value $t_{tabel} = 1.990$, then this shows that there is an influence between the social environment variable (X2) on financial behavior (Y).

The results of this study are the same as the research conducted by Sri Wahyuni Abdurrahman, Serli Oktapiani (2019) with the title "the influence of financial literacy and the social environment on the financial behavior of University of Technology Sumbawa students who said that the social environment had a significant effect on financial behavior.

5 CLOSING

5.1 Conclusion

The results of the analysis and discussion of the data that have been obtained, we can draw the following conclusions :

1. Financial literacy (X1) has a significant influence on the financial behavior of students of the Faculty of Economics and Business, University of Muhammadiyah Makassar.
2. The social environment (X2) has a significant influence on the financial behavior of the students of the Faculty of

Economics and Business, University of Muhammadiyah Makassar.

5.2 Suggestion

Based on the conclusions obtained from the research provided, the researcher has several suggestions as follows:

1. Rector of Muhammadiyah University of Makassar. It is expected to be able to hold general lectures or seminars that can help students in managing personal finances.
2. Dean of the Faculty of Economics and Business. Provide education or financial skills for students to make financial budgets starting from the source of funds, management, daily use of money so that choosing the right form of investment for the future this can be done through lecturers or others.
3. Next researcher. For further research, it is hoped that the bias in adding other variables related to the study, as well as the population and sample used can be developed again.

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