The role of socio-economic background, family economy education, and financial literacy on student decision making

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ABSTRACT: The research aims to determine the role of socio-economic background, family economic education and financial literacy on student decision making. The research method uses a quantitative approach with the start of the theory and then by using deductive logic. The results of the deductive logic were then lowered into the research hypothesis with the measurement and operational concepts. The population in this study is a student of Fakultas Pendidikan Ilmu Sosial Bahasa dan Sastra Institut Pendidikan Indonesia Garut. Sampling techniques use proportional random sampling. Research instruments using polls and tests. Data collection techniques in the form of documentation and poll. The results showed that (1) the social economic background of the parents was instrumental and significant effect on student decision making. (2) The Family Economic education is instrumental and has significant effect on student decision making. (3) Financial literacy is not instrumental and has no effect on student decision making. (4) There are simultaneous roles and influences between socio-economic background, family economic education and financial literacy on student decision making.

Keywords: Socio-economic, economic education, financial literacy, decision making

1 INTRODUCTION

A consumptive behaviour is influenced by several factors. One of the influential factors is the reference group. Reference groups are a group of people who strongly influence individual behaviour. A person will see a group of references in determining the product they consume. The opinion is then reinforced by Howkins, et al (1980) which suggests that the reference group is a group that has the values and views used by an individual that includes it as a cornerstone for his behaviour. Kotler and Amstrong (2004), suggests that there are two basic factors affecting consumer behaviour i.e. external factors (family, social class, culture, and Reference group) and internal factors (motivation, perception, attitude, lifestyle, Personality, and learning).

According to the research on Ioanas and Stoica (2014) That social networks have a role in influencing consumer behaviour in a virtualized environment, especially when the level of exposure of messages and relationships is made between the various information provided and Consumers who will make purchasing decisions. When one member has had these items, they are often the source of information for the other members.

Consumer behaviour studies need to know how factors that affect consumer behaviour for the purchase of goods or services. According to (Engel,

Blackwell and Miniard, 1995) These factors derive from environmental influences (covering cultures, social classes, personal influences, families, situations) and individual differences (including consumer resources, engagement and motivation, Personality, lifestyle, and demographics. The lifestyle of hedonism is very appealing to teenagers, as it only wants pleasure. Such behavior will be accustomed to and become a culture. The motivation of hedonists according to Arnold and Reynolds (2003) is a behavioral-driven buying activity with five senses, delusion and emotion that makes the pleasure and enjoyment of the material the main goal of life.

There is a difference between the age of adolescents with adulthood in psychosocial ability, that the mature age is more mature in making purchasing decisions, the age of teenagers tends to seek sensation because of the influence of his fellow group or peers, so His actions are often full of risks (Cauffman & Steinberg, 2000). Loudon and Bitta (1993) argue that teenagers are a consumptive oriented group because teenagers like to try new things, are not realistic and tend to be extravagant.

According to Gardner and Steinberg findings (2005), that teenagers are more likely to make decision making and risky behaviour than adults and the influence of peers play an important role in explaining the behavior at risk during adolescence. Meanwhile, Harari & Hornik (2010) suggested that peers

influence the involvement of adolescent consumer products. Students who have good financial literacy then they will be cautious and selective in spending their money, so that it is more rational and does not behave consumptive.

However, conversely if they lack financial literacy, they will tend to be extravagant and lead to consumptive behaviour. PISA (2012) states the financial literacy can encourage the change in the behavior of people in a more positive direction to spend their money. As such, a person with good financial management will limit self-indebtedness to consumptive interest and save his money for better welfare.

Chen and Volpe (1998) argue that students with low knowledge will make wrong decisions in their financial activities. Students who have a low level of literacy skills will make the wrong decision to consume, because in this case they take into account which goods or services they need first (priority needs). The difficulty of taking decisions on students other than because they have a low level of literacy is also usually they have difficulty learning. According to Shuang Li (2016) difficulties in learning are conditions faced by students where the competency or prsetation achieved is not in accordance with the predefined criteria.

In fact, most children are unable to be accountable for their money. Consequently, the induplication of them becomes uncontrolled and becomes a wasteful person. Identified that it is dominated by a lack of ability in the management of pocket money (Vhalery, Aimon, & Yulhendri, 2018; Vhalery, Leksono, & Moh. Irvan, 2018). While the external factors that affect the management of the pocket money only is the family (Vhalery, Leksono, et al., 2018).

According to Bamforth & Geursen (2014) The family is the most dominant external factor. In families especially parents, it has an important role in guiding, influencing the child's financial skills, knowledge, and financial behaviour. Based on the descriptions stated above, researchers are interested in conducting research, namely the role of socioeconomic background, family economics education and financial literacy on student decision making.

2 LITERATURE REVIEW

In this study, there was a result that there was a influence of financial literacy, age, and parental guidance on the management of student allowance. According to Vhalery, et al (2018) that the management of pocket money is influenced by several factors, including internal factors consisting of financial knowledge (financial literacy) and age, while the external factors are parental guidance.

With limited money increases their ability and understanding of the scale of priorities between need and desire (Saravanan & Devakinandini, 2014). In fact, most children are unable to be accountable for their money. Consequently, most of them become uncontrolled and become extravagant personal. Identified that it is dominated by a lack of ability in the management of pocket money (Vhalery, Aimon, & Yulhendri, 2018; Vhalery, Leksono, & Moh. Irvan, 2018).

The other internal factors are age. Otto (2013) explained that when young people are more cautious then old age will be saved. That is, when a person is financially literate at a young age then financial problems have been minimised. Further, Bucciol & Veronesi (2014) added that age also determines one's experience in managing a thing. The more experience you have, the better the arrangement and planning are done.

While the external factor that affects the management of the pocket money is the only family (Vhalery, Leksono, et al., 2018). According to Bamforth & Geursen (2014) The family is the most dominant external factor. In families especially parents, it has an important role in guiding, influencing the financial significance, knowledge, and financial behavior of children.

The results of this study contradict the research conducted by Kołodziej, Lato, & Szymańska (2014) stating that parental roles and guidance have an impact on the knowledge and management of child allowance. In addition, the research is in line with research conducted by Barnet-Verzat & Wolf (2008) stating that the impact of the parents ' target is not found in the child's allowance. That is, parental guidance is not fully acceptable to children. This is due to children's development and child personality.

On the other hand there are conflicts of roles between lectures and work can be a source of stress, attendance and productivity (Lenaghan & Sengupta, 2007). Students who work while working are required to be able to perform their duties and responsibilities well, ranging from time management between time used to lecture with the work.

3 RESEARCH METHOD

This research uses a quantitive approach using the deductive logic and then derived research hypotheses with the measurement and operational concepts. Cresswell (2008) mengemukakan bahwa a quantitative study, consistent with the quantitative paradigm, is an inquiry into a social or human problem, based on testing a theory composed of variables, measured with numbers, and analyzed with statistical procedures, in order to determine whether the predictive generalizations of the theory hold true.

The statistics and types of research used are types of exploitation research. In this research, as a sample, is the whole student of Fakultas Pendidikan

Ilmu Sosial Bahasa dan Sastra Institut Pendidikan Indonesia Garut. The technique undertaken to take samples in this study is proportional random sampling. Sampling in each class is determined by the simple random sampling method, which is a random way of taking members of the population without regard to the tiers in members of the population. Research instruments using polls and tests. Data collection techniques in the form of documentation and poll.

4 RESULT AND DISCUSSION

a. Description of variable Data socio-economic background

The results were obtained from the questionnaire, in order to facilitate the determination of the classification of conditions then determined the length of the interval class through the highest score of 5 (the highest question value) multiplied by 7 (number of questions), resulting in the highest score 35. Likewise, to determine the lowest score of 1 (lowest value) multiplied by 7 (number of questions) that result of 7. For a more detailed overview of the socio-economic background can be seen in the following table:

Table 1
Description of variable Data socio-economic background

No	Interval	Criteria	Frequency	Percentage
1	25-34	Medium to Top	33	26%
2	16-24	Medium	68	54%
3	7-15	Medium to Low	26	20%
Total			127	100%

According to the table above, it is known that the socio-economic background of students, namely: (a) the upper intermediate category of 33 students or 26%. (b) The category is either 68 students or 54%, (c) Medium category of 26 students or 20%. Thus it can be derived that the socio-economic background of the student is said to be middle and medium people.

b. Family economic Education Variable Data description

The results were obtained from the questionnaire, in order to facilitate the determination of the classification of conditions then determined the length of the interval class through the highest score of 5 (the highest question value) multiplied by 10 (number of questions), resulting in the highest score 50. Likewise, to determine the lowest score of 1 (lowest value) multiplied by 10 (number of questions) that result 10. For more details about the economic education of student families can be seen in the following table:

Table 2
Family Economics Education Variable Data description

No	Interval	Criteria	Frequency	Percentage
1	43-50	Very always	42	33%
2	35-42	always	53	42%
3	27-34	Sometimes	25	20%
4	19-26	Rarely ever	7	6%
5	10-18	Never	0	0%
Total			127	100%

According to the table above, it is known that the education of family economics in students, namely: (a) the category is always at 42 students or 33%. (b) The category is always at 53 students or 42%, (c) The category is sometimes 25 students or 20%, (d) the category has rarely been 7 students or 6%, (5) The category is never 0 students or 0%. Thus can be obtained the result that the economic education of the student family is said to always get family economic education.

c. Description of financial literacy variables Data

The results were obtained from the questionnaire, in order to facilitate the determination of the classification of conditions then determined the length of the interval class through the highest score of 2 (the highest question value) multiplied by 13 (number of questions), resulting in the highest score 26 Likewise, to determine the lowest score of 1 (lowest value) multiplied by 13 (number of questions), the result is 13. For more details about financial literacy can be seen in the following table:

Table 3
Description of financial literacy variables Data

No	Interval	Criteria	Frequency	Percentage
1	22-26	High	32	25%
2	18-23	Medium	59	46%
3	13-17	Low	36	28%
Total			127	100%

According to the table above, it is known that the education of family economy in students, namely: (a) high category of 32 students or 25%. (b) Medium category of 59 students or 46%, (c) Low category of 36 students or 28%. Thereby it can be obtained by the results that student financial literacy or economic understanding of students is said to be.

d. Description of variable Data on student decision-making in consumption

The results obtained from the questionnaire, in order to facilitate the determination of the classifica-

tion of conditions then determined the length of the interval class through the highest score of 5 (the highest question value) multiplied by 20 (number of questions), resulting in the highest score 100. Likewise, to determine the lowest score of 1 (lowest value) multiplied by 20 (number of questions), the result is 20. For more details about the student decision-making in consumption can be seen in the table below:

Table 4
Variable Data on decision-making consumption

No	Interval	Criteria	Frequency	Percentage
1	85-100	Very Agree	13	10%
2	69-84	Agree	89	70%
3	53-68	Hesitant	24	19%
4	37-52	Less Agree	1	1%
5	20-36	Disagree	0	0%
Total			127	100%

According to the table above, it is known that the education of family economics in students, namely: (a) The category is very agreed on 13 students or 10%. (b) The category agrees to 89 students or 70%, (c) The category is hesitant by 24 students or 19%. (d) The category does not agree on 1 student or 1%, (e) The category does not agree to 0 students or 0%. Thus it can be obtained the result that the student is said to agree to behave rationally in decision-making consumption.

e. The role of socio-economic background on student decision making in consumption

Role of parents socio-economic background on the decision making students of Fakultas Pendidikan Ilmu Sosial Bahasa dan Sastra Institut Pendidikan Indonesia Garut. In consumption can be seen from the regression coefficient in the X1 variable obtained the number 0.221. So the role of the socio-economic background of parents on student decision making in the consumption of 0,221 each increment of one unit variable X1. As for the continuity test the multiple linear regression coefficient for economic literacy variables is obtained $2,022 > 1.979$ with a significance level $0,045 < 0.05$. It can be concluded that H0 rejected and Ha accepted interpreted a significant positive influence from the role of the socio-economic background of parents on the decision making students in consumption.

Based on the poll indicates that the social background-The student's parents are more dominant in the middle level with a number of 68 students or 54%, this number is greater than the upper intermediate level that amounted to 33 students or 26%. So

that students who have a background in middle-level socio-economic tend to have rational consumption.

f. Role of family economy education on student decision making in consumption

The role of family economic education on the decision-making in consumption can be seen from the regression coefficient in the variable X2 obtained the number 0.668. So the role of the family economy education on student decision-making in consumption amounted to 0.668 per increment of one unit of variable X2. As for the continuity test the multiple linear regression coefficient for economic literacy variables is obtained $7,290 > 1.979$ with a significance level $0,000 < 0.05$. It can be concluded that H0 rejected and Ha accepted in-interpreted there was a significant positive influence of the role of family economic education on the decision making students of Fakultas Pendidikan Ilmu Sosial Bahasa dan Sastra Institut Pendidikan Indonesia Garut in consumption.

Based on the poll shows that the family economic education in the students is more dominant in the middle level with the number of 42 students or 33%, this number is greater than the upper middle level which amounted to 25 students or 20%, and also a category rarely ever only 7 students or 6%. While the category is never 0 students.

g. Role of financial literacy on decision making

The role of financial literacy on the decision-making of students in the Faculty of Social Sciences and Literature of the Indonesian Institute of Education in Garut. Can be seen from regression coefficients in X3 variables obtained number 0.160. So the role of financial literacy on decision-making with student consumption is 0.160 per increment of one variable X3. Meanwhile, tests of linear regression coefficients, Multiple Financial literacy variables $t_{count} < t_{table}$, which is $0.726 < 1,979$ with significance level $0.469 > 0.05$. It can be concluded that Ho received Ha rejected interpreted there is no significant positive influence of financial literacy on the decision-making of Fakultas Pendidikan Ilmu Sosial Bahasa dan Sastra Institut Pendidikan Indonesia Garut in consumption.

Based on the poll indicates that the financial literacy rate of 127 students. The sum of the literacy rate that belongs to the high category is only 25%, this number is less than the students financial literacy rate which is categorized at 28% low.

5. CONCLUSION

Based on the results of studies that have been conducted on the role of socio-economic background, family economic education and financial literacy on the decision making students of Fakultas Pendidikan Ilmu Sosial Bahasa dan Sastra Institut Pendidikan Indonesia in consumption can be concluded as follows:

a. Parental background plays a significant role and effect on student decision making in consumption, this is demonstrated from analysis results that the probability (Sig) magnitude 0.045 is smaller than 0.05 and Tcount (2,022) > (1.979) Ho is rejected. From these results can be concluded if the social socio-economic background can affect students in the decision making process of students consumption.

b. Family economic education is instrumental and significant influence on decision-making of student consumption, this is demonstrated from the analysis result that the probability (Sig) magnitude 0.000 is greater than 0.05. And Tcount (7.290) > Ttable (1,979), so Ho is rejected. From these results can be concluded if the student has an economic education in a high family then it can be instrumental and influential in the decision making of the student consumption.

c. Financial literacy is instrumental and influential on the decision making of student consumption, this is shown from the analysis results of T that the probability of (Sig.) 0.469 is greater than 0.05. And Tcount (0.726) < Ttable (1,979), so Ho is accepted. From these results can be concluded if the student has a high financial literacy then it can not be instrumental and influential on the decision making of the student consumption.

d. Simultaneous socio-economic background variables (X1), Family Economics Education (X2) and financial Literacy (X3) play a role in student decision making in consumption. It is shown from the results of the analysis, namely Sig F (0.000) < from 0.05 then Ha received with the equation Y = 40.741 + 0.221 X1 + 0.668 X2 + 0.160 X3 + μ then it can be inferred when socio-economic background, family economy education and financial literacy increased student decision making.

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