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Anallysis the Influence of Financial Literacy, Social Environment and Self-Control on Saving Behavior

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Abstract

This study aims to determine the influence of financial literacy, social environment, and self-control on students' saving behavior. The study employs a quantitative approach with a questionnaire method. The sample consists of 125 active students at the Universitas Pembangunan Nasional "Veteran" Yogyakarta. The results of this study indicate that: (1) Financial literacy, social environment, and self-control collectively have a positive influence on saving behavior, evidenced by an F-statistic of 54.872 with a significance level of 0.000; (2) Financial literacy positively influences saving behavior, as shown by a t-value of 2.376 and a positive regression coefficient of 0.147; (3) The social environment negatively influences saving behavior, as indicated by a t-value of 2.742 and a negative regression coefficient of 0.171; (4) Self-control positively influences saving behavior, demonstrated by a t-value of 11.656 and a positive regression coefficient of 0.865. The data analysis method used in this research is multiple linear regression, utilizing IBM SPSS Statistics 25 software.

Keywords: *Financial Literacy, Social Environment, Self Control, Saving Behavior.*

Introduction

The Solow Growth Model theory states that a country's economic growth is determined in part by its savings rate, meaning that the high or low growth rate of a country can be assessed based on the high or low national savings rate. The interest in saving among the Indonesian population is still very low, with 51 percent of the total adult population, or around 95 million Indonesians, still classified as unbanked or without accounts in financial institutions (Riswandi, 2021). The focus of this study is on students, who are assets to a country and are expected to bring significant positive changes and address issues that tend to be negative. Moreover, students are a substantial part of the population with complex financial problems, as they generally do not have personal income and their available funds are limited for monthly use. Therefore, the awareness of saving needs to be instilled to benefit individual students' financial management and positively impact the country's economic growth.

The study by Amilia, Bulan, and Rizal (2018), with a sample of bidikmisi scholarship students from the Faculty of Economics at Universitas Samudra, states that the financial literacy variable significantly influences saving behavior. This means that

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the more one understands financial literacy, the stronger the desire to save. This is because students with a high level of personal financial knowledge tend to exhibit effective frugal behavior.

Raszad and Purwanto (2021) mention that financial literacy plays a role in encouraging saving behavior among public university students in Surabaya. It is known that when individuals can understand and apply personal financial management, they can achieve financial health, one way of which is through saving.

The social environment is the area or region where an individual interacts or blends with their surroundings, resulting in interactions that will directly or indirectly influence the individual's personality. Peers are one of the social groups defined as all people who have the same age level with approximately the same level of maturity. Socializing with peers plays a role in student development, one of which is providing sources of information and comparisons about the world outside the family, thus peers are related to the interest in saving (Krisdayanti, 2020).

In contrast, the researched by Amalia, Bulan, and Rizal (2018) proves that peer influence among students does not significantly affect saving behavior due to the lack of discussions about financial management issues among students. Similarly, the study by Raszad and Purwanto (2021) also proves that there is no correlation between peer variables and saving behavior. This is because when spending time with their peers, students often engage in activities unrelated to financial management discussions. Students are more likely to follow their friends, use their money unwisely, which leads to consumeristic behavior and impulsive buying. Thus, peers play a minimal role in saving behavior.

The social environment around students can have both positive and negative impacts on their financial management, affecting their saving behavior, as each individual plays a role in socializing with others through interaction and behavior.

Self-control is an individual's ability to manage emotions and desires to make decisions. The functions of self-control include limiting and restraining oneself from engaging in negative actions and determining the adequacy standards in meeting one's needs. Thus, self-control enhances students' desire to save, meaning that the stronger a student's self-control, the better their intention to save (Raszad & Purwanto, 2021). Someone with high self-control tends to manage their money usage effectively, which leads to good financial management and a strong interest in saving (Krisdayanti, 2020). Having good self-control and the ability to plan financial expenditures strongly influences one's interest in saving (Yasid, 2010).

In conclusion, while significant strides have been made in understanding savings behavior among college students, gaps persist in comprehensively integrating personal, social, and cultural factors into theoretical frameworks. Addressing these gaps will advance knowledge on effective strategies to promote financial well-being and savings habits among young adults. The urgency or reason for conducting this research is to determine the influence of financial literacy, social environment, and self-control on students' saving behavior.

Literature Review

Saving Behavior

Saving behavior is the routine activity of setting aside a portion of one's income to save in order to achieve a future goal. The purpose of saving is to maintain financial stability in the future by setting aside a portion of one's wealth to meet both present and future needs, whether they are anticipated or unexpected. Saving behavior reflects an individual's awareness of their financial condition. Saving is also defined as the activity where a person sets aside money, either in a bank or in their own savings. The benefits of saving include learning to live frugally by setting aside income to avoid unnecessary expenditures. Additionally, saving can prevent debt and serve as a financial reserve in emergency situations (Krisdayanti, 2020).

Financial Literacy

Financial literacy is a series of processes or activities aimed at enhancing the knowledge, skills, and confidence of the general public so that they can manage their personal finances better (OJK, 2015). Lusardi & Mitchell (2014) define financial literacy as the ability of individuals to process economic information and make informed decisions regarding financial planning, wealth accumulation, debt, and retirement. According to OECD/INFE (2016), financial literacy is a combination of awareness, knowledge, skills, attitudes, and behaviors necessary to make sound financial decisions and ultimately achieve individual financial well-being.

Social Environment

The environment is everything that exists outside the individual and influences human development (Ngalim, 2004). Menawhile social interaction refers to direct or indirect contact between one individual and another (Ahmadi & Uhbiyati, 2001). The social environment is the area or region where an individual interacts with their surroundings, resulting in interactions that will directly and indirectly influence the individual's personality. The social environment can influence an individual's behavior patterns, including financial behavior. Indirectly, the social environment has a significant impact on shaping an individual's personality, which in turn can affect their decision-making processes, including their saving behavior.

Self-Control

According to Ghufron & Risnawita (2014), self-control is an individual's ability to be sensitive to and understand their own situation and environment. Self-control is defined as the ability to organize, guide, regulate, and direct behavior in ways that lead the individual toward positive outcomes. According to Ghufron & Risnawita (2014), self-control is an individual's ability to be sensitive to and understand their own situation and environment. Self-control is defined as the ability to organize, guide, regulate, and direct behavior in ways that lead the individual toward positive outcomes.

Hipothesis

The hypothesis is written as follow:

H2. Financial literacy has a positive effect on saving behavior.

H3. Social environment has a positive effect on saving behavior.

H4. Self-control has a positive effect on saving behavior.

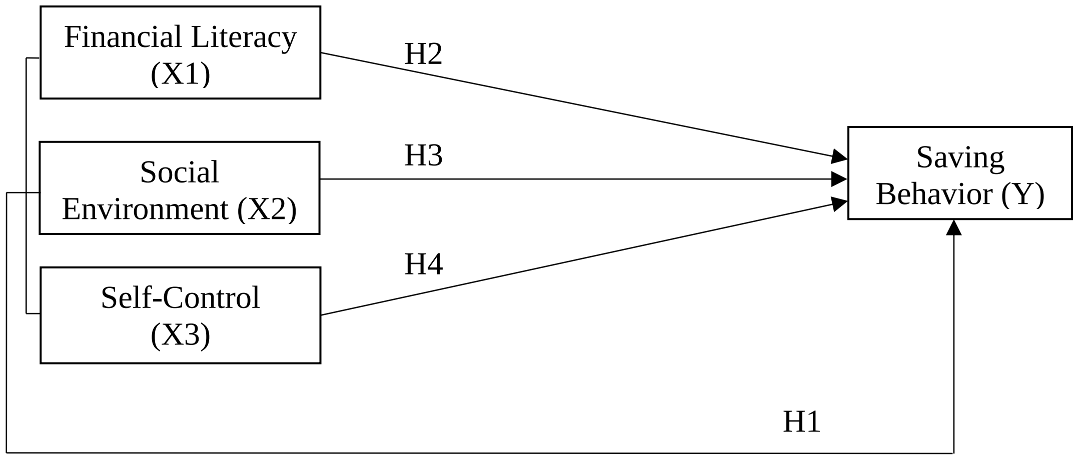

Figure 1. Research Model

Methods

Sampling and Procedures

The sample in this study were some active undergraduate students at Universitas Pembangunan Nasional "Veteran" Yogyakarta. This research is a descriptive study using a quantitative approach conducted by collecting data from the research subjects through surveys or questionnaires, and then analyzing them to obtain an objective overview of the influence of financial literacy, social environment, and self-control on saving behavior among students. Respondents were asked to respond to statements using a Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). In this study, the analysis technique employed is the IBM SPSS Statistics 25 program.

Measures

Financial Literacy (X1)

Based on the research Amilia et al., (2018); Morgan & Long (2020), financial literacy is the ability to read, analyze, manage, and communicate about personal financial conditions affects material well-being. Finansial literacy was measured using an instrument developed by Amalia et al (2018); Morgan & Long (2020), a point Lykert-type scale with 10 items.

Social Enviroment (X2)

Based on the research Krisdayanti (2020), self-control is important before someone decides to behave. A person who has good self-control will tend to control the use of his money, so he can manage money well and will generate interest in saving. Social environtment was measured using an instrument developed by Krisdayanti (2020), a point Lykert-type scale with 7 items.

Self-Control (X3)

Based on the research Krisdayanti (2020), the social environment is an area or region where an individual associates or mingles with his surroundings so that interactions occur that will affect the individual's personality directly or indirectly. Self-control was measured using an instrument developed by Azizah & Mulyono (2020); Raszad & Purwanto (2021), a point Lykert-type scale with 6 items.

Saving Behavior (Y)

Based on the research Amilia et al., (2018), saving behavior is a person's routine activity in setting aside part of the income to be saved in order to achieve a goal in the future. Saving behavior was measured using an instrument developed by Amilia et al., (2018); Raszad & Purwanto (2021), a point Lykert-type scale with 7 items.

Data Analysis

This research was conducted through data collection, distribution of questionnaires, and data processing, followed by a series of tests and conclusion drawing. The first testing step in this study was an instrument test to obtain information on how good the quality of the research instrument was, and whether it met the required criteria. A good instrument must be valid and reliable, meaning it can be trusted (Suharsimi Arikunto, 2010). The data analysis method used in this research is multiple linear analysis using IBM SPSS Statistics 25 software. The regression equation that can be formulated after determining the results of the multiple linear regression is as follows:

$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + e$

After conducting multiple linear analysis, hypothesis testing was performed using the F-test and t-test. The F-test aims to determine the extent to which all independent variables X1, X2, X3 collectively influence the dependent variable Y (Bawono, 2006). The significance of the influence of the independent variables on the dependent variable can be seen from the significance value in the Anova table of the regression equation. The t-test is used to observe the significance level of the individual independent variables affecting the dependent variable. This testing is done individually, using the t statistic test for each independent variable with a certain confidence level (Bawono, 2006). Then, the coefficient of determination test (R^2) is conducted to show the extent of the relationship between the dependent variable and the independent variables, or how much the independent variables contribute to influencing the dependent variable. The results of this test can be seen in the R^2 value in the model summary table of the obtained regression equation.

Result and Discussion

Result

Descriptive analysis of the respondents is useful to describe each variable in this study, presented with descriptive statistics. The descriptive statistics results of the variables in this study can be seen in Table 1 below:

Table 1. Descriptive Statistics of Measured Variables

Variables	N	Minimum	Maximum	Mean	Standard Deviation
Financial literacy (X1)	125	27	50	50	4,186
Social environment (X2)	125	14	35	35	4,105
Self-control (X3)	125	13	30	30	3,349
Saving behavior (Y)	125	17	35	35	3,939

A questionnaire is considered valid if it can reveal what it is intended to measure. The validity test in this study uses Pearson Correlation, which involves calculating the correlation between the scores obtained from the questionnaire items. A question is considered valid if its significance level is below 0.05 (Ghozali, 2012). Additionally, an item statement is considered valid if the calculated r-value is greater than the r-table. Based on the r distribution table, the r table value of this study is 0.361.

Table 2. Financial Literacy (X1) Validity Test Results

Questionnaire Item	Sig. (2-tailed)	Pearson Correlaion
X1_1	0,026	0,405
X1_2	0,006	0,487
X1_3	0,002	0,543
X1_4	0,007	0,483
X1_5	0,001	0,556
X1_6	0,031	0,394
X1_7	0,001	0,575
X1_8	0,001	0,587
X1_9	0,001	0,564
X1_10	0,010	0,465

From table 2 it can be seen that all statement items are valid. This conclusion is drawn from the absence of a significance value greater than 0.05 on all statement items. It can also be seen from the calculated r value which is greater than the r table value on all statement items. So it can be stated that all statement items on the financial literacy variable are valid.

Table 3. Social Environtment (X2) Validity Test Results

Questionnaire Item	Sig. (2-tailed)	Pearson Correlaion
X2_1	0,001	0,559
X2_2	0,000	0,655
X2_3	0,000	0,720
X2_4	0,000	0,627
X2_5	0,000	0,693
X2_6	0,002	0,551
X2_7	0,000	0,634

From table 3 it can be seen that all statement items are valid. This conclusion is drawn from the absence of a significance value greater than 0.05 on all statement items. It can also be seen from the calculated r value which is greater than the r table value on all statement items. So it can be stated that all statement items on the social environtment variable are valid.

Table 4. Self-Control (X3) Validity Test Results

Questionnaire Item	Sig. (2-tailed)	Pearson Correlaion
X3_1	0,004	0,507
X3_2	0,000	0,778
X3_3	0,035	0,387
X3_4	0,000	0,827
X3_5	0,002	0,539
X3_6	0,006	0,493

From table 4 it can be seen that all statement items are valid. This conclusion is drawn from the absence of a significance value greater than 0.05 on all statement items. It can also be seen from the calculated r value which is greater than the r table value on all statement items. So it can be stated that all statement items on the self control variable are valid.

From table 5 it can be seen that all statement items are valid. This conclusion is drawn from the absence of a significance value greater than 0.05 on all statement items. It can also be seen from the calculated r value which is greater than the r table value on all statement items. So it can be stated that all statement items on the saving behavior variable are valid.

Table 5. Saving Behavior (Y) Validity Test Results

Questionnaire Item	Sig. (2-tailed)	Pearson Correlaion
Y_1	0,020	0,424
Y_2	0,006	0,486
Y_3	0,000	0,703
Y_4	0,002	0,532
Y_5	0,000	0,638
Y_6	0,000	0,715
Y_7	0,000	0,776

A questionnaire is considered reliable if the respondents' answers to the questions are consistent over time. A questionnaire item is said to be reliable (appropriate) if the Cronbach's alpha is > 0.60 and not reliable if the Cronbach's alpha is < 0.60 (Ghozali, 2012).

Table 6. Reliability Test Result

Variabel	***Cronbach's Alpha***
Financial literacy (X1)	0,648
Social environment (X2)	0,746
Self-control (X3)	0,637
Saving behavior (Y)	0,722

Based on the results of the reliability test, it can be concluded that each item on the research questionnaire is reliable. This is indicated by the Cronbach's alpha value greater than 0.60 for each variable. Thus this questionnaire is suitable for use as a research instrument and research is feasible to continue.

Multiple linear analysis was conducted to determine the effect of independent variables, namely financial literacy, social environment and self-control on the dependent variable, namely saving behavior. The results of multiple linear regression tests can be seen in table 7.

From the results of the multiple linear regression analysis, the equation can be obtained as follows:

$$Y = 4{,}314 + 0{,}147X_1 - 0{,}171X_2 + 0{,}865X_3$$

Table 7. The Effect of Financial Literacy, Social Environment and Self-Control on Saving Behavior

Independent Variables	Unstandardized Coefficients		Standardized Coefficients (Beta)	t	Sig.
	B	Std. Error			
Financial literacy (X1)	4,314	2,741	0,156	1,574	0,118
Social environment (X2)	0,147	0,062	-0,178	2,376	0,019
Self-control (X3)	-0,171	0,062	0,736	- 2,742	0,007
R = 0,759					
R2 = 0,576					
F = 54,872					0,000

Dependent Variable: Saving Behavior

The equation and regression analysis results show the effect of each independent variable on the dependent variable. Each coefficient value of the regression equation has the following meaning: (1) Constant value = 4.314 which means that if the variables of financial literacy, social environment and self-control are constant or equal to 0 (zero), the saving behavior is obtained at 4.313. (2) The coefficient value of the financial literacy variable (X1) = 0.147 means that if the financial literacy variable increases, saving behavior will increase, otherwise if financial literacy decreases, saving behavior will decrease. (3) The coefficient value of the social environment variable (X2) = - 0.171 means that if the social environment variable increases, saving behavior will decrease, and if the social environment decreases, saving behavior will increase. (4) The coefficient value of the self-control variable (X3) = 0.865 means that if the self-control variable increases, saving behavior will increase, otherwise if self-control decreases, saving behavior will increase.

The results of the data processing show that the variables of financial literacy, social environment and self-control have a significance value of 0.000 which is smaller than 0.05 and the calculated F value of 54.872 is greater than the F table value of 3.07 (Df = n - k - 1). Thus the hypothesis which states that "Financial literacy, social environment and self-control together affect saving behavior." is accepted.

From table 7, it shows the acquisition of the R Square (R2) value of 0.566 = 56.6%, it can be concluded that the variables of financial literacy, social environment and self-control together affect the saving behavior variable by 56.6% while the remaining 43.4% is influenced by other factors outside the variables studied in this study.

Discussion

From the results of hypothesis testing 1 conducted in this study, it shows that the hypothesis stating "Financial literacy, social environment and self-control jointly affect saving behavior" is accepted. This is known from the regression results in table 4.10 with a significance value of 0.000 and the calculated F value of 54.872 is greater than the F table value of 3.07. The results of this hypothesis are supported by research (Raszad & Purwanto, 2021) which states that the lack of enthusiasm of students to save occurs because most students have not yet achieved financial independence, which means that they do not have their own income, and their motivation to save is still only short-term benefits. In addition, student income runs out quickly because it is used for consumptive things, and also does not have financial planning that suits their needs. This is in line with the theory of financial behavior or financial behavior which studies how psychology affects a person's actual behavior in managing finances. Financial behavior is broken down into three concepts, namely investment, saving, and consumptive.

Then the second hypothesis which states that "Financial literacy has a positive effect on saving behavior" can be accepted. This is known from the results of the t test of the financial literacy variable in table 4.11 which has a significance value of 0.019 and the calculated t value of 2.376 is greater than the t table value of 1.979 and is positive. These results are supported by the results of Morgan and Long's research (2020) which shows a positive and significant effect of financial literacy on the three indicators of saving behavior. This is evidenced by an increase in financial literacy followed by an increase in formal savings in the last two years by 7.2 percentage points.

Then the third hypothesis which states that "Social environment has a positive effect on saving behavior" cannot be accepted. This is known from the results of the t test of the social environment variable in table 4.11 which has a significance value of 0.007 and the calculated t value of 2.742 is greater than the t table value of 1.979 and is negative. The results of this test indicate that the social environment variable has a negative effect on saving behavior. This statement is supported by research (Raszad & Purwanto, 2021) which explains that peers have no role in student saving behavior. Peers are a group of individuals who are similar in age, social status, needs, and maturity of attitudes with relatively frequent interactions. The non-acceptance of this hypothesis indicates that peers have no relationship with saving behavior. The reason is that students are less accustomed to discussing financial management. In addition, in shopping activities, students rarely involve friends when deciding to buy something.

Then the fourth hypothesis which states that "Self-control has a positive effect on saving behavior" can be accepted. This is known from the results of the financial literacy variable t test in table 4.11 which has a significance value of 0.000 and the calculated t value of 11.656 is greater than the t table value of 1.979 and is positive. These results are supported by the results of Krisdayanti's research (2020) which concluded that self-control has a relationship with saving interest. Someone who has high self-control will tend to control the use of their money so that they can manage their money well, and will generate interest in saving.

Conclusion

Based on the research findings and discussion, the conclusions that can be drawn are as follows: 1) Financial literacy, social environment and self-control together affect saving behavior. 2) Financial literacy has a positive effect on saving behavior. 3) The social environment has a negative effect on saving behavior. 4) Self-control has a positive effect on saving behavior.

Limitation

In this study, it is only known that students' financial income comes from the pocket money given by their parents, while currently there are several students who have worked so that in addition to the pocket money they get from their parents, they can also get a salary or honorarium from their work.

Therefore, for future researchers it is recommended to examine the income of students who are already working as well, not only examining the pocket money given by parents.

Management Implication

By maximizing the level of student financial literacy, it will encourage student saving behavior to increase. The results of the research on social environment variables show that the social environment has a negative effect on saving behavior, this is due to the lack of discussion about financial management in the student social environment. So to be able to increase saving behavior among students can be created through a social environment with discussions about financial management. With self-control, each individual can also increase saving behavior because good self-control will restrain consumptive nature so that individuals act more wisely in managing their finances.

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