

THE INFLUENCE OF ECONOMIC LITERACY ON CONSUMPTION BEHAVIOR OF STUDENTS OF FACULTY OF ECONOMICS, STATE UNIVERSITY OF MALANG

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Abstract

Changes in the phenomenon of increasingly diverse goods and services in the community, demanded an intelligent and wise attitude in determining the choice of consuming goods and services. Related to that, economic literacy is considered very important in improving the competence of each individual to make a personal decision about many social and economic issues that they will confront in their life. This is the reason why aspects of life is always associated with economic problems. Economic literacy that were gained since they were children from the education in family until college, is expected to form a rational attitude in the student's consumption behavior. Results from this study indicate that financial literacy has a positive and significant effect on consumption behavior.

Keywords: consumption behaviors, economics literacy

INTRODUCTION

ASEAN Economic Community (AEC), is an organization of ASEAN countries into a region which the economy is solid and accounted for in the international economy. Indonesia has the biggest number of population in ASEAN is a potential market for the inflow of goods, services, and labor for the other countries in ASEAN. As the largest consumer market in ASEAN, Indonesia has the potential to be flooded with consumer goods. It will raise the number of alternative goods and services that can be consumed. A lot of shopping centers, shopping malls, fashion industry, luxury residential areas, fast food, and so forth, all of which are the fruit of a wide range of products in the market.

Of course this could lead to people's behavior. Such changes can be seen from the lifestyle, food, clothing, transportation, communication. In addition the behavior of Indonesian society that bandwagon and less love domestic products and more interested in the brand/foreign brands will make our nation extremely vulnerable to consumption behavior that tends to be consumptive, in fact it is very

understandable with easier access both in lifestyle, changes in fashion and so forth. Whereas if economic growth is formed higher consumption expenditure will make this growth is not stable. To make the public better understand the behavior patterns of consumption are both needed a good level of economic literacy as well.

Economic literacy is considered very important in improving the competence of each individual to make a personal decision about the many social and economic issues that will confront his stew (Walstad, 1998). Thinking in terms of economy, economic problems have become an important part of the lives of individuals and internationally. Economic transactions dominate the whole world. World trade, national budgets, and all are affected by the economy. Economics is how to understand and make choices, to live with the consequences of those choices, and make sacrifices among scarce resources in the world where we cannot have everything we want.

Economic literacy can be described as an individual's ability to recognize and use economic concepts and economic way of thinking in order to improve their welfare (Mathews, 1999). It is the knowledge necessary to master certain tasks relating to economic problems and have a good understanding associated with money, business, and economic issues that are being discussed (Kotte & Witt, 1995). Economic literacy that has gained since of education in the family until the college is expected to form a rational attitude in the student's consumption.

METHODS

In general, this study includes quantitative research. The design of the study in this research is associative causality. Classified associative because this study was to determine whether there is a relationship between the variables studied. Categorized causality, because this study aims to determine whether the observed variables have a specific causal relationship that allegedly theoretically. This research was conducted by way of explaining the symptoms by an object of research. Variables used in this study there are two, namely the Economic Literacy (X), and Consumption behavior (Y). While the analytical techniques used in this research is regression.

The population in this study were all students of Economic Education and Development Studies program of Faculty of Economics, University of Malang. 4th semester student were chosen because they have been through basic subjects to determine the economic literacy. Sampling technique is proportional random sampling. Data was collected by questionnaire and test methods. Tests used to measure variables of economic literacy. For testing instrument that measures economic literacy, we adopted economic literacy from CEE (2012). Measurement of economic literacy consists of 20 multiple choice questions. Scoring one for correct answer and the wrong answer is zero, so the maximum score of 20 and minimum economic literacy zero.

RESULT AND DISCUSSION

Based on the data collected, the majority of FE UM students have consumption behavior are included in the category of rational as many as 54%, but there is still a fairly rational consumption behavior as many as 40.89%, which could indicate that irrational behavior and behavior towards consumptive. However, other results as much as 3.14% have a very rational consumption behavior. Based on the data collected, the majority of FE UM students have consumption behavior are included in the category of rational as many as 54%, but there is still a fairly rational consumption behavior as much as 40.89%, which could indicate that irrational behavior and behavior towards consumptive. However, other results as much as 3.14% have a very rational consumption behavior.

Other results related, economic literacy majority FE UM students have good economic literacy, as evidenced by a majority of 56.60% of the students had a good and very good scores as many as 37.74%. Students who have a good knowledge means at least got a score of 13. However, a small portion of students have unfavorable economic literacy as much as 0.63% and the remaining 5.03% of the students have enough economic literacy.

Individual understanding of the economy that have been provided in an informal environment will certainly be supported by formal education at school. Explanation of economic literacy owned student explained above that economic literacy is quite good, while the consumption behavior has earned most of rational

behavior. Based on the results of this study are significant indeed economic literacy affects the consumption behavior. This means that the good economic literacy can increase student consumption behavior. Likewise, unfavorable economic literacy can reduce the consumption behavior of students. The results are consistent with the opinion Jappeli (2009) in which economic literacy can be improved by increasing the incentive to acquire financial knowledge. With good economic literacy would make better in terms of behavior related to consumption issues.

CONCLUSION

Based on the above discussion, in today's economic development of economic literacy is very important for every individuals. Economic literacy would provide insight in making the smart economic choice, that is how people become aware of the how to analyze when required to make a decision, or in other words that the decision maker to think before you act so as to erode the making of wrong choices which in turn could lead to irrational behavior.

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