

An Empirical Study on Women's Financial Behavior: Case Study of Female Postgraduate Students in Medan, Indonesia

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Abstract: *Personal financial management behavior is the impact of a desire to meet life needs by income. It has some benefits, such as the person will tend to budget his finance and to thrift his financial spending wisely. The daily budget provides facilities and meets long-term needs. Consumers implementing personal financial management behavior well will behave with financial responsibility. People who have sufficient knowledge of finance will have ways to allocate their income. Their knowledge will bring advantages to them. The objective of the research was to discover and analyze the influence of financial literacy, financial attitude, and income on personal financial management behavior directly or via locus of control. The research used primary data collected directly from 232 people selected as respondents. It employed a path analysis method assisted with the SPSS version 16 program. The research results demonstrated that financial literacy and income had a positive but insignificant influence on the locus of control in the female students of state universities in North Sumatera Province. Financial attitude had a positive and significant influence on the locus of control in the female students of state universities in North Sumatera Province. Financial literacy, financial attitude, and locus of control had a positive and significant influence on personal financial management behavior in the female students of state universities in North Sumatera Province. Financial literacy and income did not have any influence on personal financial management behavior via locus of control in the female students of state universities in North Sumatera Province. Financial attitude did not have any influence on personal financial management behavior via locus of control in the female students of state universities in North Sumatera Province.*

Key Words: *Financial Literacy, Financial Attitude, Income, Locus of Control, Financial Behavior.*

1. INTRODUCTION:

Personal financial management behavior practices get serious attention from various organizations such as government, financial institutions, universities, and so on. Not only for young people who are managing careers, but even a pensioner must also have a way of addressing this financial behavior because they have to think about long-term needs or guarantee of old age. Personal financial management in each person is different in financial behavior, generally distinguished from gender. According to some studies, the influence of gender differences on the management of personal finance can be one of the factors that influence an individual in making financial decisions. Gender in the perspective of differences in male and female sex affects an individual's financial management [1]. Where men tend to be more rational in spending money than women who are more based on mere pleasure factors. Sex differences affect the control of one's shopping behavior, where men are utilitarian shoppers, while women are mostly hedonic shoppers.

Students and students who have worked and no longer receive money from parents will be more sensitive in managing their finances [2]. Especially students who have worked differently from female students who have not worked because they are more able to appreciate money and feel the difficulty of getting money, in contrast to female students who earn money just by asking parents/guardians. These behavioral differences indicate differences in student behavior in determining financial decisions. The student behavior factor shows that students who have grown up thinking differently are different from female students who still experience a transition from adolescence to adulthood. The findings in the field also say that female students in Medan, especially the University of North Sumatra Postgraduate students, often visit shopping centers such as the Mall or department store. It is due to several reasons, one of them being supported by a large number of malls in the Medan area, which also often provide discounted prices for daily needs, clothing, and food. It made the students forget themselves and did not control their shopping desires.

In the context of finance, self-control is an activity that can function to encourage someone to make savings (useful goals) and can suppress the purchase of inclusive [3]. Financial knowledge or financial literacy is needed and needed in the current era of globalization, especially for students and college students who continue their studies at their own expense. Financial knowledge is inseparable in one's life because financial knowledge is used by these individuals to make personal or personal financial decisions about finance, but in reality, many countries with poor levels of financial knowledge [3]. Financial knowledge or financial literacy as knowledge and the ability to apply it (knowledge and ability). It started to be introduced and developed rapidly in several countries. Understanding of finance itself which helps us to organize ourselves or manage individual life needs. Women's financial literacy is lower than that of men.

Women should have high financial literacy or at least the same as men. Women who have financial literacy can find out their financial condition so they can choose the right type of investment for themselves so they can increase their source of income.

Individuals who have financial attitudes can find out how their personality in conducting financial management practices is right for their future. The attitude in proper financial management begins with applying an excellent financial attitude towards the world that is inhabited so that it can be interpreted as a state of mind, opinions, and judgments of someone against his finances that are applied to attitudes. Individuals with available resources will show management's behavior is more financially responsible, given the available funds allow them to act responsibly, saying that respondents with income are more or less disciplined in paying their bills than those who have a higher income. For students who have worked or have their income, they should be able to show more financial behavior, given their intelligence allows them to act more responsibly. So that someone who has a sound personal financial management behavior will tend to make his financial budget, and make savings in financial expenses.

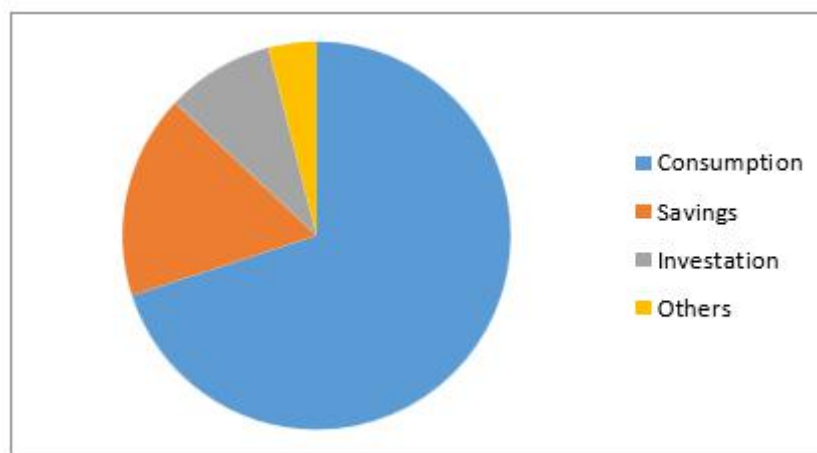


Figure 1. Composition of Expense for Post-graduate Students
Universitas Sumatera Utara

The preliminary results show that the majority of the income of postgraduate students in Management Sciences at the University of North Sumatra is mostly used for consumption. Only a few female students use their income to meet savings. Most students who work are married and share financial responsibility with their husband's income. The burden of savings and investment uses the husband's income, and his income is used for consumption costs and school fees. Students who allocate their income to savings are female students who do not have a partner.

2. LITERATURE REVIEW:

2.1 Financial Behavior

Financial management behavior is a person's ability to regulate, such as planning, budgeting, checking, managing, controlling, searching, and storing daily monetary funds. Financial management behavior is a way of managing funds owned that relates to one's responsibility in managing finances. Financial responsibility is the process of managing money and financial assets. Individuals who have financial responsibility tend to manage finances well. With proper financial management, it will not be trapped in unlimited behavioral behavior.

2.2 Financial Literacy

Financial literacy is knowledge of facts, concepts, principles, and technological tools that are the basis for being smart in using the money [4]. Further explained, financial literacy is defined as a component of human resources that can be used to improve financial well-being [5]. Someone is said to be financial literate when having the knowledge and ability to apply that knowledge. In other words, literacy of personal finance is the ability to read, analyze, manage, and communicate about personal financial conditions that affect economic well-being. It includes the ability to distinguish financial choices, discuss financial problems, plans, and competencies responding to life events that affect daily financial decisions and events in the economy in general.

2.3 Financial Attitude

Attitude is an evaluative statement, both pleasant and unpleasant towards objects, individuals, and events [6]. Attitude is a feeling or action that is shown by an individual to others or an object. Every individual has a different attitude. Attitudes can influence intention to behave. While the intention to behave affects behavior.

2.4 Income

Gross inflow of economic benefits during the period arising in the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants [7].

2.5 Locus of Control

Locus of control was a generalized expectation about the internal versus external control of reinforcement [8]. Locus of Control is a psychological concept about one's beliefs about the extent to which they control events that affect them. Rotter divides locus of control into 2, namely internal locus of control and external locus of control. Where people who have a more internal locus of control believe that skills, abilities, and effort can better determine what they will get in their lives. Whereas people who have a more external locus of control believe that strength from outside themselves, such as fate, fate, luck, and other people in power, can determine their lives [8].

3. METHODOLOGY:

The primary data is directly obtained from postgraduate students in North Sumatra from the University of North Sumatra, University of Medan State, and University of North Sumatra Islamic. The primary data is a questionnaire containing financial literacy, financial attitude, income, locus of control, and financial behavior. Random sampling and questionnaires distributed questionnaires were returned by 232 questionnaires. The secondary data used is the reference obtained through the study of literature, such as reference books or theory that supports the research, the previous related research, and other written data. The data is analyzed using path analysis. This study was conducted to determine the direct effect of financial literacy, financial attitude, and income on financial behavior as well as the indirect effect of financial literacy, financial attitude, and income on financial behavior with the intervening locus of control. The research model can be described in the following figure.

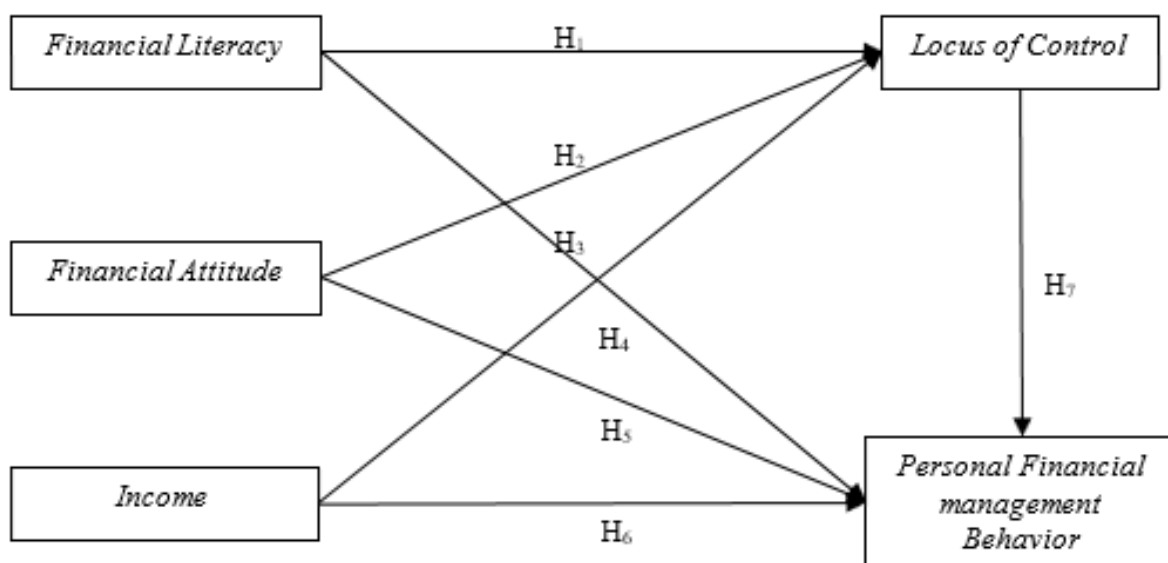


Figure 2. Research Framework

In order to achieve the objectives of the study, several hypotheses were formulated as follows:

- There is a significant influence on financial literacy on financial behavior.
- There is a significant influence of the financial attitude on financial behavior
- There is a significant influence of the income on the financial behavior
- There is a significant influence of financial literacy through the locus of control on the financial behavior
- There is a significant influence of the financial attitude through the locus of control on the financial behavior
- There is a significant influence of the income through the locus of control on the financial behavior

4. RESULT AND DISCUSSION:

The results of the study came from distributing questionnaires to 232 public postgraduate students in North Sumatra, where all samples are female workers, whether married or unmarried, with the provision of having an essential economic education background.

Table 1. Model for Paper

	Mean	Std. Deviation	N
Personal Financial Management Behavior	23.06	3.868	232
Financial Literacy	34.25	4.558	232
Financial Attitude	49.21	7.817	232
Income	4.3432	3.23412	232
Locus of Control	26.44	4.321	232

The average value of the personal financial management behavior variable is 23.06. The standard deviation value of the financial literacy variable is 3.868. The average value of financial literacy variables is 34.25. The standard deviation value of the financial literacy variable is 4,558. The average value of the financial attitude variable is 49.21. The standard deviation value of the financial attitude variable is 7.817. The average value of the income variable is 4.343. The standard deviation value of the income variable is 3,234. The average value of the locus of the control variable is 26.44. The standard deviation value of the locus of the control variable is 4.321. The results of data processing for the substructure I regression model are as follows:

Table 2. Coefficients Substructure 1

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.189	1.502		3.455	.001
Financial Literacy	.018	.047	.019	.376	.708
Financial Attitude	.415	.027	.751	15.191	.000
Income Interval	.126	.156	.035	.811	.418

a. Dependent Variable: Locus of Control

Research model of substructure 1 is:

$$Y_1 = 5,189 + 0,018 X_1 + 0,415 X_2 + 0,126 X_3$$

The results of data processing for the substructure II regression model are as follows:

Table 3. Coefficients Substructure 2

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.024	1.601		1.889	.060
Financial Literacy	.189	.049	.223	3.886	.000
Financial Attitude	.160	.040	.323	3.964	.000
Income Interval	.080	.162	.025	.494	.622
Locus of Control	.210	.069	.234	3.051	.003

a. Dependent Variable: Financial Behavior

Research model of substructure 1 is:

$$Y_2 = 3,024 + 0,189 X_1 + 0,160 X_2 + 0,080 X_3 + 0,210 Y_1$$

Table 4. The results of hypothesis testing

No	Variable	Direct		Indirect	Result
		Locus of Control	Financial Behavior		
1	Financial Literacy	0,019	0,223***	0,004	No significant
2	Financial Attitude	0,751***	0,323***	0,176***	Significant
3	Income	0,035	0,025	0,007	Significant
4	Locus of Control	-	0,234***	-	

Financial literacy has no significant effect on financial behavior through the locus of control; this is seen from the indirect significance value of financial literacy through the locus of control of $0.004 < 0.05$. Financial attitude has a significant effect on financial behavior through the locus of control; this is seen from the indirect significance value of financial attitude through the locus of control of $0.176 > 0.05$. Income has no significant effect on financial behavior through the locus of control; this is seen from the indirect value of income through the locus of control of $0.007 < 0.05$.

5. CONCLUSION:

The partial test result shows that financial literacy does not significantly influence the locus of control toward a positive relation. It proves that the hypothesis is rejected and explained that financial literacy factors do not affect the locus of control directly. It is the same with previous research, although postgraduate students to postgraduate level, is still considering all the factors related to locus of control. The partial test result shows that financial attitude is significantly influenced by the locus of control toward positive relations. It proves that the hypothesis is accepted and explained that the financial attitude factors affect the locus of control directly. It is the same with previous research, which states that an excellent financial management attitude will be behavior in controlling finances that will be difficult to change.

The partial test result shows that income does not significantly influence the locus of control toward positive relations. It proves that the hypothesis is rejected and explained that income factors do not affect the locus of control directly. It is the same with previous research, although the good locus of control does not follow the income owned by the average student. Alternatively, it can also be interpreted that the locus of control held by the average respondent is not derived from how much income he has [9].

The partial test results show that financial literacy is significantly influenced by financial behavior toward positive relations. It proves that the hypothesis is accepted and explained that financial literacy factors affect financial behavior directly. It is the same with the previous financial science research that is owned; it will result in individuals being incorrect and right in managing their finances. The majority of respondents have good financial knowledge in managing all financial activities in their daily lives [10]. Education and experience have little propensity to influence investment decisions directly, can be seen from the critical ratio [11].

The partial test result shows that financial attitude significantly influences financial behavior toward a positive relation. It proves that the hypothesis is accepted, and explained that financial attitude factors affect the financial behavior directly. It is the same with previous research in a person's psychological perspective when evaluating the practice of financial management so that it becomes a financial principle to create and maintain value in making financial decisions [12].

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