



CONSUMPTION RATIONALITY OF STUDENTS IN THE FACULTY OF ECONOMICS UNIVERSITAS NEGERI MALANG VIEWED FROM LOCUS OF CONTROL MEDIATED BY FINANCIAL LITERACY

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Abstract

This study aims to determine the consumption rationality of Faculty of Economics students, Negeri Negeri Malang, regarding locus of control mediated by financial literacy. In this study, the financial literacy variable, apart from being used as an independent variable, is also used as a mediating variable that can bridge the relationship between variables. This study uses a quantitative approach to causality by using path analysis techniques. This study uses a quantitative approach to causality by using path analysis techniques. The sample in this study amounted to 273 respondents consisting of Faculty of Economics students, Negeri Negeri Malang class 2017. The sampling technique used a proportional random sampling technique, which is a random sampling technique that is balanced or proportional to the number of subjects. Data collection techniques with questionnaires and documentation. The results of this study indicate that there is a direct influence of locus of control on financial literacy and consumption rationality. There is a direct influence of financial literacy on consumption rationality. The path coefficient value on the direct influence is greater than the indirect effect on the locus of control on consumption rationality, so financial literacy does not act as a mediation on the influence of locus of control on consumption rationality. Suggestions for further research are to examine other variables and use different analytical tools so that more detailed results are obtained.

Keywords: locus of control, financial literacy, consumption rationality

INTRODUCTION

During the current pandemic, it is undeniable that it dramatically affects economic conditions and consumer behavior in the community; it is undeniable that students will also feel this. Because in general, they still have a dependence on the role of their parents in terms of economic needs. As a student majoring in economics, they should be able to apply consumption activities rationally with the knowledge of financial management that they have learned. At this time, everyone must be extra careful in managing their finances because it is not only basic needs that they have to fulfill. They have to buy some additional necessities to prevent the spread of this covid-19 virus. During this pandemic, they must have necessities such as masks, hand sanitizer, vitamins, and nutritious food to increase their immune system. Students become irrational in their consumption behavior.

This consumptive behavior will appear when they buy excessive goods that are not matched by controlling their finances. According to Larasati, R. A (2020), a student who conducts lectures at home receive money from their parents every month by doing consumptive activities for food and fashion. The high level of consumptive behavior today causes people to behave irrationally. So there needs to be an understanding of financial management (financial literacy) to pay attention to spending wisely or rationally. Consumption rationality is an act of consumption whose expenditure is adjusted to the income owned. According to Maharani Dewi (2020), rationality is an action that occurs in humans through logic or a mindset in acting according to the reason they have with actions taken to fulfill long-

term plans with consideration of all the risks and benefits. A person can have rational behavior if the decisions taken in acting prioritize things that are more important than just desires and are carried out according to their abilities.

One's attitude and behavior are a form of self-control that will trigger an attitude of rationality. It can seem that one of the factors that influence the attitude of rationality in consumption behavior is wisdom in controlling finances (Arisah, N. 2017). A person can control himself through the locus of control. According to Garger et al. (2010) Locus of control is defined as a belief held by individuals by stating that their lives are controlled by their actions (internal factors) and can also be controlled by impulses from outside their control (external factors). Locus of control has two factors, namely internal factors and external factors (Altinay et al., 2012). In internal factors, locus of control believes that individuals can control events in their lives. They will have better self-control. They have the assumption that they will succeed on their own. While individuals tend the locus of control in external factors, these individuals have a strong drive from the surrounding environment, so they are easily influenced and will not be able to control themselves. Because according to them, a good personality is if they follow the trends around them.

The description above shows that the locus of control in individuals will affect the level of wasteful behavior. A high locus of control affects low wasteful behavior, and vice versa if they have a low locus of control, they will have high consumptive behavior. Thus, they will determine their behavior to carry out consumption activities rationally. This explanation is in line with Wahyuni's research (2019) which states that financial literacy and income have a positive and insignificant effect on locus of control. These results are not in line with Musich et al. (2020) study, which explains that locus of control has a powerful influence on all income categories, especially in the sample cluster with low income.

Someone who understands financial literacy at a certain level will be able to increase their rationality in consumption. The results of Melianti's research (2015) conclude that an understanding of economics, one of which is about finance, positively affects the rationality of consuming a person by 22%. Meanwhile, Sani (2015) concludes that understanding economics (finance) affects the rationality of consumption. Theoretically, an understanding of financial literacy will suppress consumptive behavior because consumers who have a high level of financial literacy will be more innovative in managing their finances. Their consumptive behavior will be more effective than consumers who have a common understanding of financial literacy. Based on the description above, where is a person's ability and knowledge about financial literacy and financial management (financial literacy) where can the variable (financial literacy) become an intervening variable that can bridge the locus of control to consumption rationality?

This study examines the rationality of student consumption with financial literacy. Students of the Faculty of Economics, Universitas Negeri Malang, Class of 2017. The expected consumption rationality with the role of financial literacy is that a student can apply knowledge about financial

management to his income or pocket money. Consumption rationality must be balanced with self-control following needs, not desire.

Based on the background of the problem above, the researcher is interested in testing the consumption rationality of the students in the Faculty of Economics, Universitas Negeri Malang, in terms of locus of control mediated by financial literacy.

HYPOTHESES DEVELOPMENT

1. The Effect of Locus of Control on Consumption Rationality

Consumptive behavior more explicitly explains the desire to consume goods less needed in excess to achieve maximum satisfaction. Consumptive behavior arises as a result of an external locus of control. Adolescents behave consumptively because of the influence of their friends and their environment, who are role models for their lifestyle and dress style. They are afraid that they will be ostracized or are considered outdated. This style is in line with the nature of teenagers who are curious about trying things out.

Hidayah & Bowo's research (2018) explains the influence of pocket money, locus of control, and peer environment on consumptive behavior. At the same time, the research of Kusumastuti, D, D, (2016) results showed that the correlation coefficient $r_{xy} = 0.048$ with sig 0.336 ($0 > 0.05$), so the theory discovers to be false. This study means no significant relationship between external locus of control and wasteful behavior. Research by Arisah, N. (2017) explains that; Locus of control has a positive and significant effect on rationality in consumption behavior. Locus of control has no significant effect on economic learning outcomes. Locus of control through economic learning outcomes has no significant effect on rationality in consumption behavior.

2. The Effect of Locus of Control on Financial Literacy

Financial management behavior is an issue that cannot be avoided, especially concerning the consumptive phenomenon of society. The consumptive phenomenon becomes a bad habit for individuals, especially those who live in big cities. With the existence of high financial knowledge and financial attitude, it is expected that the mindset and attitude towards money will increase so that it will increase locus of control, which then impacts increasing financial management behavior.

Listiani, K. (2017), locus of control has a significant positive effect on Financial Management Behavior. Financial attitude has a significant positive effect on Financial Management Behavior. Linda, M. (2018), locus of control, financial knowledge, and income positively and significantly affect investment decisions. It has value in the aspect of financial literacy knowledge. (Hidayah & Bowo, 2018) There is an influence of pocket money, locus of control, and peer environment on consumptive behavior. Consumptive behavior indicates weak insight and knowledge of financial management.

3. The Effect of Financial Literacy on Consumption Rationality

Consumption activities are mainly used to meet needs and maximum satisfaction. In essence, the fulfillment of consumption must be following needs, not desires, to get maximum satisfaction. Putri et al. (2016) results of their research show that financial literacy affects consumptive behavior is -48.5%, rationality variable affects consumptive behavior is -20%, financial literacy variable affects rationality is 26%, while the indirect effect of financial literacy on consumptive behavior through rationality is -53.7% with a total effect of -5.2%. The conclusion in this study, high rationality reduces consumptive behavior. This result shows that class XI Social Science students in Semarang City with high rationality tend to have low consumptive behavior can prioritize their needs well to suppress their consumptive behavior. Meanwhile, Imawati, Susilaningsih and Ivada (2013) research results showed that financial literacy had an effect of -0.464 on students' consumptive behavior with a negative significance. Thus, financial literacy is exceptionally influential on the consumptive behavior of adolescents, where when financial literacy increases, consumptive behavior will decrease. The regression analysis results support this research, namely if the financial literacy is increased by 1 then their consumptive behavior will decrease by 0.472. Research (Hadi Soesilo & Anita Yunikawati, n.d.) explains that family economic education, financial literacy, and lifestyle significantly affect consumption rationality.

METHOD

This research is classified as explanatory research to explain the condition of each variable. This research is also included in the associative causality group. The sampling technique used in this study is the proportional random sampling technique, which is a random sampling technique that is balanced or proportional to many subjects. The sample obtained was 289 respondents consisting of students of the Faculty of Economics, State University of Malang. The analysis used in this research is path analysis. The following is a framework of thinking formulated to describe the relationship between variables in this study:

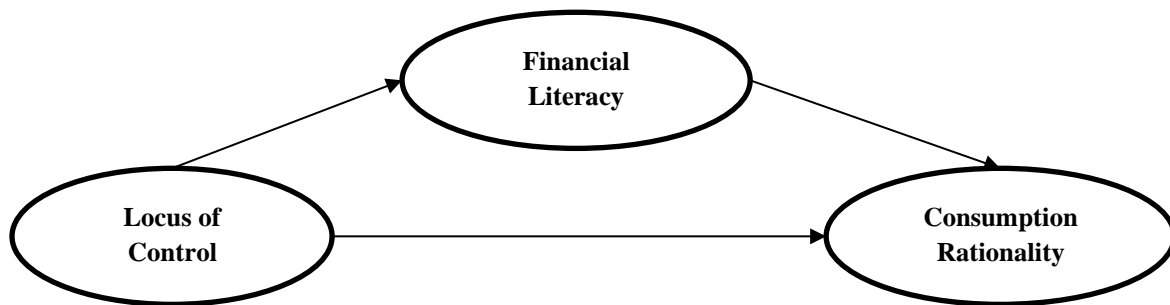


Figure 1. Research Concept Framework

In this study, data collection was carried out using a questionnaire distributed to all respondents through a questionnaire sheet. This study's stages in data processing are classical assumption testing as a condition for path testing in research. The classical assumption results indicate that this research model is feasible for subsequent testing. Hypothesis testing as the basis for decision making using path analysis.

RESULT AND DISCUSSION

The respondents of this study were 289 students of the Faculty of Economics, Universitas Negeri Malang, 2017, as many as 289. From 289 questionnaires obtained, only 273 could be processed. Following are the results of the analysis of this study using SPSS software. In this study, two equations are used to facilitate understanding, the equation I for the direct effect of locus of control on financial literacy and equation II for the direct effect of locus of control and financial literacy on consumption rationality.

Coefficient of Determination (*R Square*)

Equation I

In the results of testing the coefficient of determination of equation I, the following results are obtained:

Table 1 Results of the Coefficient of Determinants of Equation I

Model Summary				
Model	R	R Square	Adjusted R Square	Std. An error of the Estimate
1	.544 ^a	.296	.293	5.73375
a. Predictors: (Constant), Locus of Control				

Source: Data processed, 2021

Based on Table 1, the value of the determinant coefficient in the equation I is 0.544. This value indicates that financial literacy can be explained by 54.4% locus of control, and other variables outside this research model explain the remaining 45.6%.

Equation II

In the results of testing the coefficient of determination of equation II, the following results are obtained:

Table 2 Results of the Coefficient of Determinants of Equation II

Model Summary				
Model	R	R Square	Adjusted R Square	Std. An error of the Estimate
1	.736 ^a	.542	.539	3.42318
a. Predictors: (Constant), Financial Literacy, Locus of Control				

Source: Data processed, 2021

Based on Table 2, the value of the determinant coefficient in equation II is 0.736. This value indicates that consumption rationality can be explained by locus of control and financial literacy of 73.6%, and other variables outside this research model explain the remaining 26.4%.

Path Analysis Results

Based on the test results of the equation I and II, the results of the path analysis obtained are as follows:

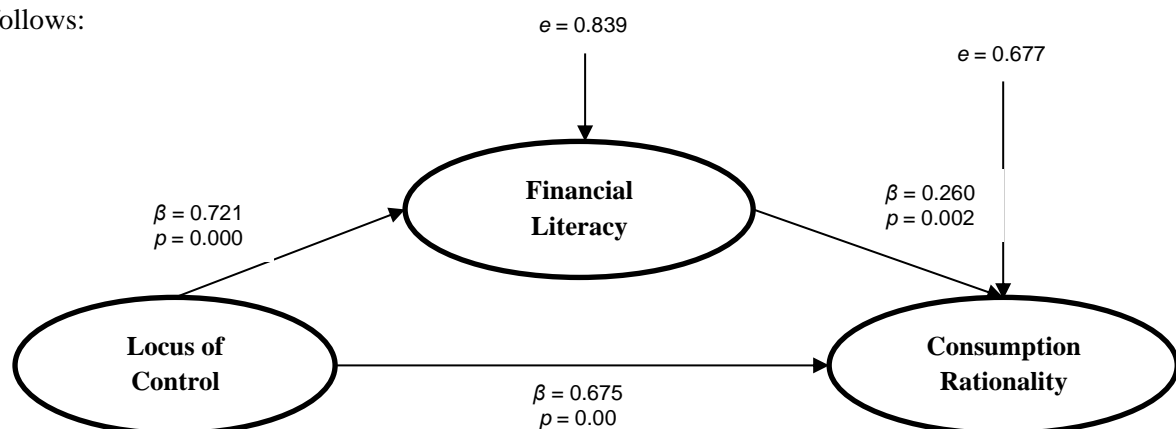


Figure 2. Path Analysis Test Results

Figure 2 above can be obtained based on the results of the tests carried out on equations I and II, which are shown in Table 3 and Table 4 below:

Table 3 Regression Test Results Equation I

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.572	3.403		.462	.645
Locus of Control	.721	.068	.544	10.664	.000

a. Dependent Variable: Financial Literacy

Source: Data processed, 2021

Table 4 Regression Test Results Equation II

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	18.001	2.033		8.856	.000
Locus of Control	.675	.048	.689	14.047	.000
Financial Literacy	.260	.036	.281	2.643	.002

a. Dependent Variable: Rasionalitas Konsumsi

Source: Data processed, 2021

Based on the test results above, the following description is obtained:

The influence of locus of control on consumption rationality

On the direct effect, the path coefficient value on the influence of locus of control on consumption rationality shows a positive value of 0.675. The locus of control increases, the rationality of consumption increases. The t-count value is greater than t-table ($14.047 > 1.650$) and the probability value (sig.) is less than ($0.000 < 0.05$). Thus, it can interpret that the locus of control significantly affects consumption rationality.

The influence of locus of control on financial literacy

On the direct effect, the path coefficient value on the influence of locus of control on financial literacy shows a positive value of 0.721. That is, the locus of control increases, the financial literacy

increases. The t-count value is greater than t-table ($10.664 > 1.650$) and the probability value (sig.) is less than α ($0.000 < 0.05$). Thus, it can interpret that locus of control significantly affects financial literacy.

The influence of financial literacy on consumption rationality

On the direct effect, the path coefficient value on the influence of financial literacy on consumption rationality shows a positive value of 0.260. This result means that if financial literacy increases, consumption rationality increases. The t-count value is greater than t-table ($2.643 > 1.650$) and the probability value (sig.) is less than α ($0.002 < 0.05$). Thus, it can interpret that financial literacy significantly affects consumption rationality.

The influence of locus of control on consumption rationality by mediating financial literacy

The indirect effect of locus of control on consumption rationality through financial literacy is obtained from the path coefficient values on the related variables. This multiplication is carried out on the path coefficient value on the influence of locus of control on financial literacy and financial literacy on consumption rationality, namely: $0.721 \times 0.260 = 0.187$. Thus, the total effect given by the locus of control on the rationality of consumption is the direct effect plus the indirect effect, namely $0.675 + 0.187 = 0.862$. The calculation results indicate that the value of direct influence is more significant than indirect influence ($0.675 > 0.187$), meaning that financial literacy does not mediate the influence of locus of control on consumption rationality.

Discussion

The research results described above show that locus of control has a significant positive effect on consumption rationality. This research shows that a person believes that the events that occur in his life can be controlled by himself and affect the actions to carry out economic activities by adjusting or balancing the income or pocket money owned by students with the expenses to be made. Consumptive behavior arises as a result of an external locus of control. Teenagers behave consumptively because of friends and their environment, who become role models for their lifestyle and dress style. They are afraid that they will be ostracized or are considered outdated. This study is in line with the nature of teenagers interested in trying. This study follows Hidayah & Bowo's research (2018), which explains that locus of control has a significant effect on consumption rationality.

Locus of control has a positive and significant effect on students' financial literacy at the 2017 Faculty of Economics Universitas Negeri Malang. This study means that if someone has high confidence, students at the 2017 Faculty of Economics Universitas Negeri Malang will understand financial management skills. This study shows that a person has confidence that the events that occur in his life can be controlled by himself, which can affect students' ability at the 2017 Faculty of

Economics Universitas Negeri Malang in understanding an economic concept and an ability in financial management. With the existence of high financial knowledge and financial attitude, it is hoped that the mindset and attitude towards money will increase to increase locus of control, which then impacts financial management behavior. This study follows previous studies that showed that locus of control had a significant positive effect on Financial Management Behavior (Listiani, K. 2017; Linda, M. 2018). This research follows Hidayah & Bowo's research (2018), which states that pocket money, locus of control, and peer environment influence consumptive behavior. Consumptive behavior indicates weak insight and knowledge of financial management.

Financial literacy has a significant positive effect on consumption rationality. This study shows that the ability of students at the 2017 Faculty of Economics Universitas Negeri Malang in understanding an economic concept with the ability to identify economic problems and also an ability in financial management in everyday life affects actions to carry out economic activities by adjusting or balancing between income or pocket money owned by students with expenses to be made. In essence, the fulfillment of consumption must be following needs, not desires, to get maximum satisfaction. The results of this study follow previous studies that explain that financial literacy has a significant effect on consumption rationality (Putri et al., 2016; Imawati, Susilarningsih and Ivada. 2013; Hadi Soesilo & Anita Yunikawati, n.d.)

CONCLUSION

Based on the findings and discussion in this study, it can conclude that the results of this study can confirm the theory of the locus of control concept and the formation of consumption behavior. This study can be proven by the significant influence of the locus of control variable on financial literacy and consumption rationality and the influence of financial literacy on rational consumption. This study also proves the results of indirect influence research that financial literacy cannot mediate locus of control on rational consumption.

From the conclusions that have been presented in this study, the researchers give suggestions to further researchers to be able to use other variables that can be used as mediation so that the results are more specific and follow the research subject for the locus of the control variable. In addition, further researchers can use the PLS (Partial Least Square) test tool if future research uses a more extensive sampling with more indicators that will use in the study. Later, the accuracy of the research will be determined by the findings.

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