

CHAPTER I

INTRODUCTION

A. Research Background

Globalization has affected everyone in the world, and even younger people are experiencing its impact. Now that we are in the midst of the Industrial Revolution, businesses need to be particularly aware of the new technologies available. It's a digital world and things are getting more and more automated. One of the reasons goods are moving so fast around the world is part of the globalization of trade. The abundance of shopping malls, popular hangouts, and online shopping will have a significant impact on various aspects of human life in all walks of life. One of the factors that contribute to consumer culture is the way in which different cultures influence the way we think and behave in terms of spending and acquiring goods. Another study states "consumptive behavior is the human tendency to consume nothing." (Chita et al., 2015) This means that people will often spend too much or excessive money in their purchases, without even thinking about it.

This opinion is supported in electronic news, which was conveyed by financial consultant Nadya Harsya that the pandemic affects the lifestyle to be consumptive and banking services that are easy and fast actually make Indonesian people unable to allocate finances rationally. In other hand, these behaviour contributed to the depreciation of the rupiah exchange rate against the US dollar, especially the consumption of imported products which includes skincare and make up, cooking utensils, furniture, and other purchases that you feel need to buy so you don't get bored during the pandemic. In addition, people such as millennials who like to follow the latest electronic goods trends also weigh on the trade balance (Kompas, 18 November 2021).

Millennials are often influenced by their environment, which can make them more vulnerable to peer pressure. According to (Rizkallah & Truong, 2010) the term "teenager" has a wider scope, covering mental, emotional, social, and physical maturity. It is important for people to have financial literacy skills to be able to manage their finances effectively, so as not to waste money. Financial literacy involves the knowledge of how to manage your own finances effectively so that you can meet your needs well while in well-being. This is in line with the results of a recent study (Imawati, 2013) which states that if a person manages his finances well, then his quality of life will improve.

The process of human development towards a more advanced state is called modernization which is nothing but part of a change in lifestyle. According to (Risa, 2015) modernity or a high-level lifestyle is a transition from a more participatory, determinative, and closed way of life to a more secondary, distant, and open one. Many students follow fashion trends, shop online, follow the development of gadgets and even take vacations to famous places. In addition, many shopping centers also make the attraction of students to visit them even greater. This has the potential to affect the consumption behavior of students.

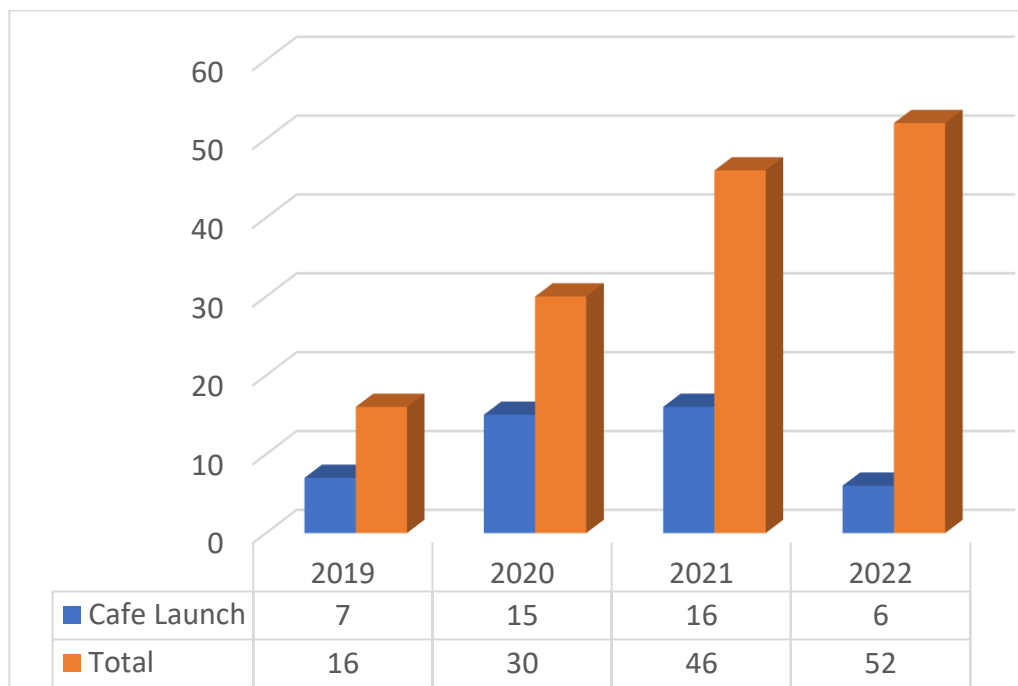
Supremestudents with high social status on average earn pocket money from their parents with a considerable nominal. Factor has a relationship with consumptive pe rilaku which is mentioned as a demographic factor, including age, gender and income. One of the reasons social demographic variables are so popular for people is because they are often closely related to a person's needs and desires. From the state of demography also a person can be determined the financial status of his individual. (Prihastuty & Rahayuningsih, 2018).

Self-control is one of the skills that can be used to manage conditions in the environment. According to the book of (Ghufron M & Risnawitaq S, 2017), self-

control is the ability to control thoughts and behaviors in a way that leads to positive consequences. Self-control can be a tool to control a nda behavior before making a decision. The more self-control they have, the greater the control they have over their behavior in terms of not being consumptive.

University of Muhammadiyah Yogyakarta (UMY) is one of the higher education institutions in the city of Yogyakarta which is located not far from shopping centers such as Malioboro, Jogja City Mall, Galeria Mall, Plaza Ambarrukmo, Hartono Mall and cafes such as Basabasi, Kopisini, Coffee Wae, Mase Coffee Lab, Bento Kopi, Kalola and others, the place is often used for sightseeing or just hanging out as well as doing assignments by students with their friends is somehow become trendy. This is one of the factors they become consumptive.

Figure 1.1 The amount of cafes around UMY



source: data processed, 2022

In addition, research (Prihastuty & Rahayuningsih, 2018) stated that financial literacy does not have a significant effect on consumptive behavior because the results of the study prove that students who have high financial literacy, but still cannot control their consumptive behavior patterns. With these results, it is proven that there are still inconsistencies in research results in this domain, because with a background as an economic student, financial literacy and self-control that have been obtained are considered mature and good enough so that they can carry out rational economic activities.

Based on these recommendations, the author is interested in conducting a study entitled *The Influence of Financial Literacy, Lifestyle and Self-Control on Consumptive Behavior of S1 Business Management Study Program Students Batch 2019 – 2022, Faculty of Economics and Business, University of Muhammadiyah Yogyakarta.*

B. Research Questions

1. Does financial literacy affect consumptive behavior in S1 Business Management study program student class of 2019 – 2022, Faculty of Economics and Business, University of Muhammadiyah Yogyakarta?
2. Does financial lifestyle consumptive behavior in S1 Business Management study program student class of 2019 – 2022, Faculty of Economics and Business, University of Muhammadiyah Yogyakarta?
3. Does self-control affect consumptive behavior in S1 Business Management study program student class of 2019 – 2022, Faculty of Economics and Business, University of Muhammadiyah Yogyakarta?

C. Research Objectives

1. To analyze the influence of financial literacy on consumptive behavior in S1 Business Management study program student class of 2019 – 2022, Faculty of Economics and Business, University of Muhammadiyah Yogyakarta.
2. To analyze the influence of lifestyle on consumptive behavior in S1 Business Management study program student class of 2019 – 2022, Faculty of Economics and Business, University of Muhammadiyah Yogyakarta.
3. To analyze the influence of self-control on consumptive behavior in S1 Business Management study program student class of 2019 – 2022, Faculty of Economics and Business, University of Muhammadiyah Yogyakarta.

D. Research Benefits

1. Teoritical Benefits

The results of this research are expected to strengthen theories about consumptive behavior that have existed before and can be a support and driver for further research, especially in the field of Financial Management related to factors that can influence consumptive behavior.

2. Practical Benefits

With this research, it is hoped that students can find out what factors can influence consumptive behavior. Students can learn to avoid consumptive behaviors and can take appropriate actions when knowing the signs of consumptive behavior in themselves. With this knowledge, it is hoped that students will take appropriate actions to save themselves from consumptive behavior.