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**Measurement of Financial Literacy on Students Behavior in Managing Financial Management Based on the Theory of Planned Behavior**

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**Abstract**

This study aims to test the model whether subjective norms, academic ability, working experience in the theory of Planned Behavior have a positive financial literacy and financial behavior of Universitas Widya Dharma students during pandemi Covid-19. The research design was carried out using a quantitative method which explains the causal relationship between one dependent variable which is influenced by three independent variables and one mediating variable. Hypothesis testing is formulated in the model using the multivariate test. The population in the research were all university students in the Unwidha Klaten in 6 faculties and 16 programmes of study. The sampling technique was carried out by purposive sampling as many as 120 respondents.

The final result of the quantitative model test using Structural Equation Modeling (SEM) shows that there is a positive influence on academic ability, working experience and financial literacy towards financial behaviors. Meanwhile, one variable in the subjective norms does not significantly influence it. Future research can expand the model through testing the students's intelligence financial by developing research designs through experimental research.

**Keywords:** financial literacy, financial management, theory of planned Behavior

**1. Introduction**

The Covid-19 pandemic which lasted for approximately one and a half years had an impact on declining performance on all fronts. The health aspect, the increasingly rapid spread of the Covid-19 virus with the delta virus variant, which spreads very quickly, has caused a health crisis for most of the community. The company's financial aspect with the massive epidemic caused a decline in investor confidence, resulting in a decline in real sector performance and business profitability. On the other hand, the increase in non-performing loans in the majority of business entities will increase pressure on corporate debt. The impact of the pandemic on

macroeconomic aspects has resulted in a decline in performance in the consumption sector, a decline in investment, a decline in exports and imports, as well as a sharp contraction in national economic growth that has widened the income gap.

The implementation of restrictions on micro community activities (PPKM) imposed by the government will automatically hit the economy of the lower middle class. PPKM condition means that more and more people will be cut off from their sources of livelihood and economic resources so that it will worsen the poverty index. This policy must continue to be enforced by the Government because public safety and health are the main goals that are more important (Hardjapamekas, 2021).

In a pandemic, especially if a recession appears, almost all aspects of human life require money. Money cannot be separated from the life of every individual. Money can be associated with happiness, living standards and social status. This phenomenon makes many individuals forget the true meaning of money.

Talking about the concept of financial literacy, the most important thing is not how much money we have, but how individuals think about how to manage that money. The ability of individuals to be aware of financial literacy which leads to financial behavior teaches individuals to appreciate the value of money. By appreciating the value of money results in respecting the value of life. Appreciating the value of money starts from the smallest thing, especially how individuals can save, save and manage money well. (Permata Bank, 2017).

Theory of Planned Behavior is a theory that examines motivation and behavior. Several researchers from Indonesia have conducted research on financial behavior and financial literacy, including Dikria and Mintarti (2016) and Laily (2018). Their research findings are still inconsistent thus there is a gap to provide what needs to be done. The operationalization of the Theory of Planned Behavior at the characteristic age, work experience as a young entrepreneur, understanding of financial literacy and financial behavior shows an interest in using the theory on a more narrow and specific object, especially the student respondents of Widya Dharma University.

Based on the introduction, the problem posed in this study is *how the Theory of Planned Behavior model is able to explain the financial literacy abilities of students and financial behavior of Unwidha students.*

## **2. Literature Review**

### **Theory of Planned Behavior**

Motivation is the main factor that causes behavior. Theory of Planned Behavior states that motivation is influenced by attitudes, subjective norms and self-control (Ajzen, 1991). The Theory of Planned Behavior explains the importance of intention in behaving. The Theory of Planned Behavior explores the relationship between attitude-influenced intentions, subjective norms and perceived behavioral control that encompass the individual.

There are three independent variables that must be considered in the theory of Planned Behavior that can influence behavioral intentions, those are attitudes toward behavior, subjective norms and perceived behavioral control. Attitudes are influenced by two aspects, the individual's belief about what will happen if the individual performs the expected behavior and the assessment of the related output results.

Subjective norms are the result of a person's beliefs about what individuals or social groups think about the behavior that occurs which can be combined with an intention to conform in social norms. This causes individuals to behave according to the norms expected by the environment. Another variable that affects motivation is perceived behavioral control which is influenced by beliefs from factors that make it easier or more difficult to behave and how much power you have can be a factor that can facilitate or complicate behavior.

### **Financial Literacy and Financial Behavior**

Financial Literacy is related to financial management in the individual realm. Widayati (2012) explains the financial decisions made by individuals who are able to manage the assets and household credit, are able to manage excess funds for investment which will lead to individual welfare in the future. Healthy financial behavior is determined by the ability of individuals who are able to make the right decisions regarding household financial management (Chinen dan Endo, 2012).

Research conducted by Ansong and Gyensare (2012) explained that age and work experience of Ghanaian students have a significant correlation with financial literacy ability and financial behavior of students. Research that conducted by Hogan *et al.*, (2012) proves that students who have high academic ability and entrepreneurial work experience have sufficient financial literacy skills and financial behavior better than students who have low academic abilities and short work experience.

From the description above, we conjectured that (Ha): subjective norms, Academic ability and work experience can positively and significantly influence the financial behavior of Unwidha Klaten students through financial literacy as a mediator.

### **3. Research Methodology**

The model framework to examine the relationship of three independent variables on financial literacy and financial behavior is described in the figure 1

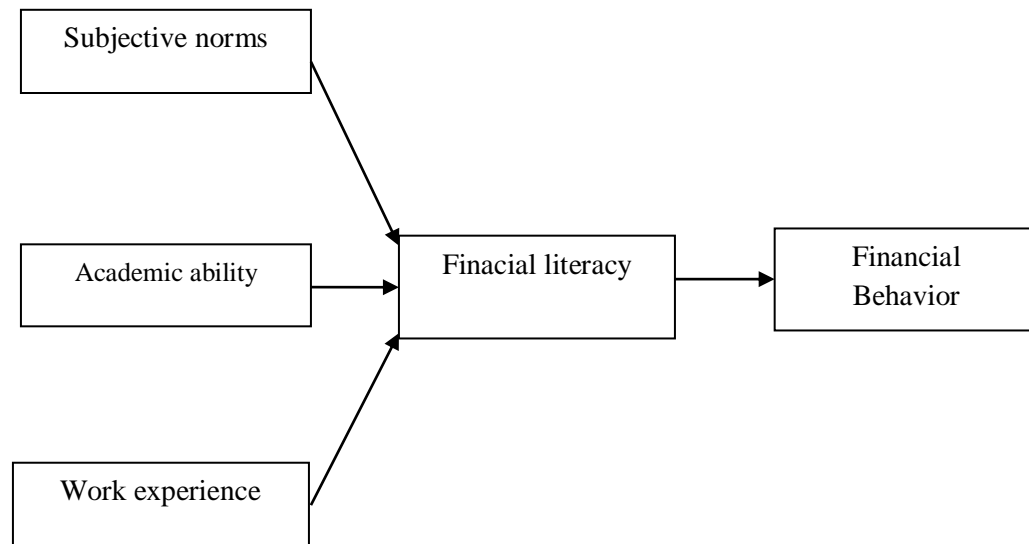


Figure 1 Model framework

Based on figure above, it can be partially tested the effect of subjectives norms, academic ability, work experience on financial literacy and financial behavior

This study uses primary data that is related to the variables studied. Data were collected through questionnaires obtained from sources who have sufficient knowledge regarding the relevance of the research. Besides that, secondary data is used in the form of library sources, notes, archives and documents.

Indicators of dependent, independent and mediating variables need to be stated in the items of the instrument. In this research, the dependent variable is financial behavior. Three independent variables are subjective norms, academic ability and work experience. The mediating variable taken is financial literacy

*Financial behavior* includes attitudes or ways of individuals in managing personal finances. This variable is measured by a Likert scale for question items from Danes Haberman (2007). *Financial literacy is defined* as intelligence and individual ability to manage personal finances. This variable was adapted from the research conducted by Chen and Volpe (1998). *Subjective norms* is measured by Ajzen (1991) indicators. *Academic ability* is measured by the student achievement index while *work experience* is measured in the ratio scale of how long students have had work experience

**Data Collection**

- a. To obtain information about students' financial behavior, researchers distributed questionnaires to all respondents of Widya Dharma University students who understand the concept of financial literacy
- b. Literature study, conducted to obtain the necessary supporting data.

**Sampling Method**

In this study, the survey method was used as the main tool. Thus, not all individuals in the population were studied due to limited time, cost and access. The population, in this study, were all Unwidha students who had the criteria required in the model. Samples, the characteristics of the subjects used as samples in the study were 120 students.

The sampling technique is conducted by *purposive sampling*. Respondents accessed in the study were female students/adult groups, with the consideration that they had a good understanding of measuring indicators as outlined in the variable model..

**Data Analysis**

In this study, three analyzes were conducted in the form of quantitative data descriptions, quantitative causal regression tests, correlation tests with several modifications to the improvement of the question items to be adjusted according to the model test (Ferdinand, 2000). Model test software used AMOS statistical programming

**4. Results**

**Respondent Characteristic**

Characteristics of respondents used to observe the profile of respondents in the study.

1. Respondent age

The distribution of respondents by age is described in table 1

Table 1. Age distribution sample

No	Age	Absolute Freq	Relative Freq
1.	18 to 23	24	20 %
2.	24 to 27	96	80 %
	Total	120	100%

Source: primary data 2022

From the research findings, the age category of respondents is 24 to 27 years old (80 %) and 18 to 23 years old ( 20 %) which can be interpreted that the majority of respondents are adult students, they have exceeded half of their study period until their final term

2. Academic ability

Distribution of respondents based on academic ability is described in table 2

Table 2. Academic ability sample

No	GPA	Absolute Freq	Relative Freq
1.	2.00 – 3.00	24	20 %
2.	3.01 - 3.50	72	60 %
3.	3.51- 4.00	24	20 %
	Total	120	100%

Source: primary data 2022

From the research findings, the respondent's GPA category is obtained 2.00 - 3 (20 %) 3.01 – 3.50(60%) and 3.51 -4.00 (20%) which can be interpreted that the majority of respondents 80% are academically capable students with a GPA above 3.00

### 3. Work experience

Distribution of respondents based on work experience is described in table 3

Table 3. Work experience distribution

No	year	Absolute Freq	Relative Freq
1.	0 -3	24	20 %
2.	3-7	96	80 %
	Total	120	100%

Sumber: primary data 2022

From the research findings, it was found that the category of students had short entrepreneurial work experience (20%) and relatively long entrepreneurial work experience (80%) It can be interpreted that the majority of respondents have a relatively long working period during their student life

### Research Instrument Test

#### Validity

Validity test is carried out to determine the reliability of the questionnaire in measuring what should be measured. The measurement of validity in this study shows the amount of variance of the indicators extracted by the developed latent variables/constructs. The acceptable value of variance extract is 0,50. The complete validity test results are presented in Table 4

Table 4 Validity Test

No	Variable	Variance extract
1.	Subjective norms	0.55
2.	Academic ability	0.54
3.	Work experience	0.56
4.	Financial literacy	0.58
5.	Financial behavior	0.59

The results of the validity test in the table above show that the variance extract values for all research variables have met the required criteria. It was concluded that the amount of variance of the indicators extracted by the latent construct had been able to measure what it was supposed to measure.

#### Reliability

Reliability test carried out to determine how far measuring instruments can be reliable and trustworthy. In this research, the reliability test uses the value of *reliability construct*. The

minimum reliability value of the latent variable indicator that can be accepted is 0,70. Reliability test result are presented in Table 5

Table 5 Reliability Test Result

No	Variable	Reliability
1.	Subjective norms	0.90
2.	Academic ability	0.87
3.	Work experience	0.90
4.	Financial literacy	0.85
5.	Financial behavior	0.86

Source: primary data 2022

The results of the reliability test show that the value of *reliability is constructed* for every latent variable above 0,7. It is concluded that every variable is trusted.

### Data Analysis

The test results on the feasibility of the SEM model are described in table 6

Tabel 6 Full Model Feasibility Test Results

No Good Fit Indeks	Cut off values	Result	Model Evaluations
1. Chi square	small < 385.05	387.97	Good
2. Probability	>0.05	0.055	Marginal
3. RMSEA	<0.08	0.075	Good
4. GFI	>0.90	0.934	Good
5. AGFI	>0.90	0.931	Good
6. CMIN/DF	<2.00	1.587	Good
7. TLI	>0.95	0.962	Good
8. CFI	>0.95	0.977	Good

Source: primary data 2022

Based on the feasibility test of the causal relationship model of independent variables of subjective norms, work experience, academic ability on behavior mediated by financial literacy, it is concluded that the model fits the data as seen from the significance level of the *chi-square* value.

### Hypothesis Test

Hypothesis testing in research refers to the value of *Critical Ratio* (CR) of a causal relationship. The research hypothesis test is presented in full in table 8.

Table 8 Hypothesis Test

No	Std Est	Est	SE	CR	P
1. Subj Norms -> Financial Literacy	0.581	0.792	0.309	4.557	0.875
2. Academic ability-> Fin Lit	0.365	0.489	0.232	2.640	0.003
3. Work Exp->Financial Lit	0.297	0.256	0.125	2.450	0.007
4 .Fin Lit -> Financial Behavior	0.460	0.335	0.085	2.545	0.005

Source: primary data 2022

### **Hypothesis Test 1**

Estimation parameter for Subjective norms on financial literacy shows value of CR 4.557 with a probability of 0.875. Because the probability value  $> 0.05$  concluded that age has no significant effect on financial literacy.

### **Hypothesis Test 2**

Estimation parameter for academic ability test on financial literacy shows value of CR 2.640 with a probability of 0.003. Because the probability value  $< 0.05$  concluded that academic ability has a significant effect on financial literacy.

### **Hypothesis Test 3**

Estimation parameter for working experience test on financial literacy shows value of CR 2.450 with a probability of 0.007. Because the probability value  $< 0.05$  concluded that working experience has a significant effect on financial literacy.

### **Hypothesis Test 4**

Estimation parameter for testing the influence of financial literacy on financial behavior shows values of CR 2.545 with a probability of 0.005. Because the probability value  $< 0.05$  concluded that financial literacy has a significant effect on financial behavior.

## **5. Discussion**

The results of the research prove that two independent variables affect the mediating variable and one independent variable does not affect financial ability is contrary to study conducted by Laily (2015) but is in line with the findings of Ansong and Gyensare (2012) and Hogan et al., (2012). These findings can explain the financial literacy ability of students is not determined by age. Students who have good academic abilities, are still young but have relatively sufficient work experience will have more influence on financial literacy and they have advantages in financial behavior which leads to the welfare of these students in the future.

## **6. Conclusion**

The results of the study concluded that academic ability, work experience had a significant effect on student financial literacy. The financial literacy variable has a positive and significant effect on financial behavior. However, subjective norms does not significantly affect financial literacy.



Widya Dharma University institutions must provide more lectures and financial literacy practices and inculcate positive aspects of financial behavior for students to attract institutions that are able to build excellent graduates in financial intelligence.

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