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**Desy Suyono**  
Post Graduate Program,  
Manado State University,  
Indonesia

**Henry JD Tamboto**  
Post Graduate Program,  
Manado State University,  
Indonesia

**Allen A Ch. Manongko**  
Post Graduate Program,  
Manado State University,  
Indonesia

**Johny Taroreh**  
Post Graduate Program,  
Manado State University,  
Indonesia

**Joseph Kambey**  
Post Graduate Program,  
Manado State University,  
Indonesia

**Correspondence Author:**  
**Desy Suyono**  
Post Graduate Program,  
Manado State University,  
Indonesia

## **The effect of family social economic status, individual modernity, economic literacy on consumption behavior (Study on faculty of economic, Manado State University Manado, Indonesia)**

**Desy Suyono, Henry JD Tamboto, Allen A Ch. Manongko, Johny Taroreh and Joseph Kambey**

### **Abstract**

This study aims to determine the effect of partially and simultaneously the socioeconomic status of the family, individual modernity, and economic literacy on the consumption behavior of economic education students at Manado State University. This study uses quantitative method using 104 samples that are determined by using the Slovin formula. The results of this study are: (1) There is a significant and partially positive influence on the socioeconomic status of the family on consumption behavior. That is, if there is an increase in the socioeconomic status of the family it will be followed by an increase in consumption behavior of students of Economic Education in Manado State University, (2) There is a significant and partially positive effect on individual modernization on consumption behavior. That is, if an increase in individual modernization will be followed by an increase in consumption behavior of students of Economic Education in Manado State University, (3) There is a significant and partially positive effect on economic literacy on consumption behavior. That is, if an increase in economic literacy will be followed by an increase in consumption behavior of students of Economic Education in Manado State University, (4) There is a significant and positive influence simultaneously on the socioeconomic status of the family, individual modernization and economic literacy on consumption behavior. This means that if improvements are made in tandem with the socioeconomic status of the family, individual modernization and economic literacy, it will be followed by an increase in consumption behavior of Manado State University Economic Education students.

**Keywords:** Family socio economic status, individual modernity, economic literacy, consumption behavior

### **1. Introduction**

Humans are economists who always try to make ends meet. In maintaining its survival, each individual is often associated with consumption activities. Consumption activities carried out every day often expose individuals to various choices, thus demanding the carefulness of each individual in choosing the best alternative so that the available resources can be used effectively and efficiently. A person's behavior in consumption is defined as the process of decision making and physical activity to obtain, use, and evaluate goods and services. The act of consumers in using goods and services appropriately is one manifestation of the rationality of consumption. In this case, each individual is able to make the right choices in choosing and using goods and services in accordance with his life needs can manage and plan finances well in the future.

As according to Abdulsyani (2007), social status is one's place. To anticipate students who behave in irrational consumption, education as a means of learning has provided knowledge about economics moreover in the department of economic education at Manado State University. So, basically students certainly have knowledge about economics or consume it effectively and efficiently. Basic knowledge of economics or often known as economic literacy is the knowledge students have about economics. Economic learning that has been obtained by students in lectures in addition to increasing student understanding can also be applied in everyday life. The results of the study by Septiana (2015: 155) states that the skills possessed through economic learning are very important in shaping rational attitudes,

especially in economic decision making, which is one of them in the form of decisions for consumption activities. Research conducted by Aprilia, Mintarti, and Utomo (2015)<sup>[1]</sup> also shows that economic literacy influences student consumption behavior because economic literacy provides students with understanding of economics so that they are able to behave rationally in consuming according to economic principles. Researchers take the subject of students due to the assumption that students already have a better understanding of economics in accordance with the opinion of Muhammad al maghwar in Juliana (2013: 2) which states that students are among the late teens who are aged between 17-21 years. Students are the highest level of student status currently studying at the university level.

### 1.1 Research Purposes

1. To find out the effect of family socioeconomic status on consumption behavior of Manado State University Economic Education students.
2. To determine the effect of individual modernity on the consumption behavior of students of Economic Education, Manado State University.
3. To find out the effect of economic literacy on consumption behavior of Manado State University Economic Education students.
4. To find out the influence of family socio economic status, individual modernity, and economic literacy on the consumption behavior of students of Economic Education Manado State University.

## 2. Literature Review

### 2.1 Family Socio-Economic Status

According to Setiadi (2008: 304)<sup>[6]</sup> "Position is defined as the place or position of someone in a social group. Social position means the place of a person, in general in his community with respect to other people, in the sense of the social environment, his prestige and rights and obligations". Socio economic status is a socially regulated condition in a particular position in the community structure, the assignment of that position is accompanied by rights and obligations that are only fulfilled by the status bearer, such as income, employment and education (Soekanto in 2016).

In contrast to the above understanding, Santrock also believes about socioeconomic status. According to Santrock in Lontoh (2016: 146)<sup>[3]</sup> that the social economic status is a grouping of people based on shared characteristics, employment and economic education. Socio-economic status also shows the absence of equality in certain people. The grouping of social classes written by Setiadi (2008: 301)<sup>[6]</sup> of economic variables based on research by Gilbert and Kahl can be seen from work, income and wealth. All three of these have interrelated interests to determine the honor of family members.

### 2.2 Individual Modernity

Every human being will never be separated from modernity. Modern itself is interpreted in the Oxford English Dictionary (2008: 283) is interpreted as "present or recent times" which means now or now. Modern are things that refer to the present or new things. According to Hardiman (2003: 72) said that "Modernization is westernization". It is called westernization because the progress that comes from Western nations first. Progress is progress that is always looking into the future to make new things. Koentjaraningrat

(in Duaja, 2011: 33) revealed that "Modernization is an attempt to live in accordance with the times and present world correlations, especially those marked by the application of science and technology".

Modernization appears as a transition from 'a situation that is more primary, participatory, determinative, and closed' to 'a situation that is more secondary, distant, creative, and open (Hardiman, 2003: 74). Transition or transformation in modernity is always advanced with traits that are more open minded. Modern society is more receptive to new things offered in the progress of the existing era.

Hardiman (2003: 96-98) mentions that many aspects of modern consciousness have given rise to various terms, namely:

- a) Progress, an awareness of time that is cash in modernity. Modern society is aware that time is a current that cannot be repeated. So that every time is a creative potential, then there must be an improvement or the previous moment. In this sense time is lived as a straight line towards progress.
- b) Individuisasi, self-awareness on the part of the individual that he is different from society. So as to foster an attitude of not knowing about other people.
- c) Emancipation, awareness of restrictions and obstacles that are faced by someone in developing themselves. Individuisation is actually an emancipation. Emancipation arises when consciousness not only realizes its relation to existence, but encourages the practice of changing the extension to be more just.
- d) Secularity, secularity is defined as a form of consciousness that distinguishes or even separates the sacral from the worldly.

### 2.3 Economic Literacy

Economic literacy is a condition that illustrates a person can understand basic economic problems well so that they can carry out economic activities correctly (NCCE: 2010). Economic understanding has an important role in shaping rational attitudes, especially when making decisions so that an individual can act more economically in his life. Economic literacy is related to communication skills, professional and social, and has a positive impact on economic development which includes: increasing work skills that have an impact on positive work behavior and opportunities to improve economic prosperity, increasing competition among companies or industries that help the economy grow based on fair competition, increasing literacy that will help to control and maintain population growth, and increase living standards and greater access to meeting basic needs.

Consumption behavior is an activity carried out by a person in order to spend the use value of an item or service within a certain period or in certain situations and conditions. According to Sumarwan (2008: 26), consumption behavior is all activities, actions, and psychological processes that drive such actions before buying, when buying, using, spending products and services after doing the above or evaluating activities.

### 2.4 Consumption Behavior

Consumption is an activity carried out by individuals or groups in spending the use value of goods or services in order to meet the needs and desires of the consuming. The Big Indonesian Dictionary (2014: 728) defines consumption

as follows: Consumption is 1) the use of manufactured goods (clothing, food, etc.); 2) goods that directly meet the needs of our lives. Meanwhile, according to Nature (2013: 46) defines consumption is an activity that aims to reduce or use up an object (goods and services) in order to meet needs. Consumption behavior is an activity carried out by a person in order to spend the use value of an item or service within a certain period or in certain situations and conditions. According to Sumarwan (2008: 26), consumption behavior is all activities, actions, and psychological processes that drive such actions before buying, when buying, using, spending products and services after doing the above or evaluating activities.

### 3. Research Hypothesis

The hypotheses in this study are:

1. There is an influence of family socioeconomic status on consumption behavior of Manado State University Economic Education students.
2. There is an influence of individual modernity on the consumption behavior of Manado State University Economic Education students.
3. There is an influence of economic literacy on the consumption behavior of students of Economic Education, Manado State University.
4. There is an influence of family socioeconomic status, individual modernity, and economic literacy on the consumption behavior of students of Economic Education Manado State University.

### 4. Research Method

This study uses a quantitative research approach and the type of research is explanatory, because it aims to explain the presence or absence of influence between the independent variables of family socioeconomic status (X1), individual modernity (X2) and economic literacy (X3) on the independent variable of consumption behavior (Y) and if there is how much influence. This study was conducted by the Faculty of Economics, Manado State University with a population of 2018 Economics Education Study Program students, totaling 141 students. Research instruments need to be tested before being used in research to be a good instrument. There are two important requirements that must be met in order to be a good instrument, namely valid and reliable.

Research instruments need to be tested before being used in research to be a good instrument. There are two important requirements that must be met in order to be a good instrument, namely valid and reliable. A study must be supported by complete data in accordance with the problem to be studied, so that conclusions made later can be trusted. Source of data used in this study are primary data and secondary data.

Primary data were obtained from filling out questionnaires about the socioeconomic status of the family and individual modernity of the consumption behavior given to respondents, namely the Bachelor of Economic Education study program class of 2018 Manado State University. Secondary data was obtained from the secretary of the Department of Economic Education, Faculty of Economics, State University of Manado in the form of a list of students of S1 Economic Education study programs. Collecting data in this study by collecting the types of data included in quantitative data, i.e. data expressed in numerical form.

Quantitative data to calculate the family's socioeconomic status and individual modernity on the consumption behavior of 2018 students of the economic education study program expressed in the form of scores in filling out the questionnaire. Researchers give questionnaires directly to students with a predetermined number of respondents. This questionnaire is a type of closed questionnaire, where respondents make quick decisions in choosing among several alternative answers that are recommended. Data analysis was performed to determine the magnitude of influence between independent variables and dependent variables both simultaneously and partially.

## 5. Result and Discussion

### 5.1 The influence of family socioeconomic status on consumption behavior

Based on research conducted partially the regression equation  $Y = 13.744 + 0.501 X_1$  means that the constant value of 13.744 states that if the value of  $X_1 = 0$  or the family socioeconomic variable does not exist, then the value of the consumption behavior variable is 13.777. The regression coefficient of 0.501 family socioeconomic status variable implies that each addition of 1 (one) point family socioeconomic status variable, then it will increase consumption behavior by 0.501 times. for a significant test it can be seen t count for the socioeconomic status of the family  $X_1$  to consumption behavior Y of 6.845 > t table of 1.659 thus there is a significant influence of the socioeconomic status of the family  $X_1$  on consumption behavior Y and can be seen for testing the determinant coefficient seen  $r^2 = 0.315 \times 100\% = 31.5\%$ , then there is a significant influence of family's socioeconomic status (X1) on consumption behavior (Y) of 31.5%. This research is supported by research conducted by Setianingsih (2018) which shows that there is a partial influence of socioeconomic status variables on the variable of consumer behavior in students. The results of Setianingsih's research are also supported by research from Muna (2018: 1) which shows that socioeconomic status will simultaneously influence consumption behavior if accompanied by other variables that influence it, in the sense that a person's consumption behavior is not always influenced by socioeconomic status but in some cases can be influenced by socioeconomic status.

The results of this study can answer the problem formulation "Is there an influence on the socioeconomic status of the family on the consumption behavior of Manado State University Economic Education students?" There is a significant influence of family socioeconomic status on consumption behavior of students of Manado State University Economic Education by analyzing the use of indicators for family socioeconomic status variables, namely: Education taken by Parents, Parents' Occupations and Occupations, Parents' Earnings, Expenditures or Family Consumption and Ownership of Property and for the variable of consumption behavior namely Impulsive Purchasing, Waste and Seeking Fun.

### 5.2 The effect of individual modernization on consumption behavior

Based on the results of the analysis conducted, it can be seen that the regression equation  $Y = 10.179 + 0.400 X_2$  means that the constant value of 10.179 states that if the value of  $X_2 = 0$  or the individual modernization variable is absent,

then the value of the consumption behavior variable is 10.179. The regression coefficient of an individual modernization variable of 0.400 means that every 1 (one) point added to the individual modernization variable will increase consumption behavior by 0.400 times. for a significant test it can be seen t count for the modernization of individual X2 on consumption behavior Y of 6.405 > t table of 1.659 thus there is a significant effect of modernization of individual X2 on consumption behavior Y and can be seen  $r^2 = 0.287 \times 100\% = 28.7\%$  then there is a significant effect of individual modernization (X2) on consumption behavior (Y) of 28.7%. This research is supported by research conducted by Pariwang (2018) which shows that the relationship between modernity and consumer behavior shows a very close relationship where student consular patterns characterize modernity. In line with this, the research of Ivo Selvia August and Nining Dewanti Gultom (2019) explains that there is a significant influence of modernity on consumptive behavior.

The results of this study address the problem formulation "is there an influence of individual modernity on the consumption behavior of students of the Manado State University Economic Education?" There is an influence of individual modernity on the consumption behavior of economic students in Manado's state universities by analyzing using indicators for individual modernity variables, namely: open to new experiences and new changes, able to have opinion on a problem, planning, being able to believe in one's ability, being optimistic, confident in science and technology (efficacy), dare to take risks in the pursuit of progress, trust without prejudice and the ability to use the mass media. For the variable of consumption behavior, namely impulsive buying, waste and seeking pleasure.

### 5.3 The effect of economic literacy on consumption behavior

Based on the analysis of the results of the regression equation  $Y = 4.896 + 0.378X3$  means that a constant value of 4.896 states that if the value of  $X3 = 0$  or economic literacy variable does not exist, then the value of the consumption behavior variable is 4.896. The economic coefficient regression coefficient of 0.378 implies that each addition of 1 (one) point of the economic literacy variable will increase consumption behavior by 0.378 times. for the significant test above can be seen t count for economic literacy X3 on consumption behavior Y of 13.333 > t table of 1.659 thus there is a significant effect of economic literacy on consumption behavior Y and can be seen  $r^2 = 0.635 \times 100\% = 63.5\%$  then there is a significant effect of economic literacy (X3) on consumption behavior (Y) of 63.5%. This research has also been carried out by Solihat and Arnasik (2018: 1) there is a significant influence of economic literacy on the consumptive behavior of students. This means that if there is an increase in economic literacy the more rational behavior of student consumption and economic literacy itself as a basis for making decisions in conducting consumption activities.

The results of this study answer the problem formulation "Is there an influence of economic literacy on the consumption behavior of students of Economic Education in Manado State University?" There is an influence of economic literacy on the consumption behavior of students of Manado State University Economic Education by analyzing using

indicators for economic literacy variables, namely Scarcity, Decision Making, Allocation of Use of Goods and Services (Allocation), Prediction About Incentives (Incentives), International Trade, Specialization Production, Market And Price, Role Of Prices, Business Entities (Institution), Interest Rates, Income, Entrepreneurship, Economic Growth, Government Policies and Market Failure, Government Failure, Economic Fluctuations, Unemployment and Inflation and Policies Fiscal and Monetary policy. For the variable of consumption behavior, namely purchasing impulsif, Waste and Look for Fun.

### 5.4 The influence of family socioeconomic status, individual modernization and economic literacy on consumption behavior

From the results of the multiple regression analysis, the regression equation  $Y = -2,963 + 0,147X1 + 0,183X2 + 0,299X3$  means that a constant value of -2,963 states that if the values of  $X1$ ,  $X2$  and  $X3 = 0$  or the socioeconomic status of the family, individual modernization and economic literacy are not there, then the value of the consumption behavior variable is -2,963. Regression coefficient of 0.147 family socioeconomic status variable means that each addition of 1 (one) point family socioeconomic status variable then it will increase consumption behavior by 0.147 times. The regression coefficient of an individual modernization variable is 0.183 which means that each addition of 1 (one) point to the individual modernization variable will increase consumption behavior by 0.183 times. The economic coefficient regression coefficient of 0.299 implies that each addition of 1 (one) point of the economic literacy variable will increase consumption behavior by 0.299 times. For simultaneous significant testing, it can be seen that f count is 88.464 > f table is 2.70 and sig = 0.000 < 0.05, so there is a significant influence simultaneously on family socioeconomic status ( $X1$ ), individual modernization ( $X2$ ) and economic literacy ( $X3$ ) on consumption behavior (Y) and seen the results of the analysis of the determinant coefficient Adjusted R Square results =  $0.718 \times 100\% = 71.8\%$  then there is a significant influence simultaneously socioeconomic status of the family ( $X1$ ), individual modernization ( $X2$ ) and economic literacy ( $X3$ ) on consumption behavior (Y) is 71.6%.

The results of this study answer the problem formulation "Is there an influence on the socioeconomic status of the family, individual modernity, and economic literacy on the consumption behavior of Manado State University Economic Education students?" There is a significant simultaneous influence on the family's socioeconomic status, individual modernization and economic literacy on consumption behavior. By analyzing using indicators for family socioeconomic status variables namely Parental Education, Parents 'Occupations and Occupations, Parents' Earnings, Family Expenditures or Consumption and Property Ownership, for individual modernity variables that are open to new experiences and new changes, able have an opinion on an issue, plan, be able to believe in one's abilities, be optimistic, be confident in science and technology (efficacy), dare to take risks in the pursuit of progress, trust without prejudice and the ability to utilize the mass media and economic literacy variables Scarcity, Scarcity Decision Making (Decision Making), Allocation of Use of Goods and Services (Allocation), Predictions About Incentives (Incentives), International Trade, Specialization

Production, Market And Prices, Role of Prices, Business Entity, Interest Rates, Income, Entrepreneurship, Economic Growth, Government Policy and Role of Government and Market Failure, Government Failure, Economic Fluctuation, Unemployment and Inflation And Fiscal and Monetary Policy (Fiscal And Monetary Policy) for the variable of consumption behavior, namely Implusive Purchasing, Waste and Finding Fun.

## 6. Conclusion

1. There is a positive and significant influence on family socioeconomic status on consumption behavior. That is, if there is an increase in the socioeconomic status of the family it will be followed by an increase in consumption behavior of students of Economic Education at Manado State University.
2. There is a positive and significant influence of individual modernization on consumption behavior. That is, if there is an increase in individual modernization it will be followed by an increase in the consumption behavior of students of Economic Education at Manado State University.
3. There is a positive and significant influence of economic literacy on consumption behavior. That is, if there is an increase in economic literacy it will be followed by an increase in the consumption behavior of Economic Education students at Manado State University.
4. There is a positive and significant influence simultaneously on the socioeconomic status of the family, individual modernization and economic literacy on consumption behavior. That is, if there is an increase together with the socioeconomic status of the family, individual modernization and economic literacy, it will be followed by an increase in consumption behavior of students of Economic Education at Manado State University.

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