

**THE EFFECT OF ECONOMIC LITERACY AND INFORMAL ECONOMIC  
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**Abstract**

The study aims to determine the effect of economic literacy, informal economy education on the consumption behavior of Institut Pesantren KH. Abdul Chalim Students Regular Program 2015-2018. The population in this study were all regular students of Institut Pesantren KH. Abdul Chalim Regular Program 2015-2018. The sample was 25% of the total population, namely 85 respondents. Data collection techniques were in the form of tests, questionnaires and documentation. The research was a quantitative study with the data analysis technique used was multiple regression analysis. The results of the study show that there is an influence between the variables of economic literacy on consumption behavior, between the variables of informal economy education on consumption behavior, and between the variables of economic literacy and informal economy education on consumption behavior. The coefficient of determination ( $R^2$ ) of economic literacy, informal economic education on consumption behavior is 0.114 or 11.4%.

**Keywords:** Economic Literacy, Informal Economic Education, Consumption Behavior



## INTRODUCTION

As economic beings and also as social beings, humans are required to be able to overcome economic problems and social problems. The limited resources owned by a person result in that person being unable to fulfill what he or she wants. Humans as economic beings are required to have logical knowledge in choosing various alternative tools to satisfy needs to get optimal satisfaction. Human efforts in fulfilling their consumption needs to achieve optimal satisfaction can be seen from their behavior as consumers.

According to history, the beginning of the birth of consumerism is inseparable from the birth and development of capitalism. Over time, consumerism and capitalism have triggered and resulted in developments in technology, transportation and social media which have made it easier for humans to fulfill all kinds of needs to survive in the world. Consumption is one of the three main economic problems apart from production and distribution. Consumption is generally interpreted as an action to reduce or spend the economic use of an object (Nurohman, 2011).

Siswoyo in Bagus's research explains that consumption behavior that occurs among adolescents is influenced by education in the family or often referred to as informal education. Families through habituation, example and explanation will form a mindset. With a good mindset, it will form a pattern of attitudes and patterns of action that are manifested in behavior. The education provided by parents provides the basis for children's knowledge. Parents have a duty as educators, as a place for one's earliest learning so that education in the family is the most basic forum in forming good attitudes and values starting



from the smallest economic behavior, such as how to consume effectively. Patterns of attitudes, behavior, and values that parents instill in children,

Related to the consumption behavior of teenagers or students, education plays an important role in improving quality human resources. People are considered learning if they show behavioral changes in their lives, so that economic literacy becomes important. Economic literacy can be interpreted as a person's understanding of making smart choices regarding the allocation of resources (Sina, 2012). Economic literacy is also useful for opening up perceptions that are shackled due to a lack of knowledge about costs/ benefits.

The phenomenon that exists among students of the 2015 – 2018 regular program at Institut Pesantren KH.Abdul Chalim Mojokerto is that students as the younger generation and a group of teenagers have physiological needs of various kinds. When compared, the students still have an unstable soul and are easily influenced by the surrounding environment, especially in consumption. In addition, students as independent teenagers regulate their consumption needs and income from parents or income from work, so that in carrying out various economic activities they are often irrational, like forcing themselves to buy an item just to pursue prestige, regardless of their economic capacity.

Based on the results of interviews with students during pre-research, The phenomenon that exists among students of the 2015 – 2018 regular program at Institut Pesantren KH.Abdul Chalim Mojokerto is that students as the younger generation and a group of teenagers have physiological needs of various kinds. When compared, the students still have an unstable soul and are easily influenced by the surrounding environment, especially in consumption. In addition, students as independent teenagers regulate their consumption needs



and income from parents or income from work, so that in carrying out various economic activities they are often irrational, like forcing themselves to buy an item just to pursue prestige without seeing their economic ability. Most of the students at Institut Pesantren KH.Abdul Chalim in the 2015-2018 regular class program prioritized secondary needs over primary needs in the form of daily needs and lectures. Students prioritize fulfilling needs that are fun (shopping, entertainment, recreation, etc.). Judging from the fulfillment of needs, they still cannot meet their needs based on a priority scale and based on planning, managing and using the money they have is still not right.

Therefore, the researchers want to know the consumption behavior of students based on their level of economic literacy. Because of observations made by researchers during the lecture period, researchers saw some student consumption behavior was irrational, so they were interested in making students at Institut Pesantren KH.Abdul Chalim regular program class of 2015-2018 as the subject of research because it meets the criteria desired by the researchers.

## **LITERATURE REVIEW**

### **Economic Literacy**

Literacy comes from the Latin *littera* or letters which means it involves the mastery of writing systems and the conventions that accompany them. Meanwhile, according to the Big Indonesian Dictionary, literacy has the meaning, namely, the ability to write and read, knowledge or skills in terms of literacy. In particular, the individual's ability to manage information and knowledge for life skills (KBBI, 2008).



The importance of setting a priority scale of needs is of course to avoid irrational consumption behavior and must also pay attention to the financial capabilities possessed so that there is no expenditure that is greater than income. Therefore, to make the right economic decisions in consumption and avoid negative and detrimental consumptive behavior, of course, deep knowledge of economic literacy is needed. It is because if economic literacy is low, it will have an impact on the consumptive attitude of society in general. Another indication of the low level of economic literacy is the many cases and victims of fraud wrapped in investment that have been experienced by the community, especially the millennial generation lately.

### **Informal Economic Education**

Informal education is education given in the family environment. The family is the first place for children to get education. The character, attitudes, and behavior of children are formed in the family through interactions between family members. It becomes the basis for the development of children's behavior in the future. The purpose of providing education to children so that they not only know but can apply the education they get in everyday life. For example, providing economic education in the family (hereinafter referred to as informal economic education). The purpose of providing informal economic education is for children to know and apply economic concepts in their daily lives (Nurmasari et al, 2016).

Wahyono said that the process of economic education in the family environment is usually not programmed and scheduled so that it can happen at any time and may be incidental. In this process, the role model and daily attitude of parents and the intensity of communication between children and



parents in family life become important points for economic education in the family. In everyday economic, life cannot be separated from the problem of money, economic education in the family is focused on understanding the value of money and the attitude and behavior of children to regulate the use of money in accordance with rational economic principles (Suryani, 2017).

Providing economic education in the family environment or called informal economic education to children will help children in planning and breastfeeding for future orientation. It will allow them to be able to describe their wishes in the future. Therefore, they must try and continue to do the education given by their parents. With regard to the behavior and attitudes of children who tend to imitate or modeling, they will definitely want ideals that may tend to be the same as those around their environment. A child must have someone as an example and role model for his future. The role of parents is to ensure that someone as an example and role model by their children and someone who brings positive values to their child's development.

### **Consumption Behavior**

Consumption behavior is a process and activity when a person relates to the search, selection, purchase, use, and evaluation of goods and services in order to fulfill wants and needs. According to Engel, consumption behavior is an action directly involved in obtaining, consuming, and spending goods and services, including decisions that precede and follow these actions. Every consumer tries to allocate a limited amount of income to buy existing products so that the level of satisfaction obtained is maximum (Septiana, 2016).

In Islam, consumption cannot be separated from the role of faith. The role of faith is an important benchmark because faith provides a perspective that



tends to influence human behavior and personality (Irawan, 2020). Islam not only gives guidance to meet the needs in this world but also guides us to meet the needs in the hereafter. It means that Islam really emphasizes balance and follows the middle way as the norm. Therefore, the choice for a consumer before consuming is not how he maximizes his utility, but how to balance the fulfillment of all his needs (Khan & Rosyidi, 2014).

### **Hypothesis**

Based on the theoretical study and literature review described above, the following hypotheses can be proposed: a) Economic Literacy has an influence on the consumption behavior of Institut Pesantren KH. Abdul Chalim students in the 2015 – 2018 regular program; b) Informal Economic Education has an influence on the consumption behavior of Institut Pesantren KH. Abdul Chalim students for the 2015 – 2018 regular program; c) Economic Literacy and Informal Economic Education have an influence on the consumption behavior of Institut Pesantren KH. Abdul Chalim students for the 2015 – 2018 regular program.

### **RESEARCH METHOD**

The approach used in this research is a quantitative approach with multiple linear regression method processed using 25.00 for windows software data taker. There are 3 variables used in this research, namely economic literacy variable (X1), informal economic education variable (X2) and consumption behavior variable (Y). The analysis and discussion technique use the classical assumption test and multiple linear regression.



Furthermore, the population used in this study were all regular students from 2015-2018 at Institut Pesantren KH. Abdul Chalim, which amounted to 339.

**Table 1**  
**Population**

No	Year	Amount
1	2015	48
2	2016	74
3	2017	111
4	2018	106
Total		339

Source: Documentation of Institut Pesantren KH. Abdul Chalim

The technique used to take the samples is proportional random sampling. To get a sample that can describe the population, in determining the sample, this study uses the Suharsimi Arikunto formula as follows: There are several formulas that can be used by researchers to determine the number of sample members. As an anchor, if researchers have several hundred subjects in the population, they can determine approximately 25%-30% of these subjects. If the number of subject members in the population includes only using a questionnaire, it is better if the subject is taken entirely. However, if the researcher uses interview or observation, this number can be reduced according to the sampling technique with the ability of the researcher (Arikunto, 2005).

Thus, the sample can be seen that the sample is  $339 \times 25\% = 85$  respondents, while the sampling technique for each generation is carried out proportionally with the following formula:

$$n = \frac{N_i}{N} \cdot n$$





Information:

$n$  : Number of samples taken based on each part

$N_i$  : Class population

$N$  : Total population

$n$  : Specified number of samples.

Therefore, the research sample is obtained in the following table:

**Table 2**  
**Distribution of Research Sample**

No	Year	Amount	Sample
1	2015	48	12
2	2016	74	18
3	2017	111	28
4	2018	106	27
Amount			85

Source: Calculation of sample formula

## RESULTS AND DISCUSSION

### t Test

**Figure 1**  
**T Test**  
**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.869	7.297		4.915	.000
	SCORE_X1	.110	.044	.262	2.512	.014
	TOT_X2	.615	.280	.229	2.197	.031

a. Dependent Variable: TOT\_Y

Source: Results of SPSS 25.00 2019 research data processing



Based on the table above, the regression equation model can be made as follows:

$$Y = 35.869 + 0.110X_1 + 0.615X_2$$

From the table above, it can be seen that economic literacy and informal economic education have an influence on consumption behavior with the t value of each being 2.2512 for economic literacy, 2.197 for informal economy education and the probability value of each being 0.014 for economic literacy, 0.031 for informal economy education, which means the probability value is smaller than the significance level of 0.05. Meanwhile, the regression coefficient value is 0.110 for the variable of economic literacy and 0.615 for the variable of informal economy education.

**F test**

**Figure 2**  
**F test**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	690.037	2	345.019	5.258	.007 <sup>b</sup>
	Residual	5380.739	82	65.619		
	Total	6070.776	84			

a. Dependent Variable: TOT\_Y

b. Predictors: (Constant), TOT\_X2, SCORE\_X1

Source: Results of SPSS 25.00 2019 research data processing

From the table above, it can be seen that simultaneously the independent variable on the dependent variable has a significant influence. This can be seen



from the calculated F value of 5.258 with a significance value of 0.007 which is smaller than the significance value of 0.05.

**Coefficient of Determination R2**

**Figure 3**  
**Coefficient of Determination R2**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.337 <sup>a</sup>	.114	.092	8.101

a. Predictors: (Constant), TOT\_X2, SCORE\_X1

Source: Results of SPSS 25.00 2019 research data processing

Based on the results of data processing using SPSS, the coefficient of determination shows the independent variable capital (economic literacy and informal economic education) in explaining the dependent variable (consumption behavior). The results of multiple linear regression test show that the coefficient of determination (R2) or R Square is 0.114 or 11.4%. Thus, it can be said that 11.4% of the consumption behavior of Institut Pesantren KH. Abdul Chalim Students Regular Program 2015-2018 is influenced by economic literacy and informal economy education.

**Discussion**

The results of the study showed that there was an influence of economic literacy on the consumption behavior of students at the Institut Pesantren KH. Abdul Chalim regular program 2015-2018. It can be proven by the results of this study, that economic literacy has an influence on the consumption behavior of students from the 2015-2018 regular program. In addition, there was an



influence of informal economic education on the consumption behavior of the students of Institut Pesantren KH. Abdul Chalim regular program 2015-2018.

Economic literacy and informal economic education together have a significant influence on the consumption behavior of the students of the Institut Pesantren KH. Abdul Chalim regular program 2015 – 2018. Both variables together have an influence on the consumption behavior of the students.

Thus, to have rational consumption behavior, students must have high economic literacy and receive good informal economic education from their families and the surrounding environment.

## CONCLUSION

There is an influence between economic literacy on consumption behavior in regular program students at Institut Pesantren KH. Abdul Chalim. It means that the knowledge of economics or so-called economic literacy possessed by students will affect the consumption behavior of students.

There is an influence between informal economy education on consumption behavior in students. The amount of time that students spend with their families and many examples of economic activities provided by the family can affect students' consumption behavior more or less.

Simultaneously, there is an influence between economic literacy and informal economic education on students' consumption behavior. It shows that economic literacy possessed by students and economic education provided by families and the environment can affect students' consumption behavior in their consumption activities.

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