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The Influence of Financial Attitudes on Household Financial Behavior in Labuhan Village, Brondong Lamongan

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ABSTRACT: This study aims to empirically prove 1) the effect of purchasing power attitude on financial behavior in housewives in Labuhan Village, Brondong District, Lamongan Regency, 2) the effect of managing personal finances attitude on financial behavior in housewives in Labuhan Village, Brondong District, Lamongan Regency, 3) the influence of saving attitude on financial behavior of housewives in Labuhan Village, Brondong District, Lamongan Regency. The sample selection method used is the probability sampling method, with a sample of 100 respondents. The data analysis technique used in this study is using SmartPLS with the help of PLS (Partial Least Square) software. The results of the study show that 1) Purchasing Power has a positive and significant influence on Financial Behavior,

KEYWORDS: Financial Behavior, Financial Attitude, Purchasing Power Attitude, Personal Financial Management Attitude, Saving Attitude

A. INTRODUCTION

One of the intelligences that modern humans must have is financial intelligence, namely intelligence in managing financial assets. The more frequently someone faces intense economic problems, the more likely it is that their behavioral knowledge about finances will be used as a basis for good considerations in decisions about managing their financial resources.(Aninda, 2022).

Based on data from the Central Statistics Agency (BPS), economic growth according to expenditure (2022) the main component that influences changes in the economy is household consumption of 54%, followed by other components, namely export value of 21%, gross fixed capital formation of 10%, government consumption 9%, and non-profit institutions 6%. Household consumption also has a very fundamental influence in determining changes in economic activity from one time to another (Sukirno, 2016 inRizki, 2021).

Housewives are managers of consumption in the household which are also inseparable from the impact of the resulting economic changes. Increasingly complex household needs and financial services that currently provide convenience are challenges that must be faced by housewives. Housewives as pawns in financial management need to have wise behavior with a responsible attitude towards finances in order to achieve stability in the family environment.

Housewives in Labuhan Village, Brondong District, Lamongan Regency are also not free from this phenomenon. Most of the residents in Labuhan village work as fishermen, where the income from fishermen is uncertain and very dependent on the season. Apart from fishermen, there are several residents in Labuhan village who work as teachers, office workers and TKW where this work can be done by both men and women. Erratic income and increasingly complex needs require housewives in Labuhan village to have wise financial behavior in order to achieve family prosperity.

According toYuniningsih (2020) Behavioral finance is a science that combines economic theory with psychological and sociological theories in finance which is used in making a decision. This is in accordance with*Theory of Planned Behavior*(TPB) byFishbein & Ajzen, (1975) which states that a person's behavior is influenced by several external factors, namely economic status, psychology, and sociology. One of the causes of poor financial management behavior is the lack of individual ability to take a financial attitude. Financial attitude will help individuals. The measurement of financial attitudes consists of attitudes towards purchasing power, attitudes towards managing personal finances and attitudes towards saving(Normawati et al., 2021).

B. LITERATURE REVIEWTheory of planned behavior (TPB)

Developed by Ajzen (1985) inMariana et al., (2022)The Theory of Planned Behavior, also known in Indonesian as the Theory of Planned Behavior, is a theory that can predict behavioral considerations or actions because basically behavior can be planned and considered.

Behavioral Finance

Adiputra & Patricia, (2020) stated that financial behavior is a combination of several sources of behavior that form the basis of one's personal decision-making in terms of financial planning, management, storage and position taking in conducting financial transactions in a timely manner to create financial prosperity.

Factors that can influence this behavior are education, social environment, parental influence, values, personality, habit factors, attitudes, and locus of control (Lusardi et al, in Khalisharani et al., 2022).

Financial Attitude

Adiputra & Patricia, (2020)states financial attitude is an attitude in dealing with finance seen from the way of behaving and making decisions about finance. Sabri & Aw (2020) said individuals with a positive financial attitude are more careful in their spending, implemented through strict budgeting and planning for future financial needs.

Financial attitude will help individuals in managing various financial behaviors, with a good financial attitude, a person will also be better at making various decisions related to managing his finances. Financial attitude is a psychological tendency that is expressed in the assessment of an entity that is conscientious with the degree of like or dislike(Rachman & Ari, 2021).

Purchasing Power Attitude

Explained by Supawi (2018) inAtmaja & Maryani, (2021)People's purchasing power is the ability of people to buy the goods and services they need.

Nurafifah, (2021)His research shows that the most important factor in determining an individual's purchasing power towards a product is their overall attitude.

Personal Financial Management Attitude

According toHariani & Andayani, (2020)Personal financial management is a process of how someone manages finances in a family more effectively in meeting the needs of family members.

Khalisharani et al., (2022)states that the habit of managing personal finances can help improve financial behavior.Someone with good personal financial behavior means they can budget their daily activities(Kumalasari & Anwar, 2022).

Saving Attitude

Warneryd (1999) in Fathya (2019) states that saving behavior is an arrangement where consumption is postponed for the sake of security in the future.

One of the financial post allocations is for savings. Rita & Kusumawati (2010) inFitri (2020)states that the higher a person's income, the greater the person's desire to buy what they want more than what they need, someone like this does not understand the benefits of saving.

The Relationship between Purchasing Power Attitudes and Financial Behavior

Financial behavior is related to how individuals treat, manage and use the assets they own so that it will explain a person's level of purchasing power.

In line with research by Chaniotakis et al., (2010) inNurafifah, (2021)which states purchasing power has a significant influence on financial behavior. A person with purchasing power that suits their needs will better understand financial conditions and be better at financial behavior.

The Relationship between Personal Financial Management Attitudes and Financial Behavior

Financial behavior will direct individuals to use financial management principles as control over their personal financial conditions. According to Widyatamaka & Anwar (2023)Someone who has good financial behavior will of course be able to manage their finances well. This can happen because someone who has good financial behavior will tend to be smarter in managing the use of their income sources.

Research conducted by Sony & Hendra (2020) states that financial behavior can influence personal financial planning, seen from a financial pattern that is formed as a result of a person's financial attitude. This is in line with researchRohmanto & Susanti, (2021)which shows that personal financial attitudes influence financial behavior.

The Relationship between Saving Attitudes and Financial Behavior

In saving, a person must have self-discipline to manage expenses so that they can set aside money to save regularly. This is in line with the Theory of planned behavior (TPB) where someone who has a positive attitude towards saving will tend to do both.

In research conducted by Amituzzahra inFitri, (2020)states that financial behavior influences an individual's savings decision. The more individuals understand and make decisions about saving, the better their financial behavior will be.

C. RESEARCH METHODS

This type of research is quantitative research. This research used a sample of housewives in Labuhan Village, Brondong District, Lamongan Regency. The sampling technique used was Probability Sampling with a total of 100 respondents. The data collection technique in this research uses a questionnaire technique. The data analysis technique used in this research is usingPartial Least Square (PLS) with the help of WarpPLS software through Outer Model Analysis (Measurement Model), Inner Model Analysis (Structural Model) and Hypothesis Testing.

D. RESULTS AND DISCUSSION

1. Test Outer Model

Table 1. Convergent & Discriminant Validity Test Results

Variable	Indicator	Outer Loading Value	AVE
PURCHASING POWER ATTITUDE (X1)	X1.1	0.732	0.625
	X1.2	0.871	
	X1.3	0.761	
PERSONAL FINANCIAL MANAGEMENT ATTITUDES (X2)	X2.1	0.744	0.882
	X2.2	0.751	
	X2.3	0.853	
	X2.4	0.835	
	X2.5	0.679	
ATTITUDE OF SAVING (X3)	X3.1	1,000	1,000
FINANCIAL BEHAVIOR (Y)	Y1	0.831	0.579
	Y2	0.762	
	Y3	0.682	
	Y4	Eliminated items	
	Y5	Eliminated items	
Note: Y4 and Y5 are eliminated because the loading factor is >0.5			

Table 1 shows that the outer loading and AVE values of all indicators are > 0.5 so that all indicators meet convergent and discriminant validity. In addition to the AVE test, the discriminant validity test is considered valid based on cross loadin

Table 2. Cross Loading Results

	FINANCIAL BEHAVIOR (Y)	PURCHASING POWER ATTITUDE (X1)	ATTITUDE OF SAVING (X3)	PERSONAL FINANCIAL MANAGEMENT ATTITUDES (X2)
X1.1	0.423	0.732	0.359	0.429
X1.2	0.514	0.871	0.494	0.755
X1.3	0.446	0.761	0.459	0.650
X2.1	0.661	0.543	0.433	0.744
X2.2	0.471	0.615	0.442	0.751
X2.3	0.508	0.675	0.557	0.853
X2.4	0.566	0.656	0.673	0.835
X2.5	0.415	0.555	0.558	0.679
X3.1	0.520	0.557	1,000	0.684
Y1	0.831	0.573	0.483	0.662
Y2	0.762	0.408	0.389	0.452
Y3	0.682	0.302	0.279	0.421

Table 2 shows each indicator as a wholehas a higher cross loading value than the variable other than the variable itself. Thus the indicators used to measure the variables in this study are declared valid. Composite reliability and Cronbach Alpha values for all indicators are presented as follows:

Table 3. Reliability Test Results

	Cronbach Alpha	composite reliability
FINANCIAL BEHAVIOR (Y)	0.646	0.804
PURCHASING POWER ATTITUDE (X1)	0.696	0.832
ATTITUDE OF SAVING (X3)	1,000	1,000
PERSONAL FINANCIAL MANAGEMENT ATTITUDES (X2)	0.833	0.882

In table 3, all variables have met the requirements, namely having a composite reliability value of more than 0.7 and Cronbach alpha's >0.6 so they are declared reliable.

2. Inner Model Test

Table 4. R-Square Value

	R Square
Financial Behavior (Y)	0.489

Table 4 shows that the value of R2 = 0.489. It can be interpreted that the model is able to explain the phenomena/problems of financial behavior by 48.90%. Meanwhile, the remainder (51.10%) is explained by other variables (apart from Purchasing Power Attitude, Personal Financial Management Attitude, and Saving Attitude)

3. Hypothesis testing

Table 5. Hypothesis testing

	Original sample (O)	Sample Means (M)	Standard Deviation (S TDEV)	T Statistics (|O/S TDEV|)	P Values
PURCHASING POWER ATTITUDES (X1)-> FINANCIAL BEHAVIOR (Y)	0.106	0.121	0.047	2,247	0.027
SAVING ATTITUDE (X3) -> FINANCIAL BEHAVIOR (Y)	0.082	0.065	0.093	0.877	0.381
PERSONAL FINANCIAL MANAGEMENT ATTITUDES (X2) -> FINANCIAL BEHAVIOR (Y)	0.554	0.559	0.141	3,944	0.000

From table 5 it can be concluded that the hypothesis states:

1. H1: Purchasing Power Attitude(X1) has a significant positive effect onFinancial Behavior (Y)with a path coefficient of 0.106 where the p-values =0.027smaller than the value of α = 0.05 (5%)
2. H2: Personal Financial Management Attitude (X2)significant positive effect onFinancial Behavior (Y)with a path coefficient of 0.554, where p-values =0.000smaller than the value of α = 0.05 (5%)
3. H3: Saving Attitude(X3) has a non-significant effect onFinancial Behavior (Y)with a path coefficient of 0.082, where p-values =0.381greater than the value of α = 0.05 (5%)

The Effect of Attitude Purchasing Power on Financial Behavior

The results show that the first hypothesis states that purchasing power has a positive effect on financial behavior. Where if a housewife has a positive purchasing power attitude including buying according to needs, buying according to ability, and managing expenses when income increases then this will have a positive direction towards her financial behavior.

Therefore, in this study, the attitude of purchasing power towards the financial behavior of housewives has a positive and acceptable effect. A good purchasing power attitude will enable housewives to manage their finances well. The results of this study are also in line with research conducted by Nurafifah, (2021) which states that the most important factor in determining financial behavior is the purchasing power of individuals for a product as a whole.

The Effect of Personal Financial Management Attitudes on Financial Behavior

Based on the results of the research that has been done, the results show that the second hypothesis states that personal financial management attitudes towards financial behavior have a positive effect on financial behavior. This influence indicates a relationship between personal financial management attitudes and financial behavior in general, positive personal financial management attitudes will tend to assist housewives in managing family finances effectively and carefully regarding knowledge of the basics of finance, sources of income, expense management, personal financial management, and budgeting.

Housewives will not experience difficulties with financial management if they have the attitudes and behavior of how to manage personal finances that they should apply in their lives so that it makes it easy for them to make decisions. This is in line with researchRohmanto & Susanti, (2021)which states that personal financial management attitudes influence financial behavior.

The Effect of Saving Attitudes on Financial Behavior

Based on the results of the research that has been carried out, the results obtained show that the third hypothesis states that saving attitudes towards financial behavior have a non-significant effect onfinancial behavior.This effect indicates that there is no significant relationship between saving attitudes and financial behavior of housewives in Labuhan village. This means that in this case the indicators contained in saving attitudes, namely consistency in saving, do not make a major contribution in their role in influencing financial behavior. Thus, it can be interpreted that the attitude of saving has a non-significant effect on financial behavior.

This research supports the results of research conducted bySafryani et al., (2020)which states that savings attitudes have a non-significant effect on financial behavior.

E. CLOSING

Based on the test results using PLS analysis to test the effect of purchasing power attitude variables, personal financial management attitudes and saving attitudes on financial behavior of housewives in Labuhan Village, Brondong District, Lamongan Regency, it can be concluded as follows:

1. Purchasing power attitudes contribute to financial behavior. This shows that purchasing power attitudes are a factor that can shape the financial behavior of housewives.
2. Personal financial management attitudes contribute to financial behavior. This shows that the attitude of personal financial management is a factor that can shape the financial behavior of housewives.
3. The attitude of saving does not encourage financial behavior. This happens because the indicators contained in saving attitudes, namely consistency in saving, do not make a major contribution in their role in influencing financial behavior.

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