The Effect of Lifestyle and Financial Literacy on Financial Management Young Workers

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Abstract

Rapid changes in lifestyle mean that young workers are faced with effective financial management. Financial literacy and lifestyle play an important role in making financial decisions. This research aims to determine the lifestyle and financial literacy of young workers in managing finances, especially young workers in Palopo City. The population in the study was young workers. This research required 120 respondents in the city of Palopo. The method in this research uses quantitative methods. Data processing in this research used SPSS 26 software. The analysis techniques used in this research used validity tests, reliability tests, multiple linear regression tests, t tests, F tests, and coefficient of determination tests. The research results show that lifestyle has no effect on the financial management of young workers. Financial literacy has a positive and significant effect on financial management of young workers.

Keywords: Lifestyle, Financial Literacy, Financial Management

1. Introduction

Young workers, especially in Palopo City, often overspend and spend money without proper planning. For example, prioritizing wants over needs, spending money on social and recreational interests. Young workers are often faced with a variety of choices in their lifestyle, from purchasing decisions to savings and investment policies. A consumptive and unplanned lifestyle can affect their ability to budget and save for the future. Lifestyle is a person's pattern of life in activities, interests, and opinions for using their money and allocating their time [1].

Basically, financial management is an aspect of everyday life, especially for young workers who have just entered the workforce. A healthy financial condition is not only influenced by income, but also by lifestyle and level of financial literacy. The lifestyle lived by young workers and their knowledge of finance will have a significant impact on their ability to manage financial resources efficiently. According to [2] Financial problems often occur because an individual does not think about long-term life and lifestyle is not balanced with income, continuous financial deficits, not keeping financial records properly, and not having the right financial goals. So in this case financial literacy is needed for young workers, a lack of understanding of financial literacy will interfere with financial management.

On the other hand, low financial literacy can result in a lack of understanding about financial instruments, investment risks, and debt management, which are key factors in managing finances wisely. Financial literacy is the skills and knowledge that enable individuals to make informed and effective decisions with their financial resources [4]. This is important for individuals in the life they live [5]. So in this case financial literacy becomes the basic thing known, understood, and mastered by each individual because it affects a person's financial condition and has an impact on making good and correct financial decisions. There may not be many studies that explain that financial literacy can influence financial management. However, if understood carefully and thoroughly, financial literacy will have a good impact on a person because it will generate positive attitudes in oneself such as responsibility, independence, honesty, and maximize freedom in financial management [6].

Based on previous research conducted by several researchers on the effect of lifestyle and financial literacy on financial management, namely research [7] lifestyle variables partially affect financial literacy. And financial literacy variables significantly affect financial management. In other research conducted by [8] financial management and financial literacy have a significant effect on financial management. [9] in his research shows that lifestyle has a significant effect on financial management, while financial literacy has no significant effect on financial management.

The current research conducted by the author is to determine the effect of lifestyle and financial literacy on the financial management of young workers in Palopo City. This research aims to identify whether the lifestyle of young workers affects their financial decisions, as well as whether the level of financial literacy is influential in making better financial decisions. This research seeks to provide a clearer view of the financial management factors of young workers.

2. Methodology

The method in this study uses quantitative methods. Quantitative methods are methods based on the concept of positivism to examine populations and samples [10]. The data in this study were obtained by questionnaire and using a Likert scale. This research was conducted in November 2023.

Population and Sample

Population is the whole subject of research. The population in the study was young workers in Palopo City. While the sample is part of the population. In this study used 120 samples using non-probability sampling technique with accidental sampling type. This technique is used because the population is not known with certainty.

Data Analysis Technique

The data analysis techniques used are validity test, reliability test, multiple linear test, t test, F test, and coefficient of determination. By using SPSS 26 software.

3. Result and Discussion

3.1. Result

Validity Test

The validity test is conducted to determine that the questionnaire has a valid value. Survey data is considered valid if: 1). r count> r table = valid 2). r count < r table = invalid.

Table 1. Validity test results

Variable	Indicator	R count	R table	Description
Lifestyle (X1)	X1.1	0,634	0,177	Valid
	X1.2	0,631	0,177	Valid
	X1.3	0,515	0,177	Valid
	X1.4	0.680	0,177	Valid
	X1.5	0.644	0,177	Valid
	X1.6	0.673	0,177	Valid
	X1.7	0,729	0,177	Valid
	X1.8	0,517	0,177	Valid
	X1.9	0,548	0,177	Valid
Financial Literacy (X2)	X2.1	0,832	0,177	Valid
	X2.2	0,882	0,177	Valid
	X2.3	0,835	0,177	Valid
	X2.4	0,830	0,177	Valid
	X2.5	0,865	0,177	Valid
	X2.6	0,790	0,177	Valid
	X2.7	0,744	0,177	Valid
	X2.8	0,575	0,177	Valid
	X2.9	0,769	0,177	Valid
	X2.10	0,779	0,177	Valid
Financial management (Y)	Y.1	0,739	0,177	Valid
	Y.2	0,777	0,177	Valid
	Y.3	0,769	0,177	Valid
	Y.4	0,774	0,177	Valid
	Y.5	0,703	0,177	Valid
	Y.6	0,771	0,177	Valid
	Y.7	0,668	0,177	Valid
	Y.8	0,636	0,177	Valid
	Y.9	0,717	0,177	Valid
	Y.10	0,713	0,177	Valid
	Y.11	0,756	0,177	Valid
	Y.12	0,770	0,177	Valid
	Y.13	0,780	0,177	Valid

Based on the results of the validity test that has been carried out previously, the results of all questionnaire statements about lifestyle, financial literacy, and financial management are declared valid because the value of r count> r table (0.177).

Reliability Test

Reliability test is a test conducted to determine the reliability of the questionnaire. The reliability test is carried out on all valid questions. In this test, the concern is that the value of r count or Cornbatch's Alpha number must be greater than 0.6 [11].

Tabel 2. Reliability test results

Variable	Crombach's alpha	Standard	Description
Lifestyle	0,799	0,60	Realible
Financial Literacy	0,933	0,60	Realible
Financial Management	0,930	0,60	Realible

Based on the results of the reliability test that has been carried out, it shows that lifestyle, financial literacy, and financial management are declared realibel because the value of crombach's alpha> 0.60.

Multiple Linear Regression Test

Multiple linear regression analysis is an analysis used to determine the extent of the influence of lifestyle and financial literacy on the financial management of young workers in Palopo City.

To explain in more detail, the results of the regression analysis of lifestyle and financial literacy will be explained which can be seen in the following table:

Table 3. Multiple linear regression test results

	Coefficient	t count	Sign
Constant	9.671	4.535	.000
Lifestyle	.113	1.520	.131
Financial literacy	.955	15.787	.000
F- statistics	200.933		
Sig. F	.000[b]		
R	.880[a]		
R Square	.775		
Adjusted R Square	.771		
N	120		

Based on table 3 above, the following multiple linear regression equation can be explained:

$$Y = a + b1X1 + b2X2 + e$$

Description:
Y : Financial Management Variable
a : Constant
b : Regression coefficient
X1 : Lifestyle variable
X2 : Financial literacy variable
e : standard error

$$Y= 9.671+ 0.113X1 + 0.955X2 + \bar{e}$$

Based on the regression equation model, it can be explained:
1. The constant value / alpha = 9.671 with a positive sign indicates that if the lifestyle (X1) and financial literacy (X2) are zero, the value of the financial management variable (Y) is 9.671.
2. The coefficient value of X1 = 0.113 is positive, indicating that the more lifestyle (X1) increases, the more financial management (Y) increases.
3. The coefficient value X2 = 0.955 is positive, indicating that the more financial literacy (X2) increases, the more financial management (Y) increases.

Test t (Partial)

Based on the Sig. value for the effect of lifestyle on financial management of young workers is 0.131> 0.05 and the t value is 1.520 < t table 1.979, so it can be concluded that there is no partial effect of lifestyle on financial management.

Based on the Sig. value for the effect of financial literacy on financial management of young workers is 0.000 <0.05 and the t value is 15.787> t table 1.979, so it can be concluded that there is a positive and significant partial effect of financial literacy on financial management.

Test f (Simultaneous)

For the results of the F test of lifestyle and financial literacy, the test results of the F value count 200.933> F table 3.07 with a significant value of 0.000 <0.05. We can conclude that there is a simultaneous influence of lifestyle and financial literacy on the financial management of young workers.

Determination Coefficient Test

Based on the calculation results in the table above, the adjusted R square value is 0.771 or 77.1%. so the influence of lifestyle and financial literacy on the financial management of young workers is 77.1% and the rest is influenced by other factors as much as 22.9%.

3.2. Discussion

The Effect of Lifestyle on Financial Management

From the results of the above research Lifestyle (X1) obtained a t value of 1.520 and a t table value of 1.979. which means t count < t table, namely, 1.520 < 1.979 with a significance value of 0.131> 0.05 so that H1 is rejected. It is concluded that lifestyle has no effect on financial management. Thus the way a person lives his lifestyle does not directly affect a person's ability to manage his finances.

Lifestyle does not influence young workers to do good financial management. This is because the young workforce lives their lifestyle not in accordance with their abilities, for example, going on a vacation that is not in accordance with their financial situation, prioritizing their wants over their needs. So it can be concluded that lifestyle does not affect the financial management of young workers.

This research is in line with research conducted by [12] which states that lifestyle has no significant effect on financial management. In another study conducted by [13] also stated that lifestyle has no effect on financial management.

The Effect of Financial Literacy on Financial Management

From the results of data processing, financial literacy (X2) obtained a t value of 15.787 and a t table value of 1.979, which means t count> t table, namely 15.787 <1.979 with a significance value of 0.000 <0.05 so that H2 is accepted. It is concluded that the financial literacy variable has a positive and significant effect on the financial management variable. Thus good financial management is obtained at a good level of literacy knowledge as well.

Financial literacy has a positive impact on financial management. A good understanding of finance provides the basis for making smart financial decisions. Financial literacy also helps reduce financial risk by providing knowledge of basic finance. And with financial literacy individuals can develop long-term financial planning, execution, and evaluation skills.

This research is in line with research conducted by [14] which states that financial literacy has a positive and significant effect on financial management. In research conducted by [15] also states that financial literacy affects financial management.

The Effect of Lifestyle and Financial Literacy on Financial Management

From the results of data processing, it was found that lifestyle and financial literacy in the f test calculated a value of 200.933> f table 3.07 and a significance value of 0.000 <0.05 with an R square value of 0.775 or 77.5% and is positive so that H3 can be accepted. It is concluded that lifestyle and financial literacy have a positive and significant effect on financial management variables.

Lifestyle and financial literacy play a role in financial management. A wise lifestyle is often related to smart decisions regarding spending, investment and savings. And someone who has good financial literacy will be better able to make the right decisions in financial planning and minimize the risks that will occur in the future. The combination of a good lifestyle and financial literacy can form a strong foundation for achieving both short-term and long-term financial goals.

This research is in line with research conducted by [16] which states that lifestyle and financial literacy affect financial management.

4. Conclusion

Based on the results of the research and discussion described above, it can be concluded.

1. Lifestyle has no significant effect on the financial management of young workers in Palopo City.
2. Financial literacy has a positive and significant effect on the financial management of young workers in Palopo City.
3. Lifestyle and financial literacy simultaneously affect the financial management of young workers in Palopo City

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