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The Influence Of Financial Experience, Locus Of Control And Lifestyle On Family Financial Behavior

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Abstract

Lackof effective financial management can lead to difficulties in achieving goals and long-term financial stability, imbalance between work and personal life as well as high financial demands, expenses that exceed income and not having the habit of saving for the future. Financial behavior is very important for every individual and those who have a family, in order to avoid difficult financial problems. This study aims to examine the influence of financial experience, locus of control and lifestyle on family financial behavior. The type of research used is quantitative research. The population of this study are employees who have families and work in the district local government work unit. North Luwu, Health Office, DP3P2KB Office, Transmigration and Manpower Office, Social Service & Population and Civil Registration Office. Where samples are collected using purposive sampling techniques. The total population was calculated using the Slovin formula resulting in a sample of 202 respondents. The data analysis techniques used are instrument tests, multiple linear regression analysis and determination coefficient analysis. The results showed that variables of financial experience, locus of control and lifestyle had a significant positive effect on family financial behavior.

Keywords: Financial Experience; Locus Of Control; Lifestyle; Financial Behavior

1. Introduction

Financial knowledge is a person's understanding of financial ideas and the information necessary to manage and make effective financial decisions. Financial knowledge includes things like using credit, taxes, life health insurance, savings, and home insurance. Perry and Morris (2005) state that good financial behavior results from good financial knowledge

A person's ability to manage daily finances is known as financial behavior. Financial behavior includes things such as planning, budgeting, auditing, managing, controlling and saving funds for future purposes. Therefore, financial behavior is considered important to achieve the goal of improving financial management capabilities. One phenomenon of employee financial behavior that often occurs is spending that exceeds income and not having the habit of saving for the future. Many employees are unable to manage their finances well and are often trapped in a cycle of debt. This phenomenon shows the importance of understanding and good financial management for employees.

Every person or individual or family must make a choice because they cannot have everything they want. Suboptimal financial behavior tends to have long-term consequences. According to the Financial Services Authority (OJK), although many people are aware of the importance of family financial behavior, there are still many families who fail to implement it in their daily lives.

By considering the things above, researchers feel it is necessary to examine the factors that influence family financial behavior. Researchers will focus their investigations on employees who work in government agencies in North Luwu Regency. Several factors influence financial behavior towards families, namely, the first is experience with finance. Financial experience greatly influences a person's ability to manage their finances. InThis is an employee's financial experience, there are many things that can influence their financial well-being. Salary management, debt management, investment, and long-term financial planning are things that employees often face in the workplace.They often face difficulties in planning a budget, managing debt and making appropriate investment plansIn addition, their financial experience is greatly influenced by changes in family income, such as increases or decreases in employee salaries, due to the ever-increasing cost of living, some families may face financial stress, while other families may experience excess income. In research (Hogarth & Hilgert, 2002; Silvy & Yulianti, 2013)To survive in the future, experience in managing finances is very important so that we can make wiser and more focused financial decisions every day.The second factor in assessing financial behavior is locus of control.

Locus of control is a person's belief about how much they can control or influence the events and outcomes that occur in their life. In designing careers and facing challenges in the work environment, the locus of control phenomenon in employees shows how confident they are, especially in financial matters. Employees' financial situations tend to be determined by external factors, such as salary or economic conditions, rather than their own actions and decisions. Many employees feel trapped in difficult financial situations and believe that they do not have full control over their finances. This may hinder them from taking necessary actions to improve their family's financial situation.In research states that when someone can control themselves to use money only as needed, they are more likely to have good financial management behavior. The better a person's locus of control, the better his financial management behavior. The third factor in assessing financial behavior is lifestyle.

In general, the term “lifestyle” refers to the way a person behaves, their habits, and preferences in living their daily life. Many employees have difficulty managing expenses according to their salary. A first phenomenon is an overly consumptive lifestyle. Some employees tend to spend their money on desires and a luxurious lifestyle without considering their abilities. This can lead to mounting debts and difficulty meeting basic needs, then not having a clear financial plan Because of this, they face unexpected financial problems, and ultimately Dependence on credit. Some employees may be trapped in a cycle of debt. Lifestyle refers to the way a person or group of people live their daily lives, including habits, activities and consumption patterns influencing financial behavior, because they can control their lifestyle and manage the amount of money they have.

From several of these studies, there are relationships that are relevant to the research to be conducted, but in this study the researchers added variables, namely financial experience, locus of control, and lifestyle as independent variables (x) and family financial behavior as the dependent variable (y) and adding novelty to the place and objects used, namely employees who work at SKPD North Luwu Regency and are married, while the research used as a reference discusses financial behavior towards students. The aim of this research is to determine and examine whether financial experience, locus of control, and lifestyle influence family financial behavior.

2. Methodology

The type of research applied in this research is quantitative research. The population of this study are employees who work in North Luwu district government work units (Health Service, DP3P2KB Service, Transmigration and Employment Service, Social Service & Population and Civil Registration Service) with a total population of 409 employees. Where in this research, samples were collected using purposive sampling techniques. Sugiyono (2010) in Purposive sampling is a method for collecting samples based on special considerations. The samples in this study were determined based on standards including: 1) employees who work in regional government work units in Luwu Utara Regency (Health Service, DP3P2KB Service, Transmigration and Employment Service, Social Service & ServicePopulationand Civil Registration), 2) employees who are married.The total sample in this study was calculated using the Slovin formula, namely n = with an error rate of 5% and a confidence level of 95%, resulting in a sample of 202 respondents.$\frac{N}{1+Ne^2}$

Data processing was carried out using IBM SPSS 23. The data collection technique in this research was to use primary data obtained from questionnaires according to the Likert scale model. This was done by providing a set of questions or also written statements in the form of a questionnaire addressed to respondents. which is shareddirectly to the respondent. The independent variables in this research are Financial Experience (X1), Locus Of Control (X2) Lifestyle (X3) and the dependent variable is Financial Behavior (Y). The data analysis techniques used in this research are instrument testing, multiple linear regression analysis, coefficient of determination analysis.

3. Results and Discussion

3.1. Results

A. Descriptive Respondents' Answers

Table 1. Characteristics of Respondents

Category	Choice	Person	Percent %
Gender	Man	79	60.8%
	Woman	123	39.1%
	Total	**202**	**100%**
Education	SENIOR HIGH SCHOOL	43	21.3%

	D3	17	8.4%
	S1	132	65.3%
	S2	10	4.9%
	Total	**202**	**100%**

The results of the answers from 202 respondents showed that 60.8% of research respondents were women, namely 123 respondents, and 39.1% were men, namely 79 respondents. The characteristics of employees who have families based on the highest level of education are seen at the bachelor's level (strata-1), which reached 65.3% of the 132 respondents. High school (high school) education level, which reached 21.3% of 43 respondents, and D3 (diploma 3) education level which reached 8.4% of 17 respondents and the characteristics of employees who are married based on education are the lowest seen in the education level. S2 (strata-2), which reached 4.9% of the 10 respondents.

B. TEST INSTRUMENT (VALIDITY AND RELIABILITY TEST)

Table 2. Validity and Reliability Test Results

Variable	Items	r count	t table	Cronbach's Alpha	Information	
	X1.1	0.693	0.138		Valid	
	X1.2	0.586	0.138		Valid	
Financial Experience	X1.3	0.494	0.138	0.626	Valid	Reliable
	X1.4	0.408	0.138		Valid	
	X1.5	0.523	0.138		Valid	
	X1.6	0.640	0.138		Valid	
	X1.7	0.447	0.138		Valid	
	X1.8	0.449	0.138		Valid	
	X2.1	0.495	0.138		Valid	
	X2.2	0.512	0.138		Valid	
	X2.3	0.598	0.138		Valid	
Locus Of Control	X2.4	0.691	0.138	0.807	Valid	Reliable
	X2.5	0.393	0.138		Valid	
	X2.6	0.465	0.138		Valid	

	X2.7	0.398	0.138		Valid	
	X2.8	0.545	0.138		Valid	
	X2.9	0.698	0.138		Valid	
	X2.10	0.584	0.138		Valid	
	X2.11	0.671	0.138		Valid	
	X2.12	0.733	0.138		Valid	
	X3.1	0.650	0.138		Valid	
Lifestyle	X3.2	0.726	0.138	0.767	Valid	Reliable
	X3.3	0.721	0.138		Valid	
	X3.4	0.746	0.138		Valid	
	X3.5	0.730	0.138		Valid	
	X3.6	0.486	0.138		Valid	
	Y.1	0.395	0.138		Valid	
	Y.2	0.567	0.138		Valid	
	Y.3	0.357	0.138		Valid	
Financial behavior	Y.4	0.421	0.138	0.632	Valid	Reliable
	Y.5	0.497	0.138		Valid	
	Y.6	0.377	0.138		Valid	
	Y.7	0.491	0.138		Valid	
	Y.8	0.623	0.138		Valid	
	Y.9	0.435	0.138		Valid	
	Y.10	0.492	0.138		Valid	
	Y.11	0.384	0.138		Valid	
	Y.12	0.519	0.138		Valid	

Based on table 2, the results of the validity test of the research carried out, all statement items for the variables financial experience, locus of control, lifestyle and financial behavior are declared valid because r count > r table (0.357-0.746 > 0.138). For the reliability test results of the variables financial experience, locus of control, lifestyle and financial behavior, it can be concluded that all statement items are reliable because the overall value of the Cronbach alpha variable is > 0.60 (0.626-0.807 > 0.60) so it can be used in analysis next.

C. Multiple Linear Regression Test

Multiple linear regression analysis was carried out to determine how much influence financial experience (X1), locus of control (X2) and lifestyle (X3) have on family financial behavior (Y). The results of multiple linear regression analysis can be seen in the following table:

Table 3. Results of Multiple Linear Regression Analysis

Model	Coefficient	Tcount	Sig.	Results
Constant	21,165			
Financial Experience	,359	3,838	,000	Accepted
Locus of control	.138	2,684	,008	Accepted
Lifestyle	,385	3,865	,000	Accepted
F-Statistics	32,404			
Sig.F statistics	0.000b			
R	0.574			
Adj. R Square	,319			

Based on the table above, the multiple linear regression equation can be read as follows:

Y = a + b1X1 + b2X2 + b3X3 + e

Y = 21.165 + 0.359X1 + 0.138X2 +0.385X3 + e

Based on the equation above, it can be concluded that the constant value obtained is 21,165, meaning that if financial experience (X1), locus of control (X2) and lifestyle (X3) are 0, then family financial behavior (Y) has a value amounting to 21,165. The regression coefficient for the financial experience variable (X1) is .359, meaning that if the other independent variables have a fixed value and financial experience (X1) increases by 1 level, then family financial behavior (Y) will increase by .359 or 35.9%.

The regression coefficient for the locus of control variable (X2) is .138, meaning that if the other independent variables have a fixed value and the locus of control (X2) increases by 1 level, then family financial behavior (Y) will increase by .138 or 13.8% , and the regression coefficient for the lifestyle variable (X3) is .385, meaning that if the other independent variables have a fixed value and lifestyle (X2) increases by 1 level, then family financial behavior (Y) will increase by .385 or 38.5% .

The t test is carried out to see how each independent variable influences the dependent variable.The financial experience variable is 0.000 < 0.05 and the calculated t value (3.838) > t table (1.972) which means that the financial experience variable partially has a significant positive effect on family financial behavior then next the locus of control variable is 0.008 <

0.05 and the value t count (2.684) > t table (1.972) which means that the locus of control variable partially has a significant positive effect on family financial behavior and lifestyle variables as much as 0.000 < 0.05 and the t count value (3.865) > t table (1.972) which This means that lifestyle variables have a significant effect on family financial behavior.

Based on Table 2 above, the F test results show that the calculated F value > F table.So it can be concluded that f count is 32.404 > f table 2.65 (there is an influence). Judging from the significance value of 0.00 < 0.05, this shows that each independent variable simultaneously or together has a significant effect on Y.

Test Adj. R-Square (coefficient of determination) is used to find out how big the percentage contribution of the independent variable's influence on the dependent variable is. Based on table 2 above,The R value in the table is 0.574, this proves that there is actually a fairly strong relationship between X1, X2 and X3 because the values are in the interval 0.40 – 0.599. The Adjusted R Square value is 0.319, meaning that financial experience, locus of control and lifestyle have a 31.9% influence on family financial behavior. The remaining 68.1% is influenced by other variables not included in this research model.

3.2. Discussion

The influence of financial experience on family financial behavior

Based on the results of the significance test, it is stated that financial experience influences family financial behavior. It is proven that financial experience has a positive and significant influence on family financial behavior. This means that if the family is experienced in good finances, they will also behave better about it.

With a lot of experience in managing family finances, many lessons can be learned for evaluation. A person's financial experience can be used as an evaluation tool to manage income and expenses. In fact, having good financial experience, such as controlling spending and saving, can help have good financial behavior. The more financial experience a person has will help them improve their family's finances in the future. Good and correct financial experience will help families manage their money regularly and wisely.

The results of this research are in line with research conducted by shows that the results of the hypothesis test show that financial experience has a positive and significant effect on financial behavior. This shows that better financial experience will influence financial behavior. Subsequent research showed that financial experience had a positive and significant impact on family behavior in Yosowilangun village, Manyar district.

The influence of Locus of control on family financial behavior

Based on the results of the significance test, it was found that locus of control influences family financial behavior, which means that locus of control partially has a significant positive effect on family financial behavior. This shows that if the locus of control is greater, the better the family's financial behavior will be.

The positive influence shows that the family's locus of control is better along with financial management behavior. If the family has self-control skills such as awareness in living life, the ability to change important things in life, the ability to realize ideas, confidence in the future, the ability to solve financial problems well, and the ability to control daily consumer behavior, they will be able to manage their finances well.

The results of this research are in line with research conducted by shows that Locus of Control has a positive relationship and has a significant influence on the financial behavior of students in Jakarta. People who have a high locus of control and are confident can control their financial behavior. Subsequent research shows that locus of control has a significant positive effect on the financial behavior of MSMEs in Magetan Regency. Locus of control is very important for MSME financial behavior; The stronger the locus of control, the better the financial behavior of MSMEs. However, contrary to research conducted by which states that the financial behavior of students at the Faculty of Economics and Business, Muhammadiyah University of North Sumatra, Stambuk 2018, is not influenced by self-control.

The influence of lifestyle on family financial behavior

Based on the results of the significance test, it was found that lifestyle has a significant effect on family financial behavior. This shows that a wise and frugal lifestyle can have a positive effect on family financial behavior. When families have a lifestyle that prioritizes needs over wants, they tend to be more frugal in spending and are able to manage their finances well.

A wise lifestyle in terms of spending can help families avoid excessive debt and build sufficient savings. In addition, by reducing unnecessary expenses, families can have more funds that can be allocated to important needs, such as education, health, or preparation for the future

The results of this research are in line with research conducted by shows that there is an influence of lifestyle on financial behavior, that lifestyle has a positive effect on the financial behavior of FEBI students at the Veterans National Development University, Jakarta. Subsequent research showed that the financial behavior of students at the Faculty of Economics, UST Management Study Program, would be positively correlated with a high level of lifestyle . However, this is contrary to the research conducted which states that lifestyle does not have a significant impact on the financial behavior of students in Jakarta.

4. Conclusion

Based on the results of the research that has been conducted, the researcher can conclude that there is a positive and significant influence between financial experience on family financial behavior, locus of control has a positive and significant influence on family financial behavior and lifestyle has a positive and significant influence on family financial behavior. FurthermoreFinancial experience, locus of control and lifestyle simultaneously or together have a significant influence on family financial behavior.The implications of the results of this research are related to financial behavior that has an impact on family finances. Overspending, lack of planning, work-personal balance, lack of financial knowledge, and job instability affect family finances. It is important for employees to have awareness and understanding of the importance of healthy financial behavior to create financial stability long-term.

5. Thank-you note

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