

The Influence of Financial Literacy on The Consumer Behavior of Housewives in Sirombu Village Sirombu District West Nias Regency

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ABSTRACT

Poor financial management often triggers economic instability and disrupts household harmony, particularly when housewives engage in consumptive behavior. This study examines the effect of financial literacy on the consumptive behavior of housewives in Sirombu Village, West Nias Regency. Using a quantitative associative method, the research involved 74 respondents selected through purposive sampling. Data were collected through Likert-scale questionnaires and analyzed using simple linear regression. The findings reveal that financial literacy significantly and negatively affects consumptive behavior, as represented by the regression equation $Y = 60.023 - 0.472X$. The coefficient of determination (R^2) indicates that financial literacy contributes 43.9% to reducing consumptive tendencies, while the remaining 56.1% is influenced by other external factors. These results confirm that higher levels of financial literacy enable housewives to manage expenses wisely, distinguish between needs and desires, and prevent impulsive consumption. The study highlights the urgent need for financial education programs in rural areas to strengthen household financial resilience and support sustainable family welfare.

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1. INTRODUCTION

In the dynamics of family life, the household represents the smallest social unit yet carries the heaviest responsibility for shaping individual character, values, and economic resilience. A family's welfare depends greatly on its ability to manage financial resources effectively. Within this framework, mothers as housewives often assume the primary role of financial managers, controlling both daily expenditures and long-term planning (Roblek et al., 2021).

Household financial management requires balancing necessities with limited resources. Yet, the rapid growth of consumerism, fueled by advertising, social media, and digital marketplaces, has made it increasingly difficult for families to maintain discipline in spending. Housewives in particular are often pressured to meet social expectations through consumption, which may surpass actual needs (Joiner, 2019).

Consumptive behavior refers to the excessive use of goods and services that often goes beyond rational needs. This behavior is driven not only by psychological impulses but also by cultural and social factors that value status and appearance over sustainability. Such tendencies pose a serious threat to family stability when they dominate household decision-making (Bugarová & Šimíčková, 2019).

Modern consumerism also penetrates rural societies, where traditional values of frugality are slowly being replaced by materialistic orientations. In Sirombu Village, West Nias, the prevalence of consumptive practices among housewives has been observed, such as impulsive shopping, brand-focused purchases, and reliance on loans or credit (Mueller & Jungwirth, 2022). The consequences of poor financial control are severe: essential needs may be neglected, debt burdens increase, and conflicts arise within the household. In extreme cases, this undermines both the family's economic security and its social harmony. Thus, understanding the determinants of consumptive behavior becomes crucial in preventing these adverse outcomes.

Financial literacy is considered a primary determinant of responsible economic behavior. It encompasses knowledge, skills, and confidence in managing financial resources effectively. With proper literacy, individuals can set budgets, prioritize needs, evaluate risks, and plan for future goals (Akkaya & Mert, 2022).

Research has consistently shown that financial literacy reduces the likelihood of excessive consumption. (Wicaksana & Isfania, 2022), for instance, found a strong negative relationship between literacy and consumptive tendencies. Conversely, studies such as Yuliana (2023) highlight that lifestyle and social pressure can sometimes offset literacy's positive effects (Stachowiak & Pawłyszyn, 2021).

In Indonesia, financial literacy remains relatively low despite growing access to financial products. The OJK (2024) reports a national literacy rate of 65.43%, which although improved, still leaves a significant portion of the population vulnerable to poor financial decisions. This challenge is particularly visible in rural households (Mueller & Jungwirth, 2022).

For housewives in rural areas, limited education and exposure often hinder their understanding of financial principles. Many still lack habits such as maintaining budgets, saving regularly, or evaluating credit risks. As a result, they are more prone to impulsive consumption and economic vulnerability. In Sirombu Village, preliminary observations indicate that most housewives do not keep financial records, rarely save systematically, and often succumb to the influence of social trends promoted online. However, variations exist, as some low-literacy individuals remain prudent, while others with relatively higher literacy still show consumptive patterns (Abbas et al., 2022).

This paradox raises a fundamental question: to what extent does financial literacy actually influence consumptive behavior, and what portion of behavior is driven by other contextual factors such as culture, social pressure, or personal values? Addressing this gap forms the basis of the present study. Furthermore, this research situates financial literacy within two theoretical frameworks: the Life-Cycle Hypothesis, which explains rational long-term planning, and the Theory of Planned Behavior, which emphasizes intention and self-control. Together, these theories help explain how literacy translates into or fails to translate into responsible household decision-making.

By examining the relationship between literacy and consumption among housewives in Sirombu, this study provides empirical evidence relevant for policymakers, community leaders, and educational institutions (Wicaksana & Isfania, 2022). The findings can inform the design of financial education programs tailored to the needs of rural communities. Beyond academic contributions, the study also has practical implications. Improved financial literacy can empower housewives to allocate resources wisely, prevent unnecessary debt, and safeguard family welfare. In the long term, this supports not only household resilience but also community-level economic development.

Therefore, this study is conducted to answer two main research questions: (1) Does financial literacy have a significant negative effect on the consumptive behavior of housewives in Sirombu Village? and (2) To what extent does financial literacy contribute to reducing consumptive tendencies compared to other influencing factors? Addressing these questions is expected to yield insights that bridge theoretical understanding and practical solutions for household financial management in rural Indonesia.

2. RESEARCH METHOD

This research employed a quantitative associative approach designed to examine the relationship between financial literacy (independent variable) and consumptive behavior (dependent variable). According to (Roblek et al., 2021), quantitative research grounded in positivism emphasizes objectivity, measurement, and statistical testing. The associative design was chosen to test whether

variations in financial literacy significantly influence the level of consumptive behavior among housewives.

The study population comprised all 278 housewives residing in Sirombu Village, West Nias Regency. The sample was determined using Slovin's formula with a 10% margin of error, resulting in 74 respondents. A purposive sampling technique was applied to select participants who met specific criteria, such as being married, aged 20–60 years, and actively involved in household financial decision-making. This ensured that the sample accurately reflected the research objectives.

Data were collected through structured questionnaires using a Likert scale, covering indicators of financial literacy (basic money management, saving, and financial product knowledge) and consumptive behavior (impulsive purchases, status-driven consumption, and conformity-based spending). Prior to analysis, the data underwent validity and reliability testing, followed by classical assumption tests. The main analytical technique applied was simple linear regression to determine the direction and significance of the relationship (Gergin et al., 2022). Additionally, the coefficient of determination (R^2) was calculated to assess the contribution of financial literacy to changes in consumptive behavior.

3. RESULTS AND DISCUSSIONS

The results of the statistical analysis demonstrate that financial literacy significantly influences the consumptive behavior of housewives in Sirombu Village. The regression equation obtained is $Y = 60.023 - 0.472X$, indicating a negative relationship: as financial literacy increases, consumptive behavior decreases. The coefficient of determination (R^2) is 0.439, suggesting that 43.9% of the variance in consumptive behavior can be explained by financial literacy, while the remaining 56.1% is attributed to other factors outside the scope of this study.

The validity and reliability tests confirmed that the instruments used were appropriate and consistent for measuring the variables. Furthermore, the results of the classical assumption tests showed that the data met the requirements for regression analysis, including normality and the absence of heteroskedasticity. The t-test revealed that financial literacy has a statistically significant negative effect on consumptive behavior at the 5% significance level.

Descriptive analysis of respondent characteristics indicated that most participants were within the productive age group, had varying educational backgrounds ranging from primary to tertiary education, and came from households with modest income levels. Despite these differences, a general pattern was observed: respondents with higher literacy scores tended to show lower levels of impulsive and status-driven consumption.

Discussion

The findings of this study confirm that financial literacy serves as a crucial determinant in shaping household financial practices. Consistent with prior research by (Linton & Klinton, 2019), the negative relationship between literacy and consumptive behavior suggests that knowledge and understanding of financial concepts provide individuals with better control over their expenditure patterns.

Housewives in Sirombu who demonstrated higher levels of financial literacy were more capable of differentiating between needs and wants, setting spending priorities, and avoiding unnecessary debt. Conversely, those with limited literacy skills were more likely to engage in impulsive purchases, often influenced by social media trends or peer pressure (Narvaez Rojas et al., 2021).

These results align with the Theory of Planned Behavior (Ajzen, 1991), which emphasizes the role of perceived behavioral control in shaping intentions and actions. Financial literacy enhances such control by equipping individuals with the confidence to manage financial decisions, thereby reducing susceptibility to irrational consumption. Similarly, the findings resonate with the Life-Cycle Hypothesis (Katz et al., 2022), which advocates consumption smoothing through careful planning across different life stages.

However, the R^2 value of 43.9% also indicates that financial literacy is not the sole determinant of consumptive behavior. Lifestyle preferences, cultural norms, social status aspirations, and psychological factors play a considerable role. This echoes (Waqas et al., 2021), who observed that social pressures and hedonistic lifestyles can undermine the positive effects of financial literacy.

The rural context of Sirombu adds a unique dimension to these findings. While urban studies often highlight digital shopping and brand obsession, rural households face distinct challenges such as limited access to financial education programs and strong community-based social expectations. Thus, interventions in such areas must consider both educational and socio-cultural factors (Akkaya & Mert, 2022).

Overall, the study underscores the importance of enhancing financial literacy as part of broader rural empowerment strategies. It suggests that sustainable financial behavior requires not only individual knowledge but also supportive environments that discourage wasteful consumption and promote prudent decision-making.

4. CONCLUSION

This study concludes that financial literacy has a significant negative effect on the consumptive behavior of housewives in Sirombu Village, West Nias Regency. A higher level of financial literacy reduces the tendency to engage in impulsive and status-driven spending, thereby strengthening household economic resilience. Financial literacy explains 43.9% of the variance in consumptive behavior, while the rest is influenced by external factors such as lifestyle, cultural values, and social pressures. Based on these findings, several recommendations are proposed: For households: Women, especially housewives, should actively engage in budgeting, saving, and financial planning to prevent unnecessary expenditures (Mueller & Jungwirth, 2022). For local government and community leaders: Programs on financial education should be introduced, focusing on practical skills such as managing income, avoiding debt traps, and cultivating saving habits. For policymakers and educational institutions: Financial literacy should be incorporated into community training and adult education, particularly in rural areas where access to formal education and financial services is limited. For future research: Scholars are encouraged to expand the scope by including moderating variables such as lifestyle, social influence, and income levels to better understand the multifaceted nature of consumptive behavior. By implementing these strategies, rural communities like Sirombu can reduce the risks of financial mismanagement, promote household well-being, and contribute to long-term socio-economic stability.

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