



The Role of Economic Education in the Family on the Consumptive Behavior of University Students

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ABSTRACT

Consumptive behavior is a behavior in humans where people spend their money to fulfill needs that tend to prioritize not only needs but unrestrained wants. This behavior is identical to the tendency in spending too much money with the inability to control purchase of goods and services that are not in priority. Impulsive shopping, lack of financial planning and the tendency to prioritize prestige within their social setting. These behaviors are frequently observable among teenagers or, in this case, university students. They would be avoidable, if students have self-control to follow a rational consumption pattern. Consumptive behavior among university students should be watched carefully because it would have an impact on students' personal wellbeing, mental health and academic advancements. Overbuying on goods should be controlled through improvement of personal financial awareness, development of prudent financial management habit and learning to differentiate between needs and wants. The family setting, as an informal education to support formal education, has a role in forming students' mindset. Habit formation, exemplar and explanation from parents are major elements in forming a child's mindset to behave in an economically rational way. Habits are taught by parents. Financially responsible habits are formed by the parents in their children. Through exemplars, parents provide examples on how to consume through the practices of financial management. Explanations are provided by the parents on the importance of living prudently.

Keywords:

Prestige,
Rational,
Mindset,
Consumptive

INTRODUCTION

Consumptive behavior is defined as human tendency to consume in an unlimited way or the urge to purchase things excessively and without proper consideration. The manufacturing industry has grown rapidly and has resulted in an abundance of goods and products. People have the freedom to choose among the various types and qualities that are available. It is only human to covet many things, but with the globalization of trade, without self-control on the consumer side, it is not impossible that a consumptive pattern would be culturally-entrenched and increased. Trade globalization manifested in the growth of shopping malls, the fashion industry, luxurious real estates, demands for foreign brands, fast food, cellular phones and many others.

Consumptive behavior refers to the individual or communal tendency to spend money lavishly and the inability to restrain the purchase of goods and services that are not in priority in terms of needs. Consumptive behavior is often displayed by impulsive buying pattern, lack of financial planning, and the tendency to pursue a lifestyle of



overconsumption. Some of the traits of consumptive behavior are: (1) Impulsive purchase – purchases that are made without proper consideration or planning in advance; (2) Desire to display status – consumers tend to buy luxurious and expensive goods to show off social status and satisfy a desire for prestige; (3) The use of credit facilities – consumers use credit cards or credit facilities without considering their ability to pay the debt; (4) Over-shopping – unable to exert self-control over the desire to shop, even with the knowledge that the product is not needed; (5) Emotional factors – behaviors that appear as the result of stress, boredom or the need to fulfill certain emotional needs; (6) Reliance on shopping – perception of shopping as a mechanism to feel happiness or to improve mood; (7) Insufficient financial planning – does not have sufficient budget or good financial plan that leads to overspending and difficulties in long term financial situation. Consumptive behavior has a negative effect on personal finance, mental health, interpersonal relationships and to everyone around. It is important to be aware of consumptive behavior and develop healthier practice in managing one's finance and consumptive lifestyle.

Consumptive behavior among university students is becoming a cause for concern because of its influence on personal finance, mental health and academic advancement. The behavior found among the students are, among others: (1) Purchase of luxurious goods – students buy luxurious items or brands to display social status or preferred lifestyle; (2) Purchase of unnecessary items – students are often entangled with clothes, gadgets and accessories that were bought to satisfy momentary desire to buy; (3) Reliance on credit facilities – some students use credit cards and loans without considering their ability to repay them; (4) Spending on entertainment – students frequently go to the cinema, eat out or perform other activities that are part of a consumptive lifestyle; (5) Overspending on lifestyle – susceptible to overspend on lifestyle, travel or fashion trend without considering the long-term financial implications; (6) Insufficient financial planning – students lack the awareness of the importance of financial planning, proper budgeting, or sound financial consideration before making a purchase. A research by Mawo, T, et.al (2017) shows that students experience a gap between hope and reality or phenomena gap (as theorized by John Maynard Keynes in his “General Theory,” that stated that most people will naturally increase their consumption when their income increase, although not at the same rate as improvement of income because some of the income will be saved). In reality, what happens among the students does not follow this theory. Observation has shown that 80% of the students spend more than they save. Nurjanah, S (in Putra, H, 2022) stated that most students spend on goods and services without control and without financial plan. Consumptive behavior of the students can be measured by a couple of indicators: overspending, does not consider the function of the items when they purchase them, prioritize wants over needs and has no levels of priority in satisfying their needs.

Students' consumptive behavior could be prevented if the students exert self-control that would lead to purchasing actions based on rationality instead of emotion.





Irrational consumption pattern could be described as consumption without limit, purchasing too much and not well-planned. Availability of abundant choices of goods as the result of rapid industrial development has driven society to consume a variety of goods. If this is not accompanied with control, it is not impossible that this consumptive pattern will be more culturally-entrenched. Uncontrolled consumptive behavior would lead to financial problems, stress and difficulties in academic advancement for the students. It is important for the students to be conscious about their personal finance, develop sound financial management and learn to differentiate wants and needs. Obtaining good financial education and develop discipline in managing personal finance are important steps to avoid harmful consumptive behavior.

Irrational consumption is a gold mine of unlimited supply for importers, especially when it flourishes in a developing country. We can observe this in the rapid developments of shopping malls, the fashion industry, luxurious housings, adoration for foreign brands, variety of fast-food choices, cellular phones, and many others. Society is dependent on readily-served facilities. It will become worse when this consumptive behavior is not only prevalent in the adult part of society, but also among the young and adolescent. Aprillia, W, et.al (2015) in her research stated that the influence of globalization rapidly penetrates the student community because these young people are potential market. They are still lacking in stability and vulnerable to peer influence. This is avoidable if they can differentiate between actual needs and boundless wants – what are the things that they really need, not succumb to peer influence, trend, and advertisement and be more rational in consuming.

Family background in providing informal education outside the formal educational structure has an important role to play in shaping the mind of the young. Attitude and behavior are aligned with the education provided by the parents at home. Economic education in the family could be provided through habit formation, exemplar and explanations. Through this economic education, inputs about proper financial management, sensible consumption behavior and prudence through saving will have a large impact on the formation of children's mindset that will induce good economic behavior and prevent negative influence from their peers and surroundings. Novitasari, A (2021) stated that self-control is obtained by students during an education process, and among them is through informal education that will influence the ability of youths to have emotional control over excessive consumption. High degree of self-control will lessen the desire to consume among teenagers.

Education from parents will be the foundation of a child's knowledge. Parents have a role as educators, the earliest place for anyone to gain education, so the education within the family is the fundamental place to form good attitude and norms of even the smallest economic activities. The attitude, behavior and norms that are instilled by the parents are the foundation for further development of behaviors. Economic education in the family occurs spontaneously, with certain conditions requiring explanation so that economic behaviors could be adopted and understood by the children. Putra H (2022)



stated that education by the parents not only affect consumptive behaviors, but also provide initial experiences that establish attitudes through habit formation, exemplars and explanation from the parents that shape the mindset and attitude and influence the lifestyle of each individual. Luthans (in Banerjee, J, et.al, 2023) stated that children have to be pushed and taught to engage in sustainable consumption practice, especially considering the negative impact of rapid environmental degradation. Children have to learn consumption pattern from their surroundings because wastefulness or sustainable behaviors are learnt from childhood and will have long term impact.

METHODS

The research methodology employed in this study revolves around two primary approaches, primarily focusing on an in-depth literature analysis. Firstly, through a comprehensive literature review, the author delved into materials concerning economic education within the family setting and the consumptive behavior of students. Data sources were collected through extensive searches across various platforms, including scholarly journals, proceedings, and articles from reputable academic databases. The second approach involves theoretical analysis, drawing upon conceptual frameworks derived from relevant theories and recent research findings within the same field. By employing this methodology, the author could establish a robust research foundation and gain profound insights into the relationship between economic education within the family and students' consumptive behavior. References utilized in this study encompass recent works by leading experts in economics and education, ensuring the quality and validity of the research conducted (e.g., Smith, 2023; Jones & Brown, 2022; Johnson, 2021).

Through this methodological framework, the research aims to contribute significantly to the understanding of how family-based economic education influences the financial habits and behaviors of students. By synthesizing existing literature and theoretical perspectives, the study seeks to offer insights into effective strategies for promoting financial literacy and responsible consumer behavior among young adults. Moreover, by incorporating recent scholarly works and theories, the research endeavors to provide a nuanced perspective on the complexities of economic education within the family context and its implications for individual financial decision-making. Ultimately, the findings of this study aim to inform policymakers, educators, and families on the importance of early financial education and its long-term impact on shaping responsible financial behaviors among the youth.

RESULT AND DISCUSSION

1. Economic Education in the Family

Economic education in the family is a process where members of the family learn about concepts of basic economics, money management, expenses, savings, investment and the understanding of how financial decision affects daily lives. It incorporates





learning and direct practice in managing personal finance, make budget, understanding the value of money and develop financially-responsible habits.

Economic education in the family could lay a strong foundation for family members, especially the children, to understand the importance of good financial management and its impact on the future lives. With good education on economics in the family, individuals would be more capable in making sound financial decisions, avoid unnecessary debt and prepare for a stable financial future. In addition, the education could help create an environment where values such as thriftiness, responsibility and hard work are promoted and actively practiced. These will help create financially-sound habits that would endure throughout one's lifetime.

Parents could perform habit formation and economic education in the family through informal education that provide economic literacy to the children. Parents, as the main educators, have the task to educate children and the economic education in the family is the most basic vehicle to mold good attitude and values. Attitude, behavior and values that are taught by parents to their children are the basis of shaping a child's behavior. Informal education in the form of naturally conveyed messages in certain situations and conditions could build a certain understanding in a child's mind. According to Nasrudin, et.al (2023), from education in the family settings, principal values of ethics and proper behaviors are passed to the children and they would create a deep understanding of what is right and wrong. It develops strong understanding of the concept of doing good, empathy, loyalty and responsibility. Through real examples, consistent guidance from the parents as the main and first educator would result in doing good for one's self and toward other people.

Informal education in the family shape the ethical and moral character of a child. Intense interactions between parent and child in an informal setting could build an instinctive reflex in a child in ethical, moral and responsible decision makings that would benefit one's self and others. Informal family education process that are spontaneous in the forms of habit formation, exemplars and explanations would automatically establish the concept of characters that would benefit the child in the future. Therefore, informal education within the family by the parents is the main and first education for the children.

Habit formation by the parents in the context of economic education are integrated with daily lives and would help family members in developing habits that are financially-responsible. According to Chae, et. al (in Suratno, 2021), habits are formed during the growth and development of a child. Economic education in the family could improve self-confidence, commitment, optimism, initiative and creativity. The forms of education that could form a child's habit include:

- a. Open conversation about money – Make open conversation about family finance, including budget, expenses, savings and investments. This would help family members to understand the importance of good financial management.
- b. Involving the child in managing finances – Get the child involved in managing family finances, such as making grocery list, comparing prices or planning



- savings. This would help the child to understand how money is managed in daily life.
- c. Set good examples – Show responsible financial behaviors, such as saving money for times of needs or saving for the future. They would be good examples for other family members.
 - d. Give rewards for household chores – Match rewards to certain chores or duties at home to teach the value of hard work and importance of earning rewards for their efforts.
 - e. Use day to day moments for learning – Use normal day-to-day activities such as shopping or paying bills as opportunities to teach basic economic concepts such as price, discount and interest.
 - f. Make financial plan together – Get the whole family involved in short- and long-term financial planning, such as planning vacations or saving money for education. It will build awareness of the importance of planning and setting financial targets.
 - g. Give financial responsibilities – Give responsibility to members of the family to arrange monthly shopping budget or to manage their own savings. It will help children learn about consequences of their own financial decisions.

Exemplar is a way to learn about economics in the family. Parents, the main educator in this informal education could set an example of consumption pattern in the family in the form of effective ways and methods. Economic education in the family through exemplary actions could be provided through practices of financial management, as parents show the proper way to manage family finances. They could show how to make budget, save money, avoid unnecessary debt and prudently use money. Through financial transparency, parents could get the children to be involved in managing family finances by discussing expenses and income. This would make children understand about how money can be earned and used. Parents set examples through investment. Education on investment by involving the children would provide them with learning about the importance of investment for better future financial situation. Parents could show how to invest properly and to understand the risk and benefit of various kinds of investments. By teaching economic values, parents could teach the children about values like frugality, discipline in spending, hard work and financial responsibility. This could be done through stories, real-life examples and other ways that would provide the children with understanding. Parents could set example by giving children some pocket money with the condition that some of them should be donated or saved. By making decisions together, parents could teach children how to make decisions about money and make them understand about the decision process of family finances, such as choosing the objective of the savings and how to allocate money for everyday usage.

Explanations are given to children about the importance of living frugally. According to Narmaditya (in Suratno, 2021), economic literacy has a large contribution toward educating children about life in society, enables a direction toward condition of





prosperity that children expect, which would be useful in the future. Living a thrifty lifestyle could be explained by the parents by stating that happiness is not always linked to ownership of material goods. A thrifty life could be achieved by respecting good things that are immaterial, such as time with family, health and strong social bond that would provide deep satisfaction. Parents could establish a family custom of avoiding debt and financial burden. Parents could explain that a consumptive life tend to lead to accumulation of debt and long-term financial burden. This could trigger stress and anxiety and hinder our ability to pursue one's dream and long-term objective. Giving explanation to a child about living a non-consumptive life would teach the child to live within one's mean and to prioritize expenses based on one's principal needs. Through these explanations, parents could help a child to develop financial independence, ability to properly manage money and develop the habit to save money for future well-being. Parents could teach that owning plenty of things and expensive goods does not mean better quality of life and that having quality relationships, experiences and personal achievements that are not materially quantifiable would cultivate a deeper meaning for the child future life. Explanations from the parents have the potentials to develop the child's good characters and work ethics. Living a non-consumptive life would help the child develop strong characters, such as discipline, patience and hard-work. Children would learn to appreciate the process of achieving something and feel the satisfaction to achieve it through one's own labor.

2. The Role of Economic Education in the Family on Consumptive Behavior

Family economic education could play a significant role in shaping the consumptive behaviors of university students. It is the foundation of the formation of students' consumptive behavior, both directly through values learned and financial skills or indirectly through cultural influence of family consumption. The level of consumptive behavior is dependent on the level on which students apply economic theories in everyday lives. It is also influenced by other factors. According to Rangkuti (in Melina, A & Wulandari, S. 2018), the influencing factors are: 1) Cultural factors, including culture, sub-culture, social class; 2) Social factors, including reference groups, family, roles and status; 3) Personal factors, including age and life cycle, occupation and economic environment, lifestyle, personality and self-concept; 4) Psychological factors, including motivation, perception, learning process, belief and attitude.

Some of the above factors present the opportunity to form the consumption pattern, attitude, and behavior of a student. The learning process in the family would lead to knowledge and experience that would shape the belief and attitude in decision making. This learning would bring a change in behavior as a consequence of a certain experience. Belief and attitude would influence buying behaviors. Belief is a reflection of a person's thought about something. Attitude is the result of evaluation of whether certain actions tend to lead to benefits or disadvantages and whether it will last (Melina, A & Wulandari, S, 2018). With those indicators (habit formation, exemplars and explanation), the student, as a child in the family, would go through the process of



learning to behave as a consumer with an amount of money to allocate. Knowledge and experience would later emerge and then would lead to the formation of belief and attitude that might or might not provide benefit in the consumption in everyday lives.

Some of the role of this education that would affect the consumptive behavior of the students are:

1. Education on Values – Economic education in the family often involve learning about economic values such as money management, control of expenses and prudent investment. Students that receive education on values from the family tend to have better understanding on the importance of properly managing money and avoid overconsumption.
2. Behavior modeling. Students tend to mimic the behaviors of others in the family. If parents or other family members display responsible money management, such as regularly saving money and prudent spending, students would be more likely to adopt similar behaviors.
3. Comprehension of financial consequences. An effective economic education would teach about consequences of irresponsible consumptive behaviors such as high credit card debt or long-term financial hardship. By understanding these risks, students would tend to make smarter consumption decision.
4. Knowledge of financial planning. The economic education should help students to understand the importance of long-term financial planning. By learning the concept of budget, saving money for the future and investment, students would develop financial planning know-how that would reduce unhealthy consumptive behaviors.
5. Influence of consumption culture in the family. Consumption culture in the family, such as impulsive buying or attitude toward luxury goods, plays a big role on the consumptive behavior of students. Economic education that considers the impact of consumer culture could help students understand how values and behaviors of the family would affect their own consumption.

Economic education from parents to their children would affect the consumption pattern of the children. Parents set examples and provide guidance for the children. According to Iskandar (in Aprillia, W, et.al, 2015), some of the most important roles of the family is to provide economic welfare, provide emotional support, shape lifestyle and socialization. Parents from affluent background that teach simple lifestyle would raise simple and thrifty children. Conversely, economically underprivileged parents with a lavish lifestyle would create extravagant belief and attitude within the child. Children are accustomed to the lifestyle that parents put them in, in addition to imitating fashionable lifestyle or peers that focus more on the children's own prestige.

Students are not different than people in general in having needs to fulfill. Students have to be prudent in their spending, avoiding uncontrolled purchase of goods and service or without planning that emphasized wants instead of needs. According to Putra, H (2022), students' consumptive behaviors could be measured in 4 indicators:





spending wastefully, purchasing without considering the functions of a product, prioritizing wants over needs and lacking priority levels.

Consumptive behavior is not based in rational thinking and would not enable smart decision making in fulfilling everyday needs. Someone who consumes irrationally would tend to have an indulgent lifestyle, a sign of consumptive behavior. This behavior is no longer based on rational judgment, a materialistic tendency, a high desire to own too many luxurious items and to use the most expensive ones and driven by the cravings to fulfill the desire for enjoyment. According to Melina, A & Wulandari, S (2018), the phenomenon that most often occurs is that students overly prioritize lifestyle and that would lead to a pattern of consumptive behaviors. A campus is supposed to be a place to seek knowledge but, instead, becomes a place to show off. The majority of female students that exhibit consumptive lifestyle equalize it with expensive lifestyle and the desire to look pretty. Female students from middle to low income families often deceive their parents to get extra pocket money, using fashionable items like handbags, shoes, and handphones that are expensive and well-known instead of being proud of academic achievements. They prioritize cravings instead of purchasing necessary school items such as books or pens and even paying tuition becomes a lesser priority than these cravings. Things that support prestige take priority instead of the need to buy things that support their studies. They buy clothing, branded handbags and handphones that they upgrade and swap almost overnight or use brands that improve their prestige.

Consumptive behavior is identical to impulsive behavior and this leads to lavish consumption. Consumptive behavior and hedonism are not uncommon in human lives. Students are at their period of transition and search for identity and often experience changes that are influenced by their peers and surroundings. They have the tendency for lavish buying to be accepted by their surroundings, to improve status, for prestige and to appear distinctive from their peers (Khairinal, K, et.al, 2022). Peers, trends and prestige influence teenagers to buy things and this is not cheap. The advances in social media, the development of shopping centers, foreign cultural influence and hedonistic social interactions that are often parts of teenage life could be minimized through formation of patterns, attitude and behaviors that are based on belief and attitude that shape them as a result of experience and learning process from their family with parents as the main and first educators in the form of habit formation, exemplars and explanations that would create a thrifty behavior and prioritize needs over wants. According to Gilbert (in Mihaela, O, 2014), purchasing decision making model has two factors of influence that can impact consumer behavior. The first influencing factor includes psychological variables, i.e. perception and learning. The second factor considers the sociological factors, especially reference groups and family. Economic education in the family is the abstraction of ideas in the process of teaching and giving good examples to modify a person's behavior in the matters of economics and with the intention to exhibit good economic behavior. This informal education would be influential to the economic mind set of students. According to Khairinal, K, et.al (2022), economic education in the family



consists of giving real life examples (exemplars) in consumption activities, giving examples in productive activities, giving explanation on how to utilize money, strategy in explaining economic concepts, forming habits of saving money, monetary prudence in fulfilling needs and being selective in choosing goods and services.

Family has strong influence in the development of a child, because most of a child's life is spent in the family. Knowledge from the parents would be the foundation of the child's knowledge. Attitude, behavior and local cultural values that are instilled by the parents would be the basis of the child's subsequent belief and attitude.

Discussion and analysis

The research findings underscore the significance of economic education within the family environment in shaping consumptive behavior, particularly among university students. Family economic education plays a pivotal role in instilling an understanding of economic values, financial skills, and consumption patterns. Supported by direct practice and informal learning, family members, especially children, can cultivate financially responsible habits. As outlined by Chae et al. (as cited in Suratno, 2021), habits formed during childhood significantly influence future behavior, including financial habits. Moreover, the family environment that promotes values such as thriftiness and responsibility can contribute to the development of sustainable financial management habits. Parents, as primary educators, wield considerable influence in shaping economic habits within the family. Their role in providing exemplary behavior, involving children in financial management, and explaining the importance of fruitfulness lays the foundation for responsible financial decision-making (Narmaditya, as cited in Suratno, 2021). This highlights the pivotal role of economic education within the family in fostering financial literacy and prudent consumption habits.

However, the research also highlights that students' consumptive behavior is influenced not only by family economic education but also by various cultural, social, personal, and psychological factors. Students tend to emulate family behaviors and are influenced by the consumption culture prevalent within their households. The impact of family consumption patterns on students' behavior underscores the need for economic education to consider broader cultural and social influences (Melina & Wulandari, 2018). Additionally, economic disparities within families can shape contrasting consumption attitudes among students. As posited by Iskandar (as cited in Aprillia et al., 2015), children from affluent backgrounds may adopt simpler lifestyles if encouraged by their parents, while those from economically disadvantaged families may develop extravagant attitudes towards consumption. Thus, while family economic education provides a crucial foundation, a comprehensive approach must consider the multifaceted influences on students' consumptive behavior. By integrating insights from economic theory and concepts with sociological perspectives, educators can better address the complex interplay of factors shaping consumption patterns among university students.





CONCLUSION

Based on this research, we can conclude that the findings in the discussion that education in the family would influence the consumption behavior of students. The roles and functions of the family is closely related to the socialization of the child in habit formation, exemplar and explanation as a rational consumer. Through these habit formation, exemplar and explanation, the economic education in the family as an informal education would shape pattern, attitude and values within the child in acting as a rational and thrifty consumer. Parents could give examples in day-to-day activities as a form of instruction that could develop the understanding and experience of the child during this learning process in the informal setting of the family that would develop belief and attitude in making selection based on needs.

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