

# The Influence of Family Backgrounds toward Student's Saving Behavior: A Survey of College Students in Jabodetabek

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**Abstract-** Parents are the primary community for their children, and parents are the key education of their children. Poor management income is related to how parents teach their children on doing saving. They often confident about their saving whereas they do not focus on educating their children on managing income. This research is conducted to find the influence of family's backgrounds toward student's saving behavior, which in this research college student in Jabodetabek, Indonesia is chosen as the source of information. Using quantitative data analysis, 300 questionnaires are spread to Jabodetabek area to obtain information about their saving behavior. The discussion is the correlation of family's background, including parents, toward their children's saving behavior.

**Index Terms-** Saving behavior, Family's background, Cash management, Finance, Financial experience.

## I. INTRODUCTION

Common people usually do not have the access of knowledge about saving behavior in their activity; specifically youth generations do not aware about the uncertainty in the future life (Benartzi, 2012). As students nowadays, they often forget that they also grow up whereas they do not prepare themselves for their future, especially in term of material things.

The backgrounds that come from the family are one of the aspects that can influence student to make a saving behavior (Purwanto, Prinsip-Prinsip dan Teknik Evaluasi Pengajaran, 2009). Students that are coming from a wealthy family have already get the support to do saving, while other students with lower parent's income are having a poor source to do saving.

Some motivations that can become the reason why student do saving, meanwhile they still have their parents to support their allowance are pre-caution and foresight (Keynes, Johnson, & Moggridge, 2012). The meaning of pre-caution by Keynes et al. itself is kind of preventive action, in case they will use it in the future and foresight as an imagination of future life so they can prepare themselves to face it. A research in Indonesia that has been done by Brata found that income, education level, and gender can influence positive saving behavior, but age and amount of income do not have any correlation to the saving behavior. Other factors are job classification and job level can lead to negative influence, means it can reduce the willingness of saving behavior (Harrington, 2005).

This research has come up with the research question of: "To what extent do family's backgrounds can influence the saving behavior to the children? In this case, students in President University" and also lead to its study objective, which is to analyze the correlation of student's economic background with their saving behavior.

In addition, this research is expected to be used as comparative source for those who study the related topic or for parents that may start teaching their children to do saving from early stage. Since from Benartzi's research (2012) found that many youth generations do not know the importance of saving and they are also less aware with their future consumptions.

In this research, quantitative analysis is used as the method and also some supporting valid data from some experts to help the research. Because this data is using quantitative data analysis, questionnaires are used and spread to college students in Jabodetabek. Questionnaires are spread directly by using random sampling and by the help of Google Drive application to reach 300 respondents.

As the guidance, this article is structured as mentioned here. First, the idea and literature of family's backgrounds in daily life, then followed by the literature of saving behavior. Second, the research methodology and data analysis that are using quantitative analysis method is showed and discussed. The last is conclusion of the research based on the analysis that has been done, supported by the secondary data from the related research, not to mention all theories from the literature also used to support the data result and conclusion. From the data result, conclusion is expected can be used for those who want to do further research.

## II. LITERATURE REVIEW

### 2.1 Saving

Many researches have been done to find out the influences of student saving behavior. But parents are the major influence for the children toward their saving behavior (Purwanto, Prinsip-Prinsip dan Teknik Evaluasi Pengajaran, 2009). The research found that family education is the foundation for their children in their future, so they become something based on what they got from the family. This matter becomes important since university students are righteously mature and they are not supposedly good in knowledge and skill only, but also they have to control themselves in controlling their financial problems (Salikin, Wahab, Masruki, Zakaria, & Nurulhuda, 2012). Other research about saving behavior that has been done by Sabri M. and Macdonald M. (2010) said that people who have earlier

consumer behavior (since the childhood) are likely to have more saving behavior, but also they face more financial problems.

### **2.1.1 Definition**

Saving in a simple definition is ‘the excess of income over all expenditures’, where the expenditures are also mentioned as consumption, which is life contributions and insurance (if any), and the saving behavior is the money keeping activity after they use it for their own wealth (Denton, Fretz, & Spencer, 2011). But in the further explanation, there are more clarifications needed for the ‘income’. For instance, money that a student finds in the way back home is included as income or not.

### **2.1.2 Problems of Saving**

There are many aspects that related to the saving behavior. Research about students’ saving behavior in Malaysia that has been done by Salikin, et al. (2012) mentioned about the problems of doing saving in university life, such as the uncertain about where the money spent, or even about taking money from parents or others without permission for the spending that driven by their desires than their economic needs. From previous research, students have some reasons of doing saving, such as to achieve goal, do saving until the end of semester (most are for vacations), and do saving for paying down debts.

### **2.1.3 Factors That Influence Saving Behavior**

In this research, some aspects that may influence student’s saving behavior are given as the variable. Aspects for this research are from the family’s background of the student, and it has come up with parents’ income, parents’ age, number of siblings, and student’s gender. Those are the demographic aspects from the respondent.

Variables used in this research are parents’ motivation, parents’ experience, and family lifestyle. Those variables are chosen based on the theory of saving, which is influenced by them (Sheldon, 2006).

## **2.2 Family’s Background**

### **2.2.1 Definition**

Family is the first environment of every individual human. They also the first teacher for the children, where there is a quote from The Westcoast Reader (2012) said “A child becomes a good reader because people at home read to him, and read often. A child learns to speak when family members talk with him.” With interfacing the saving behavior, family becomes the first source for student to learn it, the more family members, the more sources for the children to learn (Cronqvist & Siegel, The Origins of Savings Behavior, 2010).

### **2.2.2 Family’s Background Variables**

#### *Parents’ Motivation*

Generally, motivation defines itself as guidance and an orientation to reach the goal behavior (Shah & Gardner, 2008). It also refers to the action or activity that people do often to get kind of reward.

Based on the definition of motivation, parents’ motivation to their children is more like guidance to their children to reach certain goals. Perhaps parents want their children to get a good grade and they come up with actions in order to make their children reach the parents want, which is good grade.

#### *Parents’ Experience*

Parents are the first children’s teacher; the education that children receive at the first time is more dependent on the

education that his or her parents received when they are children (Gratz, 2006). Research says this is important to give at least the children the adequate education following their age. The higher education the parents have, the more likely they can teach the children toward the pressures and stresses of life, because the parents have at least the experience of being in the same position.

#### *Lifestyle*

Lifestyle is kind of human consumption behavior to decide their identity in the environment toward the product they can afford (Krishnan, 2011). Research done by Krishnan (2011) found that in the market segment, lifestyle becomes the tool to define target customer by classifying the level of the product.

## **2.3 Relations and Hypothesis**

In this chapter, all variables are related from the independent variables ( $X_n$ ) to the dependent variable (Y). Here independent variables are mentioned as followed: Parents’ Motivation ( $X_1$ ), Parents’ Experience ( $X_2$ ), and Lifestyle ( $X_3$ ). Hypothesis is explained in the each relation between  $X_n$  and the dependent variable, which is Saving Behavior (Y).

### **2.3.1 Parents’ Motivation**

Parents are the primary teacher for their children, they teach their children to be something in mind. In this research, parents’ motivation is considered as one aspect which influence student’s saving behavior. Whether more motivation from parents can make their children to do saving or not.

$H_1$ : Parents’ motivation ( $X_1$ ) affected the saving behavior (Y).

### **2.3.2 Parents’ Experience**

Parents with high educational background are supposedly tend to teach the children about the importance of do saving. Advises about saving from them might slightly lead their children to do saving, or at least they remember that their parents has give the advise. With more knowledge about saving, parents ought to have more experiences and knowledge about financial problems and the pressure about it that can be shared to their children.

$H_2$ : Parents’ experience ( $X_2$ ) affected the saving behavior (Y).

### **2.3.3 Lifestyle**

As an adult, saving has to be common in their mind. When students get older, so does their consumption, which means when they want to fulfill their needs, they need more financial support. In this research, saving as lifestyle means students think their needs and consumptions are lifestyle, as well as their way to fulfill it.

$H_3$ : Lifestyle ( $X_3$ ) affected the saving behavior (Y).

## **III. METHODOLOGY**

### **3.1 SAMPLING**

This study is targeting college students in Jabodetabek area as the respondents. Each individual becomes the unit analysis with range border between batches 2011 until batch 2013 students to know their saving behavior in the university life. Respondents are chosen by using purposive selection, which is each respondent is willing to answer the questionnaire, and also by using Google Drive application. The variables in this research include the saving behavior and the characteristic of each individual.

In this research, random sampling is used to collect the respondents. In the random sampling, each individual has equal probability to be chosen in the sampling process (Yates, Moore, & Starnes, 2008). Thus, 300 questionnaires are given on the sampling frame.

### 3.2 DATA COLLECTION

In this research, data is targeted to be collected from 24<sup>th</sup> October 2013 until 3<sup>rd</sup> November 2013 and spreads randomly for college students by directly give the questionnaire to them and by using Google Drive as the third party agent to collect respondents. Respondents are only for those who are willing and qualified to become the potential correspondents, which are college students in Jabodetabek area. This research also uses random sampling that conducted in President University area, as Yates et al. (2008) mentioned that by using random sampling, each President University student has the same probability to become the respondent.

### 3.3 VALIDITY AND RELIABILITY

Validity refers to the compatibility between the research idea and concept with the containing of the questionnaire. Questionnaire validity can be seen from the correlation value ( $r$ ) between total score and score from each question. After validity testing, it is followed by reliability testing just after the questions are affirmed as valid. Reliability itself reflects the consistency of correspondent in responding the question. To test the reliability, this research is using *Cronbach's Alpha* technique. The founder, Lee Cronbach (1951), mentioned that reliability of the research can be stated when the alpha ( $\alpha$ ) is more than 0.7. There are many ways to measure validity of data. One of the ways is by using factor analysis. Factor analysis is one method to measure whether the independent variables that have been given are linearly correlated with the dependent. Factor analysis is a data reduction tool to removes redundancy or duplication from a set of correlated variables (Mayer, 2006). There is a KMO (Kaiser-Meyer-Olkin) test in the factor analysis, which represents the correlation between pairs of variables. If the value of KMO is below .5 factory analysis is not necessary needed.

### 3.4 MULTIPLE REGRESSION

The purpose of multiple regressions is to analyze more about the relationship between several independent variables with the dependent variable (Keith, 2006). In this research, multiple regressions is used to analyze the influence of independent variables, which is *parents' motivation* ( $X_1$ ), *parents' experience* ( $X_2$ ), and *lifestyle* ( $X_3$ ) toward student's saving behavior ( $Y$ ). The formula of multiple regressions is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Explanation:

- $Y$  : dependent variable
- $a$  : constant number
- $X_1-X_3$  : independent variable
- $e$  : error term

In this research, there are two classical assumption tests to be used, first by using normality test, and second by using multicollinearity test. To see whether the residual values are normally distributed or not is by using normality test. The residual value can be justified as normally distributed if it has the critical value closed to .049. Some steps can be done if the value

is far from .049 such as by using data transformation or adding observation data.

Multicollinearity test also be conducted to see the correlation between the free independent variables in multiple linear regression model. If there is a high correlation between two or more variables, the alternatives are either replacing or removing the variables with high correlation, or by adding more respondents.

### 3. Hypothesis Test

#### T-Test

T-test is used to analyze the correlation value of each independent variable as individual, toward the dependent variable. The T-test result can be seen by using SPSS, in the *Coefficient* table in the SPSS output. To find each of independent variable's t-test, can be found in '*Sig*' column. T-test formula can be written as below:

$$t = \frac{\bar{x} - \mu_0}{s/\sqrt{n}}$$

#### F-Test

F-test result is used to test whether each independent variable affects the dependent variable or not. By using SPSS software, F-test can be found in ANOVA table. Each independent variable is stated as linier relationship with dependent variable if the value in *Sig* table is below 0.05.

## IV. DATA ANALYSIS

### 4.1 Questionnaire distribution

It had been started from the beginning of October to November 2013 in conducting this research. In the previous chapter mentioned the total sample is 300 and for that, 300 questionnaires spread to around Jabodetabek and 276 were given back to be used for the analysis. The respondents are university students around 19 to 22 years old that lived around Jabodetabek. To reach the area, the author used Google Drive application and spread the link to forum of some Universities around Jabodetabek. For the samples that lived in Bekasi, the author also gave the questionnaire directly to them.

### 4.2 Instrument test

The questionnaire was spread once to each university's forum, and to determine the validity and reliability of the questionnaire, SPSS 20 software was used. Below are the result of instrument test of validity and reliability.

#### 4.2.1 Validity test

Validity test is used to find out whether the independent variables can be used to determine the correlation with the dependent variable or not. Factor analysis is chosen as the method to determine the validity, which includes KMO (Kaiser Meyer Olkin), Bartlett's Test and communalities. KMO and communalities value are used as the standard of validity, with the standard value  $KMO \geq 0.5$  (Pett, Lackey, & Sullivan, 2003).

**Table 4.1  
KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	,625
Approx. Chi-Square	208,522
Bartlett's Test of Sphericity Df	15
Sig.	,000

In the table 4.1 KMO value of sampling adequacy is .625 which is above its standard (.05). Bartlett's Test value can be seen in *Sig.* (Significant) column, which is .0001. This data is determined as valid data and proper to follow the next test, which is Communalities of the questions of each variable.

**Table 4.2**

**Communalities**

	Initial	Extraction
support1	1,000	,740
support3	1,000	,708
support4	1,000	,582
exp1	1,000	,672
exp3	1,000	,869
exp4	1,000	,673

Extraction Method: Principal Component Analysis.

From the previous chapter, there are 3 independent variables related with the dependent variable. After doing the analysis, one independent variable was determined as not has high correlation with the dependent variable; therefore that one particular independent (*Lifestyle*) was deleted. In table 4.2 support1, support3, and support4 represent one variable which *Table 4.6 Support* and so the exp1, exp3, and exp4 represent the *Parents' Experience*. All variables have value more determined as valid data.

**Table 4.3**

**Rotated Component Matrix<sup>a</sup>**

	Component	
	1	2
support1		,859
support3		,826
support4	,646	
exp1	,781	
exp3	,919	
exp4	,804	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Table 4.3 is showing the rotated component matrix that shows all factors loading in each variable. In the table, each factor represents in one variable and it means those factors have strong load in the variable of the factor belongs.

#### 4.2.2 Reliability test

SPSS 20 software is used to find the reliability, which is using *Cronbach's Alpha*. This reliability test has purpose to find the level of consistency of respondents in answering the questions. Data can be considered as acceptably reliable if

*Cronbach's Alpha* value is more than 0.6, and if more than 0.7 can be considered as good (George & Mallory, 2011).

**Table 4.4**

**Parent's experience**

**Case Processing Summary**

	N	%
Valid	276	100,0
Cases Excluded <sup>a</sup>	0	,0
Total	276	100,0

a. Listwise deletion based on all variables in the procedure.

**Table 4.5**

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,621	,625	2

**Parents' support**

**Case Processing Summary**

	N	%
Valid	276	100,0
Cases Excluded <sup>a</sup>	0	,0
Total	276	100,0

a. Listwise deletion based on all variables in the procedure.

**Table 4.7**

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,648	,664	4

From the result of reliability, variable *parents' experience* (table 4.4 and table 4.5) has value of 0.621, and variable *parents' support* (table 4.6 and table 4.7) has value of 0.648 after spread it to 276 respondents. Because of the value of *Cronbach's Alpha* is more than 0.6 ( $\alpha \geq 0.6$ ), this shows that the indicators are reliable and the analysis can be continued.

#### 4.3 Demographic

In this research, all the 276 respondents are from Jabodetabek (Jakarta, Bogor, Depok, Tangerang, and Bekasi). The demographic data that spread to the respondents are genders, age, allowance, average spending, father's and mother's occupation, and the number of siblings.

### 4.3.1 Genders and age

Table 4.8

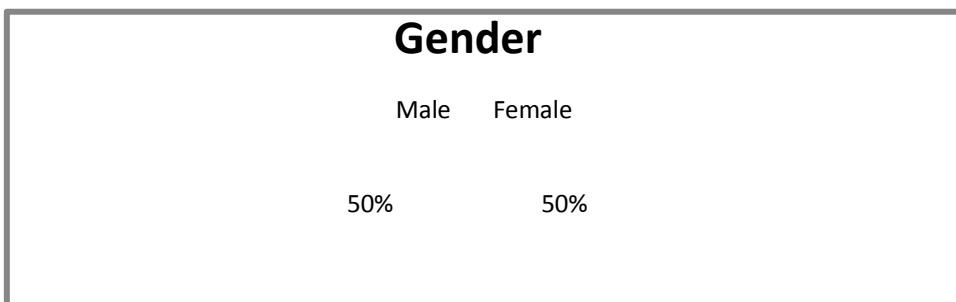


Table 4.9

Age	Frequency	Percentage
< 20	53	19%
20	184	67%
21	25	9%
22	1	4%
> 22	3	1%
<b>Total</b>	<b>276</b>	<b>100%</b>

From 276 respondents, genders were spread equally 50% male and 50% female which is 138 respondents. The 19% respondents are below 20 years old, and mostly respondents are 20 years old with the percentage of 67%. The rest respondents are 21 years (9%), 22 years old (4%), and more than 22 years old (1%).

### 4.3.2 Allowance

Table 4.10

Respondents' allowance

Allowance	Frequency	Percentage
≤ IDR 1,000,000	114	41%
IDR 1,000,001 – IDR 1,500,000	91	33%
IDR 1,500,001 – IDR 2,000,000	42	15%
> IDR 2,000,000	39	11%
<b>Total</b>	<b>276</b>	<b>100%</b>

From the table 4.10 found that mostly respondents have allowance of IDR 1,000,000 or less (41.67%), respondents with allowance around IDR 1,000,001 to 1,500,000 are 98 (32.67%), this means less than 30 percents of respondents have allowance around IDR 1,500,001 to IDR 2,000,000 (15.67%) and only few respondents who have allowance more than IDR 2,000,000 (10%).

### 4.3.3 Average spending

Table 4.11

Respondents' average spending

Spending	Frequency	Percentage
< IDR 500,000	62	22%
IDR 500,000 – IDR 1,000,000	99	36%
IDR 1,000,001	69	25%

– IDR 1,500,000		
IDR 1,500,001		
– IDR 2,000,000	24	9%
> IDR 2,000,000	22	8%
<b>Total</b>	<b>276</b>	<b>100%</b>

Based on table 4.11 from 276 respondents, mostly they have spent around IDR 500 – IDR 1,000,000 (36%). Only 22% of the respondents spent less than IDR 500,000. From the table also can be found that respondents who spend around 1 million to one and half million are 25%, and who spend money around IDR 1,500,001 to 2,000,000 are 8% and 9% for those who spend more than 2 million.

### 4.3.4 Parents' occupation

Table 4.12

Father's occupation

Occupation	Frequency	Percentage
State employee	63	23%
Private employee	88	32%
Entrepreneur	82	30%
Other	43	16%
<b>Total</b>	<b>276</b>	<b>100%</b>

Table 4.13

Mother's occupation

Occupation	Frequency	Percentage
State employee	31	11%
Private employee	33	12%
Entrepreneur	49	18%
Other	163	59%
<b>Total</b>	<b>276</b>	<b>100%</b>

In table 4.12 there are 23% of father's respondent who work in state employee, 32% work in private employee, 30% work as entrepreneur, and others contribute 17% which mostly respondents' father who already retired from working. Different with father, respondents' mother mostly work as house wife (represented in table 4.13, 'other' column) with the rate of 59%,

the rest are state employee (11%), private employee (12%), and as entrepreneur (18%).

#### 4.1 Number of siblings

Table 4.14

Number of siblings	Frequency	Percentage
0	27	10%
1	95	34%
2	99	36%
3	45	16%
4	10	4%
<b>Total</b>	<b>276</b>	<b>100%</b>

From 276 respondents, the result showed that 10% of the respondents are the only children, 34% have one sibling, 36% have two siblings, 16% have three siblings, and only 4% of them who have 4 siblings in the family.

## V. CONCLUSION AND RECOMMENDATION

### 5.1 Conclusion

This research found a high correlation between parents' support and parents' experience of saving toward students' saving behavior. The result is approved by regression analysis which showed the coefficient of correlation (R) value is near to 1. Furthermore, there is a positive impact of independent variables to dependent variable ( $p < 0.05$ ). Therefore, university students' saving behavior is can be influenced by their parents' support of doing saving and parents experience in doing saving. Which both parents are one of the major actors in the family related saving behavior (Keynes, Johnson, & Moggridge, 2012).

### 5.2 Recommendation

This research had been conducted to find the influence of family's background toward students' saving behavior. From previous researches related to saving behavior, children behavior will affect their potential of cash management, which is in this research parents are recommended for parents to have a good experience about saving. In addition, parents should give more attention about their saving behavior, as related to this research, their behavior and support in saving lead to their children in doing saving for their future. For the future research, it is recommended to add more variables and questions. Furthermore, selecting higher educated respondents can be used for the future research.

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