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The Millennial Generation's Savings Behavior And The Impact Of Hedonism On Knowledge And Attitude About Saving And Investing

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Abstrak

Studi ini bertujuan untuk menyelidiki dan membahas hubungan antara gaya hidup hedonis, literasi keuangan, dan keinginan untuk menabung di kalangan generasi milenial. Seluruh generasi milenial menjadi sampel penelitian. Untuk penelitian ini, kami mewawancarai 288 responden. Jenis data yang digunakan adalah data primer yang dikumpulkan melalui kuesioner, dan kemudian dianalisis menggunakan perangkat lunak SPSS. Berdasarkan temuan analisis data dan diskusi, terlihat bahwa gaya hidup hedonis memiliki sedikit pengaruh pada perilaku generasi milenial dalam hal keinginan mereka untuk menabung uang. Namun, pengetahuan tentang menabung dan berinvestasi justru secara signifikan meningkatkan motivasi untuk menabung.

Kata Kunci: *Hedonisme; Menabung Uang; Investasi; Milenial*

Abstract

This study aims to examine and debate the relationship between the hedonistic lifestyle, financial literacy, and the desire to save among the millennial age. The whole millennial generation makes up the research sample. For this inquiry, the sample contained 288 respondents. The type of data used in this study is primary data. Questionnaires gathered data, and they were processed using SPSS software. Based on the data analysis findings and debate, it is evident that the hedonistic way of life has little bearing on the millennial generation's behavior about their desire to save money. Savings and investing knowledge, meanwhile, significantly increase the motivation to save.

Keywords: *Hedonism; Saving Money; Investment; Millennial*

INTRODUCTION

The marginal propensity to save (MPS) has fallen, and the marginal propensity to consume (MPC) has risen in the current period of globalization. The Marginal Propensity to Save (MPS) has decreased, and the Marginal Propensity to Consume (MPC) has increased. Having money to save and spend for daily expenses, emergencies, and future needs is a saving alternative. Financial literacy awareness is a significant issue and a challenge for individuals in Indonesia. Savings actions are considered more efficient and will support the nation's economy, particularly those in financial institutions.

Youth spend more of their income on consumption than saving and investing. Generation Z and Generation Y, two subsets of the millennial generation, are to blame for this (Ferdiansyah & Triwahyuningtyas, 2021). A lifestyle that primarily prioritizes life's pleasures is known as hedonism, which can impact money management. This is supported by both Pulungan et al. (2018) and Qur'ani (2019). According to Chairman (2019), students' financial conduct is significantly influenced by their way of life.

The millennial generation is renowned for leading a lavish lifestyle and failing to consider their long-term financial management. With the knowledge and abilities they possess in handling their finances, those who are financially literate can attain a certain degree of success and financial well-being. According to Hailwood (2020), financial literacy will impact how people save, borrow, invest, and manage their money by enabling them to select the appropriate financial services and products based on their capabilities and requirements (Ritakumalasari & Susanti, 2021).

For the Research Purpose, the following inferences may be drawn from the preceding description of the problem: Analyze and debate the hedonistic lifestyle of the millennial generation's desire to save; Examine and debate the impact of investing and savings literacy on the behavior and saving motivation of the millennial generation; Examine and debate the impact of the hedonistic lifestyle, investing knowledge, and conduct of the millennial generation on saving behavior (Kusnandar & Kurniawan, 2018).

The hedonistic lifestyle embraced by many millennials often prioritizes immediate gratification and pleasure over long-term financial planning and saving. This lifestyle encourages spending on experiences, luxury goods, and entertainment, which may lead to a reluctance or inability to allocate funds towards savings. Millennials may find saving less appealing when faced with the allure of instant gratification, such as dining out, traveling, or purchasing the latest gadgets. Additionally, the pervasive influence of social media can exacerbate this behavior, as individuals may feel pressured to showcase their experiences and possessions, further fueling their desire for consumption over saving (Ningtyas, 2019).

Investing and savings literacy plays a crucial role in shaping the behavior and saving motivation of the millennial generation (Alamsyah, 2020). With adequate knowledge and understanding of financial concepts and instruments, millennials may be able to make informed decisions about saving and investing. Financial literacy empowers individuals to comprehend the importance of saving for future goals, such as homeownership, retirement, or emergency funds. Moreover, it enables them to navigate the complexities of investment options, such as stocks, bonds, and mutual funds, thereby fostering a proactive approach towards wealth accumulation and financial security (Sharmila & Perumandla, 2023).

The interplay between the millennial generation's hedonistic lifestyle, investing knowledge, and conduct significantly influences saving behavior (Nikalje, 2022). While the allure of immediate gratification may hinder saving efforts, financial literacy serves as a counterbalance by equipping individuals with the necessary tools and insights to prioritize long-term financial goals (Garia-Fodor, 2018). By fostering a deeper understanding of the implications of their financial decisions, millennials can balance enjoying life's pleasures and securing their financial future. Addressing the dual challenges of hedonism and financial illiteracy is essential in promoting a culture of responsible saving and investment among the millennial generation.

RESEARCH METHODS

A quantitative technique is used in this investigation. Quantitative research is used to produce mathematical models, theories, and hypotheses connected to causal investigations that clarify causal links (Sugiono, 2007). The demographic of this research consisted solely of Indonesian millennials born between 1980 and 2000. Because every member of the population is thought to have an equal chance of being sampled, the sampling process is carried out using probability sampling.

This inquiry makes use of a quantitative methodology. Quantitative research generates mathematical models, ideas, and hypotheses linked to causal studies that elucidate causal relationships (Sugiyono, 2016). The only millennials in our study who were Indonesian were those who were born between 1980 and 2000. Probability sampling is used for the sampling process since it is believed that each member of the population has an equal chance of

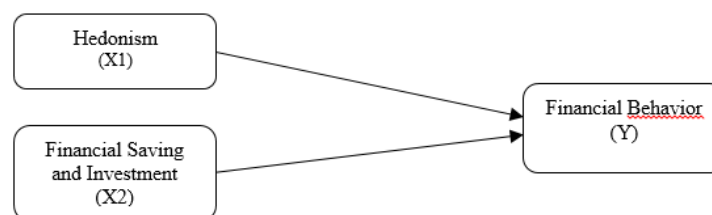


Figure 1. Research Model

being chosen for the sample. The Likert scale was employed as the measurement tool in this investigation. As well as SPSS data analysis methods. A conceptual model put together by researchers is as follows:

RESULTS AND DISCUSSION

Result

SPSS was used to analyze this research. All of the respondents in this survey belong to the millennial generation. In this study, 288 participants completed questions using Google Forms. The personal information on the front of the questionnaire—namely, the identification of the respondent, which includes gender, salary, and kind of work—provided an overview of the respondents' characteristics. So, the sample criteria in this study consist of Gender, Type of Work, and Income.

Normality Test

The normality test aims to identify the presence of a normal data distribution in the regression model, dependent variable, independent variable, or both—results of the Kolmogorov-Smirnov test for normality in the statistical application of the SPSS 15.00 software.

Table 1
One-Sample Kolmogorov-Smirnov Test

Unstandardized Residual		
N		289
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	1,31909145
Most Extreme Differences	Absolute	,050
	Positive	,036
	Negative	-,050
Kolmogorov-Smirnov Z		,845
Asymp. Sig. (2-tailed)		,473

- a. Test distribution is Normal
- b. Calculated from data

Based on Table 2, the results of the One-Sample Kolmogorov-Smirnov test in the table above show a significance for the regression model of $0.473 > 0.05$. So, it can be concluded that the residual values are normally distributed.

Heteroscedasticity Test

The Heteroscedasticity Test looks for differences in variance across different residual observations in the regression model. In this investigation, the residual value was converted into an absolute value and regressed against the independent variable using the Glacier test. There is no evidence of heteroscedasticity if the significance value is larger than or equal to 0.05, but if it is less than 0.05, Ghozali's heteroscedasticity is manifested (2011). It may be concluded that the regression model does not contain heteroscedasticity if the significance value is greater than 0.05 (Ghozali, 2016).

Table 2
Correlations

			X1	X2	Unstandardized Residual
Spearman's rho	X1	Correlation Coefficient	1,000	,002	-,018
		Sig. (2-tailed)	.	,977	,754
		N	289	289	289
	X2	Correlation Coefficient	,002	1,000	-,014
		Sig. (2-tailed)	,977	.	,807
		N	289	289	289
	Unstandardized Residual	Correlation Coefficient	-,018	-,014	1,000
		Sig. (2-tailed)	,754	,807	.
		N	289	289	289

Based on Table 3, the results of the heteroscedasticity test using the Spearman rho rank show that the X1 variable is 0.754 and the X2 variable is 0.807. Because the value of both is greater than the value of 0.05, it can be concluded that there are no problems or symptoms of heteroscedasticity, which means that the regression model used for this study is feasible.

Multicollinearity Test

The Variance Inflation Factor (VIF) number and its tolerance, which can determine whether there is a multicollinearity problem, were examined in this study as part of the multicollinearity testing process. The regression model employed in this study is thought to have no multicollinearity issues if the VIF value is less than ten or the tolerance value is more than 0.10.

Table 3
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta				Tolerance	VIF
1	Constant	6,510	,702			9,279	,000		
	X1	,007	,027	,013		,260	,795	,991	1,009
	X2	,214	,019	,565		11,506	,000	,991	1,009
Dependent Variable: Y									

The Variance Inflation Factor (VIF) number and its tolerance, which can determine whether there is a multicollinearity problem, were examined in this study as part of the multicollinearity testing process. The regression model employed in this study is thought to have no multicollinearity issues if the VIF value is less than ten or the tolerance value is more than 0.10.

Instrument Test

This study employed the Cronbach's Alpha method to gather test results. According to Ghazali (2002), a variable can be deemed dependable if it generates a Cronbach's Alpha value greater than 0.60.

Table 4
Reliability Statistics

	Cronbach's Alpha	N of Item
X1	,744	4
X2	,725	8
Y	,714	3

According to the data table 4, variable X1 may be classified as trustworthy because its Cronbach Alpha value is greater than 0,600 and lower than 0,744, according to the data.

X2 shows that the reliability coefficient (Cronbach Alpha) variable X2 is reliable because it is greater than 0.600 with a result value of 0.725.

Then, Y shows that the reliability coefficient (Cronbach Alpha) variable Y is reliable because it is greater than 0.600 with a result value of 0.714.

Multiple Regression Analysis

Multiple Linear Regression Analysis = $Y = 6.510 + 0.007X1 + 0.214X2 + e$. The above equation can be interpreted as follows:

- Positive constant value of 6.510 indicates that the desire to save behavior will occur if the hedonistic lifestyle variable (X1) and the saving and investing literacy variable (X2) are zero.
- The hedonistic lifestyle variable's regression coefficient, equal to 0.007, is positive. This demonstrates that the desire to conserve money will also grow once the lifestyle variable is increased.
- The saving and investing literacy variable has a positive regression value of 0.214. This demonstrates that extra savings and investing knowledge variables will increase the urge to save.

Table 6
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	Constant	6,510	,702		9,279	,000		
	X1	,007	,027	,013	,260	,795	,991	1,009
	X2	,214	,019	,565	11,506	,000	,991	1,009

T-Statistic Test

The extent to which one independent variable alone may explain a dependent change is measured using statistical tests. If the significance value is less than 0.05 and H_0 is accepted, the dependent variable is considered to impact the dependent variable partially.

Table 7
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6,510	,702		9,279	,000
	X1	,007	,027	,013	,260	,795
	X2	,214	,019	,565	11,506	,000

Dependent Variable: Y

test = t count value must be above t table (1.971)

The following will explain the partial test of each variable, including:

Evaluation of lifestyle factors: According to the test results, lifestyle has a count value of 0.260 1.971 and a significant value of 0.795 > 0.005, rejecting the hypothesis that lifestyle substantially impacts saving intentions.

Assessments of investing and savings knowledge: According to the test findings, H2 is approved since the savings and investment literacy variable substantially positively influences the desire to save because the count value for this variable is 11.506 > 1.971, and a significant value is 0.000 0.005.

Discussion

The influence of the hedonistic lifestyle on the behavior of the desire to save

The findings indicate that the lifestyle factor does not exert a noteworthy impact on the inclination to save among millennials. This observation can be attributed to various factors such as the pervasive influence of consumerist culture, burdensome financial obligations, shifts in economic circumstances, emphasis on lifestyle and experiential prioritization, and insufficient understanding of financial literacy and investment principles. It is crucial to acknowledge that not all millennial generation members adopt a hedonistic lifestyle or disregard the importance of saving. Nevertheless, the elements above contribute

to understanding why the hedonistic way of life typically fails to positively influence saving habits.

The absence of a significant correlation between lifestyle and saving desires underscores the multifaceted nature of financial decision-making among millennials. Despite the allure of a hedonistic lifestyle, many individuals within this demographic face considerable financial pressures and complexities that hinder their propensity to save. Moreover, societal norms and values regarding consumption and materialism may overshadow the importance of saving for future financial security, further complicating the relationship between lifestyle choices and saving behavior.

Addressing the root causes behind the disconnect between lifestyle and saving behavior among millennials necessitates comprehensive strategies. Efforts to enhance financial literacy and promote responsible financial management are paramount in empowering individuals to make informed decisions regarding saving and investment. Additionally, initiatives to shift societal attitudes towards consumption and prioritize long-term financial goals can help foster a culture of saving and prudent financial planning for millennials.

Effect of savings and investment literacy on the behavior of the desire to save

Understanding the importance of savings and investment literacy is pivotal in cultivating a strong inclination towards saving among individuals. Proficiency in this area enables people to grasp the advantages of saving and comprehend the diverse range of investment avenues accessible, such as deposits, mutual funds, stocks, bonds, and more. With this knowledge at hand, individuals can make informed decisions regarding the allocation of their finances, thereby optimizing their potential for financial growth. This assertion is corroborated by studies conducted by Nurul Safura Azizah (2020) and Badrus Sholeh (2019), which underscore the significant impact of financial literacy and savings on the propensity to save.

Research indicates that individuals with a sound understanding of savings and investment mechanisms are likelier to exhibit prudent financial behavior. By comprehending the benefits of saving and being aware of the various investment tools available, individuals can confidently navigate the financial landscape. Whether discerning the risks associated with different investment options or strategizing to maximize returns, a solid grasp of savings and investment principles is a guiding light for effective financial management. Nurul Safura Azizah (2020) and Badrus Sholeh (2019) further validate that financial literacy and savings play pivotal roles in shaping individuals' attitudes toward saving.

Furthermore, the correlation between financial literacy, savings, and the desire to

save underscores the significance of education in fostering responsible financial habits. As individuals become more proficient in understanding the intricacies of savings and investment, they are more likely to prioritize saving as a fundamental aspect of their financial planning. This instills a sense of financial security and lays the groundwork for long-term wealth accumulation. Thus, policymakers and educators can contribute to fostering a financially savvy populace by emphasizing the importance of savings and investment literacy, as highlighted by research conducted by Nurul Safura Azizah (2020) and Badrus Sholeh (2019).

CONCLUSION

Several conclusions have been drawn based on the examination and analysis of the investigation's results. Firstly, it was found that a hedonistic lifestyle does not influence the millennial generation's inclination towards saving. Despite societal stereotypes, their behavior regarding money conservation remains unchanged. Secondly, the study underscores the notable impact of investment and savings literacy on the propensity to save. Understanding various financial instruments and strategies significantly enhances individuals' willingness to save for future financial security and growth.

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