**Current Issues & Research in Social Sciences, Education and Management (CIRSSEM) Vol. 2 No. 2, pp. 305-321, September, 2024, E-ISSN: 3032-324X**
**https://www.ejournal.aibpmjournals.com/index.php/ssem/index**

# The Role of Cost of Living in Mediating the Effect of Financial Literacy and Level of Income on Consumptive Behavior to Employees PT Sintora Putra Gasindo

**Sri Puji Lestari[1], Linzzy Pratami Putri[2], Imam Taufiq[3]**
Universitas Muhammadiyah Sumatera Utara, Indonesia[1,2,3]
Corresponding author: sripujilestari@umsu.ac.id
ORCID ID: 0009-0005-4999-3167

**ARTICLE INFORMATION**

**Publication information**

**Research article**

**HOW TO CITE**

Lestari, S. P., Putri, L. P., & Taufiq, I. (2024). The Role of Cost of Living in Mediating the Effect of Financial Literacy and Level of Income on Consumptive Behavior to Employees PT Sintora Putra Gasindo. *Current Issues & Research in Social Sciences, Education and Management, 2*(2), 305-321.



Received: 3 July 2024
Accepted: 1 August 2024
Published: 2 September 2024

**ABSTRACT**

This research aims to determine the role of Cost of Living in mediating the effect of Financial Literacy and Level of Income on Consumptive Behavior to employees PT Sintora Putra Gasindo. The method used in this research is an associative and quantitative approach. The population in this study were all employees of PT Sintora Putra Gasindo numbered 50 people and the sample was 50 people. This research instrument is in the form of a data collection tool test. Data collection tools use interviews, documentation studies, questionnaires. In this research, the data analysis technique used is quantitative data analysis and uses the Statistical Path Analysis Method model, namely the Partial Least Square-Structural Question Model (PLS-SEM). The results show that Financial Literacy has no significant effect on Consumptive Behavior, Income Level has no significant effect on Consumptive Behavior, Financial Literacy has a significant effect on the Cost of Living, Income Level has no significant effect on the Cost of Living, Cost of Living has a significant effect on Consumptive Behavior, Cost of Living does not mediate the influence of Financial Literacy on Consumptive Behavior, Cost of Living does not mediate the influence of Income Level on Consumptive Behavior.

***Keywords:*** Financial Literacy, Level of Income, Consumptive Behavior, Cost of Living

## INTRODUCTION

In the current era of the global economy, an individual must be able to manage his finances carefully, because financial management will result in financial behavior in carrying out various transactions. In the financial behavior of Indonesian people, which tends to be very consumptive, new problems arise, namely the lack of savings and investment activities for the future. The Financial Services Authority (OJK) stated that Indonesian people are increasingly consumptive and are starting to abandon the habit of saving, this can be seen from the decline in marginal propensity to save and the increase in marginal prosperity to consume ((Purwanti, 2021).

Consumptive behavior does not seem to have good benefits for the perpetrator, because it drains income and also results in waste. Making decisions in choosing is not an easy thing, because certain considerations are required. Therefore, the need to learn how to make decisions, that is the need to study economics. Economics helps individuals to meet their needs well and avoid financial losses. Human needs and desires always change according to the times. Fulfilling needs cannot be separated from costs, more precisely the cost of living. According to (Mulyadi, 2010), costs have various types depending on the goals to be achieved. In general, Costs are defined as sacrifices of economic resources that can be measured in units of money that have occurred or will occur for certain purposes.

In relation to fulfilling human life needs, the most important thing to fulfill is basic needs or basic needs. Haris and Andhika (2002) explain in (Wurangian et al., 2015) that basic human needs to be able to live a normal life consist of: (1) food needs or the need for food, (2) clothing/clothing needs, (3) shelter or place to live, and (4) educational needs to become a moral and cultured human being.

Based on Permenkertrans No. 13 of 2012 regarding the description of the components of living costs in order to achieve the needs of a decent living in a month consisting of: (1) food and drink, (2) clothing, (3) housing, (4) education, (5) health, (6) transportation, (7) recreation and savings. The amount of living costs to be able to meet the needs of an individual or a group of people is mainly determined by the amount of consumption expenditure made. Consumption expenditure can be broadly classified into two types: consumption expenditure for food and non-food expenditure. These two types of consumption expenditure (food and non-food) can be indicators in determining the cost of living for individuals or community groups in a certain period in an area.

Financial literacy is a basic need for everyone to avoid financial problems. Financial difficulties can arise if errors occur in financial management (miss management). Having financial literacy is the most important thing to have a prosperous life (Nurmala et al., 2021) A person's failure in managing finances is not due to a person's low income, but rather ignorance in allocating their income to certain things (Gunawan et al., 2022) Therefore, financial literacy is important for people to avoid financial problems.

Financial literacy is basically related to a person's knowledge, competence, confidence, skills and ability to utilize capital resources by analyzing, reading, managing and communicating one's financial condition for use in improving one's standard of living, by making financial management decisions effectively and efficient (Sari et al., 2020).

The 2019 National Survey of Financial Literacy and Inclusion (SNLIK) showed a financial literacy index of 38.03% and a financial inclusion index of 76.19%. This shows that the PT community in general still does not properly understand various formal financial products and services, even though financial literacy is an important skill in the context of community empowerment, individual welfare, consumer protection, and increasing financial inclusion (Otoritas Jasa Keuangan (OJK), 2021).

Income level is an individual's total gross income derived from wages, salaries, business and returns from investments. It is likely that individuals with more income will show more responsible financial behavior, regarding available funds providing the opportunity to act more responsibly (Purwidianti & Mudjiyanti, 2016). Lumintang believes that basically a person's income depends on the work in their field, both services and production, working hours, and the level of income received. It is likely that someone who has more income will be more responsible in financial behavior (Fatimah & Susanti, 2018).

Cost of Living mediates financial literacy and Income Level on consumer behavior. Thus, when someone has good literacy knowledge, they will be able to form self-control in managing income and not behave consumptively.

**Table 1** Initial Observation Results

| No | Questions | Number of Employees | | Total Employee |
|---|---|---|---|---|
| | | Yes | Not | |
| **Financial Literacy** | | | | |
| 1 | It is important for me to save and invest to plan a better future. | 23 | 27 | 50 |
| 2 | Financial knowledge can help me invest in the investment products I want. | 15 | 35 | 50 |
| **Level of Income** | | | | |
| 1 | The income I get is ≥ Rp 3,500,000/month. | 37 | 13 | 50 |
| 2 | I get additional income outside of my basic salary. | 27 | 23 | 50 |
| **Consumtive Behavior** | | | | |
| 1 | I compare product prices before purchasing to reduce expenses. | 15 | 35 | 50 |
| 2 | Discount promotions on displays or advertisements make me buy the product. | 25 | 25 | 50 |
| **Cost of Living** | | | | |
| 1 | Expenditure levels based on Basic Expenditure Types. | 23 | 27 | 50 |
| 2 | My expenses are ≥ Rp. 1,500,000 per month. | 26 | 24 | 50 |

*Source: Preresearch Results (Preliminary Observations)*

Based on the results of observations made by researchers through interviews, employees at the PT. Sintorra Putra Gasindo Company have a relatively high level of income, but there are still many employees who have low financial education because they only have consumptive habits for their daily needs, especially in meeting their needs. living without balance with financial management such as the habit of saving or investing for future safety.

## LITERATURE REVIEW

### Consumtive Behavior

Consumptive behavior is the behavior of consuming goods that are actually lacking or not needed (especially related to the response to the consumption of secondary goods, namely goods that are not really needed (Pulungan & Febriaty, 2018). Consumptive behavior occurs because people have materialistic tendencies, a great desire to own things without paying attention to their needs and most of the purchases made are driven by the desire to fulfill the desire for pleasure alone. Consumptive behavior is formed because consumption itself has become part of the lifestyle process. Meanwhile, consumer behavior emerged especially after the industrialization period where goods were mass produced so that a wider range of consumers were needed. Media, both electronic and mass, in this case, occupies a strategic position in shaping consumer behavior, namely as a medium that attracts consumer interest in buying goods.

According to (Nurjanah, 2019), consumer behavior is an individual who prioritizes desires rather than needs in consuming beyond limits without thinking rationally. According to (Hidayah & Bowo, 2019), consumptive behavior is the behavior of buying excessively by prioritizing secondary and tertiary needs over primary needs which causes a person to become wasteful. Consumptive behavior is the act of buying goods not to meet needs but to fulfill desires, which is done excessively, causing waste and cost inefficiency (Fitriyani et al., 2013).

From the opinions above, it can be concluded that consumer behavior is an act or behavior of buying and using goods or services excessively without careful consideration with the aim of fulfilling personal desires alone and no longer for the purpose of fulfilling basic needs which are used to fulfill a lifestyle to be able to perform. luxurious. With this consumptive behavior, a person is unable to manage their finances well so they become a wasteful individual.

Consumptive behavior is more likely to be bad behavior because the nature it causes is waste. A person's consumptive behavior can be known based on indicators of consumptive behavior. According to (Sumartono, 2002) indicators of consumer behavior are:
a. Buying products because of the promise of a gift
b. Buy a product because the packaging is attractive
c. Buying products to maintain your appearance and prestige
d. Buying products at expensive prices will create a high sense of self-confidence

**Cost of Living**
Costs in a narrow sense can be interpreted as economic resources for obtaining assets. To differentiate the meaning of costs in a broad sense, the sacrifice of economic resources for assets (in the narrow sense) is called the cost price sacrificed in an effort to obtain income (Mulyadi, 2010). According to (Gibtiah et al., 2018) Cost of Living is also defined as step by step instructions on how to calculate daily living costs in detail and in action, such as: consumption, electricity, water, telephone, gas, transportation, health checks, insurance, installments, taxes and others. As a sacrifice of (economic) resources to obtain something or achieve a certain goal, the term cost is often considered the same as cost and expenses, inseparable from the purpose of obtaining or achieving that particular goal. Furthermore, the definition of costs as basic prices and expenses is referred to as the definition of costs in the narrow sense. As a basic price, costs can be measured or are the exchange price of (economic) resources sacrificed to obtain goods, services or assets in the context of ownership of goods and services both in the past and in the future. Meanwhile, costs in the narrow sense are referred to as expenses, namely if the necessary sacrifices occur in order to realize income in a certain period (Supriyono, 2011)

Based on the definitions in this, the Cost of Living is directly related to the expenses incurred to meet the daily needs of a decent living for one month in order to maintain the standard of living in an area, such as expenses for: consumption, electricity, water, telephone, gas, transportation, health checks, insurance, installments, taxes, etc. Cost of living in Permenkertrans No. 13 of 2012 has the following cost of living indicators: (1) Food and Drink; (2) Clothes; (3) Housing; (4) Education; (5) Health; (6) Transportation; and (7)Recreation and Savings

**Financial Literacy**
Financial literacy is also defined as the ability to read, analyze, manage and communicate about how personal financial conditions are linked to material prosperity. Financial analysis is the application of analytical tools and techniques to general purpose financial reports and related data to produce estimates and conclusions that are useful in business analysis and for personal financial management (Hani, 2015). Financial literacy is defined as knowledge, skills and beliefs that influence attitudes and behavior

to improve the quality of decision making and financial management in order to achieve prosperity. Financial Literacy includes the ability to differentiate financial choices, discuss money and financial issues without hesitation, plan for the future, and respond competently to 16 life events that influence daily financial decisions, including events in the economy (Gunawan & Chairani, 2019). Financial literacy is very important to increase individual responsibility and see the ability to save to be sufficient for old age or retirement. Large fluctuations in loan interest can cause potential bankruptcy for someone. From several previous opinions, it can be concluded that financial literacy is the knowledge and understanding that individuals have to manage finances for future prosperity. Financial literacy is very important for individuals, because low financial literacy will lead to making wrong financial plans and have an impact on achieving prosperity in old age which is no longer productive.

Financial Literacy includes several financial dimensions that must be mastered. Several dimensions of Financial Literacy (Riana, 2020) include (1) general knowledge of finance; (2) Savings and Loans; (3) Insurance; and (4) Investment. Meanwhile, according to (Gunawan et al., 2020), the financial literacy indicators are as follows (1) General knowledge of financial management; (2) Management of savings and loans; (3) Insurance management; and (4) Investment management.

**Level of Income**

Income is the amount of income received during a certain period based on type of work, achievements and length of work. It is likely that individuals with more income will demonstrate more responsible financial management behavior, given that their available funds give them the opportunity to act responsibly. It is likely that individuals with more income will show more responsible financial management behavior, considering that available funds provide the opportunity to act responsibly (Ariani et al., 2016). In some countries, the government sets the minimum hourly wage received by workers. This is done to balance the supply and acceptance of labor (Acemoglu et al., 2015). Wages are a form of income that a person gets after carrying out his obligations. Income is usually in the form of a salary paid daily or monthly to someone. Based on the previous definition of income, it can be concluded that income is an increase or increase from all distributive transactions received by a person, a family or household during a certain period. And all transactions received are not only obtained from salaries or wages but from bonuses & commissions, pensions, social security, child allowances, investment returns from interest and dividends received, scholarships, income from asset sales and other income.

The income a person gets is of course assessed based on several things. This assessment is the basis for knowing how many results we have obtained from what we have done. The indicators for assessing a person's income based on research (Reviandani, 2019) include the following: (1) Bonuses and Incentives; (2) Additional Income; (3) Routine Salary Entry; and (4) Investment.

## RESEARCH METHOD

This research will be analyzed using a quantitative descriptive approach using the PLS-SEM method. Considering that PLS-SEM has greater potential compared to other methods such as CB-SEM where the assumptions are not too strict, so even if there are only a few indicators, research can still be carried out. According to (Ghozali & Latan, 2015), PLS is a powerful analysis method, because it is not based on many assumptions such as the data must be normally distributed and there are no multicollinearity problems. The data analysis technique used in this research is a quantitative approach using statistical analysis, namely the Partial Least Square-Structural Question Model (SEM PLS) which aims to carry out path analysis with latent variables. The purpose of using (Partial Least Square) PLS is to make predictions. Where making these predictions is to predict the relationship between constructs, in addition to helping researchers and their research to obtain latent variable values with the aim of making predictions. Latent variables are linear aggregates of the indicators. The weight estimate for creating latent variable score components is obtained based on how the inner model (structural model that connects latent variables) and outer model (measurement model, namely the relationship between indicators and their constructs) are specified. The result is that the residual variance of the dependent variable (both latent and indicator variables) is minimized.

This is in line with the opinion of (Abdillah & Hartono, 2015) that PLS is designed to complete multiple regression when specific problems occur in the data, such as a small research sample size (under 100 samples), missing values or missing data and multicollinearity. Data analysis for this research used smart PLS version 3 for Windows software.

## RESULTS

### Measurement Model Analysis (Outer Model)

The measurement model analysis (outer model) aims to evaluate the construct variables studied, the validity (accuracy) and reliability of a variable.

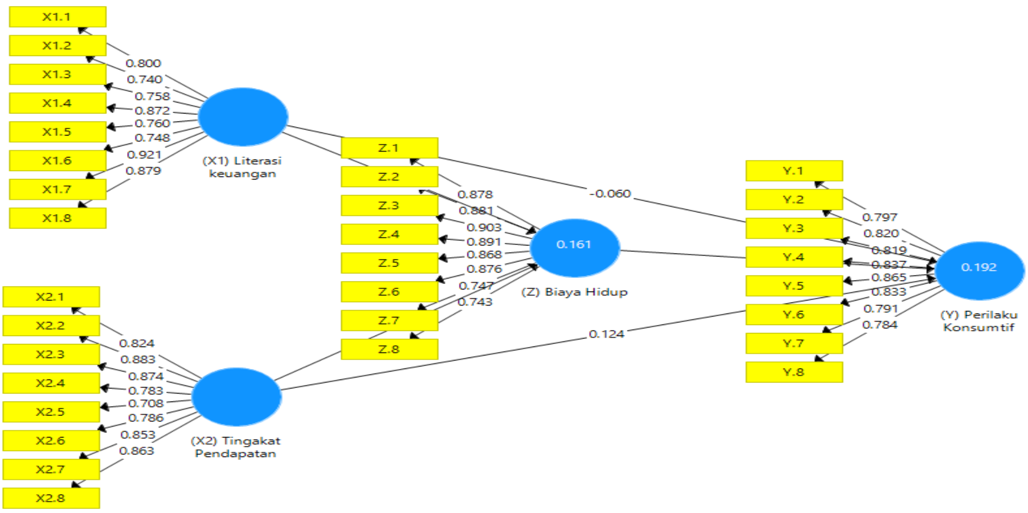


**Figure 1** PLS Algorithm

### Convergent Validity

Convergent validity is used to see the extent to which a measurement correlates positively with alternative measures of the same construct. To see whether an indicator of a construct variable is valid or not, look at the outer loading value. If the outer loading value is greater than (0.4) then an indicator is valid (Hair et al., 2021).

**Table 2.** Convergent Validity

| | Financial Literacy (X1) | Level of Income (X2) | Consumtive Behavior (Y) | Cost of Living (Z) |
|---|---|---|---|---|
| FL1 | 0,800 | | | |
| FL2 | 0,740 | | | |
| FL3 | 0,758 | | | |
| FL4 | 0,872 | | | |
| FL5 | 0,760 | | | |
| FL6 | 0,748 | | | |
| FL7 | 0,921 | | | |
| FL8 | 0,879 | | | |
| LoI1 | | 0,824 | | |

| | Financial Literacy (X1) | Level of Income (X2) | Consumtive Behavior (Y) | Cost of Living (Z) |
|---|---|---|---|---|
| LoI2 | | 0,883 | | |
| LoI3 | | 0,874 | | |
| LoI4 | | 0,783 | | |
| LoI5 | | 0,708 | | |
| LoI6 | | 0,786 | | |
| LoI7 | | 0,853 | | |
| LoI8 | | 0,863 | | |
| CB1 | | | 0,797 | |
| CB2 | | | 0,820 | |
| CB3 | | | 0,819 | |
| CB4 | | | 0,837 | |
| CB5 | | | 0,865 | |
| CB6 | | | 0,833 | |
| CB7 | | | 0,791 | |
| CB8 | | | 0,784 | |
| CoL1 | | | | 0,878 |
| CoL2 | | | | 0,881 |
| CoL3 | | | | 0,903 |
| CoL4 | | | | 0,891 |
| CoL5 | | | | 0,868 |
| CoL6 | | | | 0,876 |
| CoL7 | | | | 0,747 |
| CoL8 | | | | 0,743 |

*Source: SEM PLS (2023)*

Based on the table above it can be seen that
1. The outer loading value for the Consumptive Behavior (Y) variable is greater than 0.4, so all indicators in the Consumptive Behavior (Y) variable are declared valid.
2. The outer loading value for the Cost of Living (Z) variable is greater than 0.4, so all indicators in the Cost of Living (Z) variable are declared valid.
3. The outer loading value for the Financial Literacy variable (X1) is greater than 0.4, so all indicators in the Financial Literacy variable (X1) are declared valid.
4. The outer loading value for the Level of Income variable (X2) is greater than 0.4, so all indicators in the Level of Income variable (X2) are declared valid.

**Construct Reability and Validity**
Internal consistency analysis is a form of reliability used to assess the consistency of results across items on the same test. Internal consistency testing uses composite reliability values with the criteria that a variable is said to be reliable if the composite reliability value is > 0.600 (Hair et al., 2021)

**Tabel 3** Construct Reliability and Validity

| | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|---|---|---|---|---|
| Financial Literacy (X1) | 0,926 | 0,958 | 0,939 | 0,660 |
| Level of Income (X2) | 0,943 | 0,889 | 0,944 | 0,678 |

| | | | | |
|---|---|---|---|---|
| Consumtive Behavior (Y) | 0,930 | 0,944 | 0,942 | 0,670 |
| Cost of Living (Z) | 0,946 | 0,969 | 0,954 | 0,723 |

*Source: SEM PLS (2023)*

Based on the internal consistency analysis data in the table above, the results obtained are that variable.

1. Financial literacy (X1) has a composite reliability value of 0.939 > 0.600, so the Financial Literacy variable (X1) is reliable.
2. Level of Income (X2) has a composite reliability value of 0.944 > 0.600, so the Income Level (X2) variable is reliable.
3. Consumptive Behavior (Y) has a composite reliability value of 0.942 > 0.600, so the Consumptive Behavior (Y) variable is reliable.
4. Cost of Living (Z) has a composite reliability value of 0.954 > 0.600, so the Cost of Living (Z) variable is reliable.

**Discriminant Validity**

Discriminant validity aims to assess whether an indicator of a construct variable is valid or not, namely by looking at the Heterotrait - Monotrait Ratio of Correlation (HTMT) value < 0.90, then the variable has good discriminant validity (valid) (Hair et al., 2021).

**Table 4** Discriminant Validity

| | Financial Literacy (X1) | Level of Income (X2) | Consumtive Behavior (Y) | Cost of Living (Z) |
|---|---|---|---|---|
| Financial Literacy (X1) | | | | |
| Level of Income (X2) | **0,385** | | | |
| Consumtive Behavior (Y) | **0,145** | **0,177** | | |
| Cost of Living (Z) | **0,273** | **0,151** | **0,402** | |

*Source: SEM PLS (2023)*

Based on the table above, the results of the Heterotrait - Monotrait Ratio of Correlation (HTMT) correlation are obtained

1. Financial Literacy Variable (X1) with Level of Income (X2) of 0.385 < 0.900, correlation of the Heterotrait – Monotrait Ratio Of Correlation (HTMT) variable Financial Literacy (X1) with Consumptive Behavior (Y) of 0.145 < 0.900 Heterotrait – Monotrait Ratio correlation Of Correlation (HTMT) of the Financial Literacy variable (X1) with the Cost of Living (Z) of 0.273 < 0.900. Thus, all Financial Literacy correlation values (X1) are declared valid.
2. The correlation value of the Heterotrait – Monotrait Ratio Of Correlation (HTMT) variable Level of Income (X2) with Consumptive Behavior (Y) is 0.177 < 0.900, the correlation value of the Heterotrait – Monotrait Ratio Of Correlation (HTMT) variable Level of Income (X2) with the Cost of Living (Z) is 0.151 < 0.900. Thus, all Level of Income correlation values (X2) are declared valid.
3. The correlation value of the Heterotrait – Monotrait Ratio of Correlation (HTMT) variable of Consumptive Behavior (Y) to the Cost of Living (Z) is 0.402 < 0.900. Thus, all correlation values of Consumptive Behavior (Y) are declared valid.

**Structural Model Analysis (Inner Model)**

**Kolineritas (Colinierity/Variance Inflction Factor/VIF)**

Collinearity testing is to prove whether the correlation between latent variables/constructs is strong or not. If there is a strong correlation, it means that the model contains problems from a methodological point of view, because it has an impact on the estimation of statistical significance. This problem is called collinearity. The value used to analyze it is by looking at the Variance Inflation Factor (VIF) value. If the VIF value is greater than 5.00, it means there is a collinearity problem, and conversely there is no collinearity problem if the VIF value is <5.00 (Hair et al., 2021).

**Table 5** Collinearity

| | Financial Literacy (X1) | Level of Income (X2) | Consumtive Behavior (Y) | Cost of Living (Z) |
|---|---|---|---|---|
| Financial Literacy (X1) | | | 1,291 | 1,118 |
| Level of Income (X2) | | | 1,226 | 1,118 |
| Consumtive Behavior (Y) | | | | |
| Cost of Living (Z) | | | 1,192 | |

*Source: SEM PLS (2023)*

From the data above it can be described as follows:
1. VIF for the correlation of Financial Literacy (X1) with Consumptive Behavior (Y) is 1,291 < 5.00 (no collinearity problems occur)
2. VIF for the correlation of Level of Income (X2) with Consumptive Behavior (Y) is 1.226 < 5.00 (no collinearity problems occur)
3. VIF for the correlation of Financial Literacy (X1) with Cost of Living (Z) is 1.118 < 5.00 (no collinearity problems occur)
4. VIF for the correlation of Level of Income (X2) with Cost of Living Behavior (Z) is 1.118 < 5.00 (no collinearity problems occur)
5. VIF for the correlation of Cost of Living (Z) with Consumptive Behavior (Y) is 1.192 < 5.00 (no collinearity problem occurs)

Thus, from the data above, the structural model in this case is not all correlations are free from collinearity problems.

**Testing the Significance of Structural Model Path Coefficients**

In this test there are two stages, namely testing the direct influence hypothesis and testing the indirect influence hypothesis. The hypothesis testing path coefficients are in the image below:

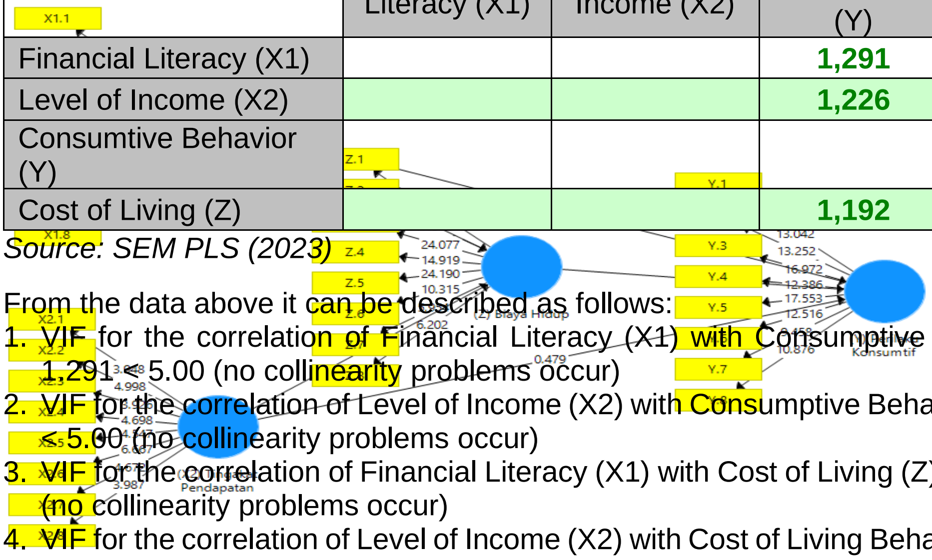


**Figure 2** PLS Bootstraping

**Direct Effect Testing**

Direct influence hypothesis testing aims to prove the hypotheses of the influence of a variable on other variables directly (without intermediaries), namely:
1. If the path coefficient value is positive, it indicates that an increase in the value of one

variable is followed by an increase in the value of another variable.
2. If the path coefficient value is negative, it indicates that an increase in one variable is followed by a decrease in the value of another variable. (Hair et al., 2021).

And the probability value is:
1. If the probability value (P-Value) < Alpha (0.05) then Ho is rejected (the influence of one variable on other variables is significant).
2. If the probability value (P-Value) > Alpha (0.05) then Ho is accepted (the influence of one variable on other variables is not significant).

**Table 6** Hypothesis of Direct Effect

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values |
|---|---|---|---|---|---|
| Financial Literacy (X1) -> Consumtive Behavior (Y) | -0,060 | -0,073 | 0,287 | 0,210 | 0,835 |
| Financial Literacy (X1) -> Cost of Living (Z) | 0,381 | 0,410 | 0,138 | 2,765 | 0,008 |
| Level of Income (X2)-> Consumtive Behavior (Y) | 0,124 | 0,040 | 0,258 | 0,479 | 0,634 |
| Level of Income (X2)-> Cost of Living (Z) | -0,302 | -0,154 | 0,235 | 1,282 | 0,206 |
| Cost of Living (Z) -> Consumtive Behavior (Y) | 0,463 | 0,433 | 0,175 | 2,650 | 0,011 |

*Source: SEM PLS (2023)*

Based on the table above, it can be obtained:
1. The direct influence of the Financial Literacy variable (X1) on the Consumptive Behavior variable (Y) has a path coefficient of -0.060 (negative), so an increase in the value of the Financial Literacy variable (X1) will be followed by a decrease in the Consumer Behavior variable (Y). The influence of the Financial Literacy variable (X1) on Consumptive Behavior (Y) has a P-Value of 0.835 > 0.05, so it can be stated that Financial Literacy (X1) has no effect on Consumptive Behavior (Y).
2. The direct influence of the Financial Literacy variable (X1) on the Cost of Living variable (Z) has a path coefficient of 0.381 (positive), so an increase in the value of the Financial Literacy variable (X1) will be followed by an increase in the Cost of Living variable (Z). The influence of the Financial Literacy variable (X1) on the Cost of Living (Z) has a P-Value of 0.008 < 0.05, so it can be stated that Financial Literacy (X1) has a significant effect on the Cost of Living (Z).
3. The direct influence of the Level of Income variable (X2) on the Consumptive Behavior variable (Y) has a path coefficient of 0.124 (positive), so an increase in the value of the Level of Income variable (X2) will be followed by an increase in the Consumptive Behavior variable. The influence of the variable Income Level (X2) on Consumptive Behavior (Y) has a P-Values value of 0.634 > 0.05, so it can be stated that Level of Income (X2) has no significant effect on Consumptive Behavior (Y).
4. The direct effect of the Income Level variable (X2) on the Cost of Living variable (Z) has a path coefficient of -0.302 (negative), so an increase in the value of the Income Level variable (X2) will be followed by a decrease in the Cost of Living variable (Z). The influence of the variable Level of Income (X2) on the Cost of Living (Z) has a P-Values value of 0.206 > 0.05, so it can be stated that Income Level (X2) has no effect on the Cost of Living (Z).
5. The direct influence of the Cost of Living variable (Z) on Consumptive Behavior (Y) has a path coefficient of 0.463 (positive), so an increase in the value of the Cost of Living variable (Z) will be followed by an increase in the Consumer Behavior variable (Y). The influence of the Cost of Living (Z) variable on Consumptive Behavior (Y) has

a P-Value of 0.011 < 0.05, so it can be stated that the influence of the Cost of Living (Z) has a significant effect on Consumptive Behavior (Y).

**Testing the Indirect Effect Hypothesis**

Indirect influence hypothesis testing aims to prove hypotheses about the influence of a variable on other variables indirectly (through intermediaries).

1. If the indirect influence coefficient value <direct influence coefficient, then it mediates the relationship between one variable and another variable.
2. If the indirect influence coefficient value > direct influence coefficient, then it does not mediate the relationship between one variable and another variable (Hair et al., 2021)

**Table 7** Indirect Effect Hypothesis

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values |
|---|---|---|---|---|---|
| Financial Literacy (X1)**->** Cost of Living (Z) **->** Consumtive Behavior (Y) | 0,176 | 0,176 | 0,100 | 1,762 | **0,084** |
| Level of Income (X2) **->** Cost of Living (Z) **->** Consumtive Behavior (Y) | -0,140 | -0,060 | 0,114 | 1,224 | **0,227** |

*Source: SEM PLS (2023)*

Based on the table above, it is obtained

1. The P Value of the indirect influence between the Financial Literacy variable (X1) on Consumptive Behavior (Y) mediated by the Cost of Living (Z) is 0.084 > 0.05, thus it can be stated that the Cost of living (Z) does not mediate the influence between Financial Literacy (X1) on Consumptive Behavior (Y).
2. The P Value of the indirect influence of the variable Level of Income (X2) on Consumptive Behavior (Y) mediated by the Cost of Living (Z) is 0.227 > 0.05, thus it can be stated that the Cost of Living (Z) does not mediate the influence between Level of Income (X2) on Consumptive Behavior (Y).

**Coefficient of Determination (R Square)**

The Coefficient of Determination (R Square) aims to evaluate the accuracy of predictions for a variable. In other words, to evaluate how variations in the value of the dependent variable are influenced by variations in the value of the independent variable in a path model (Hair et al., 2021).

1. An R Square value of 0.75 indicates a strong PLS model.
2. An R Square of 0.50 indicates a moderate PLS model.
3. An R Square value of 0.25 indicates a weak PLS model (Ghozali & Latan, 2015)

**Table 8** Coefficient of Determination

| | R Square | R Square Adjusted |
|---|---|---|
| Consumtive Behavior (Y) | 0,192 | 0,140 |
| Cost of Living (Z) | 0,161 | 0,126 |

*Source: SEM PLS (2023)*

In the table above, the results show that the influence of Financial Literacy (X1) and Level of Income (X2) on Consumptive Behavior (Y) is 0.192, meaning the magnitude of the influence is 19.2%, this means it shows a moderate/weak PLS. Then, the result of the influence of Financial Literacy (X1) and Level of Income (X2) on the Cost of Living (Z) is 0.161, meaning the magnitude of the influence is 16.1%, this means it shows a moderate/weak PLS.

## DISCUSSION

**The Influence of Financial Literacy on Consumptive Behavior**
Financial literacy is an individual's ability to manage their own finances so that financial difficulties do not occur in their lives. Consumptive behavior is behavior that is more concerned with fulfilling one's desires rather than simply fulfilling the needs one really needs. The level of consumer behavior can be avoided when we can manage our finances well, our financial management can be good when the level of knowledge regarding our management is good or what is often called financial literacy.

The results of this research found that the direct influence of the Financial Literacy (X1) on the Consumptive Behavior (Y) has a path coefficient of -0.060 (negative), and a P-Values value of 0.835 > 0.05, so it can be stated that it has no effect on Financial Literacy (X1) on Consumptive Behavior (Y) to Employees PT Sintora Putra Gasindo, shows that financial literacy has a negative and significant effect on consumer behavior. This can happen if the ability to understand and apply financial literacy is balanced, but if someone only understands but does not apply financial literacy to everyday life, then financial literacy will not really influence the increase or decrease in consumer behavior.

The results of this research are also supported by research conducted by (Kusumaningtyas, 2017), (Lisdayanti et al., 2023) and (Fungky et al., 2022) which stated that financial literacy variables have no effect on consumer behavior.

**The Influence of Level of Income on Consumptive Behavior**
Income is the amount of income received during a certain period based on type of work, achievements and length of work. It is likely that individuals with more income will show more responsible financial management behavior, considering that available funds provide the opportunity to act responsibly (Arianti, 2020).

The results of this research found that the direct influence of the Level of Income (X2) on the Consumptive Behavior (Y) has a path coefficient of 0.124 (positive), and a P-Values value of 0.634 > 0.05, so it can be stated that there is no significant influence of Level of Income (X2) on Consumptive Behavior (Y) to Employees PT Sintora Putra Gasindo. The results of this research show that there is no influence of income level on consumer behavior. This can happen if someone has a high income and he has knowledge about how to manage finances, he will not engage in consumptive behavior.

The results of this research are in line with the theory put forward by Duessenbarry in (Joharelita, 2017) that today's consumption is not determined by the income one has, the greater the income in the household, is not directly proportional to the greater (expensive) consumption and vice versa. A person's income decreases (low) does not mean that their consumption will also decrease

**The Influence of Financial Literacy on the Cost of Living**
Financial literacy is a basic need for everyone to avoid financial problems, and has become very important over time. Financial literacy can also be influenced by the income received. Financial literacy is defined as knowledge, skills and beliefs that influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity. If we understand Financial Literacy then our financial management of living costs will be better.

The results of this research found that the direct influence of the Financial Literacy (X1) on the Cost of Living (Z) has a path coefficient of 0.381 (positive), and a P-Values value of 0.008 < 0.05, so it can be stated that there is a significant influence of Financial Literacy (X1) to the Cost of Living (Z) for PT Employees. Sintora Putra Gasindo. This can happen if someone has financial literacy knowledge and applies it to everyday life, that person will minimize high living costs. So someone who has high financial literacy knowledge will be able to manage their living costs well.

The results of this research are also supported by research conducted (Hilgert et al., 2003) & (Wiwik et al., n.d.) which states that the Financial Literacy variable has a significant effect on the Cost of Living.

**The Influence of Level of Income on the Cost of Living**
Income is the net income a person receives in a certain time period. Income is used to meet living needs (consumption) for themselves and their families, while the rest will be set aside for savings.

The direct influence of Income Level (X2) on the Cost of Living (Z) has a path coefficient of -0.302 (negative) and P-Values of 0.206 > 0.05, so it can be stated that there is no effect of Income Level (X2) on the Cost of Living (Z ) to employees of PT. Sintora Putra Gasindo. This can happen if a person has a high level of income and he has an understanding of how to manage his finances, then his cost of living will not be high either.

The results of this research are different from previous research conducted by (Giang, 2013) & (Rinawati et al., 2014) which showed that income level had a negative and significant effect on the cost of living.

**The Influence of the Cost of Living on Consumptive Behavior**
Living Costs are also defined as step-by-step instructions on how to calculate daily living costs in detail and in action, such as: consumption, electricity, water, telephone, gas, transportation, health checks, insurance, installments, taxes and others (Gibtiah. et al., 2016). Employee behavior is related to the Cost of Living, Employees have different characteristics, therefore employees who have a high Cost of Living will tend to behave wastefully, while employees who have a low Cost of Living will tend not to be wasteful, but in the digital era in reality Employees are still unable to control themselves in managing their finances, because what they need is very easy so they easily behave consumptively.

The results of this research found that the direct influence of the Cost of Living (Z) on Consumptive Behavior (Y) has a path coefficient of 0.463 (positive), and a P-Values value of 0.011 < 0.05, so it can be stated that there is a significant influence of the Cost of Living ( Z) on Consumptive Behavior (Y) to employees of PT. Sintora Putra Gasindo. This can happen if the cost of living is high, consumer behavior will also be high, because someone does not understand financial literacy and incorporates it into their daily life.

Based on the results of previous research conducted by (Sa'idah & Fitrayati, 2022) and (Alamanda, 2018) it was concluded that the Cost of Living has a significant effect on consumer behavior.

**The Influence of Financial Literacy on Consumptive Behavior Mediated by the Cost of Living.**
Financial literacy is an important factor in making financial decisions. In living life, every individual wants a more prosperous life, by managing their expenses and income in such a way as to produce the desired wealth. Individuals who are categorized as having a good Cost of Living are believed to be able to manage their finances well too. If someone has the desire to consume a good/service, that person can control themselves to consume the good/service without excessively, but only based on their needs.

The results of this study found that the P Value of the indirect influence of the Financial Literacy (X1) on Consumptive Behavior (Y) mediated by the Cost of Living (Z) was 0.084 > 0.05, thus it can be stated that the Cost of Living (Z) is not mediating. The influence of Financial Literacy (X1) on Consumptive Behavior (Y) to employees of PT. Sintora Putra Gasindo. The research results show that the Cost of Living variable (Z) cannot mediate the influence of the Financial Literacy variable (X1) on Consumptive Behavior (Y). This explains that indirectly the Cost of Living is neither able to strengthen nor weaken the influence of financial literacy on consumer behavior. The presence or absence of cost of living variables has no effect on the relationship between financial literacy and consumer behavior.

A person's cost of living is a characteristic of him. The process of changing a person's behavior to become consumptive is due to the influence of their environment, thus forming a consumptive cost of living. Managing personal finances well is important and excessive consumerism is not good. We must not be too wasteful nor too stingy. The right attitude is middle, moderate, balanced between individual interests and the interests of society.

### The Influence of Level of Income on Consumptive Behavior Mediated by the Cost of Living

The results of this study found that the P Value of the indirect influence of the Income Level variable (X2) on Consumptive Behavior (Y) mediated by the Cost of Living (Z) was 0.227 > 0.05, thus it can be stated that the Cost of Living (Z) is not mediating. The influence of income level (X2) on consumer behavior (Y) to employees of PT. Sintora Putra Gasindo. Income is the amount of income received during a certain period based on type of work, achievements and length of work. It is likely that individuals with more income will show more responsible financial management behavior, considering that the available funds give them the opportunity to act responsibly (Arianti, 2020).

Consumptive behavior is the behavior of consuming goods that are actually lacking or not needed (especially related to the response to the consumption of secondary goods, namely goods that are not really needed). Consumptive behavior occurs because people have materialistic tendencies, a great desire to own objects without paying attention to their needs and most of the purchases made are driven by the desire to fulfill the desire for pleasure alone. Indeed, there is no satisfactory definition of the word consumptive (Pulungan & Febriaty, 2018).

Living Costs are directly related to expenses incurred to meet the daily needs of a decent living for one month in order to maintain living standards in an area, such as expenses for: consumption, electricity, water, telephone, gas, transportation, health checks, insurance, installments, taxes, etc.

## CONCLUSION

Based on the results of the research and discussion previously stated, the following conclusions can be drawn:

1. Financial Literacy has no significant effect on Consumptive Behavior to employees of PT. Sintora Putra Gasindo.
2. Level of Income has no significant effect on consumer behavior to employees of PT. Sintora Putra Gasindo.
3. Financial Literacy has a significant effect on the Cost of Living to employees of PT. Sintora Putra Gasindo.
4. Level of Income does not have a significant effect on the cost of living to employees of PT. Sintora Putra Gasindo.
5. Cost of Living has a significant effect on Consumptive Behavior to employees of PT. Sintora Putra Gasindo.
6. Financial Literacy has no significant effect on Consumptive Behavior mediated by the Cost of Living to employees of PT. Sintora Putra Gasindo.
7. Level of Income does not have a significant effect on consumption behavior mediated by the cost of living to employees of PT. Sintora Putra Gasindo.

### LIMITATION (OPTIONAL)

This research has been attempted and carried out in accordance with science, however it still has limitations, including: (1) In the data research process, the information provided by respondents through questionnaires sometimes does not show the actual opinions of the respondents. This happens because there are differences in thoughts, assumptions and understanding of each respondent, other factors such as honesty in filling out respondents' opinions in their questionnaires; (2) It is difficult for researchers to find respondents because the employees are not in one place so the researcher has to go to the employees one by one; and (3) The number of variables studied only consists of 4 (four) variables, namely Financial Literacy, Level of Income, Consumptive Behavior, and Cost of Living.

**ACKNOWLEDGMENT**
Thank you to Universitas Muhammadiyah Sumatera Utara for funding participation in this International Conference

**DECLARATION OF CONFLICTING INTERESTS**
The authors declared no potential conflicts of interest.

## REFERENCES

Abdillah, W., & Hartono, J. (2015). *Partial least square (PLS) : alternatif structural equation modeling (SEM) dalam penelitian bisnis* (D. Prabantini, Ed.; 1st ed.). Andi.

Acemoglu, D., Laibson, D., & List, J. A. (2015). *Macroeconomics_PDF_eBook_Global_Edition*.

Alamanda, Y. (2018). Pengaruh Harga Diri dan Gaya Hidup Terhadap Perilaku Konsumtif. *Psikoborneo: Jurnal Ilmiah Psikologi*, *6*(2). https://doi.org/10.30872/psikoborneo.v6i2.4570

Ariani, S., Rahmah, P. A. A. A., Putri, Y. R., Rohmah, M., Budiningrum, A., & Lutfi, L. (2016). Pengaruh literasi keuangan, locus of control, dan etnis terhadap pengambilan keputusan investasi. *Journal of Business & Banking*, *5*(2), 257. https://doi.org/10.14414/jbb.v5i2.706

Arianti, B. F. (2020). Pengaruh Pendapatan Dan Perilaku Keuangan Terhadap Literasi Keuangan Melalui Keputusan Berinvestasi Sebagai Variabel Intervening. *Jurnal Akuntansi*, *10*(1), 13–36. https://doi.org/10.33369/j.akuntansi.10.1.13-36

Fatimah, N., & Susanti. (2018). Pengaruh Pembelajaran Akuntansi Keuangan, Literasi Keuangan, Dan Pendapatan Terhadap Perilaku Keuangan Mahasiswa Fakultas Ekonomi Universitas Muhammadiyah Gresik. *Jurnal Pendidikan Akuntansi (JPAK)*, *6*(1), 48–57.

Fitriyani, N., Widodo, P. B., & Fauziah, N. (2013). Hubungan Antara Konformitas Dengan Perilaku Konsumtif Pada Mahasiswa Di Genuk Indah Semarang. *Jurnal Psikologi*, *12*(1), 1–14.

Fungky, T., Sari, T. P., & Sanjaya, V. F. (2022). Pengaruh Gaya Hidup Serta Literasi Keuangan Terhadap Perilaku Konsumtif Generasi Z Pada Masa Pandemi. *Jurnal Valuasi: Jurnal Ilmiah Ilmu Manajemen Dan Kewirausahaan*, *2*(1), 82–98. https://doi.org/10.46306/vls.v2i1.71

Ghozali, I., & Latan, H. (2015). *Partial Least Squares : Konsep, Teknik, dan Aplikasi Menggunakan Program SmartPLS 3.0 untuk Penelitian Empiris*.

Giang, R. R. (2013). Pengaruh Pendapatan Terhadap Konsumsi Buruh Bangunan Di Kecamatan Pineleng. *Jurnal EMBA*, *1*(3), 15–20.

Gibtiah, G., Desiana, L., & Aryanti, A. (2018). Analisis Muslim Friendly Tourism, Living Cost, Culture Dan Kurs Valuta Asing Terhadap Minat Wisatawan Muslim Dalam Pengambilan Keputusan Untuk Berkunjung Ke Jepang. *Nurani: Jurnal Kajian Syari'ah Dan Masyarakat*, *18*(1), 45–60. https://doi.org/10.19109/nurani.v18i1.1886

Gunawan, A., & Chairani, C. (2019). Effect of Financial Literacy and Lifestyle of Finance Student Behavior. *International Journal of Business Economics (IJBE)*, *1*(1), 76–86. https://doi.org/10.30596/ijbe.v1i1.3885

Gunawan, A., Pirari, W. S., & Sari, M. (2020). Pengaruh Literasi Keuangan dan Gaya Hidup Terhadap Pengelolaan Keuangan Mahasiswa Prodi Manajemen Universitas Muhammadiyah Sumatera Utara. *Jurnal Humaniora : Jurnal Ilmu Sosial, Ekonomi Dan Hukum*, *4*(2), 23–35. https://doi.org/10.30601/humaniora.v4i2.1196

Gunawan, A., Sari, M. P., & Jufrizen, J. (2022). Pengaruh Pengetahuan Keuangan Dan Kepribadian Terhadap Perilaku Keuangan. *Jurnal AKTUAL*, *20*(1). https://doi.org/10.47232/aktual.v20i1.145

Hair, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S. (2021). *Partial Least Squares Structural Equation Modeling (PLS-SEM) Using R*. Springer International Publishing. https://doi.org/10.1007/978-3-030-80519-7

Hani, S. (2015). *Teknik analisa laporan keuangan*. UMSU Press.

Hidayah, N., & Bowo, P. A. (2019). Pengaruh Uang Saku, Locus Of Control, Dan Lingkungan Teman Sebaya Terhadap Perilaku Konsumtif. *Economic Education Analysis Journal*, *7*(3), 1025–1039. https://doi.org/10.15294/eeaj.v7i3.28337

Hilgert, M., Hogarth, J., & Beverly, S. (2003). Household Financial Management: The Connection Between Knowledge and Behavior. *Federal Reserve Bulletin*, *89*, 309–322.

Joharelita, M. (2017). Pengaruh Pendapatan Orangtua Dan Pengetahuan Ekonomi Terhadap Perilaku Konsumsi Siswa Sma Negeri 1 Jawai. *Jurnal Pendidikan Dan Pembelajaran Khatulistiwa (JPPK)*, *6*(8), 1–9. https://jurnal.untan.ac.id/index.php/jpdpb/article/view/21270

Kusumaningtyas, I. (2017). Pengaruh Literasi Keuangan dan Gaya Hidup terhadap Perilaku Konsumtif Siswa Kelas XI IPS di SMA Negeri 1 Taman Sidoarjo. *Jurnal Pendidikan Ekonomi (JUPE)*, *5*(3). https://ejournal.unesa.ac.id/index.php/jupe/article/view/20432

Lisdayanti, D., Trihantana, R., & Kusumaningrum, R. (2023). Pengaruh Literasi Keuangan, Electronic Money, Gaya Hidup, Dan Kontrol Diri Terhadap Perilaku Konsumtif Mahasiswa Pada Masa Pandemi Covid-19. *SAHID BANKING JOURNAL*, *3*(01), 168–187. https://doi.org/10.56406/sahidbankingjournal.v3i01.126

Mulyadi. (2010). *Akuntansi Biaya*. Sekolah Tinggi Ilmu Manajemen YKPN.

Nurjanah, S. (2019). Pengaruh Literasi Ekonomi Dan Self Control Terhadap Perilaku Konsumtif Mahasiswa Fakultas Ekonomi Universitas Negeri Jakarta. *Parameter: Jurnal Pendidikan Universitas Negeri Jakarta*, *31*(2), 124–133. https://doi.org/10.21009/parameter.312.05

Nurmala, F., Arya, M., Nurbaiti, N., & Putri, L. P. (2021). Analisis Tingkat Literasi Keuangan Mahasiswa di Tengah Pandemi (Studi Kasus Pada Mahasiswa FEB UMSU). *Jurnal Ilmiah Magister Manajemen (MANEGGIO)*, *4*(2), 307–314.

Otoritas Jasa Keuangan (OJK). (2021, December 19). *Strategi Nasional Literasi Keuangan Indonesia (SNLKI) 2021 - 2025*. https://www.ojk.go.id/id/berita-dan-kegiatan/publikasi/Pages/Strategi-Nasional-Literasi-Keuangan-Indonesia-2021-2025.aspx

Pulungan, D. R., & Febriaty, H. (2018). Pengaruh Gaya Hidup Dan Literasi Keuangan Terhadap Perilaku Konsumtif Mahasiswa. *Jurnal Riset Sains Manajemen*, *2*(3), 103–110.

Purwanti, P. (2021). Pengaruh Financial Knowledge, Financial Attitude, Presepsi Kemudahan, Sosial Demografi Penggunaan Dana Dompet Digital Terhadap Financial Management Behavior (Studi Empiris Konsumen Mahasiswa Di Pelita Bangsa ). *Jurnal Daya Saing*, *7*(1), 57–66.

Purwidianti, W., & Mudjiyanti, R. (2016). Analisis Pengaruh Pengalaman Keuangan Dan Tingkat Pendapatan Terhadap Perilaku Keuangan Keluarga Di Kecamatan Purwokerto Timur. *Benefit: Jurnal Manajemen Dan Bisnis*, *1*(2), 141. https://doi.org/10.23917/benefit.v1i2.3257

Riana, I. (2020). *Pengaruh Literasi Keuangan, Gaya Hidup, dan Lingkungan Sosial Terhadap Perilaku Konsumtif Pada Wanita Karir di Lingkungan Pemerintah Daerah Kabupaten Bengkalis.* UIN Suska Riau.

Rinawati, Yantu, M. R., & Rauf, R. Abd. (2014). The Effect of Income on Consumtion of Lowland Rice Farmer in Karawana Village Dolo Sub District Sigi District. *Jurnal Agrotekbis*, *2*(6), 652–659.

Sa'idah, F., & Fitrayati, D. (2022). Analisis Pengaruh Literasi Ekonomi dan Gaya Hidup Hedonis Terhadap Perilaku Konsumtif Mahasiswa di Era Pandemi Covid-19. *Jurnal Paedagogy*, *9*(3), 467. https://doi.org/10.33394/jp.v9i3.5288

Sari, M., Irfan, I., Jufrizen, J., & Deli, L. (2020). *The Testing Model of Financial Management Ability of Small and Medium Enterprises (SMEs)*. https://api.semanticscholar.org/CorpusID:234432294

Sumartono. (2002). *Terperangkap dalam iklan: Meneropong Imbas Pesan Iklan Televisi*.

Supriyono, R. A. (2011). *Akuntansi Biaya: Perencanaan dan Pengendalian Biaya serta Pembuatan Keputusan. Buku 2 -2/E.* BPFE.

Wiwik, V., Khosmas, F. Y., Genjik, B., Program, S., Pendidikan, S., Fkip, E., & Pontianak, U. (n.d.). *Pengaruh Literasi Keuangan Terhadap Pengelolaan Biaya Hidup Pada Mahasiswa Pendidikan Ekonomi Fkip Untan Pontianak*.

Wurangian, F. D., Engka, D., & Sumual, J. (2015). Analisis Pola Konsumsi Mahasiswa Fakultas Ekonomi & Bisnis Universitas Samratulangi yang Kost di Kota Manado. *Jurnal Berkala Ilmiah Efisiensi*, *15*(2), 74–87.