SPENDING PATTERN ON YOUNG ADULT

Cicilia Larasati Rembulan[1], Kuncoro Dewi Rahmawati[2]

Faculty of Psychology, Universitas Ciputra, Surabaya
INDONESIA
Emails: [1]crembulan@ciputra.ac.id, [2]kuncoro.dewi@ciputra.ac.id

ABSTRACT

This research aims to identify spending pattern on young adult. This study is quantitative descriptive with data source from documents study (personal journal) within one month. There were 70 university students ranging from 17 to 24 years old participants took part in this research by sampling-convenience-sampling technique. The results of the research on young adult's spending pattern are mostly spent on food, personal needs, automobile, and entertainment. Majority of the participants has not been aware on saving or investing yet, showed on the amount of spending rather than investing/ saving.

Keywords: *spending pattern*, young adult, consumptive.

INTRODUCTION

Young adult stage is a stage of searching for stability and reproductive, a stage with full of problems and emotional tense, social isolation period, commitment period and dependence period, values change, creativity, and self-adaptation on new life pattern (Hurlock, 1980). Many things and changes occur on young adult, one of them is related on socio-economy. Different from childhood age, young adult has been already more independent in taking financial decision, whether he desires to buy some goods or not. In searching ideal self-pattern and adapting new life pattern, new socio economy pattern, teenagers are often influenced by products and service promotion offered by mass media or direct market. (Gumulya & Widyastuti, 2013)

Many young adults showed consumptive behavior, which is buying goods, which are not really important, excessively. It showed by Sriatmini's research (2009) that were 90.61 % students of State-owned-Upper Secondary in Malang doing excessive consumptive behavior. In America, in 1999 young adult's spending reached a huge number that was at 82 million dollar. Bayley in Alhabeeb (1996) explained that majority on young adult spending was on *entertainment,* clothes, cosmetics, and transportation. It is in line with data found by Alhabeeb (1999) that young adult spent mostly on recreation and luxurious goods. Enrico, Aron, Oktavia (2014) explained that young adult, especially university students mostly spent on cafe and *hang out* with friends because there is desire and social needs. Yu, Chan, Coi (n.d) also explained that clothes is a very important thing for young adult, because clothes can be a means of expressing their identity. It caused them more consumptive and lack of saving. Pillai, Carlo, DSouza

(2010) even found that there was an excessive credit card usage problem on university students. Scheresberg (2013) also stated similar thing, which is many youth had financial problem, mainly problem on setting needs priority between saving, investments and using money for debt.

One of youth's uncontrolled on money spending was caused by lack of knowledge on how using money wisely and lack of training on the right usage on money (Hurlock, 1980). Based on interview with one of bank employees that run on investment, it is known that investment's awareness among youths is very low. (Komunikasi Personal, 2013). In line with the finding by Alhabeeb (1999) youths with low awareness in saving and lack of knowledge on inflation concept, interest, and risk diversification (Scheresberg, 2013). It is quite worrying because according to Webley, Burgoyne, Young (2001), a spending money habit in young age usually tends to be permanent and rarely to change.

If someone considers that financial management is trivial- irrational and unwise in managing his finance- so one of effects that can happen in the future days for him is not ready for the possibility of negative and sudden event, such as job losing or sickness (Lucarelli & Brighetti, 2011). Basically, one should refer life cycles hypothesis, someone needs to save for old age. However people with low financial knowledge rely on self-decision. It ends up with low saving behavior and inefficient buying action. Another problem that rises is non-performing-loan or unreadiness for retirement or old age. The problem on unreadiness of retirement sits on big 10 stress causes. Financial problem can spread on psychological one, one feels that he is unworthy and feels meaningless (Eliana, 2003). In the end his welfare and happiness will be distracted. (Kapoor, Dlabaya, Hughes, 2009).

Issue on spending is very important thing to apply in someone's life regarding that its effect will not only exist on him but also macro effect. Like in America that suffers global recession, job instability, market volatility because its society that cannot manage their financial well. American society suffers from debt that cannot be paid. It showed that micro problem can cause quite negative result in macro scope. (Spann, 1997). Renanita & Hidayat (2013) also found that someone's behavior (especially on debt) cannot be free from social norm context. A person who suffers financial problem can be considered as a representation of bigger financial problem of a certain society. Thus, financial literacy in the micro level needs to get special attention.

Kapoor, Dlabava, Hughes (2009) said that the importance of money management skill comprised of: (1) estimate the present financial position, (2) make financial planning direction, (3) apply budget and spending bill recording, (4) evaluate spending budget program. Pillai, Carlo & Dsouza said that one of important things by youths is writing down their financial activity. By doing so, it will make them discipline on money usage. In this research, the researchers focused on the third stage, which is applying spending budget. In applying spending budget, there are 2 things that need to concern, set budget system and monitor budget pattern, saving and investing. (Kapoor, Dlabaya, Hughers, 2009).

Researches on consumptive style on young adult have been done, such as by Pillai & Dsouza (2010) on financial skill on young adult, Azam (2012) on consumptive style on young adult, Enrico, Aron, Oktavia (2014) on consumptive behavior on young adult in Jakarta, Scheresberg (2013) on *financial literacy* on young adult. There was also Gumulya & Widiastuti (2013) on consumptive behavior and self-concept & Alhabeeb (1996) on teenagers' spending. However, all those researches used questionnaire/ psychology-scale- instrument-survey as its method that more measure on one's attitude on his spending, consumptive style, and was measured only once. Another quite different research was done by Walsh & Spiggle (1994) that applied interview method. It's different from the previous research but, again interview still cannot dig

out young adult manifest spending. Based on reviewing on researches that have been done already, there was no research that used personal document study, writing process with longer measurement, and focus on manifest behavior. So, this research was done in order to:

1. Identify *spending pattern among young adult*,
2. Identify kinds of spending pattern that mostly done by young adult.

By identifying more manifest behavior pattern and kinds of spending, so research result can be more concrete because the data is the manifest data, not attitude scale. This research can be useful to elaborate knowledge on economy psychology specifically that is related with financial behavior. This research is beneficial for parents to educate their children in order to have financial literacy, for teenagers-adult it is good to build better financial habit, for business people it is for targeting teenagers-adult customers in more accurate or for customers education program.

RESEARCH METHODS

Research design that was applied is quantitative research with descriptive analysis. Descriptive analysis is one of research data analysis that is used to test research result based on one sample (Siregar, 2010). Hasan (in Siregar, 2010) stated that descriptive analysis only uses one or more variable but independent, so this analysis is not in the form of comparison or relation. Data collecting in this research used document study technique. Herdiyansah (2010) said that document study is one of data collecting method by examining or analyzing documents that are made by the research subject or other people related to the research subject everyday consecutively. Moleong in Herdiansyah (2010) said that there are two forms of documents that can be used as resource in document study, as follows: personal and official document. In this research data collecting used personal document owned by the subject, which is daily financial note which is written within one month (March to April 2015). Sample taking was based on *convenience sampling* technique. It is one of data collecting techniques with subjects that are easy to meet. (Kalton dalam Juliandi, dkk., 2014). This technique is good to be used with goal in order to explore and identify big picture by only fulfilling criteria that have been set (Swardjana, 2013). In this research, the researhers set young adult as the criteria of the research subjects. The number of research subjects is 70 teenagers-adult ranging from 16 to 24 years old.

RESULT AND DISCUSSION

Participants in this research were 70 university students ranging from 17 to 24 years old.

Table 1. Demography data

Data	Category	Number of participants	Percentage
Sex	Male	26	37.14 %
	Female	44	**73.33 %**
Place to stay	Boarding house	49	70 %
	Own House	21	30 %

Table 1 shows that majority of the participants, 73.33 %, is female.
Majority of the participants live in the boarding house (70 %), the rest (30 %) live in their own house.

Table 2. Income

Amount of Income	Number of participant	Percentage
< Rp 2.000.000,00	23	32.85 %
Rp. 2.000.001 - Rp 4.000.000	25	**35.71 %**
Rp. 4.000.001 - Rp 6.000.000	14	20 %
Rp. 6.000.001 - Rp 8.000.000	4	5.71 %
Rp.8.000.001 - Rp 10.000.000	3	4.285 %
> Rp 10.000.000	**1**	**1.42 %**
Total	70	100 %

Based on table 2 it is known that income of the majority of young adult is ranging from Rp.2.000.001 to Rp.4.000.000 which is equal to 35.71 % (25 participants). There is 1.42 % whose income is above Rp.10.000.000 (1 person)

Table 3. Spending

Spending	Number of participant	Percentage
< Rp 2.000.000,00	28	**40 %**
Rp. 2.000.001 - Rp 4.000.000	24	**32.28 %**
Rp. 4.000.001 - Rp 6.000.000	12	17.14 %
Rp. 6.000.001 - Rp 8.000.000	4	5.71 %
Rp. 8.000.001 - Rp 10.000.000	2	**2.85 %**
> Rp. 10.000.000	0	0 %

Based on table 3 it is known that the majority of university students spent less than Rp.2.000.000. While 32.28 % participants spent money from Rp.2.000.000 to 4.000.000. Although it is few, there are also university students whose spending reaches at Rp.8.000.000 to 10.000.000 (2.85%).

Table 4. Percentage of spending per number of participants per category

Kinds of spending	Subcategory	Number of participants	Percentage
Automobile	Gasoline, vehicle service, parking ticket	**41**	**62 %**
Entertainment	Cinema, concert & party	**42**	**60 %**
Family	Goods for family	4	5.71 %
Food	Snack & big meals	**70**	**100 %**
Health Care	Antiseptic mouthwash, personal medicine	21	30 %
Home office	Stationary	31	44.28 %
Household	LPG, water bill & laundry	28	40 %
Loans	Equipment for college tasks & photo copy budget for handouts	22	31.42 %
Personal	fashion, birthday gift for friends, hobby	57	**81.42 %**
Travel	taxi, bemo	20	28.57 %

Based on table 4 it is known that 100 % university students spent money on food, 81.42 % for personal needs, 62 % for automobile, and 60 % for *entertainment*.

Table 5. S*pending patterns based on spending category and amount*

Category	Subcategory	Amount	Percentage

Automobile	Gasoline, vehicle service & parking ticket	Rp 8.162.800,00	4.33%
Entertaiment	Cinema, concert, & party	Rp 11.049.200,00	5.87%
Family	goods for family	Rp 903.000,00	0.48 %
Food	Snack & meals	Rp 68.838.171,00	36.59 %
Health Care	antiseptic mouthwash, personal medicine	Rp 2.297.800,00	1.22%
Home Office	Stationary	Rp 8.187.200,00	4.35 %
Household	LPG, water bill & laundry	Rp 14.077.333,00	7.48 %
Loans	Equipment for college tasks & photo copy budget for handouts	Rp 8.833.884,00	4.69 %
Personal	fashion, birthday gift for friends, hobby	Rp 33.777.450,00	17.95%
Travel	taxi, bemo	Rp 5.295.000,00	2.81%
Utilities	Internet & telephone	Rp 9.754.455,00	5.18%
Vacation	Train, plane ticket	Rp 9.768.000,00	5.19%
Other		Rp 5.101.112,00	2.71%
Saving	Saving, health insurance, automobile	Rp 2.050.000,00	1.08%
	Total	Rp. 188.095.405	

Based on table 5 it is known that the majority of young adult spent money on food (36.59 %), personal needs (17.95%). While the least spending category is on goods for family (0.48 %) & saving/ investing (1.08%).

Table 6. Distribution on Saving and Income

Catetory		< 2.000.000		2.000.001-4.000.000		4.000.001-6.000.000		6.000.001-8.000.000		8.000.001-10.000.000		>10.000.000		Total N	%
	Yes	1	25%	0	0%	2	50 %	0	0%	0	0%	1	25%	4	100%
Saving	No	22	33.3%	25	37.87%	12	18,18%	4	6.06%	3	4.54%	0	0%	**66**	100%

Based on table 6 it is known that whether participants has saving or no is not associated with the amount of income. Those who have saving can be derived from very low income participants. While participants who do not save, can be from those with low income (33.3 %) to highest (4.54%).

Table 7. Distribution Income and Spending

Category	Sub category	< 2.000.000		2.000.001-4.000.000		4.000.001-6.000.000		6.000.001-8.000.000		8.000.001-10.000.000		>10.000.000		Total N	%
	< 2.000.000	**23**	**100%**	0	0%	0	0%	0	0%	0	0%	0	0%	23	100%
	2.000.001-4.000.000	5	20%	**18**	**72%**	1	4%	**1**	**4%**	0	0%	0	0%	25	100%
	4.000.001-6.000.000	1	7.2	**4**	**28.6%**	9	**21.42 %**	0	0%	0	0%	0	0%	14	100%
Income	6.000.001-8.000.000	0	0%	1	25%	2	**50%**	1	25 %	0	0%	0	0%	4	100%

8.000.001-10.000.000	0	0%	0	0%	0	0%	2	**75%**	0	0%	**1**	**25%**	3	100%
>10.000.000	0	0%	0	0%	0	0%	0	0%	**1**	**100%**	0	0%	1	100%

Based on table 7 it is known that majority of the participants spent money nearly the same with the income that they earn for example participants whose income is less than Rp.2.000.000, the percentage of their spending is 100 % below < Rp.2.000.000. Participants whose income are ranging from Rp.2.000.000 to 4.000.000, percentage of spending is 72 % between Rp.2.000.000 to 4.000.000. On another side, there are also participants whose spending is more than their income, for example participants with income amounted to Rp.8.000.0001 to 10.000.000 the spending percentage is 25 % more than > Rp.10.000.000

Table 8

Category	Sub category	Spending												Total	
		< 2.000.000		2.000.001-4.000.000		4.000.001-6.000.000		6.000.001-8.000.000		8.000.001-10.000.000		>10.000.000		N	%
Sex	Female	20	**45.45**%	14	31.81**%**	6	13.63%	2	4.54%	2	4.54%	0	0%	44	100%
	Male	8	30.76%	10	38,46%	6	23.07%	2	7.69%	0	0%	0	0%	26	100%

Based on tablee 8 it is known that 45.45 % female participants spent money less than Rp.2.000.000 while male participants sits on the second rank, that is 30.76 %. It shows that there is indication that female can be more economical on spending money.

Discussion

The research result shows that *spending pattern* in young adult is food, personal needs, automobile, and *entertainment.* It is in line with what has been explained by Maslow in Santrock (2007) that physiological needs is the basic needs that must be fulfilled by human, so as to young adult. Basic needs sits on the highest rank on *spending patterns.*

The second rank goes to personal needs such as fashion or hobby. Hurlock (1980) explained that someone who grows into adult is followed by much physiological change. Concern on fashion and accessories become the main priority. Fashion plays a role as improving appearance and social status.

The third highest spending is *automobile.* Poernomo & Mustikadara (2014) said that car is considered as practical transportation besides showing an improvement on social status in young adult. The fourth spending is *entertainment. There are many development tasks that experienced in young adult.* One thing that supports development task done well is to do some fun activities. In this case, it is categorized as entertainment. If it is seen from spending table,

entertainment is in big 4 highest spending. Things that can be done such as watching movies in cinema, *party*, and watching music concert.

Based on research result, generally there are not many participants whose spending is more than the income as their financial state. There are only few participants who suffer this condition. But, it took only minority. Most of participants tend to spend money as much as they get. Awareness on saving and investing is still low, as evidenced by the percentage of saving or investing which only amounted to 1.08 % (considered as second lowest from the category). On the contrary from the finding found by Pillai, Carlo, Dsouza (2010) who found out that many youth suffer credit card debt. Different from it, generally there are not many participants who suffer this. However, the low percentage of saving and investing shows that participants' awareness is still very low in anticipating the future uncertainty. Unawareness of young adult on micro or macro financial situation, inflation or investiment, will harm them in the future. As said by Webley, Burgoyne, Young (2001) habit built in young age will continue until they grow old.

Conclusion

It can be concluded that spending pattern on young adult is food, personal needs, automobile, and entertainment.

Generally, participants spent money as much as they get it. Not too many participants whose spending is less than their income. Possibly, it is caused by lack of knowledge that they can invest or save as early as possible for their future.

Education pprogram for young adult is really necessary so they can be financial literate earlier, wiser in spending money, and able to plan their financial target.

This research attempts to reveal another side of financial study / *spending habit* by involving participants to documenting/ writing each spending within a month. This technique is rarely done. It creates another color in a research. However, this research also has a weakness, that is the control in data collecting within a month. Since the participants are not monitored, there is some data skipped in data collecting. Next research needs to consider data triangulation or method which can improve data collecting to get comprehensive and elaborative data.

REFERENCES

Alhabee, M. J (1996). *Teenagers' Money, Discretionary Spending and Saving*. Massachusetss : University of Massachusetss Amherst

Eliana, R. (2003). Konsep Diri Pensiunan. Program Studi Psikologi Fakultas Kedokteran Universitas Sumatera Utara. *Skripsi*. Tidak diterbitkan

Enrico, A., Aron, R., Oktavia, W. (2014). The Factors That Influenced Consumptive Behavior. A Survey of University Students in Jakarta. *International Journal of Scientific & Research Publications*, 4, 1-6

Gumulya, J & Widiastuti, M. (2013). Pengaruh Konsep Diri Terhadap Perilaku Konsumtif Mahasiswa Universitas Esa Unggul. *Jurnal Psikologi, 11*, 50-65

Herdiansyah, H, (2010). *Metodologi Penelitian Kualitatif.* Jakarta: Salemba Humanika

Hurlock, E.B. (1980). *Psikologi Perkembangan Suatu Pendekatan Sepanjang Rentang Kehidupan.* Jakarta : Erlangga

Juliandai, A., Irfan, Manurung, S. (2014). *Metode Penelitian Bisnis, Konsep dan Aplikasi.* Medan: UMSU Press.

Kapoor, J. R., Dlabaya, L.R., Hughes, R.J (2009). *Personal 9th ed.* Boston McGraw Hill

Lucarelli, C & Brighetti, G (ed). (2011). *Risk Tolerance in Financial Decision Making.* London : Palgrave Millan

Pillai, K. R., Carlo, R., D Souza. R. (2010). *Financial Prudence Among Youth.* MPRA Paper No.22450

Siregar, S. (2011). *Statistik Deskriptif untuk Penelitian: Dilengkapi Perhitungan manual dan Aplikasi Spss.* Jakarta: Rajawali Pers.

Sriatmini, L. (2009). Perilaku Konsumtif Remaja di SMAN se-Kota Malang Serta Implikasi Bimbingan dan Konselingnya. *Skripsi.* Universitas Negeri Malang Fakultas Ilmu Pendidikan

Swardjana, I.K. (2013). *Metodologi Penelitian Kesehatan, Tuntunan Praktis Pembuatan Proposal Penelitian.* Bali: Andi.

Yu, P. W. S., Chan, Y. L., Choi, K.F. (N.D). Relationship Between Teenager's Self Monitoring and Buying Behaviour. *RJTA, 7*, 53-59

Renanita, T & Hidayat, R. (2013). Faktor-faktor Psikologis Perilaku Berhutang Pada Karyawan Berpenghasilan tetap. *Jurnal Psikologi, 40*, 92-101

Schreresberg, C. (2013). Financial Literacy and Financial Behavior Among Young Adults : Evidence and Implications. *Numeracy*, 6, 5

Spann, S.M. (1997).Three Essays of Financial Wellness in The Workplace. *Dissertation.* Manhattan : Kansas State University

Walsh, P. A & Spiggle, S. (1994). Consumer Spending Patterns : Dimensions and Dichotomies. *Advances in Consumer Research, 21,* 35-40

Webley, P., Burgoyne, C.B., Lea, S.E.G., Young, B.M. (2001). *The Economy Psychology of Everyday Life.* Philadelphia : Taylor & Francis, Inc