

# An Investigation Of Saving Behavior Among Doctor In Eastern Indonesia

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## AN INVESTIGATION OF SAVING BEHAVIOR AMONG DOCTOR IN EASTERN INDONESIA

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### ABSTRACT

*As one of the prestigious professions in Indonesia, a doctor is a part of the society who are confronted with their saving behavior. Which factor effect saving behavior doctors in Eastern Indonesia? These research question is important for some reason they are explored in this empirical study. The aims of this investigation is to examine effect of financial literacy, saving motives, and self-control on saving behavior doctors in Eastern Indonesia. This research used data collected by questionnaire from doctor in east Indonesia, who still in the internship program or already finished the internship program with the number of samples 100 respondents. The data analysis techniques that used is SPSS analysis. The result of this study indicate that financial literacy has significant effect to saving behavior. Saving motives is significant to saving behavior and self-control is significant to saving behavior.*

**Keywords:** *Financial Literacy, Saving Motives, Saving Behavior, Self-Control*

### INTRODUCTION

In the current era of globalization, many people do not consciously stick to the consumptive lifestyle while the price for basic needs, education costs, and medical expenses are increasingly high from year to year. As a result of the lavish lifestyle, people today tend to misuse money rather than spending money on more useful things. People who have consumptive nature still buy whatever they want without regard to their financial condition. The tendency of consumptive behavior is one of the financial problems in Indonesia. This is not only influenced by high and low income but also occur due to errors in financial management.

BPS (2016) said that the Indonesian economy 2016 grew 5.02% higher than

the achievement in 2015 of 4.88%. This shows that the level of community welfare is getting better. The increase that occurs can encourage people to saving their funds. However, the rise in community welfare that is happening is not balanced with financial knowledge or commonly called financial literacy. This results in community consumptive behavior that tends to be higher than the interest to save, even though saving is needed to meet the needs of life in the present and future. This means that it is difficult for most people to have saving behavior in their daily lives.

Everyone needs financial literacy to minimize financial management mistakes. Financial Literacy (FL) is a general factor that influences saving behavior (SB). Hilgert, Hogart, and

Beverly (2003) concluded that increasing financial knowledge could lead to more disciplined in saving behavior. Besides that, Fisher (2010) states that saving motives for retirement needs significantly influences the possibility of saving behavior. In addition having saving motivation and understanding of financial knowledge, saving behavior is also supported by self-control. Self-control is the ability to identify and regulate one's emotions and desires (Baumeister & Roy, 2002). People who cannot control themselves often become consumptive.

Consumptive patterns occur in almost all levels of society, this behavior also occurs with doctors. Indonesian society has a stereotype that doctors are a prestigious profession. This can be related to the amount of costs that must be incurred to get this degree. Basically, the doctor's profession is the same as the others. A doctor can experience ups and downs in various ways, including finance (Yud, 2016). The pre-survey results of twelve (12) doctors in several cities found that doctors' income was not only from basic salary but consisted of regional incentives, accommodation fees, significant operations, and small

operations. The calculation results show that the total income reaches eight times compared to the local minimum wage in 2018 in eastern Indonesia (BPS, 2018).

High income cannot guarantee the welfare of a doctor. Uncontrolled consumptive behavior tends to be experienced by doctors who have just finished their education and just starting their careers. In this case, it happens to doctors who are undergoing an internship period, which is a time when they work in a hospital area and eventually get income for the first time after suffering a long educational process. At that time there was a significant adjustment of lifestyle patterns because this was the beginning of a career path, so doctors tended to be more busy arranging careers and rarely cared about how to manage income and expenditure well.

From the pre-survey, seven (7) of the twelve (12) doctors who came from eastern Indonesia with an average age of 26 years to 32 years, still lacked interest in controlling their patterns of saving behavior. It can be concluded that the majority of doctors in eastern Indonesia tend to behave consumptively and do not care too much about the importance of saving

money. This is also supported by the perspective of the people of eastern Indonesia that doctors have a substantial income, so there is no need to worry about saving money. The people of eastern Indonesia have unique behavior in financial decision making. Consumptive behavior possessed tends to be influenced by many factors ranging from cultural, social, psychological, economic, and current situations in the community, for example ahead of religious holidays, cultural festival celebrations and others. The lack of control over saving behavior requires every doctor in Eastern Indonesia to have financial literacy, saving motives and self-control as early as possible so that all current and future needs can be fulfilled.

#### **LITERATURE REVIEW**

The doctor's job is also referred to as the noble profession, this is because the presence of the medical profession aims to provide healing for people who are sick with a conscience (Buamona, 2015). Doctor's has a vital role in a scientific and technological civilization. The progress of the doctor's profession, both in education and the best medical services of doctors

to the community (patients), becomes a benchmark for the development of a country. UKMPPD (Competency Exam of Doctor's Profession Student's Program) is a test that will be passed by all prospective doctors who want to get a doctor's degree. After going through this exam, the students will be unemployed for six (6) months after which they will take part in the selection of an internship vehicle. Wahana internship is the starting place for a doctor to start his career. This is where the doctors tested their knowledge about managing their finances personally, because when they began their careers, they had started to get regular income such as basic salary, regional incentives from the government, food allowances and others.

Saving may be simply not spending a part of the available income during a certain period, because the income is too high for what consumers want to buy or the desired products may not be available yet, but may become available in the future. Therefore, savings behavior is a routine action to set aside income for a purpose or dream (Lewis, Webley, and Furnham, 1995). SB is a combination of perceived future needs, savings

decisions, and austerity measures. Financial literacy is needed to make saving behavior, this is supported by Vidovicova (2012) that define FL as the ability to identify and understand the financial risk to make appropriate business decisions. Lusardi and Tufano (2008) also define FL as the ability to make simple decisions as measured by the choice of using the money to fulfill daily needs. In a previous study by Antonia Grohmann (2017), it was shown that the influence between FL and SB was significant, from the results of these studies it was found that Financial Literacy contributed to one's decision and saving habits. The hypothesis as constructed as:

H1: Financial Literacy (FL) affects significantly on Saving Behavior (SB)

Savings are behaviors that can be carried out by various types of people, including doctors. Saving behavior is driven by a desire or willingness to save, called motivation. Warneryd (1999) states that there are four (4) saving motives; the first motive is saving as a continuous habit where this condition. The precautionary motive is a second motives which associated with diseases of lack of certainty. Then the motif inherited, meaning that the

savings used to fulfill daily needs, because the head of the family has died. The last motive is the profit motive, it means the urge to obtain additional earnings from savings held. The influence between saving motives and saving behavior is far more complicated than expected. Dynan, Skinner, & Zeldes (2004) found that saving reasons and saving behavior was not always mutually exclusive but significant. This is supported by the results of previous studies conducted by Patti J. Fisher and P. Montalo Catherin (2010) which show that some saving motives show significant results even though they are not mutually exclusive. The hypothesis as constructed as follows:

H2: Saving Motives (SM) is significant impact on Saving Behavior (SB)

On the other hand, SB shows that people tend to place money in bank accounts, or other assets as preparation in the future or to buy goods and services (Katona, 1975). As individuals age, each people increasingly realizes that saving is essential because many benefits will gets from saving. Shefrin and Thaler (1988) said that saving requires self-control troublesome for rising generation and adolescents. As the domain of saving, SC can be

referred as the degree of time preference, a low SC means a strong preference for present rather than future consumption (Fred van Raaij, W., 2012).

According to Delisi and Berg (2006), self-control is a person's action to automatically control habits, emotional impulses, and desires to direct their behavior. Romal and Kaplan (2000) say that people are with high self-control will have the motivation to manage their money better than others, save more money, and spend less, so they are more likely to protect or preserve. In a study conducted by Camila Stromback, Therese Lind, Kenny Skagerlund, Daniel Vastfjall, and Gustav Tinghong (2017) states that self-control is bring impact to saving behavior. In his research, people who have good self-control will not be too apprehensive about their financial problems. The hypothesis as constructed as:

H<sub>3</sub>: SC has a significant effect on SB.

## **METHODS**

The unit of analysis in this study is an individual with a population of all doctors in the Eastern Indonesia. This research method used nonprobability and purposive sampling. The sample

criteria in this study are: Doctors who have completed UKMPPD, Doctors who are in their Internship period or have completed the internship period in the eastern Indonesia and unmarried doctors. In this study, the data collected is primary data used a closed questionnaire technique in the form of Google Form, which was distributed to 100 doctors in eastern Indonesia.

The questionnaire consisted of 5 parts. Part 1, demographic study to explore the background of respondents. The second is explores information about the respondent's financial literacy. In the third part, contains statements about saving behavior, then proceed with saving motivation in the fourth part. Part 5, contains questions about how respondents' self-control abilities are related to savings. The variables use a Likert with an average interval of scores 1 means strongly disagree to 5 which means strongly agree. The collected data was analyzed using SPSS.

## **RESULTS**

The results of the questionnaire showed that 47% are male and 53% are female. The majority of respondents aged 24-28 years were 76%. We find about 60% of respondents are currently

on an internship, while 40% of respondents have completed an internship.

Table 1 Validity Test

Variable	No Item	Pearson correlation	Sig.
Financial literacy	1	0.293	0.003
	2	0.649	0.000
	3	0.464	0.000
	4	0.636	0.000
	5	0.621	0.000
Saving motives	1	0.760	0.000
	2	0.700	0.000
	3	0.554	0.000
	4	0.743	0.000
	5	0.799	0.000
	6	0.720	0.000
	7	0.701	0.000
Self Control	1	0.600	0.000
	2	0.787	0.000
	3	0.753	0.000
	4	0.607	0.000
	5	0.598	0.000
Saving behavior	1	0.634	0.000
	2	0.729	0.000
	3	0.704	0.000
	4	0.655	0.000
	5	0.755	0.000
	6	0.752	0.000
	7	0.808	0.000

Table 1 shows that indicators of financial literacy and self control contain 5 items, while saving motives and saving behavior contain 7 items. Based on the calculation of the validity that indicated by p-value of less than 0.05 (Malholtra, 2010), it can be concluded that the entire items are declared valid.

Table 2. Reliability Statistics

Variable	Cronbach's Alpha	N of Items
Financial literacy	0,410	5
Saving motives	0,836	7
Self control	0,690	5
Saving behavior	0,844	7

Table 2 shows the results of studies that were tested using Cronbach's Alpha. Based on Ekolu and Quainoo (2019) that the reliability coefficient is accepted at a value of 0.4 to 0.8, all variables measures are retained.

Table 3 Multicollinearity test

Mode	Unstandardized Coefficients		Standardized Coef	Collinearity Statistics	
	B	SE	Beta	Tolerance	VIF
Constant)	-3,428	2,733			
f_l	0,385	0,112	0,237	0,841	1,190
s_m	0,517	0,092	0,445	0,633	1,579
s_c	0,438	0,118	0,296	0,620	1,612

According to table 3, the VIF value of the three independent variables  $\leq 10$  and the tolerance value  $> 0.1$ , it can be said that the regression model does not multicollinearity between the independent variables.

Table 4 One-Sample Kolmogorov-Smirnov Test

	financial_literacy	saving_motives	self_control	saving_behavior
N	100	100	100	100
Normal Parameters <sup>a,b</sup>				
Mean	20,4700	31,1300	21,3100	29,8900
Std. Deviation	2,54437	3,55805	2,79861	4,14118
Most Extreme Differences				
Absolute	,143	,138	,147	,156
Positive	,084	,138	,094	,109
Negative	-,143	-,125	-,147	-,156
Kolmogorov-Smirnov Z	1,425	1,384	1,474	1,557
Asymp. Sig. (2-tailed)	,034	,043	,026	,016

a. Test distribution is Normal.

b. Calculated from data.

From the table 4, the Kolmogorov Smirnov test value of all the variables is greater than 5% with the significance (2-tailed), which means that the assumption of normality is fulfilled.

Table 5 Heteroscedasticity Test

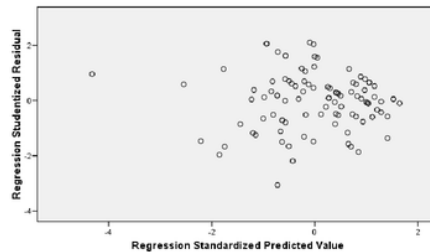
	financial_literacy	saving_motives	self_control	saving_behavior
Spearman's rho				
financial_literacy	1,000	,331**	,385**	,492**
Sig. (2-tailed)		,001	,000	,000
N	100	100	100	100
saving_motives	,331**	1,000	,591**	,673**
Sig. (2-tailed)	,001		,000	,000
N	100	100	100	100
self_control	,385**	,591**	1,000	,612**
Sig. (2-tailed)	,000	,000		,000
N	100	100	100	100
saving_behavior	,492**	,673**	,612**	1,000
Sig. (2-tailed)	,000	,000	,000	
N	100	100	100	100

\*\* Correlation is significant at the 0.01 level (2-tailed).

Heteroscedasticity test results shown in the table 5 can be concluded that the assumption of non-heteroscedasticity is fulfilled because the probability value is greater than 5% where the p value of financial literacy is 0.492; saving motives of 0.673; and self control at 0.612. This is also reinforced by the scatterplot graph below where the location of the points are scattered in various places and does not form a pattern that can be concluded that

based on the graph, the assumption of non heteroscedasticity is fulfilled.

Graph 1 Scatterplot



Based on testing the hypothesis, the most dominant independent variable influencing the dependent variable can be seen from the value of the standard regression coefficient (beta coefficient). From the beta value obtained that the highest value is the beta value for saving motives that is equal to 0.445 followed by self control of 0.296 and the smallest influence is contributed by the financial literacy which is equal to 0.237.

Table 6 Hypothesis Test

Mode	Unstandardized Coefficients		Standard. Coef. f.	t	Sig.
	B	SE	Beta		
(Constant)	-3,428	2,733		-1,254	0,213
f_l	0,385	0,112	0,237	3,448	0,001
s_m	0,517	0,092	0,445	5,623	0,000
s_c	0,438	0,118	0,296	3,702	0,000

a. dependent variable: s\_b

The financial literacy has a t value of 3.448 with a probability of 0.001. Because the value of t value > t table



(3.448 > 1.290) or significant  $t < 5\%$  (0.001 < 0.05), FL has a significant effect on SB. The relationship between FL and SB are positive in the same direction, this indicates with the regression coefficient (0.385). This indicates that the first hypothesis in this study is acceptable. Next, the SM has a calculated  $t$  value of 5.623 with a probability of 0.000. Because the  $t$  value >  $t$  table (5.623 > 1.290) or significant  $t < 5\%$  (0.000 < 0.05), SM have a significant effect on SB. This indicates that the second hypothesis in this study can be accepted. Finally, self control variable has a  $t$  value of 3.702 with a probability of 0.001. Because the value of  $t$  value >  $t$  table (3.702 > 1.290) or significant  $t < 5\%$  (0.000 < 0.05), SC has a significant effect on SB.. This indicates that the third hypothesis in this study is acceptable.

### **Discussion**

The investigation of this study declare that FL has a significant effect on SB. This results supported by previous research by Antonia Grohmann (2017) showing that the influence between FL and SB is significant, from the outcome of these studies found that FL contributes to one's saving habits. From this study, it

was also found that the regression coefficient is positive (0.385) indicates the relationship between FL and SB is positive in the same direction, it is mean that the higher FL will result in a higher SB. This finding is supported by Hilgert, Hogarth, & Beverly (2003) who stated that individuals with high FL will have high scores on saving indexes and will influence the saving behavior to be better and orderly.

The respondents in this study have understood the level of interest rates set by banks or non-bank institutions. Through an understanding of the level of interest set, the respondents in this study have recognized how to invest, and the importance of having insurance that will affect saving behavior. The second finding that SM has a significant effect on SB of doctors in eastern Indonesia are supported by previous studies conducted by Dynan, Skinner, & Zeldes (2004). Saving motives that have a significant effect on saving behavior supported by several reasons, such as a person's health status can influence their saving behavior (Davies, 1981). According to the results of the research, the regression coefficient is positive (0.517) indicates the relationship between SM and SB are positive in the

same direction. One motivation for saving is to achieve a financial goal. The higher motivation to achieve certain financial goals, will lead to routine and regular savings habits.

Based on the research, it is known that SC has a significant effect on SB. The regression coefficient is positive (0.438), it indicates that the higher of SC will lead to the higher SB of doctors in eastern Indonesia. The study supported by previous research by Romal and Kaplan (2000), said that people with high SC will have the ability to manage their money better than others, save more and spend less. Also, previous studies conducted by Lim, Sia, & Gan (2011), which revealed that there was a significant impact of SC on SB. In his research, it was found that people were more likely to save if they were able to control themselves through monthly budget restrictions and assessing the items they wanted to buy economically.

## CONCLUSION

This paper investigates the affects of financial literacy, saving motives and self-control on saving behavior doctor in eastern Indonesia. This study expand by investigating individual characteristics that explain which FL,

SM and SC influence significantly on SB. This result is supported with previous research Hilgert, Hogarth, and Beverly (2003), Davies, Skinner, & Zeldes (2004), and Lim, Sia, & Gan (2011). The higher of FL, SM and SC, will have an impact to the higher of SB. Furthermore, consistent high household savings over time in a country can provide funds being available for economic growth (Fred van Raaij, W., 2012).

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