

Hedonistic Lifestyle and Income Level: Determining Factors in Student Financial Management

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Abstract

A hedonistic lifestyle is a social phenomenon that is increasingly prevalent among students, characterized by consumption patterns that are more oriented towards pleasure than long-term needs. This consumptive behavior can affect students' financial management, especially if it is not balanced with adequate financial literacy. This study aims to analyze the influence of hedonistic lifestyles and income levels on students' financial management behavior. This study uses a quantitative approach with a survey method of 100 students selected through purposive sampling techniques. Data were collected using a structured questionnaire that measures three main variables, namely hedonistic lifestyle, income level, and financial management behavior, with a Likert scale. Data analysis was carried out using multiple linear regression with the help of SPSS version 26 software. The results showed that a hedonistic lifestyle has a negative and significant effect on students' financial management behavior, while income level has a positive but insignificant effect. This indicates that although students with higher incomes have more financial resources, they do not necessarily have better financial management skills. These findings emphasize the importance of financial literacy in managing income and reducing the negative impacts of a consumptive lifestyle. This study provides implications for educational institutions to improve financial literacy programs to help students manage their finances wisely. In addition, the results of this study can be a reference for students to be more aware of the impact of lifestyle on their financial condition in the future.

Keywords: Lifestyle; Income Level; Financial Management Behavior

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INTRODUCTION

A hedonistic lifestyle is one of the social phenomena that is increasingly prevalent among students. This phenomenon is characterized by consumption patterns that are oriented towards personal pleasure without considering long-term needs. According to Gultom et al., (2020), states that lifestyle reflects a person's lifestyle patterns expressed in their activities, interests, and opinions. In the context of students, a hedonistic lifestyle is often associated with excessive consumption behavior that does not consider aspects of financial sustainability. Based on a national survey conducted by the Central Statistics Agency (2022), as many as 65% of students in Indonesia admitted that they often spend their monthly income on entertainment needs, while only 25% save regularly. This data shows that a consumptive lifestyle is a real challenge in managing student finances. This kind of lifestyle can affect students' financial management behavior, especially if it is not balanced with adequate financial literacy. Financial literacy, as explained by Purwanto (2022), is an individual's ability to understand and use financial information to make effective decisions in managing personal finances.

According to Lladós-Masllorens & Ruiz-Dotras (2022), adding that financial literacy includes the knowledge, skills, and confidence to make responsible financial decisions. Without adequate literacy, students are vulnerable to being trapped in unproductive consumption patterns that negatively impact their financial stability. Princess (2022) also revealed that the lack of financial literacy in students can lead to less wise financial decision-making, especially in managing limited income.

The difference in income levels among students, both those who rely on parental remittances and those who have their own income from part-time work, further complicates the situation. Damayanthi & Susanti (2023), Through his theory of permanent income, explains that individuals tend to regulate consumption based on long-term income expectations. However, students often face challenges in managing temporary income, which can cause financial difficulties, especially in meeting basic needs and saving for the future.

From the perspective of financial behavior, the theory of Planned Behavior (Criminal, 2021) is relevant to explaining how a person's intention to manage finances is influenced by attitudes, subjective norms, and perceived behavioral control. A hedonic lifestyle can influence attitudes toward financial management, while income level can influence perceived behavioral control toward the ability to manage finances. This theory supports research by Yunista et al., (2021), which shows that financial education can improve behavioral control and self-efficacy in financial management.

Previous research has shown a relationship between lifestyle and financial behavior. Princess (2022) found that a consumptive lifestyle has a negative influence on students' financial management. Reyhan Mahsa Pratama & Lestari (2021), stated that students with higher incomes are often more consumptive, but this is not always accompanied by good financial management skills. Nugroho, S., & Sari (2022), revealed that financial literacy can be an important moderating factor in the relationship between consumer lifestyle and financial behavior. In addition, research Damayanthi & Susanti (2023), emphasizes the importance of understanding financial management in overcoming the negative impacts of a hedonistic lifestyle.

Additional research from (A. 2018) shows that students who have good financial literacy tend to be better able to manage their expenses, even though they have a consumptive lifestyle. Research by Widiyanti, R. & Ramadhani (2019), also emphasizes the importance of the influence of income on financial management, especially in forming savings and investment habits. In addition, studies from Hidayat (2020) highlight how financial education in higher education can help students overcome the negative effects of a consumerist lifestyle and unstable income. Raharjo, H., & Fitriani (2021), also emphasized that effective revenue management requires a deep understanding of priority needs.

Although many studies have discussed this topic, studies that simultaneously analyze the influence of hedonic lifestyle and income level on financial management behavior are still

limited. This study is expected to provide new contributions by exploring both variables comprehensively, as well as highlighting the role of financial literacy in supporting healthy financial management.

This study aims to analyze the influence of hedonistic lifestyles and income levels on students' financial management behavior. The results of the study are expected to provide new insights into the importance of wise financial management, as well as become a basis for educational institutions in designing financial literacy programs that suit students' needs.

RESEARCH METHODS

This study uses a quantitative approach to analyze the influence of hedonic lifestyle and income level on students' financial management behavior (Siregar, 2017). The subjects of the study were active students selected using purposive sampling techniques. The total sample of this study was 100 students who met the inclusion criteria, namely students who have their income or receive regular remittances from their parents.

The data collection tool used in this study is a structured questionnaire that has been tested for validity and reliability. This questionnaire consists of three main parts: hedonic lifestyle, income level, and financial management behavior. Each variable is measured using a Likert scale with a range of 1-5, where one indicates strongly disagree and five indicates strongly agree.

The design of this study is a descriptive and causal survey to identify the relationship and influence between variables. The independent variables in this study are hedonic lifestyle and income level, while the dependent variable is financial management behavior. The data collected were analyzed using multiple linear regression analysis with the help of SPSS version 26 software to ensure the accuracy of the statistical analysis results (Ghozali, 2016).

Data collection techniques are carried out through direct and online questionnaire distribution to reach a wider range of respondents. After the data is collected, normality, heteroscedasticity, multicollinearity, and autocorrelation tests are carried out to ensure that the regression model meets the classical assumptions.

The statistical model used in this study is a multiple linear regression model with the basic formula:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

Y = Financial management behavior

X₁ = Hedonistic lifestyle

X₂ = Income level

β₀ = Constant β₁,

β₂ = Regression coefficient

ε = Error term

The analysis was conducted to test the hypothesis of whether hedonic lifestyle and income level have a significant influence on students' financial management behavior. The results of the analysis were interpreted based on the level of significance ($\alpha = 0.05$).

RESULTS AND DISCUSSION

The data results can be presented in tabular form, along with a discussion of the existing variables, as well as an analysis based on the results of statistical tests:

Table 1: Survey Results of Questions for Variables X₁ (Hedonic Lifestyle), X₂ (Income Level), and Y (Financial Management Behavior)

No.	Question	Measurement Scale (1-5)	Average Score
Variable X ₁			
1	I prefer to spend money on pleasure rather than basic necessities.	1-5	-
2	I often buy things that I don't really need.	1-5	-
3	I care more about the quality of life today than saving for the future.	1-5	-
4	I feel happy when I can follow the latest lifestyle trends.	1-5	-
5	I tend to prioritize entertainment or recreation over saving money.	1-5	-
6	I often visit expensive restaurants or cafes to socialize.	1-5	-
7	I prefer branded items over cheaper products with similar functions.	1-5	-
Variable X ₂			
1	My main source of income comes from remittances from my parents or guardians.	1-5	-
2	I have a part-time job or additional source of income apart from my parents.	1-5	-
3	My income is sufficient for daily needs without requiring debt.	1-5	-
4	I can set aside part of my income to save regularly.	1-5	-
5	My income affects my ability to meet social needs, such as hanging out with friends.	1-5	-
6	I feel that my income is sufficient for my educational needs and academic activities.	1-5	-
7	I often run out of money before receiving my next income.	1-5	-
Variable Y			
1	I record my expenses and income regularly.	1-5	-
2	I have a monthly budget to manage my expenses.	1-5	-
3	I can differentiate between needs and wants when managing my finances.	1-5	-
4	I prioritize basic needs before allocating money for entertainment.	1-5	-
5	I often save part of my income for emergencies.	1-5	-
6	I find it difficult to manage my finances when faced with sudden expenses.	1-5	-
7	I often compare prices before purchasing an item to ensure the best value.	1-5	-

To understand the data distribution, descriptive analysis was conducted on variables X₁ (Hedonic Lifestyle), X₂ (Income Level), and Y (Financial Management Behavior). The average value, standard deviation, and minimum and maximum for each variable are presented in the following table.

Table 2: Descriptive Statistics of Research Variables

Variables	Mean	Std. Dev	Min	Max
X1 (Hedonistic Lifestyle)	3.45	0.78	1.00	5.00
X2 (Income Level)	3.72	0.85	1.00	5.00
Y (Financial Management Behavior)	3.61	0.92	1.00	5.00

From Table 2, it can be seen that the Hedonic Lifestyle variable (X1) has an average value of 3.45, which indicates that most respondents tend to have a relatively hedonistic lifestyle. The Income Level variable (X2) has an average of 3.72, which means that most respondents have a sufficient income level to meet their daily needs. Meanwhile, the Financial Management Behavior variable (Y) has an average of 3.61, indicating that most respondents have fairly good financial habits.

Table 3: Regression Model Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.860	0.740	0.734	1.04191

The regression model shows an R Square value of 0.740, which means that 74% of the variation in the Y variable (Financial Management Behavior) can be explained by two independent variables, namely X1 (Hedonic Lifestyle) and X2 (Income Level). This indicates a strong relationship between these variables.

Table 4: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	298,939	2	149,469	137,686
	Residual	105.301	97	1,086	
	Total	404.240	99		

The ANOVA results show an F value of 137.686 with a significance of 0.000, which is smaller than 0.05. This indicates that the overall regression model is significant in explaining financial management behavior.

Table 5: Regression Coefficient Results

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
1	(Constant)	14,607	0.862	
	x1	0.059	0.028	0.115
	x2	0.438	0.029	0.822

The regression coefficient shows that both independent variables (Hedonic Lifestyle and Income Level) have a significant effect on the dependent variable (Financial Management Behavior).

- 1) Variable X1 (Hedonic Lifestyle) has a coefficient of 0.059 with a significance value of 0.035, which means it has a significant effect on financial management behavior.
- 2) Variable X2 (Income Level) has a coefficient of 0.438 with a significance value of 0.000, which indicates that income level has a stronger influence on financial management behavior.

Table 6: Cronbach's Alpha Reliability Statistics

Scale	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
x1	0.782	0.891
x2	0.782	0.891
Y	0.702	0.737

The Cronbach's Alpha value shows good reliability for each scale. The Hedonic Lifestyle Scale (X1) and Income Level (X2) have Cronbach's Alpha values of more than 0.7, indicating that this instrument has high internal consistency.

Based on the results of the data analysis obtained, the following is a discussion of the relationship between the variables in this study, namely Hedonic Lifestyle (X1), Income Level (X2), and Financial Management Behavior (Y).

The results of the regression analysis show that the Hedonic Lifestyle variable (X1) has a positive influence on Financial Management Behavior (Y), with a coefficient of 0.059 and a significance value of 0.035. This means that the higher the tendency of individuals to adopt a hedonic lifestyle, the higher the tendency to have less wise financial management behavior.

A hedonistic lifestyle usually focuses on immediate satisfaction, such as spending money on pleasure or entertainment consumption, which has the potential to reduce an individual's ability to save and manage long-term finances. Therefore, students with a higher hedonistic lifestyle tend to spend money more often on unproductive or non-urgent activities rather than prioritizing more planned financial management and focusing on future needs.

The analysis also shows that Income Level (X2) has a stronger influence on Financial Management Behavior (Y), with a coefficient of 0.438 and a significance value of 0.000. This shows that income level has a significant influence on an individual's ability to manage their finances.

Higher-income gives students more freedom to allocate money to more important needs, such as education and savings. With a stable income, students are better able to separate basic needs from wants and can plan their monthly financial budget better. On the other hand, students with limited income may be more likely to have difficulty managing expenses, which can lead to less wise financial decisions.

The R Square value of 0.740 indicates that the regression model used can explain 74% of the variation in the Financial Management Behavior variable (Y). This indicates that the two independent variables, namely Hedonic Lifestyle (X1) and Income Level (X2), together can explain most of the financial behavior observed in this study.

The ANOVA results with an F value of 137.686 and a significance of 0.000 indicate that the overall regression model is very significant. This confirms that the relationship between the variables in this study is statistically acceptable.

The reliability of the measurement instruments also showed satisfactory results. Cronbach's Alpha for X1 (Hedonic Lifestyle) and X2 (Income Level) were 0.782 and 0.891, respectively, which means that both measurement instruments have good internal consistency. Likewise, for Y (Financial Management Behavior), with a Cronbach's Alpha value of 0.702, the instrument for measuring financial management behavior is also reliable.

Based on these findings, it is important for students to better understand how a hedonistic lifestyle can affect their ability to manage their finances. For example, students need to be taught how to set up a monthly budget, distinguish between needs and wants, and the importance of saving for future needs. In addition, for students with limited income, special attention needs to be paid to spending management so that they do not face financial difficulties.

Education and training in financial management, which emphasizes long-term financial planning and controlling a consumptive lifestyle, can help students to be wiser in managing their money. Therefore, the provision of financial management skills in universities needs to be improved.

CONCLUSION

Based on the results of the study, it can be concluded that hedonistic lifestyle and income level have a significant influence on students' financial management behavior. Students who tend to have a hedonistic lifestyle, which emphasizes pleasure and entertainment more, often show less efficient financial management patterns. They prefer to allocate money for things that are

consumptive and temporary, which reduces their ability to save or plan long-term finances. In contrast, students with higher income levels tend to be better able to manage personal finances, such as preparing a monthly budget, separating needs and wants, and saving for the future.

In addition, other factors, such as family background, peer influence, and parental education, can also influence students' financial management behavior. Students who are raised in a family environment with good financial habits tend to have a better understanding of managing personal finances. Likewise, peer influence can shape their consumption habits and financial decision-making.

This study emphasizes the importance of developing financial literacy and awareness of wise financial management among students to help them manage their personal finances effectively, even with limited income. Therefore, universities and educational institutions are advised to hold financial education programs, such as seminars, workshops, or special courses that focus on personal financial management. In addition, providing financial consulting services for students can be a strategic step to help them plan their finances better.

However, this study has several limitations that need to be considered. The sample used in this study was limited to students in a certain area, so the results may not fully reflect the wider student population. In addition, this study did not consider psychological and emotional aspects that may play a role in student financial management. Therefore, further research is expected to expand the scope of the sample and consider other factors that may influence students' financial management behavior more comprehensively.

With a better understanding of financial management, it is hoped that students can build healthy and responsible financial habits in the long term.

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