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Saving Behavior with Self Control as a Moderation Variable in Private Employees in Sidoarjo City

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ABSTRACT: Financial literacy is important to be understood by everyone in order to be able to manage personal finances well. The study aims to determine the effect of financial literacy and income on saving behavior with *self-control* as moderation in private employees in Sidoarjo city. The analysis method used is a moderation test on *smart pls* with the results of research that financial literacy contributes to saving behavior, then income cannot contribute to saving behavior, and financial literacy moderated by self control of saving behavior cannot contribute, while income moderated by self-control can contribute to saving behavior.

KEYWORDS: financial literacy, income, saving behavior, self-control

INTRODUCTION

In the current era of globalization, there are still many people who do not realize the importance of financial knowledge in financial management and self-control over managing finances. Good financial management will help individuals in achieving financial goals. Awareness of saving among the public is still low, people's behavior in saving so far is only done when there is excess income after consumption is fulfilled. Bank Indonesia also stated that currently there are still many individuals who need to be provided with financial education so that individuals are able to minimize risks related to financial problems.

According to development theory (Keynes, 1936), as stated by Amilia et al. (2018), savings are a portion of income from a certain time that is not spent in that period. It is still believed by some that saving practices are only appropriate for those who have extra money (Rendra, 2012) or that significant savings are necessary (Krisdayanti, 2020) (Afsar, J., Chaudhary, G. M., Iqbal, Z., & Aamir, M. 2018). In order to counter the National Financial Inclusion Strategy (SNKI), the government enacted Presidential Regulation of the Republic of Indonesia (Perpres) No. 82 of 2016. Young employees are individuals who have been granted complete control over their personal funds, which they use for investments or savings and to properly manage their finances.

With financial knowledge, someone tends to be more consumptive, causing various financial behaviors to be less good. With examples of lack of saving, investing, emergency financial fund planning and a budget for the future (nafitri &; wikartika 2023).

With various kinds of work done by individuals to earn income to meet their needs, private employees have become one of the dominating jobs in Indonesia, including in Sidoarjo Regency in the Sidoarjo sub-district of the city. Private employees are individuals who work within the scope of organizational or non-governmental institutions that have work agreements based on contracts agreed upon by both parties. In managing personal finances, the role of the banking industry is needed as one of the driving forces in daily economic activities, including for financial activities within the household, such as to obtain alternative financial resources due to financial deficiencies or for the purpose of productive activities such as business capital needs. In addition, it is also to be utilized by the public through savings products with the aim of getting a certain rate of return. Activities like this have indirectly taught people to have good personal financial behavior and be able to manage finances intelligently so as to improve welfare (Anwar, Purwanto, Suwaidi 2017).

Some previous research results have also proven that the income of households with good financial knowledge will increase faster when compared to families with lower financial knowledge, income has also been shown to decrease when family members enter retirement age because the amount of social security and other pension benefits is smaller than income at the time of working age (lusardi et., al 2017).

Income is one factor that needs to be considered because it will affect financial behavior. Income is the total gross income of individuals derived from wages, salaries, business, and returns from investment (Purwidianti and Mudjiyanti, 2016). Income, if someone already has income, it will affect the amount of one's savings because they already have their own source of income, when compared to someone who does not have income. This statement is supported by Gautam & Matta (2016) which suggests that someone who already has income, the better his financial behavior and one's savings.

Alexandro (2019) said that factors that can influence saving behavior are financialknowledge and financial literacy. Individuals who understand financial literacy can easily manage their personal finances and set aside money for savings, so that someone can save regularly (Septiana et al., 2018) (Herlena, A., Susanti, N., &; Hanila, S. 2021).

Good self-control also allows to moderate the effect of income on saving behavior, High and low income earned by individuals becomes an influence on financial decisions. Income is the amount of income turnover sourced from salaries, wages, business, and remaining funding (Purwidianti and Mudjiyanti, 2016). Inobtaining this income, individuals should have financial behavior that is in accordance with their needs and income obtained and plan their long-term needs (Eka megasari &; dhani ichsanudin, 2022) (Susanti, A., &; Widiastuti, S. 2021).

Therefore, this study was conducted to understand the contribution of financial literacy and income to saving behavior with self-control as a moderation variable in private employees in Sidoarjo Kota.

LITERATURE REVIEW

Prospect theory

Prospect theory was initially created in the early 1980s by Daniel Kahneman and Amos Tversky. Essentially, it combines the fields of psychology and economics (also known as psychoeconomics), which analyze how people behave when faced with financial options. Prospect theory employs a descriptive technique to examine how actual decisions are made. Prospect theory essentially demonstrates how illogical human decision-making is when it comes to money.

Theory of planned behaviour

Theory of planned behavior is an advancement of Ajzen and Fishbein's theory of reasoned behavior, often known as the theory of reasoned action (TRA) (Fishbein & Ajzen, 1975). According to Putra et al. (n.d.), this theory of planned conduct explains why people's intentions are influenced by their actions, subjective standards, and behavioral control. The Planned Theory of Behavior (TPB) may explain a variety of behavioral interactions, one of which is self-control behavior in order to regulate finances autonomously (Ajzen, 1991). Therefore, the theory of planned behavior is appropriate to be utilized to describe a person's conduct.

Saving Behavior

According to Mardiana &; Rochmawati (2020), Saving behavior is the way a person handles or uses their money to put money away or save it. The amalgamation of future needs assessments, saving judgments, and saving behaviors is saving behavior (Dangol &; Maharjan, 2018). The 4 factors that influence saving behavior are: 1. Cultural factors, 2. Social factors, 3. Personal factors, 4. Lifestyle factors, 5. Psychological factors.

With the various factors above, it shows that saving behavior does not always understand about finances, but there are cultural, social, personal, lifestyle and psychological factors that can encourage someone to save.

Financial literacy

Financial literacy is a skill that must be possessed by every individual to support their lives by understanding, planning, allocating each individual's finances effectively and efficiently. The capacity to use financial information is what is meant by literacy. (skill and understanding) Lusardi in Tri Kartika and Azza (2022) Johan, I., Appleyard, L., and Rowlingson, K. (2021). Financial breastfeeding is characterized as a standard for each person's comprehension of the financial foundation, their ability and self-assurance to manage their money through prudent short- and long-term planning, and their awareness of economic events and circumstances. According to Harp and Kholida (2019), financial literacy comprises people's understanding of financial tools and how to use them in their daily lives.

There are several aspects of financial literacy: 1. Money and transactions, 2. Money management, 3. Savings and investments, 4. Risk and profit. By having good financial literacy, a person will be able to understand about managing finances well so that they can save regularly. This study provides results that financial literacy has a significant positive effect on saving behavior.

H1. Financial literacy has a positive and significant effect on saving behavior.

Income

Research conducted by Andrew and Linawati (2014) states income comes from pre-tax income. Income is derived from various sources and the lion's share of income comes from wages and salaries. Income can also be obtained from the results of investments and savings owned that can be managed properly. Income is derived from the total annual gross income earned by individuals from wages or salaries, and investments executed. Pre-tax margin is also said to be individual income used in calculating gross margin according to the tax objectives held (Lianto and Elizabeth, 2017). The sources of income itself are: 1. Salaries and wages, 2. Productive Assets, 3. Government revenue. From the sources of income above, there are several income groupings, according to Ariyani & Purwantini (2006) revealed that individual income levels can be grouped into 4 (four), namely: 1. Low income group. There are several indicators on income, namely: 1. Wages or salaries, 2. Flowers, 3. Rent, 4. Dividends. Meanwhile, according to Kadariah (2001) in the book Subrandiyo (2016) there are 4 (four) income indicators, namely: 1. Wages or salaries, 2. Flowers, 3. Rent, 4. Dividends.

H2. Income has a positive and significant effect on saving behavior.

Self-control

Someone who is able to manage finances by minimizing excessive spending or in other words, a desire and urge to spend money based on their wants rather than their needs. Therefore, self-control is associated with better financial management. Self-control is one element of financial management because of a person's attitude to control something by changing the mindset and accepting individual behavior (Acocella, J. R., 1990; Muraven et al., 1998). Gottefredson & Ralston (in Hoyri, 2013) state four aspects that explain the characteristics of people who have low self-control, namely Impulsiveness, Phsycal Activity, Risk and Seeking, Self centeredness. Factors that affect self-control are: 1. Internal factors, Internal factors that affect self-control are age. The older a person gets, the better a person's ability to control themselves. 2. External factors, External factors that affect self-control are the family environment, especially parents. Parents determine how a person controls himself.

Financial literacy moderated self control

Financial literacy is an understanding of personal financial management, therefore if someone already has good financial literacy then the person will be able to manage his own finances well without the need to be driven by self-control. According to study findings, private employees in Sidoarjo City who possess financial literacy are unable to use self-control to manage their saving habit. Better financial management is correlated with greater levels of financial literacy. In order to attain desired goals and improve one's quality of life, having sound financial knowledge may help one manage their finances successfully and efficiently.

This research is in line with the research of Ida Subayda and Fiqh Nur Hakiki (2021) stating that self-control is unable to moderate financial literacy on saving behavior. Then in the research of Veronika Mardani and Rochmawati (2020) stated that self-control is able to moderate financial literacy on saving behaviour.

H3: Self-control can moderate financial literacy on saving behavior.

Moderated income self-control

Everyone who has income does not necessarily have an understanding of financial literacy, therefore everyone who has income must be able to control themselves so that there is no waste of profit for unimportant things. Income is a person's income in doing work. From the results of research that has been carried out, self-control is able to moderate income on saving behavior in private employees in Sidoarjo City. This means that someone who has a high income in order to be able to carry out saving behavior needs to be encouraged by self-control, because someone who has a low income certainly understands financial literacy. If you don't have good financial literacy then someone will use that income poorly. Therefore, with good self-control, the income owned by someone will be able to be used properly and benefit someone. This research is in line with Veronika Mardiana and Rochmawati (2020) stating that self-control is able to moderate pocket money on saving behavior.

H4: Self-control can moderate the effect of income on saving behaviour

RESEARCH METHODS

This research is quantitative with the type of primary data, the primary data in this study is data obtained directly from individual respondents by distributing questionnaires (questionnaires) to private employee workers in Sidoarjo sub-district of the city. With a sample of 100 people. To meet the research objectives, the hypothesis was tested by moderation tests through smart pls.

RESULTS OF RESEARCH AND DISCUSSION

Outer Loading

A correlation between variables and indicators is known as factor loading; if it is more than 0.5 and/or the p-value is significant, the indicator is considered legitimate and serves as a gauge of the variability of the variable. With a loading factor value of less than 0.50, the Z1.2 indicator in the Self Control variable has a low degree of validity, necessitating the removal of the variable indicators from the model. Therefore, convergent validity is satisfied when the loading factor (e.g., for indicators on the Financial Literacy variable (X1), X1.1 = 0.800; X1.2 = 0.740; X1.3 = 0.614; X1.4 = 0.782) is larger than 0.5. The analysis's findings demonstrated that every indicator in the study variables financial literacy, income, saving behavior, and self-control met convergent validity requirements with loading factors of > 0.5.

Discriminant Validity

The discriminant validity is met if the AVE root is higher than the variable's correlation. The Financial Literacy measure is fulfilled discriminant validity, for instance, since the AVE root of the Financial Literacy (X1) variability with four indicators (X1.1 to X1.4) is 0.718 more than the correlation value with other variables, which is -0.030; -0,138; 0,539; 0,480; 0,462; Dst. Overall, it demonstrates that the validity of discrimination is fulfilled since each of the study factors financial literacy, income, saving behavior, and self control has a square root value of AVE larger than the correlation value with other variables. The cross loading findings demonstrate that the contract's or variable's correlation value with the indicator is higher than its correlation value with other indicators. Because the indicators in the construct/variable indicator block are superior to the indicators in other blocks, all latent constructs and variables already have strong discriminant validity.

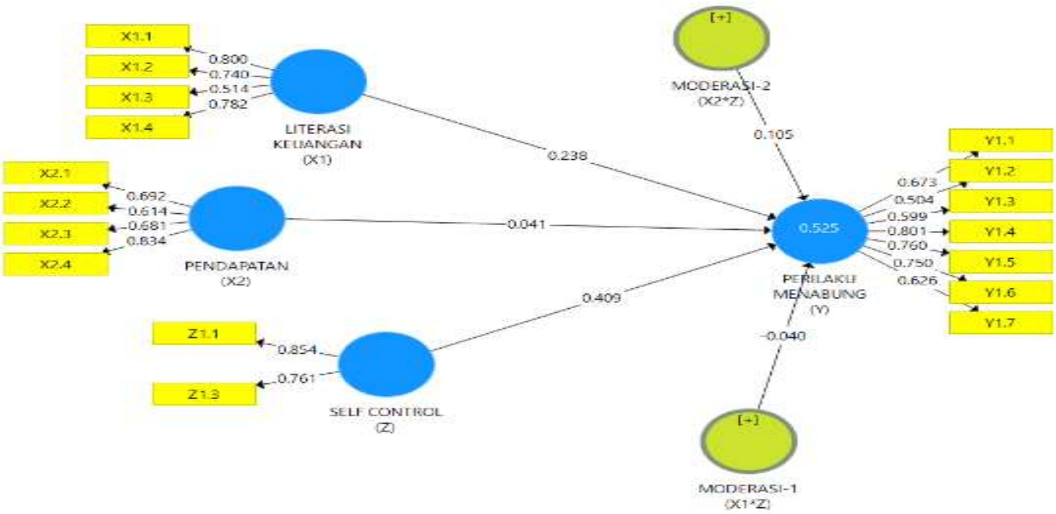
Construct Reliability

Avarage variation Extracted (AVE) value is the next type of measurement model; it reveals the extent to which the hidden variable accounts for the indicator's variation. Good validity adequacy for latent variables is also indicated by convergent AVE values above 0.5. The AVE value for each construct (variable) in reflecting indicator variables reveals this information. Each construct needs a decent model if its AVE is larger than 0.5. AVE for the construct (variable) of Financial Literacy, Income, Saving Behavior, and Self Control is more than 0.5, indicating its validity. Measured by the composite dependability value, a dependable build The indicator is considered consistent in measuring the hidden variable if the composite reliability value is more than 0.70. A reliability rating of over 0.7 indicates that the construct (variable) including Financial Literacy, Income, Saving Behavior, and Self Control is credible.

R-square (R2)

In order to assess structural models, one looks at the R-Square value, which is a goodness-of-fit test. The value of the R-square in the equation between the latent variables indicates if the inner model has been tested. The exogenous (independent/independent) variable in the model's ability to explain the endogenous (dependent/bound) variable is shown by the R2 value. R2 is worth 0.525. It may be inferred that 52.50% of the phenomena or issue surrounding saving behavior can be explained by the model. While mistakes and other factors not included in the model (apart from Financial Literacy, Income, and Self Control) account for the remaining 47.50 percent. This indicates that characteristics other than Financial Literacy, Income, and Self Control impact Saving Behavior by 47.50%, whereas these three variables influence Saving Behavior by 52.5%.

Figure 1. 1 Path coefficients in the inner model



Test the hypothesis of direct influence

Figure 1. 2 *Path Coefficients (Mean, STDEV, T-Values)*- Direct Influence

Path Coefficients					
Mean,STDEV,T-Values,P-Values					
	Original Sample(O)	Sample Mean(M)	Standart Deviation (STDEV)	T Statistics (O/STDEV)	P Value
Financial Literacy (X1)-> Saving Behaviour (Y)	0.238	0.234	0.107	2.217	0.027
MODERATED -1 (X1*Z)-> SAVING BEHAVIOUR (Y)	0.040	-0.039	0.099	0.400	0.689
MODERATED -2 (X2*Z)-> SAVING BEHAVIOUR(Y)	0.105	0.048	0.116	2.204	0.030
INCOME (X2)-> SAVING BEHAVIOUR(Y)	0.041	0.060	0.123	0.336	0.737
SELF CONTROL (Z) -> SAVING BEHAVIOUR (Y)	0.409	0.427	0.097	4.223	0.000

DISCUSSION

The Effect of Financial Literacy on Saving Behavior

According to the hypothesis test results, saving behavior was significantly positively impacted by financial literacy. This might indicate that someone already understands the value of saving money. Understanding financial literacy can help you learn about insurance and make saving simpler since someone who uses insurance indirectly has previously saved money for emergencies.

The findings of this study are consistent with those of Frida Lusiana's (2020) research, which indicates that financial literacy significantly and positively influences the saving habits of Surabaya municipal government employees. Then, according to study by Rosalia Dalima Landing, et al. (2021), financial literacy significantly and favorably influences investment decisions.

The Effect of Income on Saving Behavior

According to the hypothesis test results, income had no discernible impact on saving behavior. Thus, a person with a higher salary already will have more money available to them to cover their daily or immediate demands. The bigger one's income, the greater their costs will be.

This outcome also contradicts the theory of planned behavior (TPB), which explains human behavior. According to the theory of planned behavior (TPB), an individual's income level influences how much savings they have because higher income levels are associated with higher savings levels.

These findings are consistent with those of a study by Frida Lusiana (2020), which found that government officials in the city of Surabaya did not change their saving habits in response to a change in pay.

Financial literacy on saving behavior with self-control as a moderation variable

Examine the theory that self-control cannot attenuate the impact of financial knowledge on saving behavior. Better financial management is correlated with greater levels of financial literacy. In order to attain desired goals and improve one's quality of life, having sound financial knowledge may help one manage their finances successfully and efficiently.

This research is in line with the research of Ida Subayda and Fiqh Nur Hakiki (2021) claiming impact financial literacy on saving behavior cannot be moderated by self-control. Then, according to Veronika Mardani and Rochmawati's research, self-control can attenuate the impact of financial knowledge on saving behavior (2020).

The results of data processing that have been carried out show that from several variable indicators of financial literacy, the most dominant is the understanding of insurance. This shows that by understanding financial literacy and insurance, someone has done saving. With insurance, it's like saving for needs suddenly. Having an understanding of insurance is like having an understanding of saving.

Income to saving behavior with self-control as a moderation variable

From the results of the hypothesis test, it states that self-control is able to moderate income against saving behavior. This means that someone who has a high income in order to be able to carry out saving behavior needs to be encouraged by self-control, because someone who has a low income certainly understands financial literacy. If you don't have good financial literacy then someone will use that income poorly. Therefore, with good self-control, the income owned by someone will be able to be used properly and benefit someone.

This research is in line with Veronika Mardiana and Rochmawati (2020) stating that selfcontrol is able to moderate pocket money on saving behavior.

From the results of data processing shows several variable indicators of income, the most dominant of which is the level of income can affect the type of investment. This implies that a larger variety of assets are picked in proportion to an individual's income. To be able to do that, it is necessary to have good self-control in order to realize saving activities and choose a good type of investment for a better future.

CONCLUSION

The results of the tests and the discussions that have been described lead us to the following conclusions: financial literacy does influence saving behavior; income does not; self-control does not moderate the relationship between financial literacy and saving behavior; self-control does moderate the relationship between pendapatan and saving behavior.

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