

## Financial Literacy and Consumptive Behavior: The Role of Work Readiness and Self-Control

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**Abstract:** This study aims to analyze the influence of financial literacy on consumptive behavior with job readiness as a mediating variable and self-control as a moderation variable in students of the Central Vocational School of Excellence in Mojokerto Regency. This study uses a quantitative approach with a survey method through the distribution of questionnaires to 302 students from several Superior Central Vocational Schools that were selected purposively. Data analysis was carried out using Partial Least Square-Structural Equation Modeling (PLS-SEM) with the help of SmartPLS 4.0 software. The results of the study show that financial literacy has a significant negative effect on students' consumptive behavior, which means that the higher the financial literacy, the lower the tendency to consumptive behavior. In addition, job readiness has been shown to mediate the relationship between financial literacy and consumptive behavior, showing that a good financial understanding can increase job readiness and decrease consumptive behavior. Furthermore, self-control reinforces the influence of financial literacy on consumptive behavior, which confirms that students with high self-control abilities are better able to apply rational financial decisions.

**Keywords:** Behavioral Economics, Entrepreneurial Behavior, Prospective Economics Teachers, Phenomenology Study

### INTRODUCTION

Global phenomena indicate that increasing access to digital technology and ease of financial transactions have pushed people's consumption patterns towards an increasingly consumptive direction, especially among adolescents and students. According to the OECD (2022), today's young generation faces serious challenges in managing personal finances due to exposure to digital lifestyles, online advertising, and app-based financial services. This global trend also indicates that low financial literacy contributes to excessive consumptive behavior as well as the inability to make wise financial decisions (Lusardi & Mitchell, 2020). In addition, the World Bank (2023) emphasizes that financial literacy is one of the important competencies of the 21st century that determines the readiness of individuals to enter the world of work and face global economic pressures.

In the local context, Indonesia faces the challenge of low financial literacy among students. Based on a survey by the Financial Services Authority (OJK, 2022), the student financial literacy index only reached 49.68%, far below the national average. In Mojokerto Regency, especially in the Central Vocational School of Excellence, the phenomenon of consumptive behavior is increasingly visible due to the encouragement of modern lifestyles, the use of social media, and the ease of access to e-commerce (Sari & Wulandari, 2021). This condition is exacerbated by the lack of integration of financial literacy education in the work-oriented

vocational curriculum, so that students do not have adequate financial awareness (Herdjiono & Damanik, 2020).

Ideally, students of the Center of Excellence Vocational School are expected to have good financial literacy skills, high job readiness, and strong self-control in facing modern socio-economic dynamics (OECD, 2021). However, the reality is that many students still tend to spend money on non-productive needs, lack a good understanding of personal financial management, and are not psychologically prepared to face the world of work (Puspitasari et al., 2023). The results of the research of Rahmawati & Yuliana (2022) show that even though vocational school students have been equipped with technical skills, aspects of financial behavior and self-control have not been the main concern in learning.

Problems in the field show that consumptive behavior among students often arises due to a lack of understanding of the value of money, weak financial planning skills, and low awareness of personal economic responsibility (Kusumawati, 2020). On the other readiness, which should be the main provision for students to enter the industrial world, is still not optimal due to the lack of contextual learning and entrepreneurial practices that teach financial management (Putri & Nanda, 2021).

The majority of previous studies have highlighted the direct relationship between financial literacy and consumptive behavior (Widodo et al., 2021; Agustina & Prasetyo, 2022), but not many have integrated the variables of job readiness as mediation and self-control as moderation in the context of vocational school students. In fact, job readiness can be an important bridge in transferring financial knowledge to real behavior (Handayani & Suryani, 2023), while self-control plays a role in restraining consumptive impulses even if individuals have sufficient literacy (Kurniawan et al., 2024). The formation of strong financial character through increasing financial literacy and self-control is believed to be able to suppress consumptive behavior and increase students' work readiness (Susanti et al., 2023; Lestari & Hidayat, 2024). The results of this research are expected to be the basis for the development of vocational education policies that are more contextual and adaptive to modern economic challenges.

In addition, there is still a disagreement in findings related to the influence of job readiness on consumptive behavior. Some studies show a negative or insignificant relationship, but in the context of vocational students who start to have an income from internships or part-time work, job readiness can actually increase purchasing power and consumptive behavior (Caballero & Walker, 2020; Puspitasari et al., 2023). This study also fills the research gap by examining the mediating role of job readiness between financial literacy and consumptive behavior. Furthermore, testing self-control as a moderation variable and even the direction of its relationship with consumptive behavior is a new finding that challenges previous theories that tend to find negative associations (Baumeister et al., 2020; Kurniawan et al., 2024). Thus, this study contributes to expanding the empirical understanding of how financial literacy, job readiness, and self-control interact in shaping consumptive behavior among vocational school students who are ready to face the modern world of work.

## METHODS

This study used a quantitative approach with an explanatory research design, which aims to explain the influence of financial literacy on consumptive behavior with job readiness as a mediating variable and self-control as a moderation variable. The research population is all students of the Central Vocational School of Excellence in Mojokerto Regency, with a sample of 302 respondents selected using proportional random sampling techniques, so that each department has a balanced proportion of representation. The data collection instrument used a closed-ended questionnaire with a five-point Likert scale, ranging from "strongly disagree" to "strongly agree".

Indicators for financial literacy variables were adapted from Lusardi and Mitchell (2020), consumptive behavior from Kotler and Keller (2021), job readiness from Caballero and Walker (2020), and self-control from Baumeister et al. (2020). Data collection was carried out in a hybrid manner, through an online questionnaire (Google Form) and dissemination directly to schools. Data analysis used Partial Least Squares-Structural Equation Modeling (PLS-SEM) with the help of SmartPLS software version 4.0, because this method was able to test direct, indirect, and moderation effects. This method was chosen to obtain a comprehensive empirical understanding of how financial literacy affects consumptive behavior through job readiness, as well as how self-control strengthens this relationship in students of the Center of Excellence Vocational School in Mojokerto Regency.

## RESULTS AND DISCUSSION

This population comprised 1,405 students distributed across eight Vocational High Schools (SMK) Centers of Excellence in Mojokerto Regency. The student distribution is as follows: SMKN 1 Jetis in Welding with 155 students, SMKN 1 Pungging in Automotive Engineering with 207 students, SMKN 1 Sooko in Office Management with 176 students, SMKN 1 Mojokerto City in Visual Communication Design, SMK Taman Siswa in Computer Network and Telecommunication Engineering, SMK Raden Rahmat in Mechanical Engineering with the highest enrollment of 212 students, SMKN 1 Mojoanyar in Chemical Engineering with 171 students, and SMKN 1 Kemlagi with 178 students (see Table 1).

**Table 1.** Description of Respondent Characteristics

<b>School Name</b>	<b>Frequency</b>	<b>Percentage (%)</b>
SMK Raden Rahmat	67	22.2
SMK Taman Siswa	45	14.9
SMKN 1 Jetis	21	7.0
SMKN 1 Kemlagi	28	9.3
SMKN 1 Mojokerto City	32	10.6
SMKN 1 Mojoanyar	54	17.9
SMKN 1 Pungging	34	11.3
SMKN 1 Sooko	21	7.0
<b>Total</b>	<b>302</b>	<b>100.0</b>

The researcher utilized a sample size calculator to ascertain a representative sample size, assuming a margin of error of 5% and a population percentage of 50%. The computations yielded a sample size of 302 pupils, deemed adequate for proportional representation of the population in this study investigation. This distribution (Figure 1) shows an even representation of various vocational schools, both public and private, so that the results of the study reflect real conditions in the field. This study uses PLS-SEM to test a series of hypothetical research relationships of entrepreneurial competency variables, family support, social environment, entrepreneurial interest. The steps of the PLS-SEM analysis refer to the procedure developed by Chin (1999), and Hair, et al. (2020), which include: (1) evaluation of the measurement model (outer model); (2) evaluation of structural models (inner models), and (3) hypothesis testing.

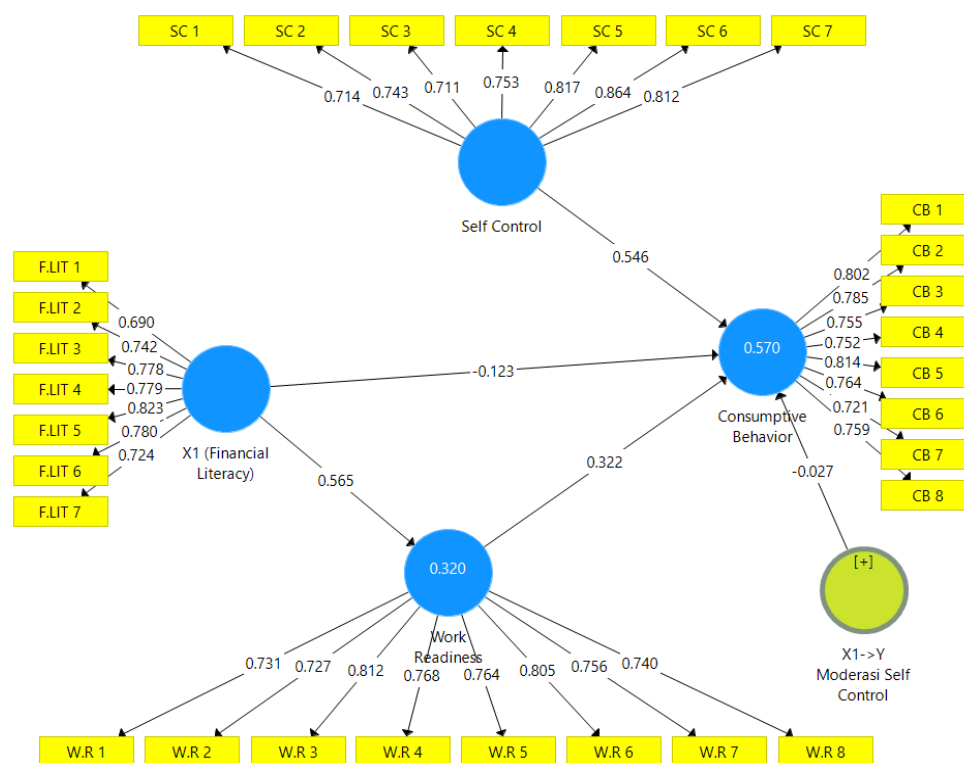


Figure 1. Data Analysis Results

### Evaluation of Measurement Model (*outer model*)

Based on the results of the construct validity and reliability test (Table 2), all variables in this study have met the feasibility criteria of the model. The loading factor value for each indicator is above 0.70, indicating that each item has a strong contribution in reflecting the measured construct. Cronbach's Alpha values range from 0.881 to 0.902, and Composite Reliability (CR) is above 0.90 for all variables, which means the entire construct has excellent internal consistency. In addition, the Average Variance Extracted (AVE) value for each variable exceeds the minimum limit of 0.50, which ranges from 0.578 to 0.601, which indicates that more than 50% of the indicator's variance can be explained by its construct. Thus, it can be concluded that all variables of financial literacy, job readiness, self-

control, and consumptive behavior have an adequate level of validity and reliability, making them suitable for use in the analysis of the next structural model.

**Table 2.** Validity and Reliability

Variable	Items	Loading Factor	CA	CR	AVE
<b>Work Readiness</b>	WR1	0.731	0.898	0.918	0.583
	WR2	0.727			
	WR3	0.812			
	WR4	0.768			
	WR5	0.764			
	WR6	0.805			
	WR7	0.756			
	WR8	0.740			
<b>Self-Control</b>	SC1	0.714	0.889	0.913	0.601
	SC2	0.743			
	SC3	0.711			
	SC4	0.753			
	SC5	0.817			
	SC6	0.864			
	SC7	0.812			
<b>Financial Literacy</b>	F.LIT1	0.790	0.881	0.905	0.578
	F.LIT2	0.742			
	F.LIT3	0.778			
	F.LIT4	0.779			
	F.LIT5	0.823			
	F.LIT6	0.780			
	F.LIT7	0.724			
<b>Consumptive Behavior</b>	CB1	0.802	0.902	0.921	0.592
	CB2	0.785			
	CB3	0.755			
	CB4	0.752			
	CB5	0.814			
	CB6	0.764			
	CB7	0.721			
	CB8	0.759			

### Discriminant Validity

Discriminant validity is a cross loading factor value that is useful to find out whether the construct variable has adequate discrimination by comparing the loading value of the intended construct variable must be greater than the loading value with other constructs (Hussein, 2015; Ghozali & Latnan, 2015). The discriminant validity test refers to the Fornell-Larscher criterion which shows a cross-loading value  $> 0.70$ , which means that these variables meet discriminant validity (Fornell, 1988; Chin, 2009; Hair, et al., 2013). The result of discriminant validity is presented in Table 3.

The results of the Fornell-Larcker Criterion test show that the square root value of Average Variance Extracted (AVE) for each variable is greater than the correlation between other constructs. The highest diagonal values in each of the variables Job Readiness (0.763), Self-Control (0.775), Financial Literacy (0.760),

and Consumptive Behavior (0.770) prove that each construct has good discriminative validity, because it is able to distinguish itself from other constructs in the model.

**Table 3.** Discriminant validity

Variable	Job Readiness	Self-Control	Financial Literacy	Consumptive Behavior
Job Readiness	0.763			
Self-Control	0.803	0.775		
Financial Literacy	0.565	0.626	0.760	
Consumptive Behavior	0.692	0.727	0.404	0.770

### Evaluation of the Structural Model (Inner Model)

R-square ( $R^2$ ) Work Readiness = 0.320 (moderate category) and Consumptive Behavior = 0.570 (moderate-strong category). This means that exogenous variables are able to explain 32% of the variation in work readiness and 57% of the variation in consumptive behavior (see Table 4). While  $Q^2$  Value of Job Readiness = 0.181 and Consumptive Behavior = 0.328 and the model has good predictive relevance (see Table 5).

**Table 4.** R-Square Results

	R-square	R-square Adjusted
Job Readiness	0.320	0.317
Consumptive Behavior	0.570	0.565

**Table 5.**  $Q^2$  Result

	SSO	SSE	$Q^2 (=1-SSE/SSO)$
Job Readiness	2416.000	1977.604	0.181
Self-Control	2114.000	2114.000	0.000
Financial Literacy	2114.000	2114.000	0.000
Consumptive Behavior	2416.000	1622.792	0.328

From Table 6, it is obtained below that the effect of financial literacy on job readiness has an  $f^2$  value of 0.470 which is included in the large category. Furthermore, the effect of self-control on consumptive behavior showed an  $f^2$  value of 0.213 which was in the medium category. The effect of job readiness on consumptive behavior has an  $f^2$  value of 0.084 which is included in the small category. Meanwhile, the effect of financial literacy on direct consumptive behavior is only 0.020, which is included in the small category. The effect of the interaction of financial literacy with self-control on consumptive behavior is only 0.002, so it can be categorized as very small or almost no effect.

**Table 6.** F-Square Results

	F-Square
Job Readiness → Consumptive Behavior	0.084
Self-Control → Consumptive Behavior	0.213
Financial Literacy → Job Readiness	0.470
Financial Literacy → Consumptive Behavior	0.020
Self-Control x Financial Literacy → Consumptive Behavior	0.002

### Hypothesis Testing

Hypothesis testing in this study was carried out using the bootstrapping procedure on SmartPLS (see Table 7). The results of the direct line test are shown in Table 5. Job readiness exerted a positive and significant influence on consumptive behavior, evidenced by a coefficient of 0.322, a t-statistic of 4.969, and a p-value of 0.000. Self-control exerted a favorable and substantial influence on consumptive behavior, evidenced by a coefficient of 0.546, a t-statistic of 7.038, and a p-value of 0.000. Financial literacy exerts a positive and significant influence on job preparedness, evidenced by a coefficient of 0.565, a t-statistic of 12.312, and a p-value of 0.000. Financial literacy exerts little direct influence on consumption behavior. This is demonstrated by a negative coefficient of  $-0.123$ , accompanied by a t-statistic of 1.763 and a p-value of 0.078 ( $> 0.05$ ). The relationship between financial literacy and self-control regarding consumptive behavior was not significant, evidenced by a coefficient of  $-0.027$ , a t-statistic of 0.693, and a p-value of 0.489.

**Table 7.** Path Coefficients (Direct Effect)

Path	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
Job Readiness → Consumptive Behavior	0.322	0.324	0.065	4.969	0.000
Self-Control → Consumptive Behavior	0.546	0.547	0.078	7.038	0.000
Financial Literacy → Job Readiness	0.565	0.570	0.046	12.312	0.000
Financial Literacy → Consumptive Behavior	-0.123	-0.121	0.070	1.763	0.078
Self-Control x Financial Literacy → Consumptive Behavior	-0.027	-0.028	0.039	0.693	0.489

### Mediation Analysis

The results of the mediation effect test are shown in Table 8. The financial literacy pathway to consumptive behavior through job readiness has a coefficient of 0.182 with a t-statistic of 4.892 and a p-value of 0.000. These results are significant, so it can be concluded that job readiness plays a role as a mediating variable in the relationship between financial literacy and consumptive behavior. In other words, financial literacy can reduce students' consumptive behavior through increasing job readiness.

**Table 8.** Specific Indirect Effects (Mediation)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
Financial Literacy → Job Readiness → Consumptive Behavior	0.182	0.184	0.037	4.892	0.000

## Discussion

The first result indicates that financial literacy does not have a significant effect on student consumptive behavior. Although the level of financial literacy of students is quite good, it has not been able to suppress the tendency of consumptive behavior. These findings are different from the results of research by Lusardi and Mitchell (2020); Pradana et al. (2022), which found that increasing financial literacy can reduce consumptive behavior. This condition shows that financial knowledge has not been fully internalized into healthy financial behavior. Other factors such as social drive, lifestyle, and low self-control are likely to have more influence on students' consumptive behavior (Tangney et al., 2020; Nuraini & Wulandari, 2023).

This study found that financial literacy has a positive and significant effect on student job readiness. This means that a good financial understanding helps students plan their careers, understand economic responsibility, and increase confidence in the world of work. These findings are in line with Huston (2021) and Yuliani & Suryani (2023) who affirm that financial literacy supports the formation of rational behavior and positive future orientation. In addition, financial literacy also improves career planning skills and readiness to face economic challenges in the world of work (Kim & Chatterjee, 2020; Mahendra et al., 2024).

The Effect of Job Readiness on Student Consumptive Behavior, the results of the analysis show that job readiness is positively correlated with student consumptive behavior. The more prepared students are to face the world of work, the higher their tendency to behave consumptively. This phenomenon can be caused by increased access to income, especially for students who have participated in internship programs (Wijaya & Firmansyah, 2021; Dwiastanti, 2022). This shows that job readiness is not always a factor that suppresses consumptive behavior, but can increase students' purchasing power if it is not balanced with financial literacy and strong self-control (Baumeister & Vohs, 2021; Susanti & Rahmawati, 2024).

The next results indicate the study prove that job readiness mediates the relationship between financial literacy and consumptive behavior. This means that financial literacy affects consumptive behavior through increasing students' work readiness. These findings support the Theory of Planned Behavior (Ajzen, 1991) which explains that attitudes influence intentions, which in turn shape behavior. Thus, job readiness is an important bridge in transforming financial knowledge into wise and rational financial behavior (Kim & Chatterjee, 2020; Mahendra et al., 2024; Lusardi & Mitchell, 2020).

This study shows that self-control does not moderate the relationship between financial literacy and consumptive behavior. Although students have a fairly good understanding of finance, their ability to control themselves is still moderate, so they are not able to strengthen the influence of financial literacy on consumptive behavior. These results illustrate that self-control needs to be improved through habituation, character training, and moral education in order to function effectively in containing consumptive impulses among vocational school students (Baumeister & Vohs, 2021; Tangney et al., 2020; Shim et al., 2021; Nuraini & Wulandari, 2023).

## CONCLUSION

This study concludes that financial literacy does not have a direct effect on the consumptive behavior of students of the Center of Excellence Vocational School in Mojokerto, which shows that financial knowledge is not yet fully able to suppress consumptive habits. However, financial literacy has a significant effect on job readiness, meaning that the higher the student's financial understanding, the better their readiness to face the world of work. Job readiness has been proven to have a positive effect on consumptive behavior, because students who are more ready to work tend to have higher purchasing power, so it has the potential to increase consumptive behavior. In addition, job readiness mediates the influence of financial literacy on consumptive behavior, which suggests that financial understanding can shape consumption behavior indirectly through job readiness. Meanwhile, self-control has not been shown to moderate these relationships, indicating that students' ability to resist consumption urges still needs to be strengthened. Based on these results, schools are advised to strengthen financial literacy in the curriculum through practical activities such as budget simulation and investment, while students need to improve self-control in managing finances by making budgets and limiting non-essential expenses. Parents are expected to set a good financial example, while the industrial world and local governments can integrate financial education in internship programs so that students are not only job-ready but also financially wise. Further research suggests adding psychological variables such as self-efficacy, lifestyle, or motivation to expand understanding of the factors that influence consumptive behavior.

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