

The Effect of Financial Psychoeducation on Mental Budgeting and Consumer Decision Making On Generation Z E-Commerce Consumers

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ABSTRACT

Shopping is one of the human activities. Although basically this activity is indeed driven by needs, there are times when this activity becomes excessive where the impulse that arises is to fulfill desires, lifestyles, or social status that are unlimited in nature. Excessive spending behavior patterns can make individuals no longer able to control their finances. Decision-making in shopping is also partly determined by how strong the budgeting mentality of the individual has. A strong budgeting mentality will be able to control excessive shopping behavior, and vice versa. Financial psychoeducation can conceptually be one of the effective interventions to increase knowledge and information about the use of money. This study aims to find out whether there is an influence of psychoeducation on mental budgeting and consumer decision making in generation Z. This study is an experimental quantitative study using the Posttest Only Control Group Design. The population used was 45 participants and were selected based on the purposive sampling technique. Participants were divided into a control group and experimental group. Both groups will undergo a posttest by filling out questionnaires and role play. The data analysis technique used is the Independent Sample T-test technique using the JASP 0.8.5.1 program for Windows. The results obtained showed a value of $t = 0.294$ with $p = 0.771$ ($p > 0.05$), with the magnitude of Cohen's effect $d = 0.100$ ($d < 0.2$) which means that there is no significant influence of psychoeducation on mental budgeting and consumer decision making in generation Z.

Keywords: Financial Psychoeducation Mental Budgeting, Consumer Decision Making, e-commerce, Generasi Z

1. INTRODUCTION

Shopping is one of the human activities, so humans are also said to be consumptive creatures. Humans tend to have an urge to continue consuming goods and services, not only to meet basic needs (such as eating, drinking, and shelter), but also to fulfill desires, lifestyles, and social status. It is studied in consumer behavior, which is defined as "the totality of consumers' decisions with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by human decision-making units (over time)" (Hoyer & Macinnis, 2010).

Along with the development of technology, consumer behavior in shopping has also undergone significant changes. A report from Google, Temasek, and Bain & Company (2023) states that 80% of consumers in Indonesia prefer to shop online rather than offline (berijalan.co.id).. As many as 59.3% of the total population of Indonesian internet users (185.3 million) buy products or services online through various e-commerce options. Online shopping has become a new habit of modern society since the last few years. This is reflected in the emergence of e-commerce services such as Tokopedia, Shopee, Bukalapak, etc. In addition, the e-commerce penetration rate in 2023 will reach 21.56%, and is expected to continue to increase until it reaches 34.84% in 2029 (Statista, 2024 in berijalan.co.id). In fact, social media services such as TikTok are also intensively working on live shopping features to accommodate the needs of people shopping on the internet. Data from the Ministry of Trade shows that the value of e-commerce transactions in Indonesia is projected to reach IDR 487 trillion in 2024, an increase of 2.8% from the previous year (Ministry of Trade of the Republic of Indonesia, 2024 in berijalan.co.id). This growth is driven by consumer preferences that increasingly favor online shopping, especially for FMCG products, and is supported by various factors such as ease of payment, returns, and fast delivery. The highest increase in online shopping was in the food sector with a growth of 16.6% YoY. Presumably, online food ordering through features such as GoFood and GrabFood, as well as groceries services such as AlfaCart and KlikIndomaret are still growing strongly. Other categories that also grew were toys/hobbies whose transaction value increased by 8.7%, beverages increased by 7.3%, household appliances increased by 6%, and physical media such as cassette/CD/vinyl increased by 2.8% (CNBC Indonesia, February 15, 2023).

Shopping activities that are studied in consumer behavior involve the consumer's decision-making process. Consumer decision making is a pattern of consumer behavior when initiating, determining, and making decisions to obtain a need for an idea, product, or service that is expected to satisfy (Du Plessis et al in Erasmus et al, 2001). Some of the factors that affect the decision-making process are personal factors, psychological factors, social factors, and marketing factors. Budgeting mental conditions that are included in personal factors are one of the factors that affect consumer decision-making

In reality, sometimes consumers become unable to restrain themselves in spending and consumption behavior, so they tend to overdo it (Cheema & Soman, 2006). This is directly related to how consumers can control their finances and themselves to avoid excessive consumption behavior. Mental Budgeting is a process of a series of cognitive operations that individuals use in labeling codes/categories and evaluating financial behavior (Thaler in Hoque, 2017). The point is that consumers learn to limit spending further when a certain budget is exhausted by controlling spending in certain categories. Motivation plays a very important role in mental budgeting. In this case, because the budgets set in categories can be said to be inflexible, individuals will most likely justify their spending through a variety of ingenious methods. The ingenious method in question is that individuals will look for many reasons to justify their expenses or can be said to be self-compromise, such as discounts that may make them save in the future, accidental expenses when hanging out with friends, unwanted disasters along the way, and so on. In the process, mental budgeting talks about making the decision to make expenditures when individuals engage in consumption behaviors (Heath, C. & Soll, J. B., 1996). Mental budgeting and consumer decision making, both talk about how individual behavior makes choices in the process of consumption and purchase behavior. In short, mental budgeting and consumer decision making talk about the process of thinking individuals cognitively in making choices. However, both are heavily influenced by issues of self-control and social control.

There are many ways or interventions that can be done in dealing with the problem of self-control and social control, one of which is by providing psychoeducation. Psychoeducation is an activity carried out to improve understanding and/or skills as an effort to prevent the emergence and/or spread of psychological disorders. Although it is a complementary intervention, psychoeducation is important to involve clients or patients in handling problems or disorders experienced. Psychoeducation, which originally came from the medical world, is now widely used in the realm of education, public education, including the world of work (Setya Asyanti, 2023). The provision of psychoeducational materials aims to increase understanding and knowledge in individuals, so that individuals can control themselves in their behavior, especially in the process of consumption and shopping. In addition, psychoeducation was chosen to see if the provision of psychoeducational treatment was effective in changing the individual's mindset and behavior patterns in making choices during the decision-making process. The individuals targeted in this study are generation Z.

Generation Z is a generation that has been facilitated by technology since their birth. The technology can be in the form of gadgets and internet facilities. The shopping culture between generation Z and millennials is seen when technological developments bring the change of traditional shopping to online shopping. According to research conducted by Populix with the number of respondents reaching 6285 from all ages, it was found that generation z ranked first in the popularity of online shopping in Indonesia. Reporting from Kompas.com, Kredivo and Katadata Insight Center or commonly abbreviated as KIC conducted research on e-commerce consumer behavior in Indonesia. The results showed that millennials and Z generations are the highest contributors to e-commerce transactions in Indonesia, which is 85%. Generation Z are those born in 1995 – 2010 (Halim, L. Verina et al. , 2024).

2. RESEARCH METHODS

This study is an experimental quantitative study using the Posttest Only Control Group Designm which is characterized by an experimental group and a control group that is divided based on the principle of random assignment and measurements are carried out after treatment is given to the experimental group (Yuwanto, 2012). The participants used in this study were 45 consumers classified as GenZ who were determined using Purposive sampling using the Criterion sampling technique. Criterion sampling is one of the non-probability sampling techniques where research participants are determined based on the criteria that are needed (Palys, T. 2008). The criteria determined are classified as age groups of 15 to 25 years old, have online shopping habits, and have a monthly income.

Participants were divided into a control group (25 participants) and an experimental group (20 participants). The experimental group will be given treatment in the form of financial psychoeducation. Data collection was carried out using the Mental Budgeting Questionnaire based on the scale used by Eberson (2013) and the Consumer Decision Making Questionnaire used by Sproles & Kendall, (1986). The provision of psychoeducational treatment is carried out through zoom media. The implementation stage began with the provision of online psychoeducational materials to the experimental group. The model chosen is the skill training model, where this model is more emphasized on the development of systematic behavior and improving the ability of participants more effectively. The material provided

focuses more on the problem of saving individual budgets and shopping styles and is presented based on interactive quizzes of right or wrong.

Psychoeducation is divided into 5 sessions with details of session 1, namely the viewing of videos on the use of money and Shopaholic attitudes. Session 2 is the provision of mental budgeting material. Session 3 is discussion, question and answer, and sharing personal experiences about mental budgeting. Session 4 is the provision of consumer decision making material. Finally session 5, namely discussion, Q&A, and sharing personal experiences about shopping. In addition, both groups will undergo a posttest in the form of filling out variable questionnaires and role play. The data analysis technique used is the Independent Sample T-test technique using the JASP 0.8.5.1 program for Windows.

3. RESULTS AND DISCUSSION

Table 1 Distribution of Mental Budgeting Scores

Category	Score	Frequency		Percentage	
		EG	CG	EG	CG
High	$x > 14,66$	10	13	62,5 %	68,42 %
Moderate	$9,34 \leq x \leq 14,66$	6	6	37,5 %	31,58 %
Low	$x < 9,34$	0	0	0 %	0 %
		16	19	100 %	100 %

Table 2 Distribution of Consumer Decision Making Scores

Category	Score	Frequency		Percentage	
		EG	CG	EG	CG
High	$x > 146,6$	0	0	0 %	0 %
Moderate	$93,4 \leq x \leq 146,6$	16	19	100 %	100 %
Low	$x < 93,4$	0	0	0 %	0 %
		16	19	100 %	100 %

Based on table 4.3, it can be seen that there is no significant difference between the experimental group and the control group. The table shows a value of $t = -0.261$ with $p = 0.796$ ($p > 0.05$) in the mental budgeting variable, while in the consumer decision making variable it shows a value of $t = -0.632$ with $p = 0.532$ ($p > 0.05$). In both variables, the value of the magnitude of Cohen's effect d was very small, namely in the mental budgeting variable $d = -0.089$ and in the consumer decision making variable $d = -0.214$ ($d < 0.2$).

The table also shows the value of the coefficient t minus (-) which means that the value arises because the mean value between the experimental group and the control group is different. Then to find out whether there is an influence of psychoeducation on mental budgeting and decision making in generation z, the researcher measured the value of role play as a post-test value. The following are the results of the role play that has been carried out:

Table 3 Independent Sample T-test of Mental Budgeting and Consumer Decision Making

					95% CI for Cohen's d	
	t	df	p	Cohen's d	Lower	Upper
Mental Budgeting	-0.261	33.00	0.796	-0.089	-0.753	0.577
Consumer Decision M	-0.632	33.00	0.532	-0.214	-0.880	0.454

Table 4 Independent Samples T-Test Role Play

	t	df	p	Cohen's d
Role Play	0.294	33.00	0.771	0.100

In this study, data on the use of money was obtained, the majority of participants will spend their income money on average almost 73.4% of their total income. A total of 5 participants managed to keep their remaining income exceeding

50% of their total income. It can be said that they can suppress their consumption behavior and can think wisely in using money. In other words, the participants have set the budget to be spent before actual consumption or the individual's self-control mechanism has consciously separated the budget planning from the actual implementation. Because it allows the "planner" to rationally act by limiting the behavior of the overly impulsive "implementer" (Schelling 1992; Shefrin and Thaler 1988 in Heath & Soll, 1996).

In terms of spending money, there are two tasks that individuals have when making decisions, namely choosing or rejecting. According to Shafir (1993), when individuals are faced with making decisions, individuals are unconsciously forced to make a choice between choosing or rejecting. Decision-makers focus on the reasons for pursuing the object of the decision when they will consider choosing or rejecting the product. When they decide to make a choice, they will give a good reason why they should choose the product. But when they determine to reject, they will give a compelling reason to avoid consuming the product. According to Heath & Soll (1996), it is best to make the budget somewhat inflexible. An inflexible budget can systematically change an individual's choice in spending their money. When individuals budget too much money, they may end up consuming too many products that they lack desire. Conversely, when individuals budget too little money, they may end up consuming too few products that they really want. This situation is more or less influenced by the mental condition of budgeting.

The mental state of budgeting comes from within oneself, related to motivation and self-control. (Cheema & Soman, 2006). Mental budgeting talks about the process of a series of cognitive operations that individuals use in labeling codes and evaluating financial behavior (Thaler in Hoque, 2017). If an individual who adheres to minimalism regulates all his consumption behavior based on needs by spending his money on products that are considered the most important and important by ignoring all other needs that are not main and important, then the individual can be said to have a high budgeting mentality. According to Ebersson (2011) there are 3 factors that affect mental budgeting, namely saving/savings goals, time orientation, and worries. Individuals can be said to have a high budgeting mentality when they have savings/savings goals for the future, oriented towards the long term, and have a high concern about the risks that will be accepted when making the wrong decision to spend money. The main focus of mental budgeting is when individuals focus on dividing their budget into several categories that make it easier to process finances and save more savings for the future.

The consumption behavior of generation Z cannot be separated from the development of digital technology. Generation Z is a generation that has been facilitated by technology since their birth. Data shows that the younger generation, especially Generation Z and Millennials, dominate online shopping activities in Indonesia. Generation Z is the largest group that actively shops online, followed by Millennials. According to data from the Indonesian E-commerce Association, more than 70% of Generation Z make online purchases at least once a month. Digital market platforms are their main destination in shopping, offering a variety of products ranging from fashion, electronics, to daily needs. tend to buy from brands that offer eco-friendly products and that have certain social values. (<https://www.rri.co.id/lain-lain/752910/budaya-belanja-online-generasi-z>).

From the hypothesis testing, the results (table 4.4) were obtained that there was no influence of psychoeducation on mental budgeting and consumer decision making in Gen Z consumers. With a value of $t = 0.294$ and $p = 0.771$ ($p > 0.05$), as well as the magnitude of Cohen's effect $d = 0.100$ ($d < 0.2$), it can be said that the effect is very small. This can be explained by several reasons. The frequency distribution of all participants for mental budgeting is at a high and medium level, as well as decision making which is all at a medium level. This shows that overall the participants did not experience problems with either variable.

The results of the data obtained through role play content showed that there was no difference between the two groups in the use of money and the amount of residual money used in role play content. As many as 31.25% of the participants of the experimental group and 36.84% of the participants of the control group were able to save > Rp. 35,000 from the use of money in role play content. Meanwhile, participants who could save < Rp. 10,000 for the experimental group as much as 12.5% and for the control group as much as 26.31%. This shows that psychoeducation cannot change mental budgeting and consumer decision making in experimental groups.

Psychoeducation aims to provide educational assistance by offering teaching about knowledge and information related to the nature and methods of treatment for disorders suffered (Nukariya, 2001). The results of psychoeducational interventions are not all that can be said to be successful or will be satisfactory. Each result obtained in psychoeducation can vary from individual to individual. Sometimes, there are unsatisfactory results such as no change or individuals getting further away from the desired results.

Then in the use of money based on gender, it shows that women have a higher level of saving than men. The women's group has a better level of mental budgeting than men. This is in accordance with the findings in the previous literature which stated that men tend to use mental budgeting less than women (Antonides, et al., 2011).

In addition, in the role play content, it was found that there was no difference between the choices made to spend money on products between the two groups. However, different results were shown based on the gender aspect. It can be said that these results are in accordance with previous research which states that Generation z can be considered a realistic generation, where this generation is not sure of long-term challenges and is afraid of the short term or rather generation z is more focused on avoiding risks (Dwidienawaty & Gandasari, 2018). Generation Z is also loyal to certain brands, they have a love for certain products and consider them very important (Tobi in Czobanka, 2016). According to Tanner and Raymond (2012) there are 4 factors that affect consumer decision making, namely, situational factors, personal factors, psychological factors, and social factors. These four factors ultimately shape consumer behavior patterns in making decisions when spending their money.

Several studies on psychoeducational interventions explain that the success of psychoeducation is characterized by changes in participants both in attitude, nature and behavior. In this study, it is justified that the results obtained from the provision of psychoeducation have no effect on mental budgeting and consumer decision making in generation Z. However, based on the definition of psychoeducation according to Jones (1982), in this study at least 3 psychoeducational movements have been fulfilled, namely, Psychoeducation has the purpose of training individuals to learn various types of life skills, Psychoeducation is a form of humanistic education, and Psychoeducation as a means of providing information to the public.

4. CONCLUSION

From the results described above, it can be concluded that there is no influence of psychoeducation on mental budgeting and consumer decision making in Generation Z. It is shown that there is no difference between the experimental group and the control group. In addition, it was found that there was a similarity in results based on previous research, where there were considerable differences related to mental budgeting and consumer decision making to gender. The weakness of the study is the lack of effectiveness of providing psychoeducational treatment through online media so that participants' responses cannot be recorded, and the use of online media does not provide optimal opportunities in a personal approach. So in the next study, the researcher suggested that it is better to provide psychoeducation directly without using online media with the duration and frequency of providing material to be longer and gradual.

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