

Financial Literacy and Lifestyle Among Employees of PT. Karang Wangkal Perkasa (KWP) Weda, Central Halmahera Regency

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ABSTRACT

Financial literacy refers to an individual's understanding and knowledge of various aspects of finance, including financial management. Effective financial management entails making wise decisions and maintaining discipline in handling financial resources. This study aims to assess the level of financial literacy among employees and their lifestyle choices regarding income usage, particularly among employees at PT. Karang Wangkal Perkasa (KWP). The study employed a qualitative method with a descriptive approach. Informants consisted of 10 employees aged 20-30 years, each with more than three years of working experience. Data collection techniques included observation, interviews, and documentation, while data analysis involved data reduction, presentation, and conclusion drawing. The findings indicate that although the 10 informants possessed a basic understanding of financial literacy, they demonstrated weaknesses in financial management, influenced by family background and education. Employees at PT. Karang Wangkal Perkasa predominantly spent their finances on daily consumption needs such as food and beverages, with varying lifestyle priorities. Some focused on daily necessities, while others allocated income to leisure activities, including gaming, traveling, shopping for branded items, and other personal indulgences.

Keywords: *Financial Literacy, Lifestyle, Worker.*

1. INTRODUCTION

Financial literacy is a fundamental necessity for every individual to avoid financial problems. It is a series of processes or activities aimed at enhancing the knowledge, confidence, and skills of consumers and the general public, enabling them to manage their finances more effectively (OJK, 2013). This aligns with Kholilah and Iramani (2013), who state that financial management is related to a person's ability to organize, plan, budget, examine, manage, control, seek, and save financial resources for daily use.

Lifestyle refers to the daily behavioral patterns of a group of individuals within society. It also encompasses the way a person lives, including how they spend their money, how they allocate their time, and other aspects related to fulfilling their lifestyle needs (Kanserina, 2015). A sound understanding of financial literacy provides individuals with insights to make well-informed financial decisions.

PT. Karang Wangkal Perkasa (KWP) is an outsourcing company affiliated with PT. Huafei, located within the Indonesia Weda Bay Industrial Park (IWIP) in Weda, Central Halmahera. Essentially, KWP functions as a subsidiary of PT. Huafei. The company operates in the construction sector and is responsible for producing and supplying civil construction workers to Huafei. This information was obtained through an interview conducted on July 8, 2024, with an employee from KWP's administrative office, identified by the initial J.

During the interview, the researcher inquired about the base salary provided by KWP. It was revealed that the average monthly salary ranges between IDR 5.5 million and IDR 6 million, excluding overtime pay and bonuses. Despite this relatively high income, the employees demonstrated limited understanding of financial management. In practice, many workers struggled to distinguish between needs and wants, often prioritizing lifestyle-related expenditures over essential needs. This finding aligns with Kasali's (1998) research, which found that market researchers who adopt a lifestyle approach tend to classify consumers based on AIO variables: activities, interests, and opinions.

Previous studies by Lusardi (2008) and Yushita (2017) have emphasized that financial literacy is a fundamental necessity for all individuals to avoid financial difficulties, including those faced by KWP employees. Financial problems are not solely a result of low income but can also arise from financial mismanagement, such as misuse of credit and lack of proper financial planning. Therefore, this study aims to examine financial literacy and lifestyle patterns among employees of PT. Karang Wangkal Perkasa in Weda, Central Halmahera Regency. The objective is to understand the levels of financial literacy and the lifestyle choices of KWP employees.

2. LITERATURE REVIEW

2.1. Literacy

Etymologically, the term literacy derives from the Latin word *literatus*, which means “a learned person.” In this context, literacy is closely associated with the processes of reading and writing. Financial knowledge or literacy possessed by an individual can aid in making sound decisions regarding financial products, thereby optimizing their financial decision-making. Financial knowledge is particularly important to prevent individuals from making poor financial choices which could lead to losses (Margaretha, 2015). Furthermore, the study by Krishna et al. (2010) indicates that financial literacy plays a significant role in helping individuals avoid financial difficulties.

2.2. Financial Literacy

Financial literacy is one of the essential foundations that individuals must possess. In general, people from both upper and lower socioeconomic classes who lack financial knowledge tend to face financial difficulties, such as rapidly depleting income on unproductive expenses or excessive debt payments, resulting in a lack of savings. Previous studies have identified several dimensions as indicators to measure financial literacy. According to Chen and Volpe (1998), financial literacy encompasses four key dimensions: basic financial knowledge, saving and borrowing, investment, and insurance.

2.3. Lifestyle

Lifestyle essentially refers to behaviors that reflect underlying issues or thoughts within consumers' minds, often intertwined with emotional and psychological aspects (Setiadi, 2012). Blackwell (2012) further defines lifestyle as the way people live, including how they spend their time and money.

2.4. Factors Influencing Lifestyle

A person's lifestyle can be observed through behaviors such as acquiring or utilizing goods and services, including the decision-making processes involved in these activities (Armstrong, 2006). Armstrong (2006) also identifies two categories of factors influencing lifestyle: internal and external factors. Internal factors include attitudes, experiences, observations, personality, self-concept, motivation, and perception.

2.5. AIO Components

The AIO framework refers to the measurement of Activities, Interests, and Opinions. According to Engel et al., AIO is defined as follows: first, activities are tangible actions such as watching television, shopping, or discussing services with neighbors. Activity also reflects one's responsiveness and spontaneity in behavior. Second, interests refer to the degree of enthusiasm and continuous attention directed toward a particular object, event, or topic, indicating one's active effort in pursuing a goal. Third, opinions are verbal or written responses provided by individuals in reaction to a stimulus or question. They represent the product of cognitive processes that relate different concepts and are expressed in a coherent statement.

2.6. Previous Studies

Previous research relevant to this study includes findings by Krishna et al. (2010), indicating that financial literacy prevents financial hardship stemming from income levels or mismanagement. Lusardi (2010) further emphasizes the link between financial literacy and sound financial behavior, particularly among working women.

Table 1. Previous Research

No	Auhtor	Method	Result
1	Krishna, et.al 2010	Mix Methodes	It shows that financial literacy helps individuals avoid financial difficulties. Financial problems are not solely a function of income level (i.e., low income); they can also arise from poor financial management, such as misuse of credit and the absence of proper financial planning.
2	Lusardi, (2010)	Quantitative	It was found that individuals lacking financial knowledge tend to make inaccurate financial decisions. To make sound financial choices—both now and in the future—one must possess an adequate level of financial literacy. Therefore, to prevent working women in Palangka Raya from experiencing financial difficulties due to poor financial behavior, they must also have a strong foundation in financial literacy. This indicates that an individual's financial behavior improves in line with increased financial literacy. Moreover, it was shown that the hedonistic lifestyle variable has a positive and significant influence on how working women in Palangka Raya manage their personal finances. This finding suggests that the financial management skills of these working women improve alongside the level of their hedonistic lifestyle.

3. METHODS

The research employed a qualitative method with a descriptive approach. The informants in this study were employees of PT. Karang Wangkal Perkasa (KWP), selected based on the criterion of having worked for more than three years, with a total of 10 participants. Data collection procedures included interviews and documentation. The data analysis process began by transcribing the interview results, followed by data reduction through abstraction—extracting and recording relevant information according to the research context. Qualitative research must reveal objective truths, as the credibility of qualitative research is achieved through data validity. Therefore, ensuring data validity is of critical importance in qualitative studies. To achieve this, the researcher applied triangulation techniques to validate the data.

4. RESULTS AND DISCUSSIONS

4.1 Financial Literacy

Based on the findings of this study, financial literacy is considered important by most employees of PT. Karang Wangkal Perkasa. Although they possess limited understanding of financial literacy concepts, they strive to manage both corporate and personal finances as effectively as possible. Each individual's formal education and informal life experiences—especially those acquired within the family—also play a role in shaping financial behavior. This is consistent with the study by Krishna et al. (2010), which found that financial literacy helps individuals avoid financial problems. Financial difficulties are not solely the result of low income but can also arise from poor financial management, such as misuse of credit and lack of financial planning. Lusardi, Mitchell, and Curto (2010) also noted that low financial literacy often serves as a major obstacle in personal financial management. Individuals with inadequate financial education tend to make poor financial decisions, such as excessive spending and insufficient future planning.

4.2 Lifestyle

Interview results revealed that the lifestyle patterns of PT. Karang Wangkal Perkasa employees vary significantly. Some prioritize their finances solely for daily consumption needs, while others allocate their income toward personal habits, such as gaming, traveling, and shopping. Long-term financial planning is only undertaken by a small portion of employees, particularly those who are married and have responsibilities toward their spouse and children.

5. CONCLUSION

From the 10 respondents who served as informants in this study, it was found that they possess a basic understanding of financial literacy, though their financial management skills are still lacking. This deficiency is influenced by several factors, notably educational background and family upbringing. Some respondents developed their financial literacy through reading, listening, and observing, while others were taught from an early age by their families to manage finances through saving practices.

The majority of PT. Karang Wangkal Perkasa employees tend to spend their income on daily consumption needs, such as food, beverages, and other necessities aimed at supporting their social status. Only a small number of employees are able to allocate a portion of their salary for long-term savings, typically those who are married and bear financial responsibility for their spouse and children.

The lifestyle choices among KWP employees vary from one individual to another. Some prioritize their finances solely for daily necessities, while others allocate their income toward personal habits such as gaming, traveling, or shopping for clothes, shoes, branded bags, and other luxury items. There are also employees who, recognizing greater family responsibilities, choose to live more modestly and set aside part of their income for long-term financial planning.

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