



# Online loan moderation: Hedonism and consumptive behavior

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## ARTICLE INFO

### Article history:

Received Oct 24, 2023

Revised Oct 25, 2023

Accepted Nov 05, 2023

### Keywords:

Consumptive Behaviour;

Hedonism;

Online Loans.

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## ABSTRACT

In the technological era, several conveniences in activities include making loans, in this case, online loans. The aim of this research is to test the moderating effect of online loans on hedonism on consumer behavior. This research uses a causality approach with PLS-SEM; the population in this research is active students in Serang City, with a sample of 392 respondents. The results of this research show that hedonism has a significant influence on consumer behavior and also a significant impact on the desire to make online loans. Meanwhile, online loans are a moderating variable in hedonism towards consumer behavior.

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## 1. INTRODUCTION

Throughout our lives, we consume various things to fulfill our many needs. Although our primary priority needs are food, hygiene care, and clothing, other consumption choices consist of content such as arts and culture, decoration, fashion, electronics, etc. Several factors trigger us in choosing when to consume. We can list many things such as materiality, lifestyle, tastes, hobbies, psychological state, and basic needs. Sometimes, we cannot buy something we want because we do not have the money, or if the means are available, we may buy it with the desire to have it, even though it is not necessary. There are no more products we cannot reach nowadays. People are constantly in a cycle of consumption. Moreover, consumption has become mandatory in a globalized world and developing technology. With the development of technology, marketing techniques have also changed.

Modern marketing techniques have been introduced in line with the modern understanding of consumption. The development of modern marketing techniques, consumer satisfaction, and increasing expectations of products and services have increased hedonic tendencies. With the development of consumption understanding, consumers under the pressure of traditional consumption have felt the need to consume for pleasure and entertainment as well as their basic physiological needs. Individuals who must consume to continue their lives may also turn to subconscious consumption over time; this situation is hedonistic consumption. Hedonism can be understood as the desire to satisfy emotional needs and do things that psychologically make people feel

happy, the search for excitement, and the desire to evaluate one's free time, the search for pleasure. In another sense, hedonism means an individual's willingness to give themselves excessive pleasure, for example, buying products they do not need. This fulfills their intrinsic desires without any other significant considerations (Abbasi et al., 2023; Hamzah et al., 2014; Saraç et al., 2023; Subawa et al., 2020).

In this case, in the understanding of hedonism, people see shopping as a tool to achieve pleasure beyond the function of the product they are going to buy, and they are motivated by the goal of achieving this product, and shopping activities have their connotations. This results positively or negatively. According to several studies, people are motivated by their intrinsic characteristics rather than the benefits of the product they are aiming for (Chiu et al., 2014; Meyer-Waarden et al., 2013; Palazon & Delgado-Ballester, 2013; Santo & Marques, 2022). In this case, consumers, driven by hedonic motives, are unlikely to act rationally. Hedonistic orientation is more intense in people who want to relieve daily life's boredom, escape depressive moods, and turn to consumption to define or prove themselves. Several studies state that hedonism will have a significant influence on consumer behavior (Angraini & Santhoso, 2019; Mazaheri et al., 2010; Richard & Habibi, 2016; Scarpi, 2020; Thamrin & Saleh, 2021). Several studies state that hedonism will have a significant influence on consumptive behavior (Angraini & Santhoso, 2019; Mazaheri et al., 2010; Richard & Habibi, 2016; Scarpi, 2020; Thamrin & Saleh, 2021). However, this research does not mention the impact of online loan moderation. Therefore, on this basis, this research was conducted to see the impact of the moderating influence of online loans on hedonism on consumer behavior.

The benefits and convenience provided by the widespread use of the Internet consumption habits are also changing. Thanks to the development of social networks, a broad public reach has been achieved, and there has been an increase in online shopping and consumption. In particular, there is an opinion that the development of social networks increases hedonism. With the development and spread of the Internet, technological developments have shaped people's work-life routines in line with the new order. The new order, also called information, internet network, or digital economy, has caused significant changes in current working conditions, management order, and the world of commerce. In the new order, some services make life easier, such as online shopping, banking transactions without going to a bank branch, moving many official transactions to the Internet, etc. This service can also reduce employee workload, save money for entrepreneurs, and facilitate product promotion/sales activities. In this development and change, the function of market mechanisms has also adapted to the new order. The rise of online loans will encourage hedonistic behavior, which can also encourage consumer behavior.

## 2. RESEARCH METHOD

This research was conducted using the PLS-SEM approach. This research was conducted in Serang City, with the research object being active students in Serang City. Because the population is unknown, to determine the sample using purposive sampling by recommendations (Chintia & Munawaroh, 2021; Elashoff & Lemeshow, 2005; Levy & Lemeshow, 2013; Nattino et al., 2020) then the determination is carried out using the Lemeshow formula with alpha (0.05) or 5% of the 95% confidence level, resulting in a sample of 392 students. Questionnaire collection was carried out for four months. The hedonism variable was adopted from Coelho et al. (2023), while the consumptive behavior variable was adapted from Dikria & Mintarti (2016), and the online loan variable was adapted from research conducted by Wang et al. (2020). So, the indicators used in this research were 18 items. Testing of the data obtained uses the help of the SmartPLS analysis tool version 3. The tests include inner and outer model tests, including moderation tests (Hair et al., 2017). The hypotheses in this research are as follows:

H1: Hedonism has a significant influence in influencing consumptive behavior  
 H2: Hedonism has a significant influence in influencing consumers to take online loans  
 H3: Online Loans can significantly moderate the influence of hedonism on consumptive behavior

### 3. RESULTS AND DISCUSSIONS

Before testing the hypothesis, the first step must be to test its validity and reliability. Validity testing carried out in this research uses discriminant validity, which can be seen in cross-loading. In contrast, in reliability testing, it can be seen from the Cronbach alpha and composite reliability values. As seen in Table 1, each variable has a different number of indicators: CB has eight items, HN has six items, and OL has four items.

Table 1. Outer model and inner model

Variable/Indicator	Cross Loading			Cronbach Alpha	Composite Reliability	AVE
	CB	HN	OL			
<i>Consumptive Behaviour (CB)</i>				0.879	0.904	0.544
CB1	0,730	0,604	0,562			
CB2	0,643	0,447	0,459			
CB3	0,806	0,619	0,672			
CB4	0,763	0,538	0,618			
CB5	0,817	0,651	0,798			
CB6	0,807	0,700	0,906			
CB7	0,718	0,604	0,717			
CB8	0,582	0,516	0,454			
<i>Hedonism (HN)</i>				0.857	0.893	0.583
HN1	0,697	0,791	0,659			
HN2	0,529	0,696	0,531			
HN3	0,561	0,737	0,548			
HN4	0,693	0,823	0,650			
HN5	0,597	0,772	0,581			
HN6	0,574	0,757	0,552			
<i>Online Loans (OL)</i>				0.861	0.907	0.712
OL1	0,776	0,678	0,914			
OL2	0,714	0,603	0,732			
OL3	0,795	0,631	0,801			
OL4	0,773	0,686	0,912			

Table 1 shows the validity and reliability testing of the variables studied. By the recommendations of Nordin et al. (2023), which state that an indicator is said to be valid if it has a value of more than 0.50 or if it is tested using discriminant validity, the correlation value of the association construct must be higher than that of other constructs. Furthermore, the reliability value is said to be reliable if the Cronbach alpha and composite reliability test results are above 0.7; this is according to the recommendations of Hair et al. (2019). Likewise, the AVE value must be more than 0.5. Furthermore, Table 2 shows the coefficient of determination as measured by R-Square with a CB value of 0.850 and OL of 0.586. Hair et al. (2019) divided the R-Square criteria, including if the value is 0.75, then it can be said to be substantial, and if the value is 0.50, then it can be said to be moderate, whereas if the value is 0.25, then it can be said to be weak. Therefore, CB has substantial criteria, while OL is included in the moderate criteria. Then, the Fornell-Larcker test shows that the value of each construct is greater than the correlation value with other constructs. To see the relationship between variables, see Figure 1.

Table 2. R-Square & Fornell-Larcker Criterion

	R-Square	CB	HN	OL
Consumptive Behaviour (CB)	0,850	0,737		
Hedonism (HN)		0,802	0,764	
Online Loans (OL)	0,596	0,908	0,772	0,844

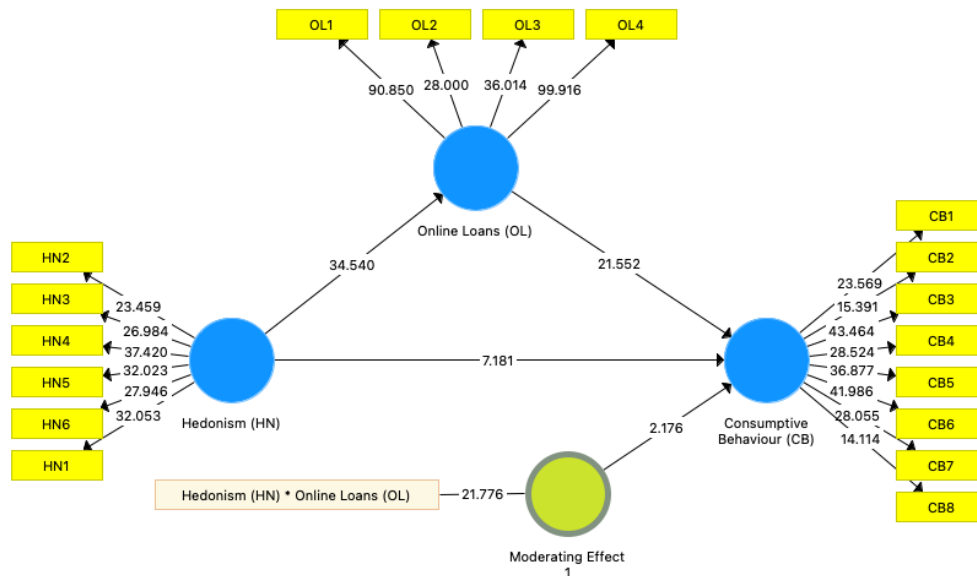


Figure 1. Research Model

Figure 1 shows the relationship between the variables studied directly and indirectly or through moderating variables. More clearly, the influence can be seen in Table 3.

Table 3. Bootstrapping

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
<i>Direct Effect</i>					
HN -> CB	0,252	0,252	0,035	7,181	0,000
HN -> OL	0,772	0,773	0,022	34,540	0,000
<i>Moderating Effect</i>					
HN * OL -> CB	0,049	0,050	0,022	2,176	0,030

Table 3 explains the relationships or hypotheses tested. The test results show that all the hypotheses proposed are entirely accepted. This means that both direct and indirect relationships have a significant influence. It can be seen that HN has a positive and significant influence on CB ( $\beta = 0.252, t = 7.181, p = < 0.05$ ), and HN has a positive and significant influence on OL ( $\beta = 0.772, t = 34.540, p = < 0.05$ ). OL has a positive and significant moderating effect on the relationship between HN and CB ( $\beta = 0.049, t = 2.176, p = < 0.05$ ).

Hedonism considers that the search for pleasure is the main goal in life (Caruana et al., 2020; Ertina & Ibrahim, 2019; Vitrano, 2020). People who follow this view tend to seek enjoyment and happiness in various aspects of life, including consumer experiences such as buying luxury goods, delicious food, vacations, and entertainment. On the other hand, consumer behavior often involves spending money to buy goods or services expected to provide enjoyment or happiness. People who adhere to hedonism may spend more money to satisfy their wants and desires. Individuals who strongly adhere to hedonic views seek pleasure and happiness through material consumption. This can result in excessive consumer behavior, where they purchase goods or services that may not always be necessary.

Hedonism, as a philosophy that prioritizes the search for pleasure and happiness, can influence consumers in various aspects of their financial behavior, including their decision to use online loans. Hedonistic individuals tend to seek immediate pleasure and satisfaction. Online loans can provide quick access to funds, making them attractive to those who prioritize immediate pleasure and think less about long-term financial consequences. Hedonists are more likely to spend money on pleasurable experiences, products, or services. Online loans can finance indulgent purchases, such as holidays, entertainment, or luxury goods. Students who behave hedonistically tend not to exercise financial control, resulting in impulsive spending. The availability of online loans can facilitate this behavior, allowing them to make purchases without financial constraints.

Online loans have the potential to moderate the influence of hedonism on consumer behavior, but the impact can vary between individuals and situations. Of course, this has several impacts on online loans. Although online loans can potentially reduce the impact of hedonism on consumer behavior by providing financial resources and tools, it is essential to be careful and carry out responsible borrowing (Wang et al., 2020). Over-reliance on loans can lead to debt and financial stress cycles, exacerbating the impulsive consumption associated with hedonism. Therefore, individuals should use online loans as a financial tool, not as a means to incur excessive or unnecessary expenses. Responsible financial decision-making remains essential in managing the relationship between hedonism and consumer behavior.

#### 4. CONCLUSION

Students should adopt responsible lending practices and consider the potential financial impact of online loans to ensure they do not fall into a cycle of debt or jeopardize their long-term financial well-being, let alone default. Because hedonism significantly influences consumer behavior, avoiding excessive lifestyles must be an essential consideration. This research can provide a deeper understanding of the factors that encourage consumer behavior. By identifying the moderating influence of online lending and hedonism, this research may help explain why some individuals are more likely to spend money impulsively. Additionally, this research can provide helpful information to consumers. Consumers who are more aware of the influence of online loans and hedonism on their consumer behavior can make better financial decisions. However, this research certainly has limitations, such as reaching all components of society in Serang City; therefore, further research should expand the respondents.

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