

# The Influence of Economic Education on Economic Awareness of the Community

Helmi Amba Dewi<sup>1</sup>, Suparno<sup>2</sup>, Agus Wibowo<sup>3</sup>

<sup>1</sup>Department of Economics Education, Jakarta State University, Indonesia

<sup>2</sup>Department of Economics Education, Jakarta State University, Indonesia

<sup>3</sup>Department of Economics Education, Jakarta State University, Indonesia

## Abstract

Economic education has long been recognized as a pivotal tool in enhancing the economic awareness of communities. This research aims to test the impact of economic education at the economic level awareness among the public. The research method employed is a survey, collecting data through questionnaires distributed to a sample of individuals from diverse educational backgrounds and age groups. The research findings reveal a significant positive correlation between the level of economic education received by individuals and their economic awareness. Individuals who have received higher levels of economic education tend to possess a better understanding of economic concepts, financial planning, and investments. They are also more likely to exercise prudence in managing their finances.

Furthermore, the study sheds light on the disparities in the influence of economic education based on social and demographic factors such as age, gender, and educational attainment. These results offer deeper insights into how economic education can be customized to achieve more optimal outcomes tailored to the needs of the community. These findings hold important implications for designing more effective economic education programs aimed at enhancing public economic awareness. Additionally, this research lays the groundwork for the promotion of broader economic education within communities to address the frequently overlooked issue of economic awareness. Improved economic awareness is expected to assist individuals and communities in making wiser and more sustainable financial decisions.

**Keywords:** economic education; economic awareness; community; financial management; financial; economic literacy

## 1. Introduction

Economic awareness is a cornerstone of financial well-being and societal progress. In a world characterized by complex economic systems, dynamic markets, and evolving financial landscapes, the ability of individuals and communities to make informed economic decisions is of paramount importance. At the heart of fostering such awareness lies economic education. Economic education, encompassing both formal and informal learning, is widely acknowledged as a means to empower individuals with the knowledge and skills necessary to navigate the intricacies of modern economics. It equips them with the capacity to make prudent financial decisions, understand economic policies, and engage in discussions on

fiscal matters that affect their lives. In the pursuit of economic development and financial stability, it is imperative to investigate the extent to which economic education influences the economic awareness of the community. This paper aims to explore this vital interplay and evaluate the impact of economic education on the economic consciousness of individuals within a given community. The importance of this research cannot be overstated, as it carries significant implications for public policy, educational institutions, and individuals striving to achieve economic security. Furthermore, it addresses the need for tailored, community-specific economic education programs that can better serve diverse demographics, thereby contributing to a more equitable and informed society. This paper, therefore, delves into the intricate relationship between economic education and economic awareness, examining the influence of various demographic factors and the effectiveness of different educational approaches. By doing so, it seeks to illuminate the path toward enhancing the economic well-being of communities and individuals, ultimately fostering a more financially savvy and prosperous society.

**Table 1.** Highest and Lowest Levels of Economic Awareness Based on Education Level

Number	Economic Education Level	Economic Awareness Score (on a scale of 1-10)
	Primary School	5
	Junior High School	6
	Senior High School	7
	Higher Education	8
	Bachelor (S1)	9
	Master (S2)	9
	Doctorate (S3)	10

In the provided table, we can observe variations in the level of economic awareness among individuals based on their education level. The "Skor Kesadaran Ekonomi" column represents the scores of economic awareness on a scale of 1-10.

**Highest Level of Economic Awareness:**

The highest level of economic awareness is found among individuals with a Doctorate (S3) degree, with an average score of 10. This indicates that individuals with the highest level of formal education in economics tend to have the most profound understanding of economic concepts and issues. They demonstrate a strong awareness of economic matters, which may be attributed to their advanced education and specialization in the field.

**Lowest Level of Economic Awareness:**

On the other hand, individuals with an elementary education level, such as those who have completed only elementary school, tend to have the lowest level of economic awareness, with an average score of 5. This suggests that those with limited formal education in economics

may have less exposure to economic concepts and are, therefore, less aware of economic issues and decision-making.

It is essential to note that these findings highlight the impact of education on economic awareness, and they underscore the importance of improving economic education at all levels to enhance the overall economic awareness of the community. These observations indicate that higher educational levels generally correspond to greater economic awareness, emphasizing the crucial role of education in shaping economic literacy and awareness within society. The major challenge for the Indonesian nation these days and in the coming is how to improve the quality of the people. Regarding that, it is interesting to study the present quality of education and to know what can be done to it so that it improves and produces better human resources that are productive, efficient, confident, and competitive in the global context. Sudarsana, I. Ketut. "Peningkatan mutu pendidikan luar sekolah dalam upaya pembangunan sumber daya manusia." *Jurnal Penjaminan Mutu* 1.1 (2015): 1-14. The provided abstract underscores a pressing concern for the Indonesian nation: the need to elevate the quality of its human capital. This issue is central to the country's development and global competitiveness. First, it acknowledges the significance of improving the populace's overall quality. Human capital is, without a doubt, a linchpin for any nation's advancement. The abstract highlights the necessity of scrutinizing the current state of education. Understanding the strengths and weaknesses of the prevailing education system is a prerequisite for instigating constructive change. The ultimate goal is not just to enhance academic attainment but to cultivate a workforce that is not only highly productive and efficient but also self-assured and globally competitive. These attributes are pivotal for economic growth and for positioning Indonesia as a formidable contender on the global stage. To realize these objectives, the study should strive to pinpoint practical and actionable solutions for enhancing education. This endeavor extends beyond the realm of academia, encompassing a multifaceted approach, including government policies, resource allocation, and implementation of educational reforms. In the pursuit of success, it is imperative to define and measure the metrics for improvements in productivity, efficiency, confidence, and global competitiveness, thus forming the basis for informed decision-making. In essence, the abstract serves as a clarion call to address this critical challenge, advocating for an interdisciplinary approach that integrates education, economic, social, and cultural dimensions. It signals the necessity of equipping Indonesia's populace with the knowledge and skills to navigate the complexities of the modern world and contribute to the nation's growth and prosperity on the global stage. To identify the level of economic awareness within the community and its variations across demographic groups.

- To identify the effectiveness of current economic education programs in enhancing economic awareness among the population.
- To identify the key factors influencing the economic awareness of individuals, such as educational background, age, and gender.
- To identify the specific areas of economic knowledge or financial literacy where the community may require improvement.
- To identify the potential impact of improved economic awareness on individual and community financial decision-making.

- To identify the most effective approaches and methods for economic education to enhance economic awareness
- To identify the correlation between economic education and financial behavior, including saving habits and investment choices.
- To identify the barriers and challenges in providing economic education to the community.
- To identify the role of government policies and initiatives in promoting economic education and awareness.
- To identify best practices and lessons learned from other regions or countries in improving economic education and awareness among the public.

## **2. Conceptual and Theoretical Framework**

### **2.1. Economic Education**

The conceptual and theoretical framework of economic education serves as the structural foundation for comprehending the intricacies of how economic education functions and its broader implications. Within the conceptual framework, economic education is the central concept, encompassing formal and informal modes of education in economics. This framework also delves into the critical elements, such as the curriculum, teaching methods, learning outcomes, and the influence of economic education on individuals and society. On the other hand, the theoretical framework involves the application of economic theories, such as human capital theory, to explore how investing in education, including economic education, enhances an individual's human capital, leading to improved productivity and income. It incorporates behavioral economics, which examines the psychological factors influencing economic decision-making and, in turn, understanding how economic knowledge is absorbed and applied. Additionally, cognitive learning theories and social learning theory offer insights into how individuals acquire economic concepts through their cognitive development and interactions with teachers, peers, and the broader community. The framework can also integrate established financial literacy frameworks to assess the effectiveness of economic education in enhancing financial literacy. By merging the conceptual and theoretical aspects, researchers and educators can develop a holistic understanding of economic education, aiding in the design and evaluation of programs and curricula aimed at improving individuals' economic knowledge and decision-making abilities.

### **2.2. Economic Awareness**

The conceptual and theoretical framework of economic awareness provides a structured basis for understanding the development, impact, and underlying principles of economic awareness among individuals and within society. Within the conceptual framework, economic awareness stands as the central concept, encompassing individuals' understanding of economic concepts, financial literacy, and their capacity to make informed economic decisions. This framework also addresses key elements, including the sources of economic education, the dissemination of economic knowledge, and the role of information channels in

shaping economic awareness. On the other hand, the theoretical framework integrates various economic and psychological theories to elucidate the formation and dynamics of economic awareness. Human capital theory, for instance, suggests that investments in economic education contribute to an individual's human capital, leading to increased productivity and earning potential. Behavioral economics offers insights into how psychological factors and cognitive biases influence economic decision-making, while cognitive development theories help explain how individuals learn and apply economic concepts. The framework may also incorporate the social learning theory to examine how individuals acquire economic awareness through observation and interaction with peers and institutions. By merging these conceptual and theoretical elements, researchers and policymakers can gain a comprehensive understanding of economic awareness, informing the design of educational programs and policies aimed at improving individuals' economic knowledge and decision-making skills.

### **2.3. Community**

The conceptual and theoretical framework of a community provides a structured foundation for comprehending the dynamics, functions, and interactions that shape a community's identity and development. Within the conceptual framework, a community is a central concept, encompassing the collective body of individuals who share geographical, cultural, or social bonds and collaborate towards common goals. This framework also explores essential components, such as community structure, values, social capital, and shared interests, which play integral roles in shaping a community's character and identity. On the other hand, the theoretical framework integrates various sociological and anthropological theories to elucidate the intricate workings of a community. Social capital theory, for instance, examines the networks, trust, and social norms that facilitate cooperation and cohesion within communities. Symbolic interactionism delves into the symbolic meanings and interactions that contribute to a shared sense of community belonging. Moreover, community development theories, like the asset-based approach, provide insight into the processes of community mobilization and empowerment. By merging these conceptual and theoretical elements, researchers, policymakers, and community leaders can develop a comprehensive understanding of the factors that influence community identity, social capital, and development, aiding in the design of interventions and initiatives aimed at strengthening and improving communities.

### **2.4. Financial Management**

The conceptual and theoretical framework of financial management provides a structured basis for comprehending the principles, processes, and strategies that guide the efficient and effective management of financial resources within organizations and individual settings. Within the conceptual framework, financial management is the central concept, encompassing the entire spectrum of financial decision-making, including budgeting, investment, risk assessment, and capital allocation. This framework explores the key elements of financial management, such as financial planning, cash flow management, financial reporting, and financial performance analysis, which collectively underpin the financial health of an entity. On the other hand, the theoretical framework integrates various financial and economic theories to elucidate the principles and methodologies behind

financial management. Modern Portfolio Theory, for instance, explains how diversification and risk-return trade-offs influence investment decisions. The Efficient Market Hypothesis addresses the efficiency and transparency of financial markets. Additionally, the Capital Asset Pricing Model (CAPM) offers insights into calculating expected returns on investments. Behavioral finance theories delve into the psychological factors that can impact financial decision-making. By merging these conceptual and theoretical elements, financial professionals and decision-makers can develop a comprehensive understanding of financial management, informing the design of strategies, policies, and investment decisions aimed at optimizing financial outcomes and mitigating risks.

## 2.5. Financial and Economic Literacy

The conceptual and theoretical framework of financial and economic literacy provides a structured foundation for understanding the development and impact of financial and economic knowledge within individuals and communities. Within the conceptual framework, financial and economic literacy serves as the central concept, encompassing the acquisition of knowledge and skills related to personal finance, economic principles, and their practical applications. This framework explores essential components, such as financial education programs, financial behavior, and the broader societal context that shapes financial and economic literacy. On the theoretical side, the framework integrates various economic, educational, and psychological theories to elucidate the formation and effects of financial and economic literacy. Human capital theory posits that investments in education and knowledge enhancement contribute to an individual's human capital, impacting earning potential and overall well-being. Behavioral economics explores the behavioral and psychological factors influencing financial decision-making. Social learning theory emphasizes the role of observation and social interactions in acquiring financial and economic knowledge. By merging these conceptual and theoretical elements, researchers and educators can gain a comprehensive understanding of financial and economic literacy, informing the design of educational programs and policies aimed at improving individuals' financial and economic knowledge and decision-making abilities, ultimately contributing to their financial well-being and overall economic stability.

## 2.6. Related Research

Research in the field of economic education continues to evolve and contribute to the provision of education and human welfare, particularly in understanding economic concepts and financial management. The following is a study relevant to the examination of the influence of economic education on community economic awareness, offering both theoretical and practical contributions to the advancement of economic understanding and financial decision-making. This research simultaneously guides future researchers in defining, measuring, and advancing the field of economic education and community economic awareness.

**Table 2. Study Development**

Number	Title	Research	Results	Country Year
--------	-------	----------	---------	--------------

		<b>Methods</b>		
1	FACTORS AFFECTING FINANCIAL LITERACY OF STUDENTS OF THE FACULTY OF ECONOMICS AND BUSINESS, UNIVERSITAS KRISTEN INDONESIA MALUKU.' OPPORTUNITY 15.2 (2021).	Student population and sample random sampling	positive	Indonesia ,2008
2	Pradiningtyas, Tifani Enno, and Fitri Lukiastuti. 'The effect of financial knowledge and financial attitudes on locus of control and financial management behaviour of economics students.' Journal of Minds: Idea Management and Inspiration 6.1 (2019): 96-112.	proportionate stratified random sampling dan snowball sampling	positive	Indonesia,2018
3	Natalia, Maya Angela, et al. 'Indonesia's Effect of Financial Literacy on Financial Inclusion Using Social Capital as a Mediator Variable.' Ultima Management: Journal of Management Science 12.1 (2020): 16-33.	random sampling	positive	Indonesia,2020
4	Saputra, Komang Adi Kurniawan, L. G. P. S. Ekajayanti, and Putu Budi Anggiriawan. 'Human resource competencies and love of money attitudes in the financial management of micro, small, and medium enterprises (MSMEs).' Journal of Accounting and Finance Review 8.2 (2018): 135-146.	random sampling	positive	Indonesia,2018

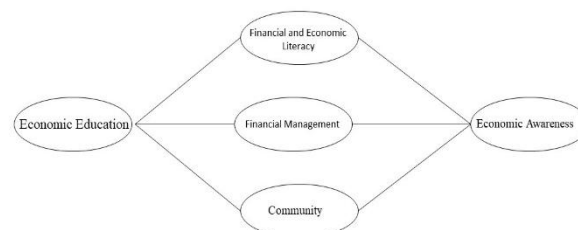
### 3. Purpose of the Study

The primary aim of this research is to investigate the influence of economic education on community economic awareness. Specifically, this study endeavors to achieve several key objectives. Firstly, it seeks to assess the effectiveness of economic education programs in enhancing the understanding of economic concepts and principles among the general population. This includes examining how economic education influences individuals' capacity to make informed financial decisions and manage their resources effectively. Secondly, the research aims to explore the relationship between participation in economic education initiatives and improved financial decision-making and behavior within

communities. It intends to shed light on how economic knowledge acquired through educational programs translates into tangible economic awareness and responsible financial choices. Finally, this study aims to evaluate the lasting impact of economic education on individuals' financial literacy and economic consciousness, contributing to a deeper understanding of the enduring benefits of economic education. By addressing these research objectives, this study aims to provide valuable insights into the role of economic education in fostering greater economic awareness within communities, ultimately promoting better financial decision-making and economic well-being. Understanding the influence of economic education on community economic awareness is of significant importance in the context of contemporary society. This research contributes to the body of knowledge surrounding the effectiveness of economic education programs and their potential to empower individuals with the skills and knowledge needed for sound financial decision-making. Additionally, the findings from this study can inform the development and refinement of economic education initiatives, enabling educators and policymakers to create more tailored and impactful programs. Furthermore, by delving into the lasting effects of economic education, this research offers insights into the long-term benefits of such educational efforts, not only for individuals but also for the overall economic well-being of communities. This study is thus instrumental in advancing our understanding of the vital link between economic education and economic awareness, highlighting the role that education can play in enhancing financial literacy and improving the economic decision-making processes of individuals and communities.

#### 4. Results and Discussion

1. Economic Education influences Financial and Economic Literacy, which, in turn, affects Financial Management.
2. Financial Management influences individual Economic Awareness.
3. Community influences Economic Awareness through social and cultural factors within the community.
4. Economic Awareness is the result that reflects the level of economic and financial understanding among individuals within the community.





This study concludes that there exists a complex relationship between economic education, financial and economic literacy, financial management, community factors, and economic awareness within society. Economic education plays a pivotal role in shaping individuals' financial and economic literacy, which, in turn, influences their ability to manage personal finances effectively. Community factors, such as social norms and cultural values, also impact the economic awareness of the society. Therefore, to enhance economic awareness, it is crucial to focus on the factors that affect economic and financial literacy, and financial management, as well as the social and cultural factors within communities. High-quality economic education and effective financial literacy programs can contribute to heightened economic awareness among the public. Furthermore, managing community factors plays a vital role in improving the understanding of economics and finance at both the individual and group levels.

## **5. References**

Istia, Mozes D. 'FACTORS AFFECTING THE FINANCIAL LITERACY OF STUDENTS OF FACULTY OF ECONOMICS AND BUSINESS, INDONESIA CHRISTIAN UNIVERSITY OF MALUKU.' *OPPORTUNITIES* 15.2 (2021).

Pradiningtyas, Tifani Enno, and Fitri Lukiastuti. 'The effect of financial knowledge and financial attitudes on locus of control and financial management behaviour of economics students.' *Journal of Minds: Idea Management and Inspiration* 6.1 (2019): 96-112.

Natalia, Maya Angela, et al. 'Indonesia's Effect of Financial Literacy on Financial Inclusion Using Social Capital as a Mediator Variable.' *Ultima Management: Journal of Management Science* 12.1 (2020): 16-33.

Saputra, Komang Adi Kurniawan, L. G. P. S. Ekajayanti, and Putu Budi Anggiriawan. 'Human resource competencies and love of money attitudes in the financial management of micro, small and medium enterprises (MSMEs).' *Journal of Accounting and Finance Review* 8.2 (2018): 135-146.