

Era of The COVID-19 Pandemic: *Ewuh pakewuh* Culture and Its Role on The Behavior of Someone in Debt, Based on Social Norms

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Abstract

The purpose of this study was to examine the effect of social norms on the behavior of a person in debt for small entrepreneurs in the city of Semarang in the era of the COVID-19 pandemic, with *ewuh pakewuh* culture as a moderating variable. The population of this study includes all small entrepreneurs who take credit from the Wibawa in the city of Semarang, amounting to 3950 people. The number of samples is 100 people (based on the Slovin formula). The sample selection method is purposive sampling, with the following criteria: (1) small entrepreneurs taking debts for the first time; (2) Small entrepreneurs are married and still have dependents for school children. The results of this study indicate that social norms influence the behavior of a person in debt for small entrepreneurs in Semarang City during the COVID-19 pandemic era and the *ewuh pakewuh* culture is able to moderate the relationship between the influences of social norms on this behavior.

Keywords: *Ewuh pakewuh*; culture; social norms; behaviour; debt.

1. Introduction

Behavior is an observable action that describes how an individual acts under certain conditions (Schmeiser & Seligman, 2013). Therefore, in the study of finance, it is important to evaluate individual decision-making processes, as well as investigate the possibility of positive individual behaviors related to their finances that can result in increased resilience in times of crisis (OECD, 2012). Financial behavior includes behavior that manages money in the form of cash, credit, and savings (Xia, et al., 2015). Behavioral finance is based on insights from science and business to explain individual behavior as opposed to traditional financial assumptions. Puspita & Isnalita (2019), financial behavior cannot grow properly without an understanding of ideas about good financial concepts, so as to be able to deliver individuals with financial actions that are useful for their future. From previous research, it is known that financial behavior is influenced by: subjective norms (Jogiyanto, 2007) .

In the TPB model, social norms are the influence of social pressures perceived by individuals to perform or not to perform a behavior. Social norms are a function of normative beliefs (normative beliefs). In some behaviors, the important reference is parents, spouse, close friends, coworkers, or perhaps experts according to the context of the behavior. Jogiyanto (2007) state that social norms have a positive and significant influence on behavior, which means that the higher a person's social norms, the better his behavior based on general rules. However, the results of this study contradict the research of Prakoso & Fatah (2017); Yogatama (2013) which states that subjective norms do not affect behavior.

Anthony & Govindarajan (2011) to address the different and contradictory research results, it is necessary to have a

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contingency approach which reveals that the relationship between the various variables studied is influenced by other variables that are conditional. This contingency approach allows one of the other variables to act as a moderator. From the inconsistent results of previous studies, it turns out that the *ewuh pakewuh* culture is considered to be able to strengthen or weaken the relationship (moderation) between social norms and the above behavior. *Ewuh pakewuh* does not only happen to superiors or seniors, Tobing (2010), *ewuh pakewuh* can also arise due to the individual already knowing or receiving a lot of kindness from others so that for the individual it will be difficult to refuse or ignore the person's request, even other people's opinions. The *ewuh pakewuh* culture which is a value in Javanese society consists of several principles that are very closely related to aspects in *ewuh pakewuh*, namely the principle of harmony and the principle of respect.

This study was conducted to provide a solution to the gap research above (from the inconsistent results of previous studies) by carrying out the contingency approach above, which is to include a new variable as a moderating variable between the effect of service quality on defenders, where this has never been done by researchers.

Ang & Lawson (2010) mention the characteristics that are usually owned by small businesses in Indonesia, which are managed by individuals who double as owners and managers of companies that utilize labor from family and close relatives. In addition, the characteristics of small businesses are low access to formal revolving fund institutions (Badulescu, 2011; Tambunan, 2012). As a result of this, small businesses tend to depend on their business financing from their own capital or other sources such as: family, relatives, and even moneylenders. Capital is an essential element that supports increased production and income. This lack of capital greatly limits the scope of its business activities. Situmorang & Situmorang (2008) state that difficulties in accessing capital actually hinder business owners from developing their businesses. External sources of funds that can help overcome the lack of capital are not easy to obtain, thus making it increasingly difficult for MSMEs to develop business activities quickly. The same thing happened to small entrepreneurs in the City of Semarang during the COVID-19 pandemic who needed working capital by way of borrowing from the Semarang City Government program through soft credit (Kredit WIBAWA). There are more small entrepreneurs in the city of Semarang than medium and large businesses. This study investigates the influence of the determinants of financial behavior to reveal debt behavior at the level of individual small business decision makers considering that they also act as managers at the same time. The aim is to examine the effect of social norms on the behavior of a person in debt for small entrepreneurs in the city of Semarang during the covid 19 pandemic, where the *ewuh pakewuh* culture is the moderating variable. The theoretical basis used is The Theory of Planned Behavior (TPB) which was developed by Amelia (2015)Ajzen (1991).

2. Literature Review

2.1. Theory of planned behaviour (TPB)

The theory of planned behavior implies the possibility that not all behavior is carried out fully under the control of individuals or groups. TPB is based on the assumption that humans are rational creatures and use the information that is possible for them systematically (Achmat, 2010). A person can act on his intentions or intentions only if he has control over his behavior. This theory is based on the assumption that humans are rational beings who will take into account the implications of their actions before they decide to perform a behavior that they will perform.

2.2. Behavioral Theory

A person can behave according to his intentions only if he has control over his behavior. This theory is based on the assumption that humans are rational beings who will take into account the implications of their actions before they decide to perform a behavior that they will perform. An individual will perform a certain behavior if his behavior can be accepted by people who he considers important in his life can accept what he will do. Behavior also appears as a result of interactions between responses from individuals to stimuli that come from their environment in order to adapt and survive. Notoatmodjo (2014) reveals that there are three main elements in behavior, namely: (a) affective (feelings or judgments on various things); (b) cognitive (knowledge, beliefs or opinions about an object); (c) psychomotoric (intentions and actions related to an object). Behavior is a real action or activity that is carried out

(Korrop et al, 2014) . Financial behavior is an important element of financial literacy, even the most important element (OECD, 2012). Behavioral finance looks at an individual's approach to decision making, including cognitive and emotional biases. Behavioral finance makes the premise that various objective and subjective issues affect the decision-making process.

2.3. Social Norm Theory

An individual will perform a certain behavior if his behavior can be accepted by people who he considers important in his life and can accept what he will do, so that normative beliefs produce awareness of pressure from the social environment or social norms. Social norms are perceptions or beliefs about other people's expectations of themselves which become a reference for behavior or not (Ajzen, 1991). Social norms are parties that provide influence (Brettel et al., 2009). Based on the concept above, the social norms referred to in this debt research are social norms from the support of the family to get into debt; social norms from the support of other businessmen to borrow; and social norms of the existence of government support for debt.

2.4. *Ewuh Pakewuh* Culture

Indonesia is a democracy that has the largest plural society in Southeast Asia in terms of race, religion, language and culture (Frinaldi & Embi, 2014). Culture, the plural form of the word mind and power which means love, intention and taste (Setiadi, 2006). The word culture actually comes from Sanskrit which is the plural form of the word budhii which means the word mind and power which means love, intention and taste. The word culture actually comes from the Sanskrit budhaya which is the plural form of the word budhi which means mind or reason. *Ewuh pakewuh* is a reluctance within the limits of norms that will increase the relationship of friendship in an environment, group or organization. Such culture is a reflection of eastern culture which highly respects other people and does not intends to bring down let alone humiliate others who are also based on a close kinship system. *Ewuh pakewuh* is a culture that is visible but has been closely embedded in the lives of Indonesian people, especially in Javanese people. Connected with Javanese culture, the underlying thing to do *ewuh pakewuh* in Javanese society is ethics. In terms of ethics, it is closely related to a relationship of certain people. This is the basis of *ewuh pakewuh*. Someone who has a sense of *ewuh pakewuh* has a very soft feeling that is very understanding. The sense of *ewuh pakewuh* must be balanced with our own circumstances so as not to harm, balanced with an honest attitude to our own heart.

Ewuh pakewuh is a culture that is visible to the eye but has been closely related to the lives of Indonesian people. It is undeniable that *ewuh pakewuh* is an obligation for the Javanese people to interpret the rules of Javanese life. The attitude of feeling bad can actually be said to be a common attitude in society, but the article becomes a unique thing if it happens in society and has become entrenched and has the name *ewuh pakewuh*. In the context of Javanese *ewuh-pakewuh* politeness, that is an attitude of shyness or reluctance (Martoyo, 2008).

In carrying out the actions of each individual there must be an underlying. The basis of these actions makes individual behavior purposeful and feasible. Connected with Javanese culture, the thing that underlies doing *ewuh pakewuh* in Javanese society is ethics. *Ewuh pekewuh* or shy is a manifestation of the basic rules of Javanese life (Marantika et al, 2017). In terms of ethics, it is closely related to a relationship between certain people. The relationship can be anything, whether as friends, relatives, neighbors, and maybe just acquaintances. These are the things that form the basis of the behavior of *ewuh pakewuh*. *Ewuh pakewuh* has a negative side and a positive side. If *ewuh pakewuh* manifests a reluctance to default on periodic installments of principal and interest installment obligations on loans or revolving funds obtained, then the result is positive for the debtor. *Ewuh pakewuh* can arise because of the principle of reciprocity (reciprocity principle), feeling that you have been helped with a loan must be returned with kindness in the form of discipline in paying loan installments in an orderly manner.

2.5. Hypothesis

H1: Social norms have a positive and significant effect on behavior

H2: The culture of *ewuh pakewuh* strengthens the influence of social norms on behavior

2.6. Theoretical Framework

Ewuh pakewuh Culture is expected to strengthen or weaken the potential for the occurrence of social norms in influencing the occurrence of someone's debt behavior.

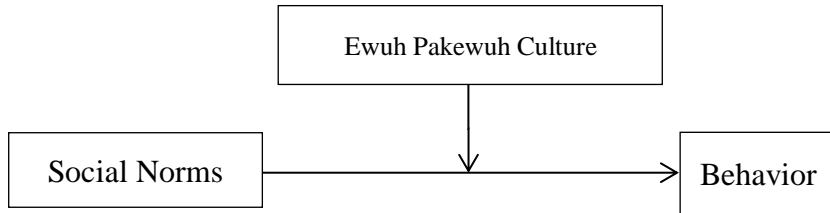


Figure 1. *Ewuh pakewuh* Cultural Research Model

3. Methods

3.1. Data Types and Sources

The research data is primary data sourced from direct answers from small entrepreneurs who took credit with authority in the city of Semarang in the COVID-19 pandemic era, to the questionnaire submitted by the researcher.

3.2. Operational Definition

Behavior is a response from oneself to an object or objects around it (Notoatmodjo, 2014).

Social norms are subjective norms which are perceptions or beliefs about other people's expectations of themselves which become a reference for behavior or not (Ajzen, 1991).

Ewuh pakewuh culture is an attitude of reluctance or reluctance (Martoyo, 2008).

3.3. Population and Sample

The research population is all small entrepreneurs who take credit debts of Wibawa in the city of Semarang in 2020, which are 395 people, while the number of samples used in the study is 100 people (based on the Slovin formula). The sample selection method is purposive sampling, with the following criteria:

- 1) small businessmen who are taking Wibawa's credit debt for the first time.
- 2) Small entrepreneurs are married and still have dependents for school children.

3.4. Analysis Method

3.4.1. Multicollinearity Test

This test aims to test whether the regression model found a correlation between the independent variables with the criteria if the VIF is less than 10 then there is no multicollinearity.

3.4.2. Hypothesis Test (*t* test statistic)

The t-statistical test basically shows how far one independent variable individually explains the dependent variable. This test is carried out using a significant level of 0.05. Acceptance or rejection of the hypothesis is done with the following criteria: (1) If the value is significant > 0.05 then the hypothesis is rejected (regression coefficient is not significant). This means that partially the independent variable does not have a significant effect on the dependent variable. (2) If the significant value is 0.05 then the hypothesis is accepted (significant regression coefficient). This

means that partially the independent variable has a significant influence on the dependent variable.

3.4.3. Coefficient of Determination Test (R^2)

The coefficient of determination (R^2) is used to describe the model's ability to explain the variations that occur in the dependent variable. The value of R^2 is from zero and one. Good if R^2 has a high number or close to one.

4. Result and Discussions

4.1. Descriptive Statistics Results

Table 1. Descriptive Statistics

	Mean	Std. Deviation	N
Behavior	8.1672	7.14510	100
<i>Ewuh pakewuh</i> Culture	3.5683	2.74686	100
Social Norms	.3360	.14163	100

Based on the table 1, the results of descriptive statistical data can be explained, namely: the average value of behavior is 8.1672 and the standard deviation value = 7.14501 < 8.1672 (mean value) which means that there is no data deviation. The average value of the *ewuh pakewuh* culture is 3.5683 and the standard deviation value = 2.74686 < 3.5683 (mean value) which means that there is no data deviation. The average value of social norms is 0.3360 and the standard deviation value = 0.14163 < 0.3360 (mean value) which means that there is no data deviation.

4.2. Coefficient of Determination

Table 2. Coefficient of Determination test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.579 ^a	.387	.3765	8.06057

From the table 2, it is known that the results of the coefficient of determination (Adjusted R Square) of 0.3765 means that the independent variables (social norms, social norms*behavior, social norm*cultural *ewuh pakewuh*) are able to explain 37.65% of the variation of the dependent variable (behavior).), while the remaining 72.35% is explained by other variables that are not included in this research model, such as: attitudes, perceived behavioral control.

4.3. Multicollinearity Test Results

Based on the table 3, the regression model is free from multicollinearity because the tolerance value of the independent variables (0.037 and 0.018) is above 0.1 and the VIF value of the independent variable (7.106 and 4.056).

Table 3. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1 Social Norms	.037	7.106
Moderat	.018	4.056

4.4. Hypothesis Test Results

Table 4. t test results

Model	Standardized Coefficients		T	Sig.
	Beta			
(Constant)			7.680	.000
1 Social Norms		2.388	4.676	.000
Moderat		.476	5.753	.001

4.5. Discussion

4.5.1. The Influence of Social Norms on Behavior

The first hypothesis states that social norms have a positive and significant effect on behavior. The table above shows that social norms have a t-value of 4.676 with a significance level of $0.000 < 0.05$. Thus H1 is accepted. The results of this statistical test show that social norms have a positive and significant effect on the behavior of a person in debt to small entrepreneurs in the city of Semarang in the COVID-19 pandemic era. Internal factors within small entrepreneurs themselves but also encouragement from the surrounding environment such as: friends, family, family and government. This is in accordance with the high scores they give for indicators of strong encouragement from families to borrow. The results of this study are in accordance with previous research which states that social norms influence individual behavior so that it will have an impact on increasingly influencing behavioral changes (Jogiyanto, 2007). However, the results of this study contradict the results of research by Yogatama (2013); Prakoso & Fatah (2017) ; which states that social norms have no effect on changing a person's behavior.

4.5.2. The Influence of *Ewuh pakewuh* Culture on the Relationship between Social Norms and Behavior

The second hypothesis states that the culture of *ewuh pakewuh* has a positive and significant effect on the relationship between social norms and behavior. The table above shows that the *ewuh pakewuh* culture has a t-value of 5.753 with a significance level of $0.001 < 0.05$. Thus H2 is accepted. The results of this study indicate that the *ewuh pakewuh* culture can moderate social norms and behavior. So that the *ewuh pakewuh* culture helps to strengthen the role of social norms in influencing the behavior of a small businessman taking debts. This is a signal that in addition to social norms for these small entrepreneurs, they will also pay attention to the *ewuh pakewuh* culture in acting, including in terms of taking debts in the era of the COVID-19 pandemic.

5. Conclusions

From the results of statistical tests, it can be concluded that social norms have a positive and significant effect on the behavior of someone in debt, namely small entrepreneurs in the city of Semarang in the Covid 19 Pandemo Era. In addition, it turns out that the *ewuh pakewuh* culture also has a positive and significant effect on the relationship between social norms and these behaviors.

The research implies that the implementation of credit programs should not only focus on low interest rates, but also pay more attention to the tenons. It is fitting for the involvement of non-government parties to be the focus of attention as another alternative in someone who is in debt.

The results of this study are only able to explain the behavior of someone who owes only 37.65% and the remaining 62.35% is explained by other variables. Therefore, future research is expected to increase the number of respondents and their independent variables as well as non-government credit providers so that they can dig up more detailed information regarding the behavior of someone in debt.

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