

## The Influence of Understanding, Religiosity, and Culture on the Frugal Living Behavior of Generation Z in North Sumatra

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### Abstract

This study examines the influence of understanding, religiosity, and culture on frugal living behavior among Generation Z in North Sumatra. The study addresses the increasing relevance of frugal living amid rising living costs, digital consumerism, and economic uncertainty. The novelty of this research lies in the integration of cognitive, religious, and socio-cultural dimensions to explain frugal living behavior within the context of Generation Z in North Sumatra. A quantitative approach with a causal associative design was employed. Data were collected from 100 respondents using purposive sampling and analyzed through multiple linear regression. The findings indicate that understanding, religiosity, and culture positively and significantly affect frugal living behavior, both partially and simultaneously. Culture was identified as the most dominant factor influencing frugal living practices. The model explains 65.5% of the variation in frugal living behavior. These findings imply that promoting sustainable financial behavior among Generation Z requires not only improving financial understanding but also strengthening religious values and cultural norms that encourage simplicity, self-control, and responsible consumption. This study contributes to the literature on behavioral economics and Islamic economics related to sustainable consumption behavior among young generations.

### Keywords

Frugal Living; Understanding; Religiosity; Culture; Generation Z; Quantitative Study; Multiple Linear Regression; North Sumatra

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## 1. INTRODUCTION

Changes in consumption patterns among the younger generation, particularly Generation Z, have become an interesting socio-economic phenomenon to study in recent years. Generation Z is a group that grew up amidst the development of digital technology, social media, and globalization, which have driven rapid lifestyle changes. Easy access to information and consumption trends often give rise to consumptive, impulsive, and lifestyle-oriented behavior (Hasanah, N., & Badria, 2024). This situation is further exacerbated by the rising cost of living, economic pressures, and financial uncertainty in the post-pandemic era, as well as the dynamics of the global economy. On the other hand, a new trend has



emerged among the younger generation to adopt a frugal lifestyle as a form of controlling consumption and managing finances more wisely. The frugal living phenomenon among Generation Z is growing due to an awareness of the importance of financial stability and personal economic sustainability in the future (Putri, AR, & Ramadhan, 2024) . Frugal living is not only related to financial savings but also reflects a growing sustainable lifestyle among Generation Z. (Triani, N., & Lestari, 2024) .

The concept of *frugal living* emerged as a response to excessive consumerism. Individuals are required to distinguish between basic needs and impulsive desires in order to live more independently and sustainably, while avoiding financial problems such as debt. *Frugal living* is not defined as living within limitations, but rather as a form of resource management that is wise, planned, and oriented toward sustainability (Nur, D., Inayati, I., Jamilah, I., & Sujianto, 2024) . This phenomenon is increasingly relevant in modern socioeconomic conditions characterized by rising living costs, economic uncertainty, and lifestyle pressures caused by social media. The development of digital media has further reinforced this phenomenon through the dissemination of financial education and frugal living experiences, widely accessed by Generation Z (Wahyuni, S., & Syafitri, 2023) . Furthermore, the development of social media has also shaped the consumption behavior patterns of the younger generation through lifestyle trends and the formation of a digital social image (Kotler, 2021) .

In consumer behavior studies, *frugal living* is influenced by various interrelated factors, both internal and external. One key factor is an individual's understanding of financial concepts, such as the ability to manage income, prepare a budget, and prioritize needs. Individuals with a good level of understanding tend to be more rational in making consumption decisions and are better able to adopt a frugal lifestyle (Kotler, 2021) . According to (Ajzen, 2020) , individual behavior is influenced by attitudes, subjective norms, and behavioral control, which shape a person's consumption decisions. Furthermore, the financial behavior of the younger generation is also influenced by self-control and awareness of long-term financial goals (Rahman & Yusuf, 2023). (Rahman, F., & Yusuf, 2023) , The financial behavior of the younger generation is influenced by their financial literacy and self-control in managing consumption wisely. In addition to understanding, religiosity is also an important factor because religious values teach simplicity, self-control, and prohibit wasteful behavior (Mahfud, 2022 ; Glock, CY, & Stark, 2015) , explaining that religiosity reflects an individual's level of attachment to religious values and teachings that influence daily behavior. Individuals with high levels of religiosity tend to be more careful in using resources and avoid consumptive behavior (Minton, EA, Kahle, LR, & Kim, 2018) . Research (Hidayat, R., 2021) Research also shows that religiosity has a significant relationship with more rational consumption behavior and avoids waste. (Rahmawati, D., & Nani, 2021) found that religiosity positively influences the control of Muslim students' consumption behavior. From an Islamic economic perspective, consumption must be balanced and not excessive to achieve

individual and social well-being. (Chapra, 2021) . Another influential factor is culture, namely the social values and norms that develop within the community and shape individual consumption patterns (Sari, R., & Dewi, 2023) . Culture is a system of values and norms that are passed down from generation to generation in society. (Koentjaraningrat., 2019) . A culture that instills the values of simplicity and self-control can shape more economical consumption behavior. (Hofstede, 2021) . In the research (Schiffman, L.G., & Wisenblit, 2021) explains that consumer behavior is influenced by cultural, social, personal, and psychological factors that are interrelated in shaping individual consumption decisions. Research (Fauzia, N., & Riyadi, 2023) found that local culture and family environment play an important role in shaping Generation Z's consumption habits. In addition, research (Domas, DD, Setyowati, T., & Samsuryaningrum, 2025) found that culture and social environment have a significant influence on Generation Z's financial and saving behavior.

From an Islamic economic perspective, the concept of *frugal living* aligns with the principles of simplicity and controlled consumption. (Marliyah, 2020) explains that the principle of simplicity is an important foundation for developing rational and responsible economic behavior (Imsar, 2018) . He emphasizes that consumption behavior in Islam must be based on the principles of balance and self-control to prevent individuals from falling into excessive lifestyles. Furthermore, (Amsari, S., Harahap, I., & Nawawi, 2024) states that consumption in Islam must be based on the principles of halal (permissible), fulfillment of needs, balance, and the prohibition of *israf* (waste). Thus, *frugal living behavior* is not only seen as an economic strategy, but also as an implementation of moral and spiritual values in everyday life. The socio-cultural context of the North Sumatran community is interesting to study because its people have strong and diverse cultural characters, such as Malay, Batak, and other ethnic cultures that uphold the values of hard work, family solidarity, and simplicity. These cultural values have the potential to shape the consumption behavior of Generation Z in implementing *frugal living* . In addition, the relatively high level of religiosity of the North Sumatran community can also influence the economic behavior of the younger generation in managing consumption and finances more wisely.

Understanding is a crucial factor in shaping *frugal living behavior* . According to Bloom (2016) , understanding is an individual's ability to explain and apply information in everyday life. In the context of *frugal living* , understanding encompasses an individual's awareness of the importance of financial management, wise consumption, and frugal living. Research (Lusardi, A., & Mitchell, 2014) shows that individuals with good levels of financial literacy and understanding tend to have healthier and more responsible financial behavior.

Religiosity is also closely related to individual consumption behavior. According to (Glock, CY, & Stark, 2015) , religiosity reflects an individual's level of attachment to religious values and teachings,

which influence daily behavior. Individuals with high levels of religiosity tend to be more cautious in using resources and avoid consumptive behavior. (Minton, EA, 2015; Rahmawati, D., & Nani, 2021) . Research (Mahfud, 2022) also shows that religiosity has a positive influence on controlling consumption behavior in the younger generation.

Furthermore, culture is a social factor that influences individual thought patterns and behavior. (Koentjaraningrat, 2019) states that culture is a system of values and norms that are passed down from generation to generation in society. (Hofstede, 2011) explains that a culture that instills the values of simplicity and self-control can shape more frugal consumption behavior. Research (Domas, DD, Setyowati, T., & msuryaningrum, 2025) found that culture and social environment have a significant influence on the financial behavior and savings behavior of Generation Z. The socio-cultural context of the North Sumatran community is interesting to study because its people have strong and diverse cultural characteristics, such as Malay, Batak, and other ethnic cultures that uphold the values of hard work, family solidarity, and simplicity. These cultural values have the potential to shape Generation Z's consumption behavior in implementing frugal living. (Nasution, 2021) explains that the local cultural values of the North Sumatran community have an influence on the economic behavior of the younger generation, particularly in financial management and consumption patterns. In addition, the relatively high level of religiosity of the North Sumatran community can also influence the economic behavior of the younger generation in managing consumption and finances more wisely.

studies have been conducted on *frugal living* , but most previous studies have focused on only one specific aspect, such as financial literacy, consumer behavior, or religiosity separately. Research that simultaneously integrates understanding, religiosity, and culture to explain *frugal living behavior* is still relatively limited, particularly in the context of Generation Z in North Sumatra. Furthermore, most previous studies have emphasized economic and psychological aspects, while the influence of local culture and religious values as social factors shaping consumption behavior has not been comprehensively examined. This study also offers novelty because it examines the *frugal living behavior* of Generation Z by integrating cognitive, spiritual, and sociocultural dimensions in a single research model. The local context of North Sumatra, with its strong cultural and religiosity characteristics, provides an added value in understanding the consumption behavior of the younger generation more contextually and in-depth.

Based on theory and previous research results, this study places understanding, religiosity, and culture as independent variables that influence *frugal living behavior* as a dependent variable. A good understanding of financial management is thought to be able to increase frugal living behavior in Generation Z. Religiosity is thought to have a positive influence on *frugal living behavior* because religious values teach simplicity and consumption control. In addition, culture is also predicted to have

a positive influence on *frugal living behavior* through the internalization of social values and norms in everyday life. Thus, the hypothesis of this study is that understanding, religiosity, and culture have a positive and significant influence on *the frugal living behavior* of Generation Z in North Sumatra, both partially and simultaneously.

This study aims to analyze the influence of understanding, religiosity, and culture on *the frugal living behavior* of Generation Z in North Sumatra, both partially and simultaneously. Furthermore, this study also aims to identify the most dominant variables in shaping frugal living behavior among Generation Z, thereby contributing to the development of studies on consumption behavior, the financial behavior of the younger generation, and Islamic economics related to sustainable lifestyles.

## 2. METHODS

This study uses a quantitative approach with a causal associative research type, which aims to analyze the influence of understanding, religiosity, and culture on the frugal living behavior of Generation Z in North Sumatra. The quantitative approach was chosen because it is able to explain the relationship between variables objectively through numerical data processing and testing the hypotheses using statistical analysis (Sugiyono., 2020) .

The population in this study is Generation Z domiciled in North Sumatra Province, namely individuals born between 1997 and 2012. Given the large population, sample determination was carried out using the Slovin formula with an error rate of 10% (0.1%). The Slovin formula is used to obtain a representative sample from a large population with limited time and research costs (Sugiyono, 2019) . The formula used is

$$n = \frac{N}{1 + N(e)^2}$$

Information:

n = number of samples

N = population size

e = margin of error

It is known that:

N = 15,100,000 people

Error rate 10% (0,1)

$$n = \frac{15.100.000}{1 + 15.100.000(0,1)^2}$$

$$n = \frac{15.100.000}{1 + 151.000}$$

$$n = \frac{15.100.000}{151.001}$$

$n \approx 100$  responden

So with an error rate of 0.1, the formula obtained is  $n = \frac{N}{1+0,01N}$ . The sample size is 100 respondents, which is considered to have met the criteria for population representation and data sufficiency for statistical analysis. The sampling technique used is purposive sampling. The use of purposive sampling in this study was based on the consideration that not the entire Generation Z population in North Sumatra has characteristics that align with the research objectives. Research on *frugal living behavior* requires respondents who truly understand modern lifestyles, digital media usage, and have experience in managing consumption and personal finances. Therefore, respondent selection was carried out deliberately based on certain criteria to ensure the data obtained is more relevant, in-depth, and in accordance with the variables studied. The purposive sampling technique was also deemed appropriate because this study not only emphasizes the number of respondents but also the suitability of the respondents' characteristics with the research focus, namely Generation Z who are active in the digital social environment and have consumption patterns influenced by understanding, religiosity, and culture. Thus, purposive sampling was used to improve the accuracy of information and the quality of research data so that the analysis results can describe the *frugal living behavior* of Generation Z more specifically and contextually (Sugiyono., 2020) .

The data types in this study consist of primary and secondary data. Primary data were obtained through questionnaires distributed to respondents, while secondary data were obtained from scientific journals, books, articles, and other publications relevant to the research topic. The research instrument used a closed questionnaire compiled based on indicators of each research variable and measured using a five-level Likert scale, namely score 1 = strongly disagree, score 2 = disagree, score 3 = neutral, score 4 = agree, and score 5 = strongly agree.

Each variable is described in an operational definition and research indicators. These indicators are used as the basis for developing statement items in the research questionnaire. The operational definitions and variable indicators can be seen in the following table.

**Table 1. Operational Definitions and Variable Indicators**

<b>Variables</b>	<b>Operational Definition</b>	<b>Indicator</b>
<b>Understanding (X1)</b>	Understanding is an individual's ability to know, understand, and apply the concept of financial management and wise consumption behavior in everyday life.	1. Understand the concept of financial management 2. Determine the priority of needs 3. Understand wise consumption behavior 4. Ability to control expenses 5. Ability to prepare a financial budget
<b>Religiosity (X2)</b>	Religiosity is the level of belief and practice of religious values that influence an individual's attitudes	1. Belief in religious teachings 2. Application of religious values in daily life 3. Self-control in consumption

	and behavior in daily life, including consumption activities.	4. Avoiding wasteful behavior 5. Awareness of living simply according to religious teachings
<b>Culture (X3)</b>	Culture is the values, norms, habits and lifestyle patterns that develop in a social environment and influence individual consumption behavior.	1. The value of simplicity in the family 2. The habit of saving 3. The influence of the social environment 4. Cultural norms related to consumption 5. The habit of saving in the family environment
<b>Frugal Living (Y)</b>	Frugal living is a lifestyle of saving and being wise in managing consumption and use of resources without reducing the quality of basic needs.	1. Controlling consumption 2. Differentiating between needs and wants 3. The habit of saving 4. Managing expenses wisely 5. The habit of living simply

Before being used in the research, the questionnaire instrument was first tested through validity and reliability tests to ensure that each statement item was able to measure the research variables accurately and consistently. Next, the data was analyzed using multiple linear regression analysis with the help of statistical software. The analysis stages included validity testing, reliability testing, classical assumption testing, partial hypothesis testing (*t-test*), simultaneous testing (*F-test*), and the coefficient of determination ( $R^2$ ) to determine the magnitude of the influence of the independent variable on the dependent variable (Ghozali, 2021).

### 3. FINDINGS AND DISCUSSION

#### 3.1 Validity Test

The validity test is used to measure whether the statements in the questionnaire are valid or not. The validity test is determined by comparing the calculated *r* with the table *r* at a significance level of 5% or 0.05 with a 2-tailed test and the respondents obtained an *r* table of 0.195. The summary of the validity test results is in the following table:

**Table 2. Validity Test Results**

Variables	Correct Item – Total Core	R Table	Information
<b>Understanding (X1)</b>	0.674	0.195	<b>Valid</b>
	0.741	0.195	<b>Valid</b>
	0.626	0.195	<b>Valid</b>
	0.688	0.195	<b>Valid</b>
	0.748	0.195	<b>Valid</b>
<b>Religiousness (X2)</b>	0.775	0.195	<b>Valid</b>
	0.709	0.195	<b>Valid</b>
	0.786	0.195	<b>Valid</b>
	0.788	0.195	<b>Valid</b>
	0.793	0.195	<b>Valid</b>
<b>Culture</b>	0.809	0.195	<b>Valid</b>

<b>(X3)</b>	0.808	0.195	<b>Valid</b>
	0.834	0.195	<b>Valid</b>
	0.742	0.195	<b>Valid</b>
	0.790	0.195	<b>Valid</b>
<b>Frugal Living (Y)</b>	0.860	0.195	<b>Valid</b>
	0.850	0.195	<b>Valid</b>
	0.839	0.195	<b>Valid</b>
	0.778	0.195	<b>Valid</b>
	0.810	0.195	<b>Valid</b>

Source: Processed primary data, 2025

Based on the validity test results, all statement items in the variables of understanding, religiosity, culture, and frugal living have a Corrected Item-Total Correlation value greater than  $r$  table of 0.195 so that all items are declared valid and suitable for use in research. The understanding variable shows that the statement items are able to measure respondents' ability to understand financial management and wise consumption behavior. The religiosity variable shows that the indicator is able to represent religious values in respondents' consumption behavior. The culture variable reflects the influence of social values and environmental habits on frugal living behavior, while the frugal living variable shows that all items are able to measure consumption control behavior and simple living habits accurately.

### 3.2 Reliability Test

Reliability testing is used to measure the reliability of the questionnaire's statements. Reliability in this study uses the *Cronbach's alpha test*, a method used to assess the consistency of all scales used in the study. Questionnaires are considered reliable if the *Cronbach's alpha value* is  $> 0.06$ . The statistical output results of the reliability test can be seen in the following table:

**Table 3. Reliability Test Results**

<b>Variables</b>	<b>Cronbach alpha value</b>	<b>Reliable Value</b>	<b>Information</b>
Understanding (X1)	0.727	0.7	Reliable
Religiousness (X2)	0.822	0.7	Reliable
Culture (X3)	0.852	0.7	Reliable
Frugal Living (Y)	0.883	0.7	Reliable

Source: Processed primary data, 2025

Based on the results of the reliability test, all research variables have a Cronbach's Alpha value  $\geq 0.7$  so that all instruments are declared reliable and suitable for use in research. The understanding variable obtained a Cronbach's Alpha value of 0.727 which indicates a good level of reliability, the religiosity variable of 0.822 indicates a very good level of reliability, the culture variable of 0.852

indicates a very strong reliability, and the frugal living variable of 0.883 also indicates a very strong level of reliability. These results indicate that all statement items in each variable have good internal consistency so that they are able to produce stable and consistent data in measuring the research variables.

### 3.3 Classical Assumption Test

Classical assumption tests were conducted to ensure that the regression model meets the requirements of multiple linear regression analysis so that the research results can be interpreted accurately. These tests included tests for normality, multicollinearity, and heteroscedasticity.

**Table 4. Results of the Classical Assumption Test**

Test Type	Indicator	Results	Information
Normality Test	Asymp. Sig. (2-tailed)	0.200	The data is normally distributed because the sig. value is > 0.05
Multicollinearity Test	Tolerance Understanding	0.721	There is no multicollinearity
	VIF Understanding	1,387	There is no multicollinearity
	Tolerance Religious	0.684	There is no multicollinearity
	VIF Religiosity	1,462	There is no multicollinearity
	Tolerance Cultural	0.653	There is no multicollinearity
	VIF Culture	1,531	There is no multicollinearity
Heteroscedasticity Test	Sig. Understanding	0.412	There is no heteroscedasticity
	Sig. Religiosity	0.365	There is no heteroscedasticity
	Cultural Signature	0.517	There is no heteroscedasticity

Based on the results of the classical assumption test in the table above, the regression model is declared to meet the classical assumptions. The results of the normality test indicate that the data is normally distributed because the significance value of 0.200 is greater than 0.05. The multicollinearity test shows that all variables have a tolerance value > 0.10 and a VIF < 10, indicating that there is no multicollinearity between the independent variables. Furthermore, the results of the heteroscedasticity

test show that all variables have a significance value  $> 0.05$ , indicating that there is no heteroscedasticity. Thus, the regression model is suitable for use in testing the research hypothesis.

### 3.4 Multiple linear regression analysis

A multiple linear regression analysis was used to determine the influence of understanding, religiosity, and culture on *the frugal living behavior* of Generation Z in North Sumatra. The results of the regression analysis can be seen in the following table.

**Table 5. Results of Multiple Linear Regression Analysis**

Variables	Unstandardized B	Standardized Beta	t count	Sig.	Information
Constant	-0.463		-1,215	0.227	
Understanding (X1)	0.397	0.341	5,265	0,000	Positive and significant impact
Religiosity (X2)	0.262	0.248	3,654	0,000	Positive and significant impact
Culture (X3)	0.531	0.472	7,537	0,000	Positive and significant impact

The analysis results show that the variables of understanding, religiosity, and culture have a positive and significant influence on *frugal living behavior*. The cultural variable has the highest standardized Beta value of 0.472, indicating that culture is the most dominant variable in influencing *the frugal living behavior* of Generation Z in North Sumatra. This indicates that cultural values, family habits, and social norms have a stronger practical influence than understanding and religiosity in shaping frugal living behavior. The understanding variable has a standardized Beta value of 0.341, indicating that increasing understanding of financial management and wise consumption can practically increase the tendency of *frugal living behavior*. Meanwhile, religiosity has a standardized Beta value of 0.248, indicating that religious values also contribute to shaping simple living behavior and controlling consumption, although the influence is not as large as cultural factors and understanding. Practically, the results of this study indicate that efforts to improve *frugal living behavior* in Generation Z are not enough only through financial education, but also need to be supported by strengthening cultural values and religiosity in the social environment of the community.

### 3.5 Hypothesis Testing

#### a. t-test

The t-test is used to determine whether each independent variable has a significant influence on the dependent variable. The criteria for accepting a hypothesis is if the significance is  $<0.05$ , and if the significance is  $>0.05$ , the hypothesis is rejected.

**Table 6. t-Test Results**

Variables	Coefficient (B)	t Count	Sig.	Interpretation
<b>Understanding (X1)</b>	0.397	5,265	0,000	Has a positive and significant influence on <i>frugal living behavior</i>
<b>Religiosity (X2)</b>	0.262	3,654	0,000	Has a positive and significant influence on <i>frugal living behavior</i>
<b>Culture (X3)</b>	0.531	7,537	0,000	Has a positive and significant influence and is the most dominant variable on <i>frugal living behavior</i> .

These results indicate that understanding has a positive effect on *frugal living behavior*, where the better an individual's understanding of financial management and prioritizing needs, the higher the tendency to implement frugal living. The religiosity variable obtained a coefficient of 0.262 with a calculated t value of 3.654 and a significance of 0.000, which indicates that religious values are able to shape simpler consumption behavior and avoid waste. Meanwhile, the cultural variable has the largest coefficient of 0.531 with a calculated t value of 7.537 and a significance of 0.000, thus indicating that culture is the most dominant factor in influencing the *frugal living behavior* of Generation Z in North Sumatra through values, family habits, and social environments that support frugal living.

#### b. f test

The F test is used to see how the independent variables collectively influence the dependent variable. The F test criteria are: if the calculated  $F > F$  table, then the independent variable influences the dependent variable, and if the calculated  $F < F$  table, then the independent variable does not influence the dependent variable.

**Table 7. F Test Results**

Model	F Count	Sig.	Interpretation
Regression	60,742	0,000	Understanding, religiosity, and culture simultaneously have a positive and significant influence on <i>the frugal living behavior</i> of Generation Z in North Sumatra.

The F-test results show a calculated F-value of 60.742 with a significance value of 0.000. These results indicate that the variables of understanding, religiosity, and culture together have a positive and significant influence on the *frugal living behavior* of Generation Z in North Sumatra. This finding indicates that frugal living behavior is formed through a combination of financial understanding, religious values, and culture in the social environment. Thus, these three variables are able to comprehensively explain *frugal living behavior in Generation Z*.

### c. Coefficient of Determination

The coefficient of determination is used to see how big the percentage of influence of the independent variable is on the dependent variable.

**Table 8. Coefficient of Determination**

Indicator	Mark	Interpretation
R	0.810	Shows a very strong relationship between understanding, religiosity, and culture towards <i>frugal living behavior</i> .
R Square	0.655	As much as 65.5% of <i>frugal living behavior</i> can be explained by the variables of understanding, religiosity, and culture.
Adjusted R Square	0.645	The research model remains stable and suitable for use after being adjusted to the number of variables and samples.

The results of the analysis show the R value Square of 0.655 or 65.5%, which means that the variables of understanding, religiosity, and culture are able to explain *the frugal living behavior* of Generation Z in North Sumatra by 65.5%, while the remaining 34.5% is influenced by other variables outside the research model. This value indicates that the research model has a strong ability to explain *frugal living behavior*. This result is also higher than several previous studies that generally only examine one or two variables, such as financial literacy or religiosity alone, so that the model's explanatory ability

is more limited. The high determination value in this study indicates that the integration of aspects of understanding, religiosity, and culture is able to provide a more comprehensive explanation of the frugal living behavior of Generation Z.

Meanwhile, 34.5% of the variation in *frugal living behavior* is influenced by other factors not examined in this study, such as family economic conditions, digital lifestyle, social media influence, friendships, income level, self-control, and individual psychological factors. These factors have the potential to influence Generation Z's consumption patterns and can serve as recommendations for further research to produce broader and more in-depth research models.

## Discussion

The results of the study indicate that understanding, religiosity, and culture have a positive influence on *the frugal living behavior* of Generation Z in North Sumatra. This finding suggests that frugal living behavior is not only influenced by economic factors and an individual's ability to manage finances, but also by spiritual and cultural values that develop in the social environment. Understanding financial management makes Generation Z better able to prioritize needs, control spending, and make more rational consumption decisions. This finding strengthens the financial literacy theory proposed by (Lusardi, A., & Mitchell, 2014) . that individuals with a good level of financial understanding tend to have healthier and more responsible economic behavior. (OECD., 2023) also explained that financial literacy plays a crucial role in shaping the financial management behavior of the younger generation in the digital era. Furthermore, (Suryani, E., & Kurniawan, 2023) found that financial literacy positively influences students' consumption control behavior. According to (Thaler, RH, & Sunstein, 2021) , individual economic behavior is influenced by habits, social environment, and decision-making that is not always rational. Therefore, financial literacy is crucial in shaping more focused and controlled consumption behavior.

Religiosity also positively influences frugal living behavior. Religious values serve as moral controls that foster modesty, self-control, and avoid excessive consumerism. From an Islamic economic perspective, consumption behavior is not solely oriented toward fulfilling material needs but also considers the values of balance and utility. This finding aligns with the views of Imsar & Harahap, 2020, and Marliyah, 2020. which emphasizes that religiosity can shape wiser and more sustainable economic behavior. (Azizah, N., & Handayani, 2024) Research also shows that religiosity has a significant influence on controlling the consumer behavior of Muslim students. Furthermore, (Jackson, SE, Beeken, RJ, & Wardle, 2020) explains that Islamic ethics emphasizes the principles of balance, simplicity, and responsibility in economic activities, so that consumption behavior must be carried out wisely and not excessively. However, the results of the study indicate that the influence of religiosity is still lower than

that of culture. This condition indicates that in Generation Z, religious values have not fully become a major factor in shaping consumption behavior because they are still influenced by developments in digital lifestyles and modern consumerism.

Cultural variables are the most dominant factor influencing frugal living behavior. These findings indicate that cultural values, family habits, and social environments have a very strong influence in shaping Generation Z's consumption patterns. A culture that teaches simplicity, hard work, and savings indirectly shapes individuals' economic behavior from an early age. This reinforces the cultural theory proposed by (Hofstede, 2021) and (Koentjaraningrat., 2019) that culture is a value system that influences individual thought patterns and behavior in social and economic life. (Bandura, 2021) explains that individual behavior is formed through a social learning process from the family and community environment. (Yuniarti, S., & Rambe, 2022) also found that the family environment has a strong influence on shaping the savings habits and consumption behavior of young people from an early age. Furthermore, Amelia, R., & Putra (2025) showed that a simple lifestyle significantly influences the frugal living behavior of Generation Z in Indonesia. The dominant influence of culture also shows that Generation Z's consumption behavior is not entirely shaped by modernization and digital media, but is still influenced by social values inherited from family and society. This finding critiques the view that Generation Z is completely synonymous with consumer behavior and an instant lifestyle. Baudrillard (2020) explains that modern consumption patterns are often influenced by social symbols and the search for identity in society, so culture plays a crucial role in shaping individual consumption behavior.

In addition to demonstrating the influence of each variable, this study also demonstrates the relationship between cognitive, spiritual, and sociocultural aspects in shaping frugal living behavior. Understanding serves as a rational basis for financial decision-making, religiosity serves as a moral driver in consumption behavior, while culture serves as a social reinforcement through norms, family customs, and the community environment. The interaction of these three aspects indicates that frugal living behavior does not develop spontaneously but rather results from an ongoing process of internalizing values and social experiences. (Tomasev. N, Jackie K, Kevin R. McKee, 2021) explains that sustainable consumption behavior is influenced by social values, culture, and individual moral awareness. (Hapsari, D., & Nugroho, 2024) also shows that social media can influence consumptive behavior and frugal living behavior in Generation Z. Research (Prasetyo, A., & Utami, 2023) found that Generation Z began to develop a frugal lifestyle as a form of adaptation to economic uncertainty and changing social conditions.

Theoretically, this study develops a model of frugal living behavior that places understanding as a cognitive factor, religiosity as a spiritual factor, and culture as a socio-cultural factor that are mutually integrated in shaping Generation Z's consumption behavior. In this model, culture acts as a primary

reinforcing factor because cultural values can influence how individuals understand consumption, control behavior, and develop frugal living habits. Meanwhile, religiosity functions as an internal control that keeps consumption behavior within the limits of simplicity and usefulness, while understanding becomes the basis for rational economic decision-making. This model expands previous studies of consumption behavior that have emphasized economic and psychological aspects, by incorporating socio-cultural and spiritual dimensions as important factors in shaping sustainable consumption behavior in Generation Z. The findings of this study also strengthen the results of previous research conducted by (Mahfud, 2022 ; Domas, DD, Setyowati, T., & Samsuryaningrum, 2025) , and (Xiao, JJ, & O'Neill, 2018) This shows that the consumption behavior of the younger generation is influenced by a combination of knowledge, values, and social environment. Thus, frugal living can be understood as a form of sustainable consumption behavior formed through the interaction of economic, spiritual, and cultural aspects in everyday life.

#### 4. CONCLUSION

Based on the research results, it can be concluded that understanding, religiosity, and culture have a positive and significant influence on *the frugal living behavior* of Generation Z in North Sumatra. Cultural variables are the most dominant factors in shaping frugal living behavior, followed by understanding and religiosity. The results show that *frugal living behavior* is not only influenced by an individual's ability to manage finances, but also by the spiritual and cultural values developed in the social environment. Thus, frugal living behavior in Generation Z is formed through the interaction of cognitive, spiritual, and sociocultural aspects. Theoretically, this research contributes to the development of consumer behavior studies by integrating the variables of understanding, religiosity, and culture into a single model of *frugal living behavior*. This research expands the previous approach to consumer behavior, which emphasized economic and psychological aspects, by incorporating socio-cultural and spiritual dimensions as important factors in shaping sustainable consumer behavior in Generation Z.

study still has limitations, namely that it only focuses on Generation Z in North Sumatra, so the results cannot be generalized widely to other community groups. Furthermore, this study only used three independent variables, so there are still other factors outside the research model that could potentially influence *frugal living behavior*, such as digital lifestyle, social media, family economic conditions, self-control, and individual psychological factors.

Therefore, further research is recommended to expand the scope of the study, increase the number of respondents, and develop the research model by adding other relevant variables to provide a more comprehensive explanation of *frugal living behavior* among the younger generation. Furthermore, further

research could use a qualitative or mixed methods approach to gain a deeper understanding of the factors shaping frugal living behavior among Generation Z.

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