

# Local Community Consumption Patterns: The Influence of Social and Economic Conditions on Regional Development

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**Abstract.** Consumption patterns are a picture of information about the amount, type, and frequency of food consumed by community groups. This research aims to discover how society's social and economic conditions influence consumption patterns in regional development. This type of research is quantitative descriptive research. The population in this study was 192 families in Krajan Hamlet, Kalisat Pasuruan Village, with samples taken based on the Slovin formula of 130. The simultaneous effect in this study was 16.8%. This influence tends to be small because other factors influence people's consumption patterns apart from social and economic conditions. Other influencing factors are income, level of knowledge, food availability factors, and socio-cultural factors. Income has an essential role in influencing people's consumption patterns. The higher the income, the more people's consumption patterns will increase. The level of knowledge increases people's consumption patterns because people are aware of nutritional patterns. Meanwhile, socio-cultural factors have a role in influencing consumption patterns because the traditional environment also has a role in influencing a person's consumption patterns. Recommendations for further research include choosing variables other than social and economic factors influencing family consumption patterns.

## 1 Introduction

Poverty is a condition indicated by a low quality of life where the person cannot meet his and his family's needs. [1] Residents are said to be poor if they cannot fulfill their basic needs, such as clothing and food, and have low education, health, and housing quality. [2] [3] The poverty level figures in Indonesia, based on the page (Central Statistics Agency, n.d.) for March 2022, show that 26.16 million people are classified as poor. This condition is still relatively low compared to the number in March 2021 of 27.54 million people during the Covid-19 pandemic. Poverty can be caused by several factors: geographical conditions, unemployment, facilities and infrastructure, and gender equality, but the environmental conditions of the surrounding community are also an influence on poverty. [4] Poverty is not only influenced by income, but there are several factors such as socio-geographical conditions, quality of education, health, and adequate infrastructure in the area. [5] We can

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see that poverty can be influenced by the level of education, income, social and geographical conditions, facilities and infrastructure, and surrounding environmental conditions, which reflect the quality of human resources. [6] [7]

Consumption is a component of national income or gross domestic products. [8] Looking at the national income equation using the income approach. [9] These components include government spending, investment, public consumption, and exports and imports. [10] This equation shows that consumption has an aggregate effect on gross domestic product (GDP) in Indonesia. So, what about the consumption patterns of poor families in certain areas? Does their consumption affect GDP in Indonesia. In aggregate, it still has an influence, but the low consumption patterns of poor families can influence a region's economy.

Krajan Hamlet is part of the area within Kalisat Village, Rembang District, Pasuruan Regency, East Java, Indonesia. The geographical conditions of the Krajan Hamlet area, which consists of rice fields, settlements, fields, or yards with dry soil conditions, the area, which is part of Kalisat Village, is very famous for its poor water sources. Most of the residents of the Krajan hamlet, Kalisat village, have average to lower middle economic conditions, and researchers are interested in further research regarding the consumption patterns of poor families.

The government uses several efforts to overcome poverty, one of which is by assisting in community empowerment, capital to MSMEs, and assistance and social protection to eradicate poverty in the area. [11] Based on the website (Pasuruan Regency Government, 2022), it is stated that in the form of (Get to know Non-Cash Food Assistance) BPNT and (Family Hope Program) PKH assistance in the Pasuruan Regency area, 130,042 (Beneficiary Family) KPM people have received these necessities. To speed up the distribution of aid, Minister of Social Affairs Tri Risma Harini proposed changing basic food aid into cash aid so that it can be used more optimally to improve welfare. The change that initially provided the government with non-cash assistance in the form of necessities was replaced with an amount of IDR 200,000 for each PKH recipient community. This is done so that the local community can be more independent and develop an effort to improve their welfare by starting a business to earn income. According to the Central Statistics Agency, the government also implements cash assistance sourced from village funds, namely BLT DD, which is used for poor people not classified as recipients of PKH, Pre-Employment, and other assistance. Based on the website (Polri Public Relations Division, 2022) states that receiving (Direct Village Fund Cash Assistance) BLT DD assistance for Kalisat Village in stage 4 in 2022, the community will receive assistance of IDR 900,000 during October, November, and December without any other cost cuts. Based on the statement above, the policy regarding the form of assistance issued by the government is carried out to overcome poverty in the Pasuruan Regency area, one of which is in the Krajan-Kalisat Hamlet area. It is hoped that this social assistance will provide welfare to the poor people of Krajan Hamlet, consisting of BPNT, BLT DD, and PKH assistance to improve the welfare of the people of the hamlet.

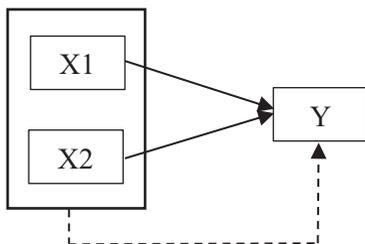
Differences in consumption patterns in communities receiving social assistance, such as the PKH program, for a maximum of 3 years and a minimum of 10 years. Recipients of PKH assistance for a maximum of 3 years tend not to experience changes in non-food consumption; they tend to use the assistance for their basic needs, which differs from PKH recipients. At least ten years, non-food consumption types will increase as income increases. However, PKH recipients, for a minimum of 3 years and a maximum of 10 years, tend to carry out simple food consumption activities, meaning they still choose raw food materials at cheaper and more affordable prices. Based on this statement, changes in consumption patterns tend to change according to current conditions, such as the COVID-19 pandemic and the increasingly shifting forms of consumption, especially among poor communities, due to the spread of the virus. In the conditions of the COVID-19 pandemic, people receiving social assistance tend to use direct cash assistance to fulfill food consumption for basic needs

such as food and drink and consumption of health products.

The social assistance program is used to solve the problem of poverty, where poverty is prevalent and closely related to social, economic, cultural, and other aspects. [12] Social and economic condition variables can influence society's consumption levels. [13] The lower the education level of the head of the household tends to reduce non-food consumption expenditure, and they tend to fulfill food needs first, which indicates a lower level of welfare. [14] Consumption by people with low incomes tends to be greater than consumption by people with high incomes, where people with high incomes tend to have more significant savings than those with low incomes. [15] The aim of this study is to determine whether there is a significant influence between social and economic factors on the consumption patterns of poor families.

## 2 Research method

This research uses a deductive approach with quantitative methods, and the type of research used is explanatory. This study's population was Krajan hamlet, Kalisat Pasuruan village residents, totaling 192 heads of families. The sample in this study was 130 heads of families calculated using the Slovin formula. Data was collected using a Likert scale questionnaire for all variables and analyzed using SPSS. Based on the problems described in the background, the main variable found is the consumption pattern of poor families. Then, researchers look at the social and economic aspects of life carried out by poor families. The following is the research design in this study.



**Fig. 1.** Research Design

Information:

$X_1$  was the social conditions of the community;  $X_2$  was community economic conditions; and  $Y$  was community consumption pattern

The hypothesis in this study are:

H1: There is a significant influence of community social condition variables on community consumption patterns

H2: There is a significant influence of community economic condition variables on community consumption patterns.

H3 There is a significant influence of community social and economic condition variables on community consumption patterns.

The straight line shows partial influence, while the dotted line shows simultaneous influence.

## 3 Results and discussion

### 3.1 Result

Based on the questionnaire that was distributed to respondents, data was obtained and analyzed with the help of SPSS. The following are the results of the SPSS calculation analysis.

**Table 1.** Variable Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Economic, Social <sup>a</sup>		Enter

- a. All requested variables entered.
- b. Dependent Variable: Consumption pattern

Based on Table 1 it can be seen that the variable in this research is the dependent variable, namely the consumption pattern of the community. In contrast, the independent variable is the social condition and economic condition of the community.

**Table 2.** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.410 <sup>a</sup>	.168	.155	4.61453

- a. Predictors: (Constant), Economic, Social

Table 2 explains the magnitude of the correlation/relationship (R), which is 0.410. It describes the percentage influence of the independent variable on the dependent variable, which is called the coefficient of determination, which is the result of squaring R. Based on the output, it is found that the coefficient of determination (R<sup>2</sup>) is 0.168, which means that the influence of the independent variable on the dependent variable is 16.8%. In comparison, the remaining 83.2% is influenced by other factors outside the research variables.

**Table 3.** ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	546.601	2	273.300	12.835	.000 <sup>a</sup>
	Residual	2704.322	127	21.294		
	Total	3250.923	129			

- a. Predictors: (Constant), Economic, Social
- b. Dependent Variable: consumption pattern

This section explains whether there is a significant influence between the independent variable and the dependent variable. From the output, it can be seen that the calculated F is 12,835 with a significance of less than 0.05, so the regression model can be used to predict learning outcome variables. It can be said that the influence of the independent variable and the dependent variable is significant.

**Table 4.** Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.750	5.824		3.219	.002
	Social	.215	.085	.229	2.529	.013
	Economic	.190	.068	.253	2.793	.006

- a. Dependent Variable: Consumption pattern

This coefficient table provides an overview of the regression equation obtained.

$$Y = 18.750 + 0.215X_1 + 0.190X_2 \tag{1}$$

Based on the equation above, a positive constant value of 18.759 indicates the positive influence of the independent variable. If the independent variable increases or affects one unit, the dependent variable will increase or be fulfilled. The regression coefficient of 0.215 means that if the community social condition variable adds one unit to the community

consumption pattern variable, the value of the community consumption pattern will decrease by 0.215. The value of 0.190 means that if one unit is added to the consumption pattern variable in the community economic condition variable, there will be a reduction of 0.190 in the community's consumption pattern.

### **3.2 Discussion**

Socio-economic conditions significantly influence increasing people's consumption patterns in East Java province. [16] Social Conditions are a form of condition that describes the situation or circumstances of a particular region. Consumption patterns are carried out by humans to fulfill their needs, either for themselves or their families, where these needs are expressed in the form of primary and secondary needs. [16] The level of social conditions in a particular area dramatically determines the quality of consumption that is carried out in accordance with research conducted. [17] The rice farming community in North Aceh Regency engages in more food consumption activities than non-food activities as a result of the low socio-economic status of the community. [18]

The consumption patterns carried out by poor people who receive social assistance in Krajan Hamlet, Kalisat Pasuruan Village, people tend to carry out activities to fulfill food needs rather than non-food consumption. Their food consumption is simple; people often consume vegetables, tubers, seafood, and chicken. This happens because people choose cheap food due to their low income, and the adequate variety of food in the area is also inadequate.

The low quality of food in the poor people of Krajan Hamlet certainly significantly influences the low level of nutrition and nutrition. The high price of food and the low income of the people in Tanzania means that the consumption of nutritious and nutritious food is deficient. The poor people of Krajan Hamlet fulfill their needs for non- food consumption, such as purchasing home furnishings and clothes only once a year. The poor people of Krajan Hamlet, in fulfilling their non-food consumption needs, only carry out activities to fulfill their needs for paying taxes and electricity. However, education costs and insurance/BPJS payments have received fee reductions from the government.

The consumption patterns of poor households tend to meet food rather than non-food needs due to low income and non-sedentary types of work. Some dominant factors can influence consumption patterns, such as the number of family members, health, education, and income earned. Based on the statement above, the low social conditions of the poor people of Krajan Hamlet can influence the quality of the consumption patterns carried out, the higher the social conditions in a particular community, the better the consumption patterns carried out. This is in accordance with the results of the relatively low regression analysis.

The economic condition of the poor community receiving aid in Krajan Hamlet is classified as "Medium," where the community has a primary income of Rp. 250,000 – 500,000/month. Based on this statement, the amount of income can influence consumption patterns. Someone who has a significant income tends to consume more than someone with a low income. Income variables significantly affect the form of consumption expenditure, especially in poor households where an increase in income will influence an increase in food consumption expenditure.

Economic conditions classified as "Medium" certainly significantly impact the consumption patterns of poor people who receive aid, so they choose to consume food rather than non-food. The low quality of food consumption by poor people in Tanah Kuning and Mangkupadi villages is caused by people not being aware of the importance of nutrition and economic limitations, so they tend to consume only to be complete. This low income is also caused by the primary type of livelihood in the family, where people work in the service sector, such as junk collectors, motorbike taxi services, preschool, kindergarten teachers,

construction workers, tailors, and factory employees. Poor people do additional work in the agricultural sector, and only a few people work in the trade sector, such as stall businesses, herbal medicine businesses, and buying and selling vegetables and snacks at schools. The level of consumption expenditure is not only influenced by the income, consumer preferences, 83, and consumption behavior of high-income groups but also by the external environment in which they live.

The life cycle consumption theory is based on Franco Modigliani, who collaborated with Albert Ando and Richard Brumberg. This theory states that the influencing factors are not only income but also the level of wealth that people have, where they carry out savings and investment activities during their youth as a form of business so that they can enjoy it in their old age. There is a positive and significant relationship between wealth assets and household consumption. Ownership of wealth owned by the poor people of Krajan Hamlet is also still relatively low. Many still do not have wealth ownership assets, including rice fields, fields/yards, private vehicles, gold/jewelry, and livestock.

The low economic condition of the poor people of Krajan Hamlet greatly determines the form of consumption patterns carried out, such as non-food consumption; the main expenditure is mainly made in the form of electricity and tax payments. [19] Non-food consumption expenses in health and education for the poor can be assisted through social assistance from the government. [20] The existence of social assistance can ease the burden on poor families in terms of health, education, and food. However, some of the poor people of Krajan Hamlet also earn additional income through livelihoods in the agricultural sector, such as farmers and farm laborers, and the service sector, such as used/junk goods collectors and construction workers, and in the trade sector by opening businesses/stalls. Before the development of tourism in Mekar Village, the community's income was relatively low, but since the development of tourism, the community has had additional types of work to meet their living needs. However, with this additional work, people also get a low income; on average, people get an extra salary of IDR 25,000 - 40,000/day, and many still do not carry out these additional work activities. This resulted in a relationship between the economic conditions of the poor communities of 84 aid recipients in Krajan Hamlet and consumption patterns classified in the "Medium" coefficient interpretation category, which was higher than the correlation results between social conditions and consumption patterns of the poor communities in Krajan Hamlet.

Factors that influence consumption patterns are 1) Price Level, 2) Socioeconomic, 3) Interest Rate, 4) Wealth Level, and 5) Taste. [21] This statement shows that social economics determines the consumption patterns carried out, where the socio-economic conditions of the poor people of Krajan Hamlet are classified as "Medium," so this will reflect the form of consumption patterns carried out. The low level of education in the poor people of Krajan Hamlet can determine the quality of life in the household. Households headed by someone with a high level of education tend to be better off than households headed by someone without education. Where low education also dramatically determines the type of work carried out. As many as 85 poor people in Krajan Hamlet carry out work activities but are still classified as poor; this can be caused by the low quality of education they have.

A poor worker carries out work activities but is still classified as a poor family, so this dramatically impacts the income they receive. Individuals who cause low-income workers are age, gender, education level, health conditions, and attitudes. [22][23] The low health quality of the Krajan Hamlet people indicates their welfare is relatively low. The poor health of Krajan Hamlet's poor people is due to low income and relatively long access to health care. The increasing income inequality in society will hamper the health of the rural population. The low level of health in poor communities can be caused by low income earned, high costs for health services, limited access to health services, lack of adequate food, and low quality of health. The housing conditions in the poor people of Krajan Hamlet are

relatively simple, where people have low incomes, and many do not carry out additional work activities. So, the public pays very little attention to the condition of their housing. The lower the number of housing facilities owned, the higher the poverty level is. This occurs as a result of people focusing more on food needs rather than paying attention to the condition of the housing. The low social and economic conditions of the poor people of Krajan Hamlet can occur due to environmental factors and motivation to rise from poverty. Supporting factors influence poverty in Nigeria, such as female-headed households, age, education, agriculture as the main occupation, housing conditions, and household income levels. Empowerment for poor communities of 86, such as programs from the government, is, of course, intended to eradicate poverty. Still, it is certainly not able to eliminate poverty in the region. Poverty will continue to occur as a result of poor people's thinking about how to recover from bad conditions. However, there are still many poor people who are still dependent on social assistance. Based on the description of the statement above, the low social and economic conditions of the poor people of Krajan Hamlet result in low consumption patterns.

Based on the research results, the influence of the two independent variables has very little influence on people's consumption patterns. This shows that consumption patterns are more influenced by other factors that influence consumption patterns. In the case of poor families, consumption patterns are dominated by price levels and community income. Poor families will experience a decline in consumption patterns if market prices become high. [25][26] This will be inversely proportional to the condition of consumption patterns in middle or upper middle-class society. Even though productivity by providers of goods and services has increased, this does not directly affect people's consumption patterns. The income factor influences the consumption patterns of poor families because when income increases, [27] it is certain that consumption patterns in the family will be high. This is based on needs and to fulfill family nutrition. As explained above, the fulfillment of nutritional needs for several needs such as meeting meat, vegetables and fruit is relatively lower than that of middle-class society.[28][29]

The needs of poor families, including community consumption, will influence regional income. [30] [31] The condition of the region with the majority of families falling into the poor family category is a challenge for regional governments to implement poverty alleviation and zero hunger programs to support Social Development Goals outcomes. [32] Community Empowerment can be further enhanced to reduce dependency on the assistance programs mentioned in the background. Community Empowerment can take the form of managing regional potential. In Kalisat village, the potential that can be seen is the geographical conditions of agriculture and large fields to be utilized as potential for improving the local economy. One alternative that can be used is to utilize the potential results of agriculture and fields to be used as special food products that can be sold on the market.

## **4 Conclusion and recommendation**

Consumption patterns influence a country's aggregate expenditure, which is related to the productivity of goods and services. When a country's consumption increases, productivity can be said to increase. In Kalisat Pasuruan Village, the increase in community consumption is influenced by several factors. The variables examined in this research are the social and economic conditions of the community, in accordance with the research objective, namely, to determine whether variables influence people's consumption patterns. Today, the results of the analysis show that the hypothesis is accepted and that there is a significant influence between society's social and economic conditions and people's consumption patterns. The significance obtained from the results of this research tends to be minor, and there are still other factors influencing it. The recommendation that researchers give for further research

is to examine different factors that influence people's consumption patterns, such as price level, income, people's tastes, level of knowledge, food availability factors, and socio-cultural factors.

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