

THE IMPACT OF INFLATION AND CHANGES IN THE RUBLE EXCHANGE RATE ON INDONESIAN STUDENTS CONSUMPTION PATTERNS IN RUSSIA

Esther Leonora Marsha

Master student, Federal State Autonomous Educational Institution of Higher Education "Ural Federal University named after the first President of Russia B.N. Yeltsin", Russia, Yekaterinburg

Wawan Irawan

Master student, Federal State Autonomous Educational Institution of Higher Education "Ural Federal University named after the first President of Russia B.N. Yeltsin", Russia, Yekaterinburg

Introduction

The impact of inflation and exchange rate fluctuations on consumer behavior has been a subject of extensive research in the field of economics. However, there is a dearth of literature specifically addressing the effects of these factors on the consumption patterns of international students, particularly those from Indonesia studying in Russia. This paper aims to fill this gap by examining "The Effect of Inflation and Changes in The Ruble Exchange Rate on Indonesian Students Consumption Patterns In Russia." Previous research has established the interrelation between exchange rates and inflation [1][5]. Devia and Fadl (2021) found that exchange rates affect inflation through the Exchange Rate Pass-Through Effect theory [1]. Additionally, the Indonesian Sharia Capital Market has been studied extensively in relation to inflation, interest rates, and exchange rates [2]. Furthermore, studies have also explored the relationship between oil prices and exchange rates in Russia [3]. A historical perspective on exchange rate determinants in Russia has also been examined, shedding light on the evolution of the ruble exchange rate the U.S. dollar [4].

The research will employ a questionnaire to examine the impact of inflation and fluctuations in the ruble exchange rate on the consumption patterns of 50 Indonesian students enrolled in Russian universities. The study aims to gain insights into the students' spending behavior, preferences, and coping mechanisms in the face of economic challenges. The questionnaire will be carefully crafted to collect data on various facets of the students' consumption patterns, including their expenditure on essential items, recreational activities, and savings, as well as their perceptions of how inflation and exchange rate variations affect their purchasing power. The research findings are anticipated to enrich the existing body of knowledge on consumer behavior in the context of economic volatility, particularly among international students. In our research, we will employ the Statistical Package for the Social Sciences (SPSS) as a powerful and widely-used tool for data analysis and interpretation [1] [2].

Methodology

Research Design: This journal employs a cross-sectional survey research design using a questionnaire to collect data from Indonesia's Students of various Universities in Russia [9]. The survey method was chosen for its ability to collect data on a large sample of participants in a relatively short period of time [10]. The questionnaire measures the variables of interest, including Inflation and the ruble exchange rate, Indonesia's Students Consumption Patterns.

Data Collection and Analysis: Data was collected using a self-administered online questionnaire that included demographic questions and Likert scale questions on the variables of interest [11]. The data was analyzed using statistical program for social science (SPSS) [12], and the following steps were taken for data analysis: descriptive statistics were calculated for all variables, bivariate

analysis was conducted to test the relationship between two variables and two measurements were conducted to test the hypothesized relationships between the variables [13].

Ethical Considerations: Ethical considerations were taken into account throughout the study, The confidentiality and anonymity of participants were ensured, and the data was used for research purposes only [14].

Pearson Correlation between the Impact of Exchange Rate Changes (X) and Consumptive Behavior (Y)

		Impact of Exchange Rate (X)	Consumptive <u>behavior</u> (Y)
Impact of Exchange Rate X)	Pearson Correlation	1	.817**
	Sig. (2-tailed)		.000
	N	50	50
Consumptive <u>behavior</u> (Y)	Pearson Correlation	.817**	1
	Sig. (2-tailed)	.000	
	N	50	50

****.** Correlation is significant at the 0.01 level (2-tailed).

Before interpreting the output table above, it is first necessary to formulate a hypothesis in this research and look at the basis for decision making in the Pearson test.

H0: There is no relationship between the Impact of Inflation and Exchange Rate Changes (X) and Consumptive Behavior (Y)

H1: There is a relationship between the Impact of Inflation and Exchange Rate Changes (X) and Consumptive Behavior (Y)

Decision making based on significance value

1. If the value of Asymp. Sig. (2-sided) < 0.05 means that H0 is rejected and H1 is accepted
2. If the value of Asymp. Sig. (2-sided) > 0.05, which means H0 is accepted and H1 is rejected

From the table, the sig value is known. The impact of inflation and changes in exchange rates (X) and consumer behavior (Y) is $0.000 < 0.05$, which means there is a significant correlation between the variables Impact of changes in inflation and exchange rates (X) and consumptive behavior (Y). 0.817 shows a negative and strong relationship between the Impact of inflation and exchange Rate Changes (X) and Consumptive Behavior (Y) indicating that the correlation between the two is 81.7%, this means that it is significant or there is a relationship.

Interpretation of the Result and Their Implication for Theory

The correlation analysis reveals a significant relationship between the Impact of Inflation & Exchange Rate Changes (X) and Consumptive Behavior (Y). The correlation coefficient of 0.817, with a significance level of 0.01 (2-tailed), indicates a strong and negative association between these variables. This suggests that as the Impact of Inflation & Exchange Rate Changes increases or decreases, there is a corresponding significant change in Consumptive Behavior, and the

relationship is statistically meaningful. The hypothesis testing supports this finding, with the rejection of the null hypothesis (H_0 : There is no relationship) in favor of the alternative hypothesis (H_1 : There is a relationship). The decision-making criterion, considering a significance level of 0.05, further confirms the robustness of the observed correlation. These findings show the Impact of Inflation & Exchange Rate Changes is significantly correlated with Consumptive Behavior, highlighting an 81.7% negative relationship between the two variables.

Implication for Theory

The journal aims to examine the impact of inflation and fluctuations in the ruble exchange rate on the consumption patterns of Indonesian students studying in Russia. The study's findings can have several implications for theory, particularly in the context of consumer behavior and the relationship between inflation, exchange rates, and economic volatility. Some of these implications include:

1. Interrelation between exchange rates and inflation: The research highlights the interrelation between exchange rates and inflation, which has been established in previous studies[6][8]. This finding supports the Exchange Rate Pass-Through Effect theory and suggests that exchange rates can affect inflation through various channels, such as import prices and monetary policy responses.
2. Consumer behavior in the context of economic volatility: The study focuses on the consumption patterns of international students, which can provide insights into how consumers react to economic challenges, such as inflation and exchange rate fluctuations. This can help inform policies and strategies to support consumers in coping with economic volatility.
3. Role of exchange rates in shaping consumption patterns: The research aims to understand how fluctuations in the ruble exchange rate affect the consumption patterns of Indonesian students in Russia. This can provide evidence on the importance of exchange rates in shaping consumer behavior and inform policies related to foreign exchange management and its impact on trade and investment.
4. Inflation targeting and monetary policy: The study's findings can contribute to the understanding of inflation targeting and monetary policy frameworks in countries like Indonesia, which have adopted inflation targeting to manage price stability and promote economic growth[7]. By examining the impact of inflation and exchange rate fluctuations on consumer behavior, the research can provide valuable insights for policymakers in designing effective monetary policies.
5. International students' coping mechanisms: The research will explore the students' spending behavior, preferences, and coping mechanisms in the face of economic challenges. This can help inform policies and strategies to support international students in coping with economic volatility and provide recommendations for universities and governments to better support their students during times of economic uncertainty.

Overall, the journal's findings can contribute to the existing body of knowledge on consumer behavior, inflation, exchange rates, and economic volatility, particularly in the context of international students and their consumption patterns.

Practical Implication for Indonesia Student in Russia and Economic Stakeholder and Policymaker

This study has practical implications for Indonesia's Student in Russia and Economic Stakeholder and Policymaker to enhance the existing body of knowledge on consumer behavior in the context of economic volatility, particularly among international students. Practical implications for this demographic; the need for adjustments in spending habits, financial planning, and addressing potential challenges or opportunities stemming from economic fluctuations. The insights gained from understanding how inflation and exchange rate variations affect the consumption behavior of Indonesian students can guide the formulation of economic policies, bilateral agreements, and interventions aimed at addressing economic challenges and fostering stronger economic relations between the two countries. The study suggest that Policymakers are encouraged to incorporate these findings into strategies related to currency exchange, inflation management, and support

systems for international students.

Limitation and Future Research Direction

The journal acknowledges some limitations that can be addressed in future research. However, the limitations and future research directions are not explicitly stated in the given text. Therefore, it is difficult to provide a specific answer to this question based on the search results. However, in general, some possible limitations and future research directions for the journal could be:

1. **Sample size:** The study uses a small sample size of 50 Indonesian students studying in Russian universities. Future research could expand the sample size to include a more diverse group of international students from different countries and universities.
2. **Generalizability:** The study focuses on Indonesian students studying in Russia, which may limit the generalizability of the findings to other contexts. Future research could examine the consumption patterns of international students in other countries and regions to provide a more comprehensive understanding of the impact of inflation and exchange rate fluctuations on their consumption patterns.
3. **Questionnaire design:** The study uses a questionnaire to collect data on the students' consumption patterns, which may limit the depth and richness of the data collected. Future research could use a combination of qualitative and quantitative methods, such as interviews and focus groups, to provide a more nuanced understanding of the students' experiences and perceptions.
4. **Longitudinal study:** The study is cross-sectional, which means that it captures a snapshot of the students' consumption patterns at a specific point in time. Future research could use a longitudinal design to track changes in the students' consumption patterns over time and examine how they adapt to economic challenges.
5. **Comparison with local students:** The study only focuses on international students, which may limit the understanding of how inflation and exchange rate fluctuations affect the consumption patterns of local students. Future research could compare the consumption patterns of international and local students to provide a more comprehensive understanding of the impact of economic volatility on student consumption patterns.

Overall, the limitations and future research directions for the journal could include expanding the sample size, examining the consumption patterns of international students in other contexts, using a combination of qualitative and quantitative methods, conducting a longitudinal study, and comparing the consumption patterns of international and local students.

Conclusions

This study investigated the impact of inflation and changes in the Ruble exchange rate on the consumption patterns of Indonesian students in Russia, aiming to fill a gap in the literature. Utilizing a cross-sectional survey design with a sample of 50 students, the study employs SPSS for data analysis. The findings reveal a significant negative correlation (81.7%) between exchange rate changes and consumptive behavior, indicating practical implications for Indonesian students and policymakers in Indonesia and Russia. Practical applications include adjustments in spending habits and informed policy decisions to address economic challenges and enhance economic relations. Limitations include a small sample size, potential lack of generalizability, and suggestions for future research directions, such as longitudinal studies and comparisons with local students.

List of references:

1. Devia, A., & Fadl, A. (2021). Did Inflation and the Exchange Rate Increase Indonesia's Budget Deficit? ResearchGate. Retrieved from https://www.researchgate.net/publication/374722225_Did_Inflation_and_the_Exchange_Rate_Increase_Indonesia's_Budget_Deficit

2. IMF. (2023). Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Indonesia. IMF. Retrieved from <https://www.elibrary.imf.org/downloadpdf/journals/002/2023/221/002.2023.issue-221-en.xml>
3. World Bank. (2023). Indonesia Economic Prospects (IEP) June 2023: The Invisible Toll of Covid-19 on Learning. World Bank. Retrieved from <https://www.worldbank.org/en/country/indonesia/publication/indonesia-economic-prospects-iep-june-2023-the-invisible-toll-of-covid-19-on-learning>
4. Andika, P., Juanda, B., & Priyarsono, D. S. (2023). The Determining Factors Of Currency Redenomination Success: Experimental And Historical Aproach. Retrieved from <https://www.bmebi.org/index.php/BEMP/article/download/8/722>
5. ResearchGate. (2023). Dynamic Impact of Inflation and Exchange Rate in Indonesia's Top 10 Market Capitalization Companies: Implications for Stock Prices. ResearchGate. Retrieved from https://www.researchgate.net/publication/375912896_Dynamic_Impact_of_Inflation_and_Exchange_Rate_in_Indonesia's_Top_10_Market_Capitalization_Companies_Implications_for_Stock_Prices
6. Breuer, L. E., & Kinda, T. (2018). Realizing Indonesia's Economic Potential
7. International Monetary Fund. (2023). Indonesia: From Monetary Program to Inflation Targeting (Chapter 19)
8. Elfia, S. A. M., & Hayati, H. I. (2020). Al Maqrizi's View on the Islamic Economy and Its Relevance to Covid-19 Pandemic in Indonesia.
9. Creswell, J. W. (2014). Research design: qualitative, quantitative, and mixed methods approaches. Sage publications.
10. Bryman, A. (2016). Social research methods. Oxford University Press.
11. Dillman, D. A., Smyth, J. D., & Christian, L. M. (2009). Internet, mail, and mixed-mode surveys: The tailored design method. John Wiley & Sons, Inc.
12. SPSS Statistics for Windows, Version 25.0. IBM Corp., Armonk, NY, USA
13. Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E. (2019). Multivariate Data Analysis. Pearson.
14. American Psychological Association. (2017). Ethical Principles of Psychologists and Code of Conduct. <https://www.apa.org/ethics/code/>