

THE INFLUENCE OF FINANCIAL LITERACY AND INCOME PERCEPTION ON INVESTMENT DECISIONS OF MUTUAL FUNDS IN MANAGEMENT PROGRAM REGULAR CLASS FACULTY OF ECONOMICS AND BUSINESS NATIONAL UNIVERSITY WITH GENDER AS A CONTROL VARIABLE

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ABSTRACT

The purpose of this research is to analyze the effect of financial literacy and perceived income on investment decisions in students of management program Faculty of Economics and Business National University. This research is sourced from primary data obtained from respondents through the distribution of questionnaires. The research sample was 100 respondents with the method used was simple random sampling method. Descriptive analysis and multiple linear regression analysis are data analysis techniques used in this study with the STATA Statistics version 16 program. The results show that the effect of financial literacy and perceived income on investment decisions variables have a positive and significant, on investment decisions in management study program students, Faculty of Economics and Business, National University.

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1. INTRODUCTION

The economy is currently doing well and continues to grow thanks to globalization. Therefore, everyone must have good skills and knowledge to manage their financial resources and assets. From the management of financial resources and wealth will generate an interest in the form of whether these resources are properly allocated. One way is to invest. In investing, it is necessary to design a plan. Investment planning is a matter that is very meaningful in managing finances because by choosing the right investment, it will provide a sustainable source of income for a company or an individual (Susdiani, 2017). With the existence of a good plan, in making investment decisions, an individual is no longer confused. With planning, investment decisions will be more mature in avoiding losses in investing. When each individual is planning to invest, the individual must have good financial literacy so that his investment decisions have clear goals (Rasuma Putri & Rahyuda, 2017).

Rasyid (2012) also explained that managing sound finances requires fundamental factors that must be improved, and one of them is financial insight. In recent years, financial literacy has become a subject of considerable interest, because financial markets have become complex and it is difficult to make choices based on available information. The economic sector is also growing and causing individual needs to also experience development. This makes insight into finance or what is commonly called financial literacy an aspect that must be considered by developed countries as well as developing countries (National, 2019). The ultimate goal of financial stability can be carried out through global financial literacy in developed countries and especially in developing countries (Arif, 2015).

The millennial generation's interest in investing has many factors affect it. one of them is due to rapid technological advances, such as the financial impact of investing online (Tumewu, 2019). Personal (2022) Explains the influence of income on investment that affects the interest of the younger generation. Additionally, financial literacy is important, and students interested in investing need to understand basic investment concepts.

According to Kumar et al (in Sholeh, 2019) Financial literacy is how every individual can manage their money well and use their insights and insights about finance itself. Meanwhile, according to the OJK financial literacy is skills, knowledge and beliefs that can influence a person's behavior and attitude in making decisions in managing his finances with the hope of achieving prosperity. Not only that, financial

literacy is important, and students who are interested in investing need to understand basic investment concepts.

In general, students are interested in investing in mutual funds. However, there are still obstacles that need to be faced, especially for new investors when they want to make an investment. Mutual fund investment is something that many students are familiar with, especially those who study financial management. This is intended to help millennials consider investing in mutual funds.

National University is one of the universities in which there is a management study program that provides insight or knowledge about investment knowledge. Mutual fund investment is a subject that is well known to students of the management study program, especially students who concentrate on financial management because it reviews mutual fund investment, especially stocks. This has a goal with the existence of insight into Mutual Fund investment, it is hoped that students, especially those who concentrate on finance, can be interested in making an investment.

Several studies have found that people who are more financially literate and have more money tend to make better investment decisions than people who are less financially literate or don't have much money.

Based on the results of research conducted by Aji (2021) it proves that financial literacy and income have a significant effect on decisions to invest in mutual funds. The research results show that financial literacy and income have a positive effect on investment decision behavior (Mertha Dewi, 2018). Some previous research (Xiao, et,al, 2008: Mandell and Klein, 2009) formulated that the best method for improving behavior in adulthood is to direct good behavior from a young age, including financial behavior. Meanwhile, in Indonesia, personal finance education is still rare, both in elementary schools and tertiary institutions.

2. METHODS

According to Kumba Digdowiseiso (2017) what is meant by the object of research is the scientific goal of obtaining data with specific goals and uses about something objective, valid and reliable about a (certain variable). The object of this study is investment decisions which are influenced by two aspects, namely financial literacy and income perceptions. The purpose of this research is to learn more about how investment decisions are influenced by financial literacy and income perceptions. This research was conducted on undergraduate students of the Management Study Program in the regular class of the National University. The source of the data used in this study was data that the researchers obtained through random distribution of questionnaires to undergraduate students in the regular class of the Management Study Program at the Faculty of Economics and Business at the national university.

The sampling technique was carried out using simple random sampling. Active undergraduate students in the regular class of 2019, 2020 and 2021 management study program at the Faculty of Economics and Business, National University are the criteria proposed by researchers as samples. The population in this study amounted to 852 people, so to calculate the minimum number of samples using the Taro Yamane technique with an error rate of 10%, using the following formula:

$$n = \frac{N}{N \cdot d^2 + 1}$$

$$n = \frac{852}{(852 \times 0,1^2) + 1}$$

$$n = 89$$

Information :

n = Minimum number of samples required

N = Total population (852 people)

e = Margin error (10%)

In this study, it was necessary to collect data from a maximum sample of 100 active undergraduate student respondents in the regular class of 2019, 2020 and 2021 management study program, Faculty of Economics and Business, National University.

In this study using multiple linear regression analysis techniques to determine whether there is a significant influence of two or more independent variables on the dependent variable. There are 3 main variables, namely Investment Decision (Y) as the dependent variable, Financial Literacy (X1), and Perceived Income (X2) as the independent variable. The formula for multiple linear analysis is:

$$Y_{1i} = \beta_1 X_{1i} + \beta_2 X_{2i} + \epsilon_{1i}$$

$$Y_{2i} = \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \varepsilon_{2i}$$

Where:

Y : Investation decision
 $\beta_1, 2, 3$: Regression coefficient
 i : Individual
 X_1 : Financial Literacy
 X_2 : Perceived Income
 X_3 : Gender
 ε : Standard error

3. RESULTS AND DISCUSSION

Following are the results of multiple linear regression analysis in Table 1 below:

Table 1 Results of Multiple Linear Regression Analysis

Variable	Dependent Variable: Investment Decision			
	1	2	3	4
FL (X_1)	0,62*** (0,05)	-	0,53*** (0,06)	0.51*** (0.06)
PP (X_2)	-	0,82*** (0,13)	0,34*** (0,11)	0.34*** (0.11)
JK (CV)	-	-	-	1.11 (0.72)
Observation	100	100	100	100
Adj R-Squared	0,57	0,28	0,60	0.61
F-Value	0,00	0,00	0,00	0.00

The numbers in brackets are the Robust Standard Error numbers

*** = significant at 1% level;

** = significant at 5% level

* = significant at 10% level

Based on Table 1, the results of the multiple linear regression equation are obtained as follows:

$$K_{Li} = 0.62FL_i \quad (1)$$

$$K_{Li} = 0.82PP_i \quad (2)$$

$$K_{Li} = 0.53FL_i + 0.34PP_i \quad (3)$$

$$K_{Li} = 0.51FL_i + 0.34PP_i + 1.11JK \quad (4)$$

Where:

KI = Investation decision

FL = Financial Literacy

PP = Perceived Income

JK = Gender

The above equation can be interpreted as follows:

- The regression coefficient of the financial literacy variable (X_1) has a positive and significant sign. This shows that the financial literacy variable (X_1) has a positive effect on the investment decision variable (Y). If the financial literacy variable increases, the investment decision variable will also increase. Conversely, if the financial literacy variable decreases, then the investment decision variable will also decrease.
- The regression coefficient value of the income perception variable (X_2) is 0.34. This shows that the risk perception variable (X_2) has a positive effect on the investment decision variable (Y). If the income perception variable increases, investment decisions will also increase. Conversely, if the income perception variable decreases, then the investment decision variable will also decrease.

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Discussion

The Effect of Financial Literacy on Investment Decisions

The research results prove that the coefficient value of the financial literacy variable is 0.51, meaning that a 1 percent increase in financial literacy can lead to an increase in investment decisions by 0.10 percent by keeping other variables constant. With a probability value of $0.00 < \alpha$ of 0.05, it can be concluded that partially the financial literacy variable has a significant and positive effect on the investment decision variable, which means that if the financial literacy variable is increased, the investment decision will also increase significantly. and vice versa. A person's investment decisions can be influenced by the financial literacy they know and understand. The higher the financial literacy, the higher a person's decision to make an investment.

Financial Literacy as an insight to manage finances in making financial decisions (Chen and Volpe, 1998). This opinion supports research results which state that good financial literacy is demonstrated by a good understanding of basic financial insights, loans, savings, insurance, and investments. By having good financial literacy, a person tends to be wiser and smarter in managing the assets they have so that they can provide useful feedback in supporting their finances. Insights about financial literacy must be understood and owned by every individual so that they are not wrong in making investment decisions. When someone has good or high financial literacy, that person will feel safe and more courageous in investing, so it can be said that financial literacy can influence investment decisions.

The results of this research are in line with research that has been conducted by Hardiyanto (2019), Maghfiroh (2021), Tehupelasuri, Askandar, and Mahsuni (2021) which proves that the financial literacy variable simultaneously and partially has a significant positive effect on investment decisions, meaning that the higher the understanding someone will be financial literacy, the higher the person's decision to invest in mutual funds and the easier it is for him to avoid losses or risks that may occur in investing. However, the results of this study are in contrast to the research of Savanah (2020) and Erika (2020) which state that the financial literacy variable has no significant effect on investment decisions.

The Effect of Perceived Income on Investment Decisions

The results showed that the coefficient value of the income perception variable was 0.34, meaning that a 1 percent increase in perceived income would lead to an increase in investment decisions by 0.34 percent by keeping other variables constant. With a probability value of $0.00 < \alpha$ value of 0.05, it can be concluded that partially the income perception variable has a significant and positive effect on the investment decision variable, which means that if the income perception variable is increased, the investment decision will also increase significantly, likewise on the contrary. One's investment decision can be influenced by the perception of good income and applied in everyday life. The better the perception of one's income, the higher the decision to invest.

Perceived income is all receipts either in the form of money or in the form of goods originating from other parties or industrial results which are estimated on the basis of an amount of money from the assets in effect at that time. (Suroto, 2000). easier to implement.

The results of this research are in line with Fitrianti (2018), Dewi and Purbawangsa (2018) who in their research concluded that the income perception variable has a significant influence on investment decisions. So the results of this study are in accordance with the hypothesis that has been made, namely income has a significant effect on investment decisions

4. CONCLUSION

The financial literacy variable has a significant positive effect on the investment decisions of undergraduate students in the regular class of Management Study Program, National University, Faculty of Economics and Business. This is shown from the results of the analysis that financial literacy has a coefficient value of 0.53 with a probability value of $0.00 < \alpha$ value of 0.05, meaning that the better understanding of financial literacy one has will influence student investment decisions. The income perception variable has a significant positive effect on the investment decisions of undergraduate students in the regular class of Management Study Program, National University, Faculty of Economics and Business. This is shown from the results of the analysis that financial behavior has a coefficient value of 0.34 with a probability value of $0.00 < \alpha$ value of 0.05, meaning that the better the perception of income that is owned will influence student investment decisions. The control variable gender only has an effect on the independent variable financial literacy but the results are still significant and have no

effect on the independent variable perceived income. This is shown from the results of the analysis that financial literacy has a coefficient value of 0.53 before using the control variable. Whereas after using the control variable, the results of financial literacy analysis have a coefficient value of 0.51, meaning that gender influences investment decisions.

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