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Exploring the Factors Shaping Investment Decisions: Insights from Financial Literacy, Financial Behavior, and Income among Lecturers at the Faculty of Economics and Business, University of Jambi

Fitriaty Fitriaty[1*]
[1]Jambi University Faculty of Economics and Business, Jambi, Indonesia, email: fitriaty@unja.ac.id

[*]Corresponding Author: Fitriaty

Abstract: This study aims to examine the effect of financial literacy and income on investment decisions mediated by financial behavior. This study uses secondary data by distributing questionnaires to lecturers at the Faculty of Economics and Business, Jambi University. The data is processed using the smart PLS application to test the effect of each variable. The results of this study found that financial literacy and financial behavior have a significant positive effect on investment decisions, income has a negative effect on investment decisions. Financial literacy has a significant positive effect on financial behavior, income has a non-significant positive effect on financial behavior. The financial treatment variable can mediate the relationship between financial literacy and investment decisions.

Keywords: Financial Literacy, Financial Behavior, Income, Investment Decisions

INTRODUCTION

Financial management activities must be carried out carefully in line with the rapid economic development in the era of globalization (Wahyuni, 2020). Currently, knowledge and understanding of financial management is very important (Rai, et all, 2019). The more often a person faces and intensively encounters economic problems, the financial knowledge he has can be used as a basis for good judgment in making decisions regarding the management of financial resources (Smith, et all, 2022). Financial knowledge and understanding must be possessed by every individual, because it can maximize the use of existing financial instruments and products, so that the right decisions can be made by each individual (Swiecka et, all 2020). One way of managing finances is through investment activities, which can improve one's standard of living.

Investment is an economic activity in which capital is invested directly or indirectly, with the hope that the capital owner will benefit from the invested capital (Saputra, 2021). There are various sectors in investment, including the real sector, the banking sector, and the capital market. Investments in the banking sector tend to be less risky and have a high level of liquidity with a short term. In the capital market, investment is made through the purchase of shares and bonds, both owned by companies and the government (Gangi, et all, 2019). Investment in the capital market sector has a higher risk compared to other sectors, but can also generate a higher rate of return.

The development of the current era encourages every individual to realize the importance of investing. High ability in managing finances, will be very selective in making investment decisions. According to Kumala and Susanti (2019), one job that has a good level of finance and requires a high level of education is the teaching profession. The higher education a person takes will broaden knowledge in various fields, including in the field of finance and investment decision making (Fitriaty, 2023). As teachers, lecturers have high knowledge and education, so they are expected to be able to manage their finances well.

Researchers have conducted a direct pre-survey of 10 senior lecturers at the Faculty of Economics and Business, University of Jambi, regarding financial literacy, financial behavior, income and investment decisions. From the results of the pre-survey, it appears that the investment decisions made by the Faculty of Economics and Business Lecturers tend to be good. This can be seen from the answers of the respondents who mostly agreed with the statements on investment decision indicators. Even though the lecturers' investment decisions are quite good, the level of financial literacy of the lecturers is still relatively low. Based on doubtful answers on financial literacy statement items. In terms of the respondent's financial behavior variable, it is included in the sufficient category and leads to poor results, so it can be said that the lecturer's financial behavior is still not good.

Research conducted by Upadana & Herawati (2020) found that financial literacy has a positive influence on investment decisions, this is because financial literacy can make it easier for someone to make the investment decision they choose. Financial decisions based on good financial literacy can depend on someone in facing financial problems. Research conducted by Syafriyani et al (2020) found that literacy and income affect investment decisions in permanent lecturers at the Faculty of Economics and Business at the Jakarta Veterans National Development University, while financial behavior variables have no influence on investment decisions.

So in this study the aim was to examine the effect of financial literacy and income on investment decisions mediated by financial behavior. This research has a novelty by analyzing the professional object of a lecturer in the work unit of the Faculty of Economics and Business who certainly has a high level of education. Based on the observations that have been made, there is still little research that examines the literacy level of lecturers.

LITERATURE REVIEWS

Financial Literacy

Investment activities require making the right decisions, where each of these decisions can affect the results of the investments made. In the decision-making process, each individual will behave rationally or irrationally, depending on the information available to them. Individuals with a good level of financial literacy tend to have better control in choosing various types of investments, because they have access to a wide range of financial information. Individual financial literacy can understand interest rates and terms in the market, understand credit risk profiles, and relate this to their personal situation to determine the most suitable investment (Hilgert et al., 2003).

Lusardi (2013) good financial planning is influenced by individual literacy levels. Meanwhile, investment planning is influenced by an individual's understanding of basic financial concepts. Upadana & Herawati (2020) in their research concluded that financial literacy plays a role in making individual investment decisions. The same thing was found by Loprang (2022) who found that a person's interest in investing is influenced by their level of financial literacy. This finding is reinforced by the research of Wendy, W. (2021) which shows that people with a low level of financial literacy tend to be reluctant to invest, and if they do, the investment decision is often based on momentary satisfaction. Making financial decisions based on planning and consistent knowledge will help minimize risks in making investment decisions. Therefore, the higher a person's level of financial literacy, the better they are at making investment decisions. Then the first hypothesis in this study is:

Behavioral Finance

Behavioral finance is a scientific discipline in which the interaction of various disciplines is inherent and continuously integrated so that the discussion is not carried out in isolation. Three aspects that affect a person's financial behavior are psychology, sociology, and finance (Ricciardi, 2000). Each individual is faced with the question of how much money they receive and spend. Based on previous research, there is an imbalance between individual income and expenses, which is caused by financial behavior. Individuals with good financial behavior tend to be wiser and smarter in using the resources they have, such as controlling expenses, recording expenses, and investing. Financial behavior and investment decisions are interrelated. Nofsinger (2005) explains that behavioral finance is a field of study that observes how individuals behave in making decisions, including financial decisions. This definition shows that psychological factors influence individuals in making investment decisions.

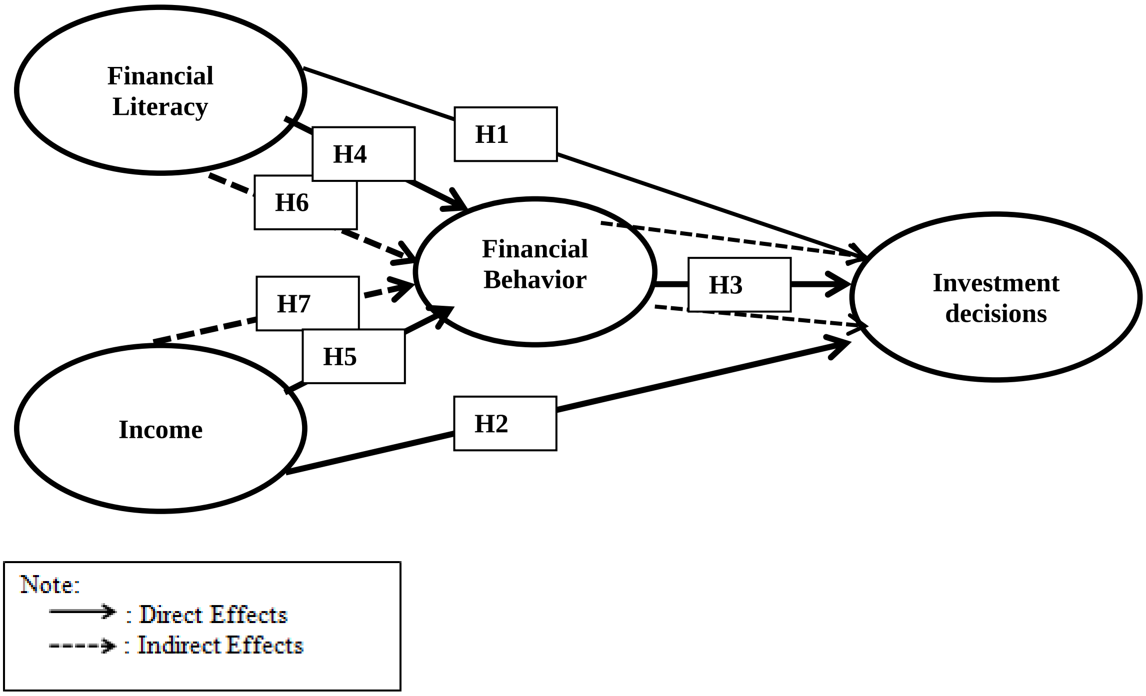
Every individual needs to have good financial behavior when managing their income, both for consumption and investment. Study Justyanita & Agustin (2022) Financial behavior has an important role in making investment decisions, because individual psychological aspects influence the extent to which individuals can maximize investment profits. In addition, the consistency of financial behavior is very difficult for individuals, because they make different assumptions based on the financial and investment information they receive.

Research finds that individual financial behavior, in response to financial information obtained, influences investment decision making. Previous research by Upadana & Herawati (2020) found that there was an influence of financial behavior on investment decision making. Financial behavior is an individual's response to financial information, and individual behavior in managing and making their personal financial decisions is the impact of their own financial behavior. Based on these findings, it can be concluded that the better a person's financial behavior, the better the investment decisions they make. So the second hypothesis in this study is:

Income

There is a positive relationship between income and responsible financial management behavior (John et al, 2009). This means that the higher the income, the better and more responsible financial behavior. The results of this study are supported by the theory of behavioral financial perspectives in adaptive financial decision makers meaning that the nature of the decision and the environment in which it is made influence the type of process used. The better a person's sociodemographic condition will affect the type of investment decision-making process used in a good direction. V. Sudheer (2015) found that income has a significant effect on needs and investment decisions. So the third hypothesis in this study is;

So this research model is as follows:



RESEARCH

This research is a type of quantitative research that aims to examine the effect of the independent variable (X) and the dependent variable. Where the variables identified in this study are as follows:

- The independent (exogenous) variables are financial literacy (X1), financial behavior (X2), and income (X3).
- Dependent variable (endogenous). The dependent variable in this research is investment decision behavior (Y).
- in this study also makes the financial behavior variable as a mediation between financial literacy and income variables on investment decisions

Table 1. Variable Measurement

Variables	Indicators	Measurement Scales
Investment decisions	• Investment Security, • investment Liquidity, • investment time • Rate of Return • Risk Amounts.	Likert scale
Financial Literacy	• Financial Knowledge • Financial management • credit management • Savings management risk management.	Likert scale 1-5
Financial Behavior	• budgeting • Waste of money • Control expenses • Make an investment • Pay debts on time	Likert scale 1-5
Income	• Salary • Expenditure	Likert scale 1-5

Source: Processed data, 2023

The population in this study were all civil servant lecturers with active status at the Faculty of Economics and Business, Jambi University, totaling 97 people. The sampling technique used random sampling, all respondents have the same opportunity depending on who was met at the time the research was conducted.

This study used a survey data collection technique using a questionnaire. Descriptive analysis is used to determine the characteristics of respondents and descriptions of respondents to indicators in the form or reflecting variables. Descriptive analysis is also intended to describe the tendency of respondents' responses to question items related to research variables. Inferential analysis is used to test the hypotheses formulated in the study. The research data were analyzed using the Partial Least Square (PLS) approach with the calculation process assisted by the Smart PLS software application program.

RESULTSAND DISCUSSION

Validity and Reliability Test

Reliability testing was carried out to evaluate the accuracy, consistency, and precision of the instrument in measuring constructs using composite reliability (CR). As a general guideline, a CR value greater than 0.6 is used to assess construct reliability. Convergent validity is the principle that a measuring variable (manifest variable) must have a high correlation (Hair et al., 2018). As a rule of thumb, a loading factor value should be greater than 0.7 in a confirmatory study, and a loading value between 0.6-0.7 is acceptable in an exploratory study. In addition, the Average Variance Extracted (AVE) value should be greater than 0.5. Based on the results obtained, the CR value is greater than 0.6, indicating the reliability of the instrument in this study. Convergent test with AVE is also fulfilled, because the value is greater than 0.5. This means that all indicators for each latent variable have met convergent validity. The results of the validity and reliability tests can be seen in table 2 below:

Table 2. Validity and Reliability Test

Variable	Indicators	Outer Loading	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Financial Behavior	BF1.1	0.84	0.763	0.788	0.815	0.596
	BF2.2	0.725				
	BF4.1	0.745				
Financial Literacy	FL3.1	0.825	0.825	0.83	0.895	0.741
	FL3.2	0.875				
	FL4.2	0.881				
Income	IC1.1	0.886	0.72	0.72	0.877	0.781
	IC2.1	0.882				
Investment Decisions	ID3.1	0898	0.779	0.781	0.9	0.819
	ID4.1	0911				

Source: Processed Data

Internal Test

R Square or the coefficient of determination is a method to measure the extent to which endogenous constructs can be explained by exogenous constructs. The expected range of R Square values is between 0 and 1. Chin proposes certain criteria for interpreting R Square values, namely 0.67, 0.33, and 0.19, which are considered as indicators of strength, adequacy, and weakness respectively. construct explanation. (Chin, 1998).

Table 3. Result Coefficient of Determination

	R-square	R-square adjusted
Financial Behavior	0.570	0.561
Investment Decisions	0.619	0.607

Source: Processed data, 2023

Based on the R-Square value, the relationship between financial literacy and income on financial behavior has a moderate category relationship because it has a value of 0.561 or the equivalent of 56.10%. The relationship between financial literacy, income, financial behavior and investment decisions has a strong relationship with an R-Square value of 0.607 or 60.70%.

Hypothesis Test

Direct Effects

The direct effect test is used to see the effect between variables partially.

Table 4. Direct Effect Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	decision
FL -> I.D	0.698	0.701	0.096	7,244	0.000	accepted
IC->ID	-0.305	-0.317	0.117	2,608	0.009	accepted
BF -> ID	0.553	0.565	0.134	4,134	0.000	accepted
FL -> BF	0.482	0.479	0.155	3,111	0.002	accepted
IC -> BF	0.075	0.083	0.113	0.661	0.509	Not Accepted

Source: Processed data, 2023

Note:
FL: Financial Literacy
BF: Financial Behavior
IC: Income
ID: Investment Decision

1. Financial Literacy has a significant positive effect on Investment Decisions because the coefficient value (original sample) is 0.698 and seen from the p-value is 0.000 which is less than 0.05.
2. Income has a negative influence on investment decisions seen fromthe coefficient value (original sample) is -0.305 and seen from the p-value it is 0.009 which is smaller than 0.05
3. Financial behavior hasThis has a significant positive effect on investment decisions because the coefficient value (original sample) is 0.553 and seen from the p-value is 0.000 which is less than 0.05.
4. Financial Literacy has a significant positive effect on Financial Behavior because the coefficient value (original sample) is 0.428 and seen from the p-value is 0.002 which is smaller than 0.05
5. Income has a non-significant positive effect on financial behaviorthe coefficient value (original sample) is worth 0.075 and seen from the p-value is 0.509 which is smaller than 0.05

Indirect Effects

Indirect effect analysis to assess the mediating hypothesis between variables was carried out by evaluating the indirect effect. Based on the results of the indirect effect test, the results obtained are:

1. Financial Literacy -> Financial Behavior -> Investment Decisions has a significant positive effect as seen by the original sample value of 0.386 with a p-value of 0.000
2. Income -> Financial Behavior -> Investment Decision has a positive but not significant effect seen from the original sample 0.041 with a p-value of 0.531 which is above 0.05

Table 5. Indirect Effect Test Results

	Original sample (O)	Sample mean (M)	STDEV	Q statistics	P values	Conclusion
FL-> BF -> ID	0.386	0.395	0.105	3,669	0.000	accepted
IC -> BF -> ID	0.041	0.048	0.066	0.626	0.531	Not Accepted

Source: Processed data, 2023

So if described this research model is as follows:

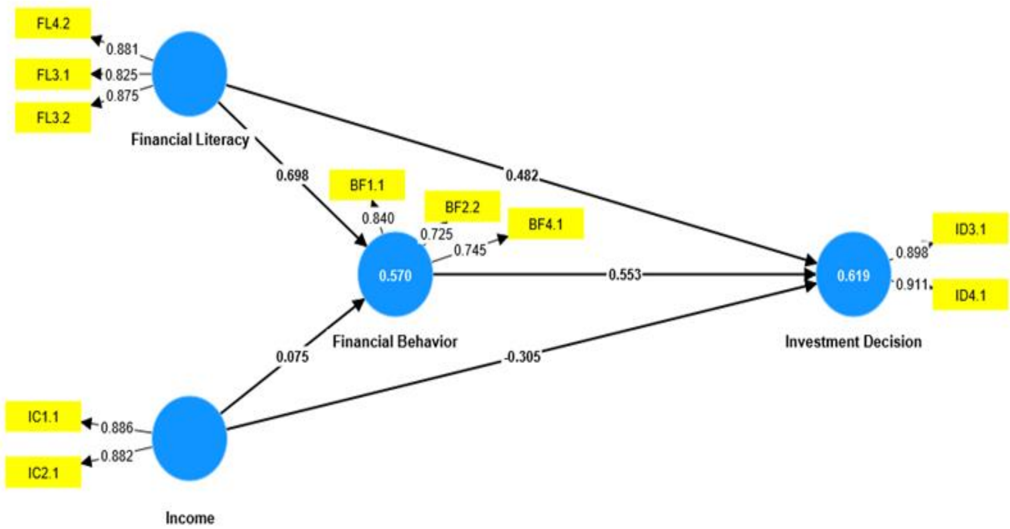


Figure 2. Output Models

The Effect of Financial Literacy on Investment Decisions

Based on the results of the hypothesis testing financial literacy has a significant positive effect on investment decisions. Based on the results of this study it can be concluded that the majority of Jambi University FEB Lecturers have a good understanding of the basics of finance, savings, loans, investments, and insurance. These results are in accordance with the characteristics of the research respondents, namely having a higher education level such as Masters and Doctoral degrees, as well as good financial knowledge. Therefore, financial literacy has a positive influence on investment decisions, meaning that the higher the level of financial literacy of a lecturer, the better the investment decisions they make. The level of financial literacy is very important because it affects an individual's ability to make investment decisions. By having a good level of financial literacy, individuals tend to be wiser and more skilled in managing their assets, so that they can provide significant benefits in supporting individual finances. The results of this study are in line with the results of research conducted by Syafriyani et al (2020) who found that literacy and income affect investment decisions for permanent lecturers at the Faculty of Economics and Business, Universitas Pembangunan Nasional Veterans Jakarta. As well as the findings of research conducted by Putri and Rahyuda (2017) and Kumala (2019) which concluded that financial literacy has a significant influence on investment decisions. so that it can provide significant benefits in supporting individual finances.

The results of this study are in line with the results of research conducted by Syafriyani et al (2020) who found that literacy and income affect investment decisions for permanent lecturers at the Faculty of Economics and Business, Universitas Pembangunan Nasional Veterans Jakarta. As well as the findings of research conducted by Putri and Rahyuda (2017) and Kumala (2019) which concluded that financial literacy has a significant influence on investment decisions. so that it can provide significant benefits in supporting individual finances. The results of this study are in line with the results of research conducted by Syafriyani et al (2020) who found that literacy and income affect investment decisions for permanent lecturers at the Faculty of Economics and Business, Universitas Pembangunan Nasional Veterans Jakarta. As well as the findings of research conducted by Putri and Rahyuda (2017) and Kumala (2019) which concluded that financial literacy has a significant influence on investment decisions.

Financial Behavior on Investment Decisions

Based on the results of the hypothesis analysis, it was found that financial behavior has a significant positive influence on investment decisions. Therefore, it can be concluded that the financial behavior variable owned by the Jambi University FEB Lecturer has a significant influence on investment decisions. These results indicate that the indicators related to financial behavior: budgeting, waste of money, control expenses, make an investment, pay debts on time have been carried out properly so as to make a significant contribution in influencing investment decisions. Therefore, it can be concluded that behavioral finance plays an important role in the investment decision-making process. However, the results of this study are different from the findings found in research by Syafriyani and his colleagues in 2020. They found that financial behavior did not have a significant influence on the investment decisions of FEB UPNVJ permanent lecturers.

Effect of Income on Investment Decisions

Based on the results of testing the hypothesis, it was found that income has negative effect on investment decisions. In the context of making investment decisions by individuals, the influence factor of income becomes very important. Individual income levels can have a significant impact on their ability to invest, as well as the extent to which they can choose the type of investment that suits their financial condition. So it can be concluded that the higher the income earned by the Jambi University FEB Lecturer, the lower the level of investment made.

When individuals have a high income, they tend to have more financial resources that can be allocated for investment. However, sometimes they can be less careful in making investments. With higher incomes, individuals have the ability to invest larger amounts of funds in various types of investments, such as stocks, bonds or property. In this case, individuals can choose investments that have the potential for higher returns, which can ultimately result in greater returns in the long term.

The results of this study are different from the results of research obtained by Dewi, & Purbawangsa, (2018) who found that the level of income has a significant influence on investment decisions. money, social problems, political issues as well as the development of information regarding investments so that what is owned is not spent on consumption or things that can be detrimental. And in line with the research results found by Syafriyani et al (2020) who also found that income has a positive influence on investment decisions.

CONCLUSION

This study found that financial literacy and financial behavior have a significant positive effect on investment decisions, income has a negative effect on investment decisions. Financial literacy has a significant positive effect on financial behavior, income has a non-significant positive effect on financial behavior. The financial behavior variable can mediate the relationship between financial literacy and investment decisions, while the income variable cannot be mediated by the financial behavior variable.

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