



## The Process of Making Investment Decisions for Teachers in the City of Tarakan

Aan Digita Malik<sup>1</sup>, Ahmad Juliana<sup>2</sup>, Muhammad Tharmizi Junaid<sup>3</sup>, Alma Dwi Oktavianti<sup>4</sup>

<sup>1,2,3,4</sup>Faculty of Economics, Borneo Tarakan University, Indonesia

[aandigita@borneo.ac.id](mailto:aandigita@borneo.ac.id), [ahmajuliana75@gmail.com](mailto:ahmajuliana75@gmail.com), [tharmidzee@borneo.ac.id](mailto:tharmidzee@borneo.ac.id), [almadwioktaviantii13@gmail.com](mailto:almadwioktaviantii13@gmail.com)

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### ABSTRACT

Low financial literacy and one's past behavior regarding finances that occurred among high school teachers in the city of Tarakan. The purpose of this study is the influence of past behavior variables, subjective norms, and financial literacy on investment decision making. In this study using descriptive quantitative methods that describe, explain, and describe a phenomenon. The technique used is through the distribution of questionnaires to respondents where in this study using primary data. The data analysis method used in the validity and reliability tests is using SEM, the normality test is using AMOS, the Autocorrelation test is using Durbin-Watson (DW test) through SPSS Software, the t test is using SPSS Software. The results showed that 1) past behavior and attitudes have a positive effect on investment decision making, 2) subjective norms have a positive effect on individuals to invest in the capital market, 3) financial literacy has a positive effect on decisions to invest in the capital market. The conclusions in this study are that 1) the better past behavior the better in deciding to, 2) the higher the subjective norm, the greater the desire to invest in the capital market, and 3) the higher the level of financial literacy carried out by an individual, it will be better in behaving and controlling his behavior to invest.

**Keywords:** Past Behavior, Subjective Norms, Financial Literacy, and Investment Decisions.

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### INTRODUCTION

Each individual has a very unique and diverse display of behavior. This uniqueness and diversity makes experts research human behavior. In these theories, experts want to know what factors influence the formation of a behavior. Behavior in a statement of Ajzen's theory where behavior towards attitude evaluation judgment is favorable or unfavorable. The attitude-to-behavior relationship is an individual's belief in behavior which describes the subjective probability that the behavior in question will produce certain results and evaluation describes the implicit judgment. The difficulty of doing something subjective noema refers to whether or not to do a behavior, (Ajzen, 1991).

According to Pratiwi (2015), also said that in the world of investment one must be able to carry out a plan. Investment planning is the most important thing for managing finances in order to avoid losses. Because choosing the right investment can provide sustainable benefits for individuals, where an individual must have a plan in making investment decisions so that they no longer hesitate in making decisions in order to avoid losses.

In general, an individual in his personal life does not realize the importance of financial management because individuals think that any personal financial investment planning is only done by someone who has a high income. However, there are still many individuals who have high incomes but do not plan to invest in their personal finances. Given the importance of an individual in managing finances in his personal life, Pritazahra (in Rasuma Putri & Rahyuda, 2017) argues that investment planning in personal finance is the most important thing, because this is an independent learning process to manage finances in the present and in the future. come.

An individual must have good financial knowledge (Financial Literacy) so that his financial decisions have a clear and precise direction (Lusardi & Mitchell, 2007). Good financial literacy will have a positive influence on a person's financial behavior such as managing or managing his finances properly (Robb & Woodyard, 2011). Financial literacy is one of the interests of an individual to avoid financial problems where an individual is often faced with a trade off situation where a person has to sacrifice one interest for the sake of another.

In addition to financial literacy, what influences the intention to make an individual's investment decision is past behavior. Past behavior can be interpreted as a consumerist attitude that has become a habit at this time, making a person lack a culture of saving, for example in terms of investing. Many people still don't realize the importance of having financial management in their personal lives. Thus, people still think that personal financial investment planning is only done by people who have high incomes. However, there are still many individuals who earn high incomes but do not have an investment plan for their personal finances.

## **LITERATURE REVIEWS**

### **Theory Planned Of Behavior**

Theory of planned behavior (theory of planned behavior), this theory is used to determine whether an individual will do or not do a behavior. Theory of Planned Behavior certain behaviors to focus more on individual intentions and show to predict individual behavior more specifically. This theory discusses the relationship between behavior and the decision-making process. There are three constructs as antecedents that form this theory, namely: attitudes and behavior, subjective norms, and perceptions of behavioral control.

### **Financial Literacy**

Financial literacy is a person's ability to manage funds so that prosperity can be achieved in the future. According to (Krishna et al., 2010) financial literacy can help someone avoid financial problems. (Huston, 2010) said that financial literacy is a component of human resources that can be used to improve financial well-being. According to Hudson and Bush (2008), define financial literacy as the ability to understand financial conditions with financial concepts and to convert financial knowledge appropriately into behavior. Financial literacy can also help individuals to make effective decisions on investments that can improve their economy in the future.

### **Investment Decision Making**

Investment is an obligation for a number of funds that individuals currently have which is carried out with the aim of obtaining a number of profits in the future. Investment is also an investment to get profits in the future. The parties who make investments are called investors. Investment decisions are the result of solving a problem at hand. To improve the economic situation, an individual must prepare a financial plan for the future. Tandelilin (2010), said that an individual must make a decision to invest how much income an individual earns to spend or consume and how much to invest.

## METHODS

The method in this study uses quantitative methods. This quantitative research is descriptive in nature describing, explaining, and describing a phenomenon. The method in this study used a field survey method. In this study obtained through the distribution of questionnaires to respondents where in this study used primary data. The population in this study are teachers who teach in the city of Tarakan. The sample in this study amounted to 105 people taken from multiplying the number of statement items and the number of variables. The data collection technique uses questionnaires distributed to respondents

## RESULTS AND DISCUSSION

### Data Quality Test

At this stage, the researcher conducted a validity test with the aim of knowing whether a questionnaire was valid or not. The validity test was carried out by conducting factor analysis using the SEM method and using the Lisrel 8.80 software for the multidimensional test questionnaire with Confirmatory Factor Analysis (CFA). To evaluate the suitability of this model, measurements were made for each variable by looking at the validity and evaluation of the reliability of the variable.

Measurement of the testing model is done by testing convergent validity and reliability. Covorgen shows that the measuring indicators (manifest variables) of a latent construct should be highly correlated. Convergent validity can be seen from the value of the standardized loading factor for each indicator. Each variable indicator with the criteria of a standardized loading factor value above 0.30 is acceptable. The value of the standardized loading factor and the tcount or T-value for each indicator for each variable can be seen in the following table:

Table. 1

Variable	Indicator	SLF (Standardized Loading Factor)	tcount (T-value)	R2	Information
ATTITUDE	QS1	0.90	11.73	0.81	Valid
	QS2	0.92	12.07	0.84	Valid
	QS3	0.91	11.85	0.82	Valid
NORM	QNS1	0.61	6.59	0.37	Valid
	QNS1	0.76	8,83	0.58	Valid
	QNS1	0.87	10.70	0.76	Valid
BEHAVIOR	QPML1	0.78	8.78	0.60	Valid
	QPML2	0.68	3.98	0.46	Valid
	QPML3	0.40	8.09	0.16	Valid
	QPML4	0.73	8.09	0.54	Valid
	QPML5	0.75	8.34	0.56	Valid
INTENTION	QNB1	0.90	-	0.82	Valid
	QNB2	0.91	15,12	0.84	Valid
	QNB3	0.92	15,44	0.85	Valid
LITERACY	QLK1	0.69	-	0.48	Valid
	QLK2	0.74	6,26	0.54	Valid
	QLK3	0.85	7,36	0.72	Valid
	QLK3	0.67	6,13	0.45	Valid

In summary, based on the data in the table above, it is known that the results of factor analysis using the Second Order Confirmatory Factor Analysis (2ndCFA) were carried out on 21 indicators, all indicators producing a standardized loading factor ( $\lambda$ ) > 0.3. So it shows that, all indicators have a significant relationship with the variables measured. In addition, by looking at the estimated value of the good factor loading, it shows that the constituent indicators can properly explain the latent variables. Furthermore, an indicator reliability test was also carried out by looking at the square multiple correlation values at the Lisrel output. The reliability of the indicator or R2 explains how much the proportion of the variance of the indicator is explained by measurement error or errors in measurement.

Based on the data in table 4.3, it can be concluded that the perception variable with the QPKP3 indicator (3rd Behavior Control Perception Questionnaire) has the highest indicator reliability because it has an R2 value of 0.91. This means that, the perception variable with the QPKP3 indicator (3rd Behavior Control Perception Questionnaire) contributes to the perception variance of 91%. The results can be seen in the table below:

Table 2

Variable	Indicator	Construct Reliability	Variant Extracted
ATTITUDE	QS1	0.9954	0.9145
	QS2		
	QS3		
NORM	QNS1		
	QNS1		
	QNS1		
BEHAVIOR	QPML1		
	QPML2		
	QPML3		
	QPML4		
	QPML5		
INTENTION	QNB1		
	QNB2		
	QNB3		
LITERACY	QLK1		
	QLK2		
	QLK3		
	QLK3		

In the table above, it can be seen that the Construct Reliability (CR) value is 0.9954 and the Variance Extracted (VE) value is 0.9145. This means that the CR and CV values meet the criteria, with  $CR > 0.8$  and  $VE > 0.5$ . Thus, it can be concluded that the measurement model used to measure financial literacy variables in making investment decisions can be trusted and has good consistency. So the measurement model used to measure these variables has good or reliable reliability.

### Hypothesis testing

In this study, to see how far the influence of one independent variable (X) individually or partially in explaining the variation of the dependent variable (Y) by conducting a t test. This test is carried out by comparing the calculated t value and the t table value. Where the t count is obtained from the SPSS output results, while the t table is obtained from the statistical value by looking at the significance value ( $\alpha$ ) with the degree of freedom. The basis for decision making in this study are:

- If the sig.  $< 0.05$ , or t count  $> t$  table, so there is an influence of variable X on variable Y.
- If the sig.  $> 0.05$ , or t count  $< t$  table, so there is no effect of variable X on variable Y

The results of the regression that has been done can be seen in the table below:

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Betas		
1 (Constant)	-1,715	1.176		-1,459	.148
Past Behavior and Attitudes	.353	.043	.630	8,231	.000
Financial Literacy	.723	.074	.694	9,774	.000
Subjective Norm	.862	.081	.723	10,626	.000

a. Dependent Variable: Intention to Invest

In the first hypothesis, the results of data processing in this study indicate that past behavior and attitudes have a positive effect on investment decision making. This shows that past behavior and attitudes of a person, especially the Tarakan City High School teacher, can influence the desire to invest in the capital market.

In the second hypothesis, the results of data processing show that subjective norms have a positive effect on individuals to invest in the capital market. Where, subjective norms relate to a person's view of social pressure that affects the interest of a Tarakan City High School teacher to do or not to do behavior in investing in the capital market. This is in line with the opinion (Ajzen 2005), which states that a subjective norm is a person's behavior indicated by the state of the environment of a person who accepts or does not accept a behavior shown.

In the third hypothesis, financial literacy has a positive effect on individual attitudes to invest in the capital market. This means that the financial literacy that has been carried out by Tarakan City High School teachers has a positive effect on individual attitudes to invest in the capital market

## CONCLUSION

Based on the results of the research conducted, all hypotheses in this study were accepted. Past Behavior, Subjective Norms, and Financial Literacy influence decision making to invest in high school teachers in Tarakan City. This certainly supports many previous studies, the higher one's knowledge about investing, the higher the probability that someone will decide to invest. The results of this study also suggest that investment decisions cannot be avoided from one's past behavior.

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