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Does Family Environment Moderate The Effect of Financial Literacy, Attitudes and Motivation on Investment Interest

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Abstract

Investment interest is the desire to invest, which is followed by a lot of information seeking. Everyone, including a lecturer, may be interested in investing in any form, either real assets or financial assets. Investments are made to obtain a benefit in the future. This research aims to determine how a lecturer's behavior in fostering interest in investing in financial assets, especially stocks, considers the factors that influence it. Participants in this study were lecturers in Surabaya who were certified lecturers and were permanent lecturers at public and private universities. This study uses three exogenous latent variables consisting of financial literacy, attitude, and motivation. One endogenous latent variable, namely investment interest and one moderating variable, namely family. Of the five variables used measured by a total of 21 indicators. The participants in this study were 103 participants. The participants in this study were 103 participants. This study indicates that the variables of financial literacy and motivation have a significant influence on the interest in investing in financial assets. This study suggests that financial literacy and inspiration variables have a considerable impact on the interest in investing in financial assets.

Keywords : Attitude; Family Environment; Financial Asset; Financial Literacy; Interest in Investment; Motivation

1. Introduction

Financial intelligence is an essential aspect of today's life because it relates to intelligence in managing personal assets (Widyawati, 2012). Individuals must have the knowledge and skills to manage their finances effectively for their welfare (Margaretha & Pambudhi, 2015). Sound financial management will encourage someone to grow interested in investing. This research refers to the Theory of Planned Behavior (TPB) (Ajzen, 1985). Dewi et al., (2020) explained that the Theory of Planned Behavior (TPB) is a development of the Theory of Reasoned Action proposed by (Fishbein & Ajzen, 1975; Sirine & Utami, 2016). In particular, the Theory of Planned Behavior (TPB) connects beliefs with attitudes. The basic theory of TPB is that a person will evaluate their attitude towards their behavior or actions. Their opinions or beliefs very much determine evaluation. Thoughts and ideas are subjective probabilities, namely the certainty of their behavior results (Fishbein & Ajzen, 1975). Theory of Planned Behavior can be used to ascertain a person's behavior tendency in deciding what to choose.

Investment is an allocation of several funds invested at this time to get several benefits in the future (Yuniningsih, Lestari, et al., 2018). Jones & Wren (2004) and Jones et al., (2004) states investment as a commitment to allocate several funds to one or more assets over several periods for the future. There are many types of options for investing in both real assets and financial assets. (Yuniningsih & Taufiq, 2019). Investors need complete knowledge and information in making investment choices to minimize losses due to their investment choices or decisions. There is a lot of information circulating in the community and demands that investors process and understand the information needed to make smart economic decisions. Investment choices are also influenced by the level of courage a person takes to take risks. The size of the courage to take the risk is greatly influenced by the psychology that is owned. This shows that psychological factors contribute to the choice of investment type. This statement strengthens the flawed assumption that economists-psychologists put forward in refuting the traditional financial theory (Shiv et al., 2005; Bechara & Damasio, 2005; Poterba & Samwick, 1997).

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Their research explains that preference for risk has a relationship with a person's tendency to choose investments. One factor determining the level of courage to invest is determined by how much someone is interested in investing (Fishbein & Ajzen, 1975). Antecedents of behavioral causes are based on the assumption that humans sensibly do things, really consider all the information available, and consider the impact of the actions taken. Christelis, Jappelli & Padula (2010) explain cognitive abilities as factors that determine investment decision-making. Ajzen (1991) mentioned many factors that can influence a person's interest, namely attitude toward the behavior, subjective norm, and perceived behavior control. The three elements described by (Ajzen 1991) are used as the basis for this study's development. Psychological factors as independent variables affecting investment interest are financial literacy, attitudes, motivation, and family. This research is the development of research (Darmawan, Kurnia & Rejeki, 2019). The difference between this study and (Darmawan, Kurnia & Rejeki, 2019) is that the family environment variable is a moderating variable; The population and samples in previous studies used student subjects while the community samples in this study used lecturer subjects.

This study aims to analyze and examine the effect of financial literacy, financial attitudes, and motivation on investment interest with family as a moderating variable in someone who has the main job as a lecturer. Many internal and external factors influence a lecturer to generate interest in investing in financial assets, especially in stocks. The ability to read, analyze, manage, and write finances that affect a person's life. Cole & Fernando (2008) suggest that financial literacy can process information and make personal decisions. Financial literacy is a person's ability to understand something related to finance (Yuniningsih & Taufiq, 2019). This understanding has a broad meaning, such as the act of managing family finances, saving up to investing. The study (Aryeetey, 2004) found that financial literacy affects financial decision making. Financial literacy combines an understanding of everyday situations such as insurance, credit, securities in financial assets, investment in real assets, appreciation in savings and loans, and others. Another component of financial literacy is acquiring knowledge and understanding in making profitable financial decisions (Wagland & Taylor, 2009). The application of financial science fundamentally or in combination with psychology will lead to economic behavior. Economic behavior is needed optimally in making sound financial decisions relating to investment interest to investment decisions. A trigger for investment interest for someone requires useful knowledge, information, and understanding, especially financial literacy.

Financial education for the public is needed to get balanced information and knowledge, especially in investing in financial assets, especially insecurities. Until now, only a few know how the impact of financial literacy when diversifying investments and how financial literacy can explain problems regarding investor behavior (Abreu & Mendes, 2010). Good financial literacy will encourage increased interest in investing in the right direction and avoid losses (Aryeetey, 2004). Good financial literacy will encourage increased interest in investing in the right direction and avoid losses. Understanding of financial knowledge that is increasingly rational in financial allocation tends to increase interest in investing. On the other hand, people who lack experience do not understand the information correctly because of a lack of financial literacy tend to be less interested in investing because their families are less respectful of investing.

Theory of Planned Behavior (TPB) explains the relationship between attitude and intention. According to (Francis et al., 2007), philosophy evaluates things, individuals, or events, pleasant or unpleasant statements. Attitude will reflect how much someone feels about something. (Azwar, 2005), attitudes cannot be observed, but attitudes can be seen in behavior. Philosophy is people's tendency to support or not support by continuing to respond to something with attention to something (Kreitner & Kinicki, 2005). According to (Fishbein & Ajzen, 1977), attitude is a learned tendency to react consistently to specific objects in specific ways. Attitudes reflect the individual's tendency to understand, feel, react, and act on an item, resulting from the interaction of cognition, emotions, and opposing components. (Krech, 1962) explained that the attitude structure includes three indicators. These indicators are cognition (cognitive indicator), sensation (sensory indicator), and action propensity (action tendency indicator). It is said that understanding is a psychological process that is beneficial for the input of knowledge. Simultaneously, feeling (sensory index) describes the object's subjective emotional and emotional aspects. The behavioral trend index is related to the continuous tendency of the behavior contained in a person and the items they face (Azwar, 2005; Azwar, 2007). Therefore, if a person's attitude (including cognition, emotions, and attitudes) is very interested in investing, the greater the interest in investing, knowledgeable people usually receive and understand securities information well. Family attitudes that are very supportive of investment will affect one's mood in determining investment interests.

Motivation is an encouragement to try to make changes in behavior that better meet their needs (Handoko, 2001; Sofyan & Uno, 2012). A strong urge to will and desire will significantly influence a person's interest in realizing an action or behavior. A person's investment motivation will have an impact on interest in investing. The high interest in funding will be manifested by frequently seeking information, reading, and understanding it. The hierarchical theory explains that someone will be motivated to achieve the requirements above if a need underneath is met. When we have capital, having a lot of accurate information about investing will encourage someone's interest in investing, especially insecurities. The hypothesis (Hong, Kubik, & Stein, 2004) is that social interaction will affect someone to invest in the capital market. This shows that if friends, colleagues, lecturers, and family attitudes are very open and happy to invest in the capital market, it will motivate someone to be more interested and interested in doing the same things as other people around them. Motivation will be higher if you get support from the family environment. If the family is very concerned about investing, especially in financial assets, it will also generate increased interest in these investments.

The family environment is the first and foremost environment that affects development and behavior in life (Utami, 2016). In a family environment, someone will get attention, love, encouragement, guidance, exemplary, and fulfillment of economic needs to develop all their potential to create life in the future. A person will also receive teaching that supports literacy in a family environment, gain motivation, and influence their attitude. Social factors that affect a person's interest are related to family responsibility (Darmawan, Kurnia & Rejeki, 2019). The reality that can be seen is that family background will influence a person's tendency to choose the same work line as his parents. This description is supported by research results (Lestari, Hasiolan & Minarsih, 2016), stating that the family environment significantly affects entrepreneurial interest. Based on the stories described, we propose the following hypotheses:

H1: Financial literacy affects investment interest.
H2: Attitude affects an investment interest.
H3: Motivation affects investment interest.
H4: Family affects an investment interest.
H5: Family can moderate the effect of financial literacy on interest in investment.
H6: Family can moderate the effect of attitude on interest in investment.
H7: Family can moderate the effect of motivation on interest in investment.

3. Research Design and Method

This type of research is an experimental study. This study uses primary data by distributing questionnaires. The population of this research is lecturers in the city of Surabaya. For the sample's determination, we used a purposive sampling method by determining the criteria for being active lecturers and already having a National Lecturer Identification Number from State and Private Universities and having passed the Lecturer Certification. Our survey contains twenty-one questions consisting of several constructs for measuring variables such as (financial literacy, attitude, motivation, interest in investment, and family) which are distributed to 102 lecturers in Surabaya as participants. Investment Interest variables are measured by indicators (Attitude toward behavior, Subjective norm, Perceived behavioral control). Financial literacy variables are measured by indicators (Basic Personal Finance, Financial Management, Credit and Debt Management, Savings and Investments, Risk management). Attitude variables are measured by indicators (cognitive, affective, conative). Indicators measure motivational variables (preparation of investment plans, achieving investment goals, changes in behavior to get investment information, the importance of investment). And family variables are measured by variables (the environment of the majority of the family investing, family support in investing, Encouragement of couples to invest, family creativity in funding). We measure variables and constructs by giving weight to each item of answers given by respondents (1 = Strongly Disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree). The data in this study we analyzed using the SmartPLS tool with several testing stages, such as internal model testing to test validity and reliability and examining outer loading to confirm how the construct strength forms the item or dimension.

4. Results and Discussion

Statistical Analysis

Before explaining the hypothesis testing results, it is necessary to explain how to evaluate the measurement model or the outer model in terms of validity and reliability. The structural model or inner model's evaluation is known from the collinearity at the construct level, the path coefficient, and the coefficient of determination and significance.

This analysis does not include the moderating variable (Family) in analyzing the three exogenous latent variables, namely (financial literacy, attitude, and motivation). The three variables directly affect the endogenous latent variable, namely (investment interest).

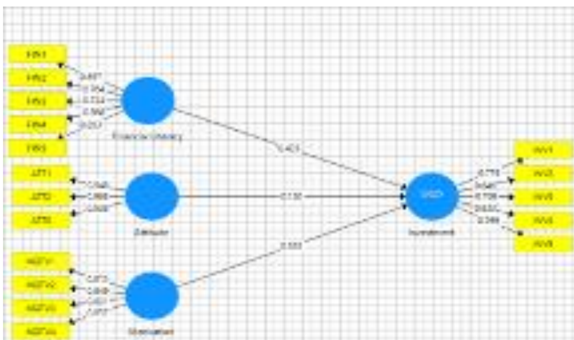

Figure 1. Direct testing

Table 1 shows the comparison between the AVE squared values of each construct. Fornell & Larcker (1981) states that the AVE square value of each construct must be greater than the correlation value of one construct with other constructs. This shows a high discretionary validity. Other evaluations of the outer model are internal consistency, convergent validity, reliability, and assessment of the inner model, namely collinearity and R Square.

Table 1.

Multicollinearity Test Results

Description	Financial Literacy	Attitude	Motivation	Interest in nvestment
Financial Literacy	0.777	0.452	-	-
Attitude	-	0.951	-	-
Motivation	0.608	0.816	0.833	0.710
Interest in nvestment	0.699	0.610	-	0.799

Table 2 shows that the latent variables in this study have high internal consistency. These results indicate that each research construct explains more than half of the variables derived from its indicators (Hair et al., 2017). The value of composite reliability indicates the reliability test results of this study are above 0.7. These results suggest that all constructs or data used are reliable. The conclusion from the evaluation of the outer model from discriminant validity, convergent validity, internal consistency, and reliability of the results strongly supports this research stage's validity and reliability. The construct level's collinearity assessment is needed to determine whether there is a high correlation between the constructs used. The VIF value of all constructs is less than 5 (VIF <5); This explains no collinearity problem at the construct level. Meanwhile, R Square shows the coefficient of determination of 0.625, which means that the influence of exogenous latent variables on endogenous latent variables is relatively significant (moderate).

Table 2.

Results of Internal Consistency, Convergent Validity, Reliability, Collinearity, and R Square.

Description	Cronbach's Alpha	Average Variance Extracted (AVE)	Composite Reliability	VIF (Interest in investment)	R Square
Financial Literacy	0.834	0.604	0.883	1.601	-
Attitude	0.948	0.905	0.966	3.015	-
Motivation	0.853	0.693	0.900	3.806	-
Interest in Investment	0.858	0.638	0.898	-	0.625

This analysis discusses the variable family that moderates the influence of the exogenous latent variable financial literacy on the endogenous latent variable interest in investment. Figure 2 shows the measurement model evaluation (outer model) and structural model evaluation (inner model).

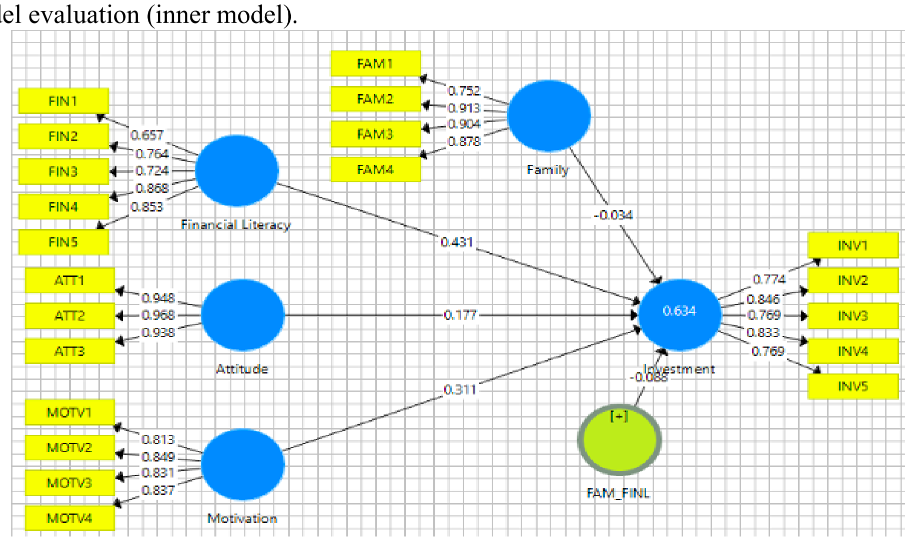

Figure 2. Analysis of family moderation between financial literacy, attitude, and motivation towards an interest in investment

Discussion

Financial literacy has a positive influence on investment interest and supports the hypothesis. Financial literacy is concerned with utilizing knowledge and understanding in making profitable financial decisions (Wagland & Taylor, 2009). Increased knowledge and experience of financial asset information tend to drive public interest, especially lecturers, to invest in securities. A lecturer is undoubtedly in his knowledge and understanding of financial literacy—information about financial assets easily accessed from the media. Although the data obtained is the same, differences in interpretation can also occur due to psychological factors that shape each individual's behavior differently. This explains that differences in investment understanding of financial assets will affect the level of interest in investing. High or low knowledge of financial literacy will determine the level of investment interest.

Even though a lecturer cognitively masters information, the risk of loss will impact the tendency to lower investment interest from a psychological point of view. According to Christelis et al., (2010), cognitive ability will determine investment decisions because investment interest is triggered by the desire to get benefits other than routine salary from his primary job as a lecturer. This study indicates that the family variable used as a moderating variable weakens financial literacy's effect on interest in investment. This shows that most families do not support family members who are already working as lecturers to invest in financial assets. Most family members hope that their families who have become lecturers can focus more on carrying out their profession because of the certainty of their salary. The family environment does not support investment in financial assets because most families may prefer to invest in real assets whose future value is sure to increase. Weak support is due to a lack of understanding of investing (stocks).

The results of this study indicate that attitude does not affect investment interest. This research shows that although a lecturer's perspective is demonstrated by finding out information, behaving to react and understand financial assets in-depth, it does not affect the desire to invest in stocks. Curiosity about financial support because of the willingness to increase knowledge about developing a company's stock prospects. This curiosity is based on a lecturer who must know and understand the description or the ins and outs of investing in financial assets, especially stocks. So his curiosity about investing in finding and obtaining the information he has done does not affect a lecturer's interest in investing in financial assets. This is most likely because most lecturers tend to focus more on career development, which provides a steady income and is less risky than stock investing. Another reason is that in investing in stocks, consideration of the capital to be invested makes it challenging to divide time between lecturer professional development and managing the investment. Although often looking for information about financial assets, the references and demands must not affect investing interest. The lecturer is a work profession that is required to produce many works, especially in tri dharma. Tridharma of higher education from a lecturer covers teaching, research, service, and support, and all must be done responsibly and adequately. Also, from the family side, it does not encourage interest in investing in financial assets. This is probably because working as a lecturer is deemed worthy of earning income for a lecturer, besides developing a career and investing in investments with certainty results other than stocks. Another reason is the investment made to provide a sense of comfort in man funds, namely by investing in real assets.

The motivation in this study dramatically influences a lecturer's interest in investing, especially in financial assets. The results of this study indicate that there is a strong impetus in a lecturer to invest. This encouragement was probably due to the desire to earn income outside of a lecturer's pay. Another factor behind the increased desire for investment interest is the desire to deepen an understanding of investing outside real assets. Significant investment interest will not necessarily cause a lecturer to make real investments in stock transactions. This happens because direct stock transactions require time, understanding the right conditions when buying, and selling shares. A lecturer who has been certified tends to serve in academia by carrying out the tri dharma of higher education (teaching, research, service or other support) to result in less time to think about investing in financial assets (stocks), which require extra energy. However, a lecturer's desire to develop financial support must be designed to increase students' knowledge transfer—the higher the curiosity, the more interest in investing. A lecturer in social interaction is not in doubt, and the environment influences his behavior. Most of the lecturers' interaction between lecturers is with a lecturer who in their daily life exchange ideas, discuss, or do something not far from the world of academia. All of these things are done to further add to the quality of oneself in the academic field.

5. Conclusions

Lecturers who have good knowledge about managing finances, improving welfare, and investing correctly will increase their motivation and financial literacy, leading to investment interest. However, financial literacy and motivation that generate investment interest are not supported by attitude and family support. The attitude in the form of investment curiosity is seeking information but has not yet generated investment interest. This is done because a lecturer's demands must develop themselves in a career that requires hard work in carrying out the tri dharma of higher education.

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