THE EFFECT OF FINANCIAL LITERACY, FINANCIAL EXPERIENCE, AND LOCUS OF CONTROL TOWARDS FINANCIAL MANAGEMENT ATTITUDE AND FAMILY INVESTMENT PLANNING BEHAVIOR IN PURWOKERTO

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ABSTRACT
This research is a quantitative descriptive research to examine the effect of financial literacy, financial experience, and locus of control towards financial management attitude and family investment planning behavior. The sampling method was purposive sampling, based on family income with a minimum income of Rp 4,500,000 per month. This study used a questionnaire instrument distributed to 120 respondents. The analysis techniques done in this research are validity and reliability test, descriptive statistic, classical assumption test, and multiple regression analysis to test the hypothesis and moderating effect of the variable. The results of this research indicate that financial literacy has no effect on the family investment planning behavior. Meanwhile, financial experience and locus of control has effect on family investment planning behavior. This research also found that the attitude of financial management does not moderate the effect of financial literacy, financial experience and locus of control on family investment planning behavior.

Keywords:  Financial Literacy, Financial Experience, Locus of Control, Financial Management Attitude, Family Investment Planning Behavior

INTRODUCTION
Investment is a sacrifice that is being made in the present moment in order to gain greater benefits in the future. Investment decision making is a policy taken to invest capital in one or more assets that generate profits in the future. In making investment decisions, there are many factors influenced it, including psychological factor. In addition, in making investment decisions, someone is influenced by both rational and irrational attitude (Wulandari & Iramani, 2014; Setiawan, 2016; Asri, 2015).

Rational attitude is a person's thinking attitude based on reason that can be proven with existing data and facts. An investor who has a rational attitude, one of which, can be reflected in the investment decision-making that based on his/her financial literacy or knowledge and financial experience. This means that the level of financial literacy of investors affect the decision making of investment made by those investors. In contrast, an irrational attitude is a person's mindlessness attitude. Irrational attitude can be derived from psychological factors. One of the psychological factors that influence decision making is locus of control. Locus of control is a person's perspective of an event whether that person can control the events that occurred or not. Self-control is a psychological variable, so it is a tendency, one has two possibilities that tend to have an internal locus of control or external locus of control (Kholilah and Iramani, 2013; Ariani, et al., 2016; Halim and Astuti, 2015; Yulianti and Silvy, 2013).

In addition, experience in managing finance is also very necessary for life in the future, the experience of managing finance can also be a consideration in financial decision making and investment planning. Individual experiences vary as in planning investments, pension funds, insurance, and credit. Of the three factors that affect investment, financial attitude is also proven to have an effect on investment planning, proven by increased in self-control, financial literacy, and financial experience.
that can increase investment planning in the community (Sriwidodo and Sumaryanto, 2017; Yulianti and Silvy, 2013; Bachruddin, 2016; Aren and Zengin, 2016; Brounen, et al., 2016).

Based on the background of the factors that influence the behavior of family investment planning that have been described previously, the objective if this study is to re-examine the variables that have been mentioned earlier because the object of the previous research is considered less relevant and there are some research results that are not in accordance with the theory and still inconsistent. Therefore, this study is aimed to test the effect of financial literacy, financial experience, and locus of control towards financial management attitude and family investment planning behavior in Purwokerto. Based on the background of problems that have been described above, then the research problems to be answered from this study are as follows: (1) Does financial literacy has an effect on family investment planning behavior? (2) Does financial experience has an effect on family investment planning behavior? (3) Does locus of control has an effect on family investment planning behavior? (4) Does financial management attitude moderate the effect of financial literacy on family investment planning behavior? (5) Does financial management attitude moderate the effect of financial experience on family investment planning behavior? (6) Does financial management attitude moderate the effect of locus of control on family investment planning behavior?

From the background that has been described above, has been described that the dimensions of the research problems were in wide scope. Therefore, from awareness of the limitations of time and capabilities, the study limits the scope of research to families living in the area of Purwokerto and having a total income of at least Rp 4,500,000 per month regardless of the source of income.

LITERATURE REVIEW

Financial Literacy
Financial literacy is the ability to understand, analyze, and manage finances to make the right financial decisions to avoid financial problems. In addition, financial literacy is also defined as the ability to manage economic information, make financial planning, and make better decisions about the accumulation of wealth, pensions, and also debt (Lusardi and Mitchell, 2014; Halim and Astuti, 2015; Andrew and Linawati, 2014).

Financial Experience
Financial experience is the ability to make investment judgments or decisions to determine investment planning and management to determine the usefulness of financial management for the present and the future. Good and correct financial decisions are needed to increase revenue, manage expenses, pay taxes so that family financial management will become good and bring wealthiness to the family (Sina, 2012; Sriwidodo and Sumaryanto, 2017).

Locus of Control
Locus of control is a person's perspective of an event, i.e. whether the event can be influenced by the action concerned or not. Based on the orientation, locus of control could be divided into two, namely internal locus of control and external locus of control. A person with an internal locus of control has more confidence in himself and believes that everything that happens depends on himself. Whereas on the contrary, someone who has an external locus of control will believe that all events depend on destiny and the environment. This description means that individuals with internal locus of control are more likely to perform difficult and risky tasks than individuals with external locus of control (Ariani et al, 2016; Saputra, 2013; Priasmayanti, 2016; Toelle, 2017).

Financial Management Attitude
Attitude is a picture of the personality of a person which came from physical movement and the mind's response to a state or an object. While, good attitude of financial management starts with applying a good financial attitude as well. Without applying a good attitude in finance, it is difficult to have a financial surplus for future savings, furthermore the investment capital (Yulianti and Silvy, 2013; Wibowo, 2013; Ananingtyas, 2016; Sidabutar, 2013).

Financial Planning Behavior
Financial planning theoretically is the process of managing finances in such a way that we can achieve certain economic satisfaction. Investment is essentially an effort to develop assets that we have. There are two factors considered in decision making, namely return and risk. Investing in capital markets requires considerable knowledge, experience, and business sense to analyze which securities to buy, which to sell and which ones to keep. In investing nowadays, many instruments can be selected by
individuals, both on real assets such as land, property and real estate, as well as financial assets, such as stocks, bonds, certificates of deposit, and mutual funds (Khurniatun, 2009; Asri, 2015; Warsono, 2010).

**Hypotheses Development**

**Financial Literacy towards Investment Planning Behavior**

Investment is a current placement of funds in the hope of making a profit in the future. There are two factors considered in decision making, i.e. return and risk. The level of financial literacy is the most important thing, because it allows individuals to understand family financial management as well as having behavior of savings. Lack of financial literacy may be less necessary, if the individual is dependent on the help of others to make financial management decisions as well as investment planning, so that financial literacy only has little effect on investment behavior (Yulianti and Silvy, 2013). Based on the explanation described earlier, the hypothesis that can be developed is as follows:

H1: Financial Literacy has an effect on family investment planning behavior

**Financial Experiences towards Investment Planning Behavior**

Financial experience could be made as individual learning in financial management and financial decision-making in the future. The financial experience of investment, such as buying stocks, mutual funds, online property, owning and utilizing investment products (stocks, bonds, mutual funds), and others. Positive childhood experiences about managing finances, the social environment, and attitudes of savings could affect family financial management behavior in the future (Yulianti and Silvy, 2013; Sina, 2012). Based on the explanation described earlier, the hypothesis that can be developed is as follows:

H2: Financial Experiences has an effect on family investment planning behavior

**Locus of Control terhadap Perilaku Perencanaan Investasi**

In the orientation of locus of control is divided into two, namely internal locus of control and external locus of control. A person with an internal locus of control has more confidence in himself and believes that everything that happens depends on himself. Whereas on the contrary, in someone who has an external locus of control, he/she will believe that all events depend on destiny and the environment. This explanation means that individuals with internal locus of control are more likely to perform difficult and risky tasks than individuals with external locus of control (Ariani, et al., 2016). Based on the explanation described earlier, the hypothesis that can be developed is as follows:

H3: Locus of control has an effect on family investment planning behavior

**Financial Management Attitude Moderates Financial Literacy towards Family Investment Planning Behavior**

A good financial management attitude will improve the family investment planning behavior. Financial managers who have the financial knowledge and good financial management attitude will think and behave better for family investment planning in the future. The attitude family financial managers will improve the investment planning behavior because the financial managers of the family will think about family welfare in the future so they will do proper investment planning. By having a good financial management attitude, family financial managers will have a more positive attitude to own and utilize investment products or behave well in savings, have insurance products, and pension funds and also plan investments (Yulianti and Silvy, 2013). Based on the explanation described earlier, the hypothesis that can be developed is as follows:

H4: Financial Management Attitude Moderates Financial Literacy towards Family Investment Planning Behavior

**Financial Management Attitude Moderates Financial Experiences towards Family Investment Planning Behavior**

The financial management attitude is predicted to weaken the effect of financial experience toward investment planning behavior. If the attitude of the family financial manager does not strengthen the effect of financial management experiences, then it shows that a family that does not have the attitude of financial managers, can still implement investment planning. The financial experience of each individual in managing the finances varies so that financial managers can learn from those financial experiences to be better and wiser in managing the finances and planning investments (Yulianti & Silvy, 2013). Based on the explanation described earlier, the hypothesis that can be developed is as follows:

H5: Financial Management Attitude Moderates Financial Experiences towards Family Investment Planning Behavior
Financial Management Attitude Moderates Locus of Control towards Family Investment Planning Behavior

Previous research on the analysis of factors affecting investment planning had stated that the financial attitude is proven to have an effect on investment planning of society. This is proved by the increasing of self-control, financial literacy, and financial experience that also can improve the investment planning in the community. Self-control is a psychological variable, so it is a tendency, one has two possibilities that tend to have an internal locus of control (self-control from the inside). And conversely, if one's self-control is decreasing or has a tendency toward the external locus of control, then his/her financial behavior will also decrease (Sriwidodo and Sumaryanto, 2017). Based on the explanation described earlier, the hypothesis that can be developed is as follows:

H6: Financial Management Attitude Moderates Locus of Control towards Family Investment Planning Behavior

**RESEARCH METHODS**

This study aims to determine the effect of financial literacy, financial experience, and locus of control on financial management attitude and family planning investment behavior. The object of this research is families either heads of family or wives who live in Purwokerto and have total income of Rp 4,500,000 per month without considering the source of the income.

The subjects of this study were families with total income of Rp 4,500,000 per month. Data collection method used is the questionnaires distributed to families living in Purwokerto. The questionnaire was distributed and returned as much as 120 responses, but in the processing of casewise casualty data as much as 48 is being removed so that the total questionnaire used as a source for data processing is as much as 72 respondents.

Research variables used in this study including the dependent variable of investment planning behavior, independent variables namely financial literacy, financial experience, and locus of control and moderating variable which is financial management attitude. The following are the operational definitions and measurements of the variables:

1. **Investment Planning Behavior**
   Investment planning behavior is an act of placing a certain amount of funds in current time, in the hope of making profits in the future. Investment decisions as a choice between investments in real assets, such as gold, houses, land, financial or bank accounts such as deposits, forex, and savings accounts. Investments in real assets or bank accounts are common types of investments made by society (Ariani, et al., 2016).

2. **Financial Literacy**
   Common financial literacy is an individual's financial literacy of financial knowledge and existing financial assets. Each individual must be having different levels of financial literacy so that it would affect the quality of financial management in the family. Financial literacy is a person's knowledge about basic financial knowledge, savings, loans, insurance, and investment (Sina, 2012; Zahriyan, 2016).

3. **Financial Experiences**
Financial experience is the ability to make consideration or investment decisions to determine the planning and management of investments in order to know the usefulness of current and future financial management. Indicators used are experience in investing in banking, capital markets, pawn products, insurance products, pension fund products and other financial institution products (Purwidianti and Mudjiyanti, 2016).

4. Locus of Control
Locus of control is a person's perspective on an event whether he/she can control the events that occurred or not. Internal locus of control is someone's view of looking at an event and he/she perceived that he/she can control the events that occur. The indicator of internal locus of control includes the ability of the individual in dealing with everyday problems, self-belief, and the ability of someone to take control in his/her own life. The external locus of control is the view of someone who can not control the event. The indicator of external locus of control include the individual's belief in his external environment, the drive to buy something, and the belief in fate (Ariani, et al., 2016; Istrilista, 2016).

5. Financial Management Attitude
A good attitude of financial manager starts with applying a good financial attitude as well. Without applying a good attitude in finance, it is difficult to have a surplus of money for future savings, furthermore the investment capital. The attitude of financial managers includes how the behavior of financial management in everyday life associated with consumption patterns, savings patterns, investments, and planning of pension plan (Zahriyan, 2016; Yulianti and Silvy, 2013).

RESULTS AND DISCUSSION
There are several test that has been done in this research, which are:

1. Validity and Reliability Test
Research instrument validity was conducted to determine whether or not a statement in the questionnaire was valid. The validity test is done by comparing r-value to r-table with the degree of freedom (df) = n - 2, in this case n is the number of samples and in this study the sample is 72 and the value of df can be calculated 72-2 = 70 with df 70 and α of 0.10 obtained r-table of 0.1954. Based on the validity test results, we found that r-value of each item statements is greater than the value of r-table, meaning that all question items are valid. While the value of Cronbachs Alpha of all variables is deemed reliable in accordance with the reliability coefficient index (Arikunto, 2010).

2. Classical Assumption Test
Classic assumption test that is used to determine the feasibility of the regression model used in this study includes:
   a. Normality Test
Based on the normality test conducted with Kolmogorov-Smirnov one-sample test showed that the data in this research is indicated as normal distributed from the asymptotic sig value of 0.680 which means that the value of significance is more than 5%, in accordance with Ghozali (2016).
   b. Multicollinearity Test
Based on multicollinearity test using tolerance value and Variance Inflation Factor (VIF) shows that overall tolerance value <0.10, whereas overall VIF score is not > 10. This means that the regression model does not have multicollinearity.
   c. Heteroskedasticity Test
Based on the first heteroscedasticity test conducted using 120 samples showed that the overall significance value is still not > 0.05 which assumed that there are heteroscedasticity so that the researchers must do casewise as much as three times. Due to that, the sample of data is reduced to 72 samples.

3. Hypotheses Testing Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-.330 (.373)</td>
<td>-.886 (.379)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Literacy</td>
<td>.014 (.075)</td>
<td>.181 (.857)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Based on multiple regression model that are formed from the analysis results of financial literacy, financial experience, and locus of control effect on the family investment planning behavior is as follows:

\[ Y = -0.330 + 0.014X1 + 0.433X2 + 0.588X3 \]

Where:

- \( Y \) = Investment Planning Behavior
- \( a \) = Constant
- \( X1 \) = Financial Literacy
- \( X2 \) = Financial Experience
- \( X3 \) = Locus of Control

The above regression equation can be interpreted as follows:

- \( \alpha = -0.330 \): Constant of -0.330 means that if there’s no change in financial literacy, financial experience, and locus of control, then family investment planning behavior will decrease as much as 0.330 units.
- \( \beta1 = 0.014 \): The coefficient of financial literacy variable is 0.014. It means that investment planning behavior will increase by 0.014 if the financial literacy goes up one unit with the assumption of financial experience and locus of control is fixed.
- \( \beta2 = 0.433 \): The coefficient of financial experience variable is 0.433. It means that investment planning behavior will increase by 0.433 if financial experience goes up one unit with the assumption of financial literacy and locus of control is fixed.
- \( \beta3 = 0.588 \): The coefficient of locus of control variable of 0.588. It means that investment planning behavior will increase by 0.588 if the locus of control goes up one unit with the assumption of financial literacy and financial experience is fixed.

Based on table 1 it could be interpreted the result of hypothesis 1-3

1) The result of Hypothesis 1 test
   Based on table 1, it can be seen that the result of t-test for financial literacy (X1) obtained t-value of 0.181 while the t-table equal to 1.667. This means t-value < t-table while the significance of 0.857 is more than 0.05. Therefore, it means that financial literacy does not affect family investment planning behavior, so the hypothesis 1 is rejected. This means that financial literacy is an integral dimension in financial knowledge, but it still need additional factor in the form of ability and confidence in using financial literacy to make financial decisions. In other words, family financial planning behavior is not only measured by how much literacy is possessed by individuals, but individuals need the ability and sense of confidence in making financial decisions, especially to take decisions to do financial planning in a family.

2) The result of Hypothesis 2 test
   Based on table 1, it can be seen that the result of t-test for the variable of financial experience (X2) obtained t-value of 6.613 while t-table is equal to 1.667. This means t-value > t-table while the significance of 0.000 is less than 0.05. Therefore, it means that financial experience has an effect on investment planning behavior, so hypothesis 2 is accepted. This means that good and correct financial decisions are needed to increase revenue, manage expenses, tax payments in order to make family financial management to be good. Positive childhood experiences about managing finances, the social environment, and attitudes toward savings play the role of future family financial management behavior. Individual motivation to live better by learning from experience. Experience can be learned from personal experience, friends, family or others who are more experienced to improve the management ability, decision-making and family investment planning. Judging from the majority of respondents who are aged > 50 years, respondents are quite experienced in investing.

3) The result of Hypothesis 3 test
   Based on table 1, it can be seen that the result of t-test for locus of control variable (X3) obtained t-value of 7.376 while t-table equal to 1.667. This means t-value > t-table while the significance of 0.000 is less than 0.05. Therefore, it means that locus of control has an effect on investment planning behavior, so hypothesis 3 is accepted. These results indicates that investors with self-control perceptions will have a higher confidence so that they will tend to have a riskier type of investment in the hope of higher profit margin as well.
Table 2. The Results of Moderating Effect Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-.287</td>
<td>.469</td>
<td></td>
<td>-.612</td>
</tr>
<tr>
<td>Financial Literacy</td>
<td>-.162</td>
<td>.615</td>
<td>-.162</td>
<td>-.264</td>
</tr>
<tr>
<td>Financial Experience</td>
<td>.024</td>
<td>.654</td>
<td>.028</td>
<td>.036</td>
</tr>
<tr>
<td>Locus Of Control</td>
<td>1.036</td>
<td>.481</td>
<td>911</td>
<td>2.153</td>
</tr>
<tr>
<td>MOD_1</td>
<td>.045</td>
<td>.143</td>
<td>.316</td>
<td>.316</td>
</tr>
<tr>
<td>MOD_2</td>
<td>.098</td>
<td>.156</td>
<td>.680</td>
<td>.630</td>
</tr>
<tr>
<td>MOD_3</td>
<td>-.113</td>
<td>.112</td>
<td>-.773</td>
<td>-1.088</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Investment Planning Behavior

Based on table 2 it could be interpreted the result of hypothesis 4-6

4) The result of Hypothesis 4 test

   Based on table 2, it can be seen that the result of moderation test of financial management attitude on financial literacy variable (X1) obtained t-value of 0.753 while t-table equal to 1.667. This means that t-value < t-table while the significance of 0.753 is more than 0.05. Therefore, it means that the variable of the financial management attitude does not moderate the effect of financial literacy variable on the investment planning behavior. This indicates that, without the attitude of financial management, a family is still able to know the financial plan for their family in the future.

5) The result of Hypothesis 5 test

   Based on table 2, it can be seen that the results of moderation test of financial management attitude on financial experience (X2) obtained t-value of 0.630 while t-table equal to 1.667. This means that t-value < t-table while the significance of 0.531 is more than 0.05. Therefore, it means that the variable of financial management attitude does not moderate the effect of financial experience on the investment planning behavior. This indicates that a family that does not have the attitude of financial managers, can still implement investment planning. Financial experience of each individual in managing the finances is different, so that financial managers can learn from the financial experience to be better and wiser in managing finances and in planning investments, even without financial management attitude.

6) The result of Hypothesis 6 test

   Based on table 2, it can be seen that the results of moderation test of financial management attitude on locus of control variable (X3) obtained t-value of -1.088 while t-table equal to 1.667. This means that t-value < t-table while the significance of 0.317 is more than 0.05. Therefore, it means that the variable of financial management attitude does not moderate the effect of locus of control on the investment planning behavior. This result indicates that without the attitude of financial managers, a family will still have a perspective on family financial planning in the future.

CONCLUSION

From several analyzes that has been done, it can be drawn some conclusions, which are:

1. Financial Literacy has no significant effect on family investment planning behavior.
2. Financial experience and Locus of control has significant effect on family investment planning behavior.
3. The attitude of financial managers did not moderate and weaken the effect of financial literacy, financial experience and locus of control toward family investment planning behavior.

There are some limitations in this study, the first is because there are some questions in the questionnaire that can not be understood and may cause multiple interpretation of respondents. In addition, the distribution of questionnaires of this research is still quite not evenly distributed in every kind of society. According to the limitations of this research, the researchers have suggestions for further researchers which include the following: (1) Next research should be conducted evenly in the the distribution of questionnaires in other areas to obtain a broader variety of answers and represent all of the society. (2) Next research is expected to find other variables such as financial mindset and financial management intention which may influence the behavior of family investment planning.

Meanwhile, there are also some implications of this research for families. The first, it is suggested for families who will invest to be able to understand about financial literacy so that the family will be better and wiser in in managing the finances. In addition, the family also need to consider about their
financial literacy, financial experience, and locus of control as a reference in planning family investments and preparing future funds for the family.

References


