

**The Effect Of Investment Literacy And Perspectives On Investment On The Ability To  
Manage Investments****Linzzy Pratami Putri<sup>1</sup>, Irma Christiana<sup>2</sup>, Delyana Rahmawany Pulungan<sup>3</sup>, Isna Ardila<sup>4</sup>**University of Muhammadiyah Sumatera Utara<sup>1,2,3,4</sup>

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**ABSTRACT**

The purpose of this study is to examine and analyze the effect of investment literacy and perspectives on investment on the ability to manage investments, both partially and simultaneously. Suggestions used in this study are associative. The population in this study were all students of the Faculty of Economics and Business, Muhammadiyah University, North Sumatra. Data collection techniques in this study using documentation techniques. Data analysis techniques in this study used the Classic Assumption Test, Multiple Regression, Hypothesis Test (t Test and F Test), and the Coefficient of Determination. Data processing in this study uses SPSS software version 23.00. The results of the study prove the fact that partially and simultaneously have a positive and significant effect on investment literacy and perspective on investment on the ability to manage investment.

Keywords: investment literacy, perspectives on investment and the ability to manage investments

**1. BACKGROUND**

At present the economic condition is experiencing rapid development and progress along with the ongoing globalization. This makes every individual must have the ability and good knowledge to manage their finances. This condition is also inseparable from the development of increasingly sophisticated technology that makes people to be consumptive and forget to invest. "Investment is an investment for one or more assets that are owned and usually for a long time in the hope of getting profits in the future". (Sunariyah, 2011).

Financial literacy is the knowledge one has about finance and its management. "Capital market literacy which is part of financial literacy is financial knowledge and its ability to apply it" (Lusardi et al, 2007). "Financial literacy is a series of processes or activities to increase the confidence and skills of consumers and the wider community so that they are able to manage finances well" (OJK, 2017).

There are many forms of investment that can be done by the public, one of which is investment in the form of shares that are encouraged by the government, as stated by the President of Republic of Indonesia Jokowi quoted from [www.liputan6.com](http://www.liputan6.com) stating that "why is it still Wait and See" for investment ? Previously President Jokowi had also stated that investment is the key to driving national economic growth. To realize a society that likes to invest apart from financial literacy it must also have investment literacy and a good view of the investment. In Indonesia alone in September 2017, recorded domestic ownership in the Indonesian market amounted to 47.77% and the number of Single Investor ID (SID) reached 600,489 quoted from [www.kompas.com](http://www.kompas.com). "Investment is a current agreement on money or other resources with the aim of making a profit in the future" (Boedi et al., 2016).

This growth does not guarantee that Indonesian people have a high level of financial literacy. This is evidenced by the many studies conducted on financial literacy which show that the level of financial literacy is still quite low. The results of research conducted by Gunawan and Murviana (2017) state that students who have high financial literacy are only 21.73%. Furthermore, research on the measurement of the financial literacy index for students conducted by Gina and Bagio (2018) stated that only 29% of the sample had a high literacy rate and the remaining good 71% had adequate literacy, was less literated, and even literated low.

Several other studies were conducted "to determine the effect of financial literacy on consumer behavior" (Delyana and Hastina, 2018) and investment decision making (Sofi Ariani, et al, 2016). From the explanation above, this study will discuss the Effect of Investment Literacy and Perspectives on Investment on the Ability to Manage Investment. Faidah (2019) states that financial literacy has a significant positive effect on student investment interests and Wildayati (2018) states that financial literacy has a significant effect on student behavior.



## 2. METHOD OF RESEARCH

This research is a quantitative descriptive study that looks for relationships between one variable with another.

This research was conducted at the Faculty of Economics and Business UMSU. . The population of this research is the students of the faculty of economics and business at UMSU. The sampling method uses the accidental sampling method, a sample that intentionally or unintentionally fills in a questionnaire that has been distributed with the student's record having taken a course in financial management and investment and portfolio analysis. The type of data is qualitative data which is quantitative and the data source data is primary data, that is the respondent's answer from the completed questionnaire. Data analysis methods used in this study are multiple linear regression with the testing of classical assumptions before and the validity and reliability of the research questionnaire.

## 3. DATA ANALYSIS AND DISCUSSION

### 3.1 Validity test

The results of testing the validity of the questionnaire statements can be seen in the following table :

**Table 1. Test Results of the Validity Statement of the Investment Literacy Questionnaire**

| Statement    | Correlation Value | Probability  | Explanation |
|--------------|-------------------|--------------|-------------|
| Statement 1  | 0,497             | 0,000 < 0,05 | Valid       |
| Statement 2  | 0,592             | 0,000 < 0,05 | Valid       |
| Statement 3  | 0,517             | 0,000 < 0,05 | Valid       |
| Statement 4  | 0,398             | 0,000 < 0,05 | Valid       |
| Statement 5  | 0,580             | 0,000 < 0,05 | Valid       |
| Statement 6  | 0,631             | 0,000 < 0,05 | Valid       |
| Statement 7  | 0,562             | 0,000 < 0,05 | Valid       |
| Statement 8  | 0,680             | 0,000 < 0,05 | Valid       |
| Statement 9  | 0,511             | 0,000 < 0,05 | Valid       |
| Statement 10 | 0,593             | 0,000 < 0,05 | Valid       |

Source: SPSS Data Processing Results (2019)

**Table 2. Test Results for Questionnaire Validity Statement Test Questions to Perspectives on Investment**

| Statement    | Correlation Value | Probability  | Explanation |
|--------------|-------------------|--------------|-------------|
| Statement 1  | 0,415             | 0,000 < 0,05 | Valid       |
| Statement 2  | 0,545             | 0,000 < 0,05 | Valid       |
| Statement 3  | 0,409             | 0,000 < 0,05 | Valid       |
| Statement 4  | 0,385             | 0,000 < 0,05 | Valid       |
| Statement 5  | 0,599             | 0,000 < 0,05 | Valid       |
| Statement 6  | 0,571             | 0,000 < 0,05 | Valid       |
| Statement 7  | 0,545             | 0,000 < 0,05 | Valid       |
| Statement 8  | 0,577             | 0,000 < 0,05 | Valid       |
| Statement 9  | 0,507             | 0,000 < 0,05 | Valid       |
| Statement 10 | 0,487             | 0,000 < 0,05 | Valid       |

Source: SPSS Data Processing Results (2019)

**Table 3. Test Results for Questionnaire Validity Statement Test Questions to Ability to Manage Investment**

| Statement   | Correlation Value | Probability  | Explanation |
|-------------|-------------------|--------------|-------------|
| Statement 1 | 0,442             | 0,000 < 0,05 | Valid       |
| Statement 2 | 0,581             | 0,000 < 0,05 | Valid       |
| Statement 3 | 0,428             | 0,000 < 0,05 | Valid       |
| Statement 4 | 0,403             | 0,000 < 0,05 | Valid       |
| Statement 5 | 0,619             | 0,000 < 0,05 | Valid       |
| Statement 6 | 0,625             | 0,000 < 0,05 | Valid       |
| Statement 7 | 0,567             | 0,000 < 0,05 | Valid       |



| Statement    | Correlation Value | Probability  | Explanation |
|--------------|-------------------|--------------|-------------|
| Statement 8  | 0,421             | 0,000 < 0,05 | Valid       |
| Statement 9  | 0,561             | 0,000 < 0,05 | Valid       |
| Statement 10 | 0,433             | 0,000 < 0,05 | Valid       |

Source: SPSS Data Processing Results (2019)

From the table above it can be seen that all statements in the questionnaire are valid or in other words the statements that are described are appropriate for measuring both research variables.

### 3.2 Reliability Test Results

The results of the reliability test can be seen in the table below:

**Table 4. Results of Reliability Tests for Investment Literacy Questionnaire Statements**

| Reliability Statistics |            |
|------------------------|------------|
| Cronbach's Alpha       | N of Items |
| ,747                   | 10         |

Source: SPSS Data Processing Results (2019)

**Table 5. Results of Reliability Tests for Perspectives on Investment Questionnaire Statements**

| Reliability Statistics |            |
|------------------------|------------|
| Cronbach's Alpha       | N of Items |
| ,668                   | 10         |

Source: SPSS Data Processing Results (2019)

**Table 6. Results of Reliability Tests for Ability to Manage Investment Questionnaire Statements**

| Reliability Statistics |            |
|------------------------|------------|
| Cronbach's Alpha       | N of Items |
| ,677                   | 10         |

Source: SPSS Data Processing Results (2019)

From the table above it can be seen that the statements for the questionnaire in this study are reliable because all three have values above 0.6.

### 3.3 Normality Test

The classic assumption test in this research used the normality test can be seen in the table below :

**Table 7. Normality Test  
One-Sample Kolmogorov-Smirnov Test**

|                                  |                | Unstandardized Residual |
|----------------------------------|----------------|-------------------------|
| N                                |                | 100                     |
| Normal Parameters <sup>a,b</sup> | Mean           | ,0000000                |
|                                  | Std. Deviation | 3,05739041              |
| Most Extreme Differences         | Absolute       | ,087                    |
|                                  | Positive       | ,087                    |
|                                  | Negative       | -,073                   |
| Test Statistic                   |                | ,087                    |
| Asymp. Sig. (2-tailed)           |                | ,060 <sup>c</sup>       |

a. Test distribution is Normal.



b. Calculated from data.  
c. Lilliefors Significance Correction.  
Source: Data Processing Results (2019)

From the table above the value of each variable that has met the predetermined standard can be seen in the Asymp line. Sig. (2-tailed) from the row the value of Asymp. Sig. (2-tailed) of 0.060. This shows the variables are normally distributed.

### 3.4 Multiple Regression Linear

**Table 8. Multiple Regression Linear**

**Coefficients<sup>a</sup>**

| Model               | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|---------------------|-----------------------------|------------|---------------------------|-------|------|
|                     | B                           | Std. Error | Beta                      |       |      |
| 1 (Constant)        | 14,566                      | 5,517      |                           | 2,640 | ,010 |
| Investment Literacy | ,363                        | ,092       | ,379                      | 3,968 | ,000 |
| Perspective         | ,232                        | ,096       | ,230                      | 2,408 | ,018 |

a. Dependent Variable: Ability to Manage Investment  
Source: Data Processing Results (2019)

From the data above, the regression equations that can be loaded are:  
 $Y = 14,566 + 0,363X_1 + 0,232X_2$

The regression equation above can be explained as follows:

1. The value of 14.566 shows that the value if the value of the independent variable is considered constant, then the ability to manage investment is equal to 5.232.
2. The value of 0.362 with the direction of a positive relationship indicates that if investment literacy increases by 1%, it will be followed by an increase in the ability to manage investments by 0.362.
3. The value of 0.232 with the direction of a positive relationship indicates that the value of the investment perspective has increased by 1%, then it will be followed by an increase in share price of 0.232.

### 3.5 Hypothesis testing

#### Partial Test

1. Based on the partial test results, investment literacy is  $3.698 > 1.984$  and the significant value is  $0.000 < 0.05$ . This shows that there is a significant influence between investment literacy on the ability to manage investment.
2. Based on a partial test, the investment perspective is  $2.408 > 1.984$  and the significant value is  $0.018 < 0.05$ . This shows that there is a significant influence between the investment perspective on the ability to manage investment.

#### Simultaneous Test

**Table 9. Simultaneous Test ANOVA<sup>a</sup>**

| Model        | Sum of Squares | df | Mean Square | F     | Sig.              |
|--------------|----------------|----|-------------|-------|-------------------|
| 1 Regression | 173,494        | 2  | 86,747      | 9,093 | ,000 <sup>b</sup> |
| Residual     | 925,416        | 97 | 9,540       |       |                   |
| Total        | 1098,910       | 99 |             |       |                   |

a. Dependent Variable: Ability to Manage Investment  
b. Predictors: (Constant), Perspective, Investment Literacy  
Source: Data Processing Results (2019)



From the table above, it can be seen that the value of Fcount is 9.093> from F table 3.09 and a significant value of 0.000 <0.05, it can be concluded that investment literacy and investment perspective jointly affect the ability to manage investment.

### 3.6 Coefficient of Determination

**Table 10. Coefficient of Determination**

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | ,397 <sup>a</sup> | ,158     | ,141              | 3,08875                    |

a. Predictors: (Constant), Perspective, Investment Literacy

b. Dependent Variable: Ability to Manage Investment

Source: Data Processing Results (2019)

From the test results above, it can be concluded that the value of R square is equal to 0.158 or 15.8%. This shows the variation of investment literacy and investment perspective in influencing investment literacy of 15.8 %%, and the remaining 84.2% is influenced by other variables not examined in this study.

## 4. Discussion

### 1. Effect of Investment Literacy on the Ability to Manage Investments

Based on the partial test results, the investment literacy value is 3.698> 1.984 and the significant value is 0.000 <0.05. This shows that there is a significant influence between investment literacy on the ability to manage investment. This means that as investment literacy increases, the ability to manage investment will also increase. Investment literacy is the same as financial literacy, but investment literacy is knowledge about investment, types of investment and how understanding to manage investment. By having a good investment, someone will be able to manage their investments properly. Research conducted by Dewi and Ida (2018) states that financial liquidation affects the behavior of investment decisions, where the higher the literacy, the better the behavior of investment decisions.

### 2. The effect pf Perspective of Investment On Ability to Manage Investments

Based on the partial test results, the perspective of investment is 2.408> 1.984 and the significant value is 0.018 <0.05. This shows that there is a significant influence between the investment perspective on the ability to manage investment. This means that when the investment perspective is good and increases, the ability to manage investments will also increase. Research by Dewi, et al (2017) which states that risk perception influences investment decisions. In the perspective of investment, there are advantages and disadvantages that are considered for someone to invest. However, with good perception and supported by good investment literacy, investment will be able to do well.

## 5. Conclusion

From the discussion discussed earlier, the conclusion that can be drawn is investment literacy and investment perspectives on the ability to manage investment. R-Square test results of 15.8% in which investment literacy and investment perspective gives a variation of 15.8%, the remaining 84.2% is influenced by other variables not examined in this study.

For this reason, it is recommended that further researchers if they want to discuss the issue of the ability to manage investments can add to other variables, so that they know what variables are most dominant in influencing the ability to manage investments.

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