• P-ISSN 2775 - 2283 (print)
• E-ISSN 2807 - 2839 (online)
JTEP Journal of Tourism Economics and Policy
JOURNAL OF TOURISM ECONOMICS AND POLICY
Indexed By :

A MODERATION MODEL OF FAMILY ENVIRONMENT IN THE RELATIONSHIP BETWEEN FINANCIAL LITERACY AND RISK PERCEPTION ON STOCK INVESTMENT DECISIONS FOR YOUNG COUPLES IN DENPASAR CITY

Volume: 3
Number: 4
Page: 313 - 320

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Article History:
Received: 2023-08-13
Revised: 2023-09-15
Accepted: 2023-10-16

Abstract:
This study aims to determine the moderating effect of family environment on the relationship between financial literacy and risk perception on stock investment decisions for young couples in Denpasar City. The population in this study were all young married couples in Denpasar City. The technique used in selecting samples for this study was a nonprobability sampling method with a purposive sampling technique. The criteria included in the sample category are young people who are married and married, which obtained a sample of 168 people. The data analysis technique used in this study is Moderated Regression Analysis (MRA) using the SPSS (Statistical Product and Service Solution) program. The results showed that financial literation and risk perception positively affect the stock investment decisions of young couples in Denpasar City. It means that the higher the level of understanding of financial literacy and understanding of risk perception owned by young couples in Denpasar City, the stronger the decision to invest in stocks. In addition, it is known that the family environment cannot moderate the financial literation factor. However, the family environment can moderate the risk perception variable, weakening the understanding of risk perception on the stock investment decisions of young couples in Denpasar City.

Keywords: Investment Decision, Moderated Regression Analysis, Family Environment.

Cite this as WULANDARI, I. G. A. A., PUTRA, I. K., PRAMARTHA, I. M. A. (2023). "A Moderation Model of Family Environment in the Relationship Between Financial Literacy and Risk Perception on Stock Investment Decisions for Young Couples in Denpasar City." Journal of Tourism Economics and Policy, 3 (4), 313 - 320.

INTRODUCTION

2019 to 2021 are tough years for the world economy, during which time the world is facing a decline in economic growth caused by the COVID-19 pandemic, including Indonesia. However, the opposite happened to the Indonesian capital market. It was the year with the highest growth of capital market investors. Investment is placing funds or capital in an asset to get future profits. The investment aims to grow capital value and create passive income that can be enjoyed or to protect asset value from

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inflation. Indonesians commonly invest in various assets, including stocks, bonds, precious metals, and property. Stock investment is a form of investment that is quite popular because it is possible to provide high returns without ignoring the high risk as well.

According to data from the Indonesian Central Securities Depository (KSEI, 2022), from 2018 to 2021, there has been an increase in the number of Indonesian capital market investors. In 2018, the number of Indonesian capital market investors was recorded at 1,619,372; in 2019, it increased to 2,484,354; in 2020, it was recorded at 3,880,753; and in 2021 it reached 7,489,337. Interestingly, more than half (59.72%) of investors are under 30, and 21.61% are between 30 and 40. The growth in the number of investors dominated by the younger generation indicates that interest in investing in stock instruments will continue to grow in the younger generation as an alternative.

Many factors, including financial literacy, will generally influence decision-making in investing in the capital market. Financial literacy is the basis for analyzing investment risks (risk perception). Based on the publication of the National Financial Literacy Index (Literasi et al., 2019) 2013-2019 by the Financial Services Authority (OJK), the growth of national financial literacy is not significant. It even tends to stagnate where ILKN was recorded in 2013 at 21.80%, 2016 at 29.70%, and 2019 at 38.30%, or if averaged /year, it only grows by 2.75%. This ILKN growth is quite worrying if the increase in the number of investors in the capital market is not followed by good financial literacy growth. Investment failure may occur if investment decision-making in the capital market is based on something other than good financial literacy. The impact will increase investment risk, considering that the capital market is an investment that is classified as high-risk, high profit.

Research on capital markets, especially in Indonesia, is developing dynamically. Rahadjeng (2011) analyzed the gender perspective in investment decision-making in the capital market through a descriptive approach, and the result is that female investors are more careful and accurate in making decisions than male investors. (Dewi et al., 2021) analyzed the effect of risk perception, gender, and investment knowledge on accounting students' investment intention at Bali Province universities. The result is that risk perception has a positive effect, gender is found to have a negative effect, and investment knowledge has a positive effect on investment intention. (Karatri et al., 2021) In determining the interest of the millennial generation in capital market investment during the Covid-19 pandemic, the results are that the variables of investment risk and technological progress affect the interest of the millennial generation to invest in the capital market during the Covid-19 pandemic, while the variables of motivation and investment knowledge do not affect. (Halim et al., 2022) examined the effect of financial literacy and green perceived risk on West Java millennial investment decisions. The result is that financial literacy and investment decisions have a significant positive effect, while green perceived risk has a significant negative effect on investment decisions.

Based on the phenomenon described, this paper is intended to determine the relationship between financial literacy and risk perception variables on investment decisions of young couples moderated by family environment variables in Denpasar City by utilizing the Theory of Planned Behavior (Ajzen & Fishbein, 2004). Bali Province was chosen because there is still a need for in-depth research on the capital market for Bali Province. The practical contribution of this study is an insight for all stakeholders involved to understand the perspective of the younger generation towards stock investment, both those who have participated in the capital market and those who have not. This paper will help stakeholders

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determine possible actions regarding capital market regulations, programs, and campaigns. The findings can help publicly listed companies in managing their sustainability strategies.

Literature Review. The theory of Planned Behavior is a conceptual framework in psychological theory used to predict behavior and how an individual behaves (Ajzen & Fishbein, 2004). The theory of planned behavior explains the formation of beliefs in an individual through the combination of characteristics, qualities, and attributes of the information he gets, which ultimately influences a person's intention to act. The theory of planned behavior reveals that the desire to take action will be influenced primarily by attitudes, social norms, and individual perceptions (Ajzen & Fishbein, 2004). Belief in the information obtained by a person regarding investment in the capital market will significantly influence a person's decision to invest, so this theory is relevant to use as a basis for investment decision-making.

Investment Decisions According to Rizky et al. (2020), the definition of investment decisions refers to steps taken in allocating or placing a certain amount of funds or assets into various investment products, which investors choose based on their considerations and knowledge. The right investment decision must be made based on sound analysis and in a relatively long period. Therefore, every step in making investment decisions should be carefully considered.

According to OJK, Financial litigation is a form of quality improvement in making decisions and managing financial aspects to achieve welfare through knowledge, skills, and beliefs that are applied in individual actions and attitudes (Ruli et al., 2021). This level of understanding will impact attitudes and behaviors, improving the quality of decision-making and management of financial aspects. Adequate Financial Literacy is not only about understanding financial institutions, products, and services but also about being able to change and advance people's behavior in managing their financial aspects (Anisyah et al., 2021)

According to Rajitha Kumar (2014), risk perception refers to the beliefs held by a person, both based on rational and non-rational considerations, regarding the likelihood of risk occurrence, the level of risk, its size, and the time of occurrence. Assessments of risk in the context of investment will vary because they are influenced by psychological factors that are unique to everyone. These factors play a role in determining success, especially in making accurate investment decisions.

Family environment is the most fundamental factor influencing individual development and behavior since birth. Parents' encouragement and support can foster innovative ideas that can develop into significant entrepreneurial efforts. Children who grow up in a family environment receive attention, affection, direction, guidance, role models, and financial support from parents, which helps them develop all the potential they have for their future. When couples or families must choose to make high-risk investments, balanced considerations arise from a balanced family environment. The family will support it if it is considered positive, or conversely, will try to influence to withhold investment if it is considered high risk.

This study tests the effect of financial literacy and risk perception on the stock investment decisions of young couples in Denpasar City using the variable family environment, an external factor often an amplifier in doing something as a moderator. Based on the explanation of the conceptual framework, the following Figure 1 will explain the research concept of the relationship between variables:

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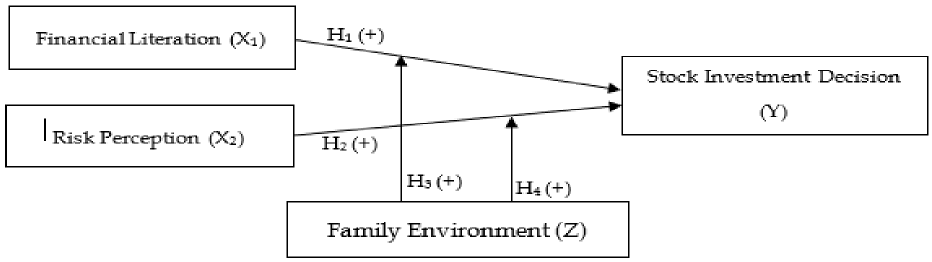

Figure 1. Research Conceptual Framework

The hypotheses in this study are as follows:

H1: Financial literation positively affects the stock investment decisions of young couples in Denpasar City.

H2: Risk Perception positively affects the stock investment decisions of young couples in Denpasar City.

H3: Family environment moderates financial literacy on the stock investment decisions of young couples in Denpasar City.

H4: Family environment moderates risk perception on the stock investment decisions of young couples in Denpasar City.

METHODS

The sample in this study was young married people in Denpasar City with 168 people. The method used in selecting this sample is nonprobability sampling with a purposive sampling technique. The data used is quantitative data derived from respondents' answers to questionnaires. The data analysis technique used is Moderated Regression Analysis (MRA) using the SPSS (Statistical Product and Service Solution) program. Testing using the MRA method begins with testing the research instrument, including validity and reliability tests. The next test is classical assumption testing, including the normality and heteroscedasticity tests. Data analysis is then continued with Moderated Regression Analysis testing and the analysis of the coefficient of determination, model fit test (f-test), and hypothesis testing (t-test).

RESULT AND DISCUSSION

The validity test results on the research variable indicators show that all correlations between factor scores and total scores have positive values and values greater than 0.30 (r> 0.30). Therefore, based on the validity test results, all the specified questions can measure the objects in the study validly and consistently. Furthermore, based on the reliability test results, the Financial Literation, Risk Perception, Family Environment, and Stock Investment Decision variables have reliable status. The variable Cronbach's Alpha value is more significant than 0.70. This condition also means that all these variables can be used in further analysis. The following analysis is the classical assumption test, where the tests carried out are the normality test and the heterocedacity test. Normality test results show that the value of Asymp. Sig. the first equation of 0.200 and the second equation of 0.200, which is greater than α = 0.05 (0.200> 0.05), it can be concluded that the data used is usually distributed. The results of the heteroscedasticity test show that the significance value on the absolute residual obtained by each

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variable from equation I, namely financial literation = 0.177 and risk perception = 0.120, and equation II financial literation = 0.548 and risk perception = 0.418, has a value greater than α = 0.05, so it can be concluded that the data used does not occur symptoms of heteroscedasticity.

This study formulated two regression equations: multiple linear regression equations and Moderated Regression Analysis (MRA). The first equation is a multiple linear regression analysis used to test hypotheses H1 and H2. Multiple Linear Regression Testing of the first equation is presented in Table 1 as follows:

Table 1. Multiple Linear Regression Test Equation I

Model	Unstandardized Coefficients		Standardized Coefficients	p-value	Description
	B	Std. Error	Beta		
(Constant)	13,126	2,255		0,000	
Financial Literation	0,406	0,081	0,351	0,000	Significant
Risk Perception	0,397	0,084	0,330	0,000	Significant
Adjusted R Square					0,317
Sig. F					0,000

Source: Data Processed, 2023

Through multiple linear regression testing of the first equation, the following regression equation is produced:

Y = 13,126 + 0,406 X1 + 0,397 X2 + ε

The second equation, the Moderated Regression Analysis test, is presented in Table 2 as follows:

Table 2. Moderated Regression Analysis Test Equation II

Model	Unstandardized Coefficients		Standardized Coefficients	p-value	Description
	B	Std. Error	Beta		
(Constant)	105,169	22,465		0,000	
Financial Literation	-1,270	0,746	-1,096	0,091	No Significant
Risk Perception	-1,919	0,725	-1,593	0,009	Significant
Family Environment	-3,222	0,842	-2,809	0,000	Significant
Financial Literation * Family Environment	0,057	0,029	2,201	0,053	No Significant
Risk Perception * Family Environment	0,081	0,029	3,143	0,004	Significant
Adjusted R Square					0,427
Sig. F					0,000

Source: Data Processed, 2023

Through testing the Moderated Regression Analysis of the second equation in Table 4.6, the regression equation is as follows:

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Y = 105,169 - 1,270 X1 – 1,919 X2 - 3,222 Z + 0,057 X1*Z + 0,081 X2*Z + ε

The statistical hypothesis test (t-test) is conducted to determine how far the influence of one independent variable is in explaining the variation in the dependent variable. The t-statistical test is carried out by comparing the results of the significance value of each independent variable in the regression model with $\alpha = 0.05$ and compared with the previously formulated hypothesis. The results can be explained as follows:

1) H1: Based on Table 1, the t-test significance value of the financial literation variable is 0.000. The value is smaller than $\alpha = 0.05$ (0.000 <0.05), which means significant. Moreover, obtained a regression coefficient value of 0.406. It shows that the probability of financial literation has a positive and significant effect on stock investment decisions, so the first hypothesis in this study is accepted.
2) H2: Based on Table 1, the t-test significance value of the risk perception variable is 0.000. The value is smaller than $\alpha = 0.05$ (0.000 <0.05), which means significant. Moreover, obtained a regression coefficient value of 0.397. It shows that the probability of risk perception has a positive and significant effect on stock investment decisions, so the second hypothesis in this study is accepted.
3) H3: Based on Table 2, the t-test significance value of the financial literation * family environment variable, which is a test of the family environment variable in moderating the effect of financial literacy on stock investment decisions, the regression coefficient value of 0.057 is obtained and the p-value of 0.053, this value is more significant than $\alpha = 0.05$ (0.053> 0.05), which means it is not significant. Because it is a test of moderating influence, these results must be combined with the significance value of the financial literation variable. The financial literation variable obtained a regression coefficient of -1.270 and a p-value of 0.091. This value is more significant than $\alpha = 0.05$ (0.091 < 0.05), which is insignificant. Because the financial literation * family environment variable has a positive insignificant value and the financial literation variable has a negative insignificant value, the family environment variable is a potential moderation type (homological moderator). It shows that the family environment variable cannot moderate the effect of financial literacy on stock investment decisions, so the third hypothesis in this study is rejected.
4) H4: Based on Table 2, the t-test significance value of the risk perception * family environment variable, which is a test of the family environment variable in moderating the effect of risk perception on stock investment decisions, obtained a regression coefficient value of 0.084 and a p-value of 0.004, this value is smaller than $\alpha = 0.05$ (0.004 <0.05) which means significant. Because it is a test of moderating influence, these results must be combined with the significance value of the risk perception variable. The risk perception variable obtained a regression coefficient of -1.919 and a p-value of 0.009. This value is smaller than $\alpha = 0.05$ (0.009 < 0.05), which means significant. Because the risk perception * family environment variable is significantly positive and the risk perception variable is significantly negative, the family environment variable is a type of quasi-moderator. It shows that the family environment variable can moderate (weaken) the effect of risk perception on stock investment decisions, so the fourth hypothesis in this study is accepted.

Based on the results of hypothesis testing, it is found that financial literacy has a positive effect on the stock investment decisions of young couples in Denpasar City. It means that the higher the level of financial literacy owned by young couples in Denpasar City, the more the respondents' decision to invest in stocks will increase. Financial literacy is related to a person's understanding of financial

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management, so someone with an excellent financial understanding tends to be bolder in making investment decisions.

Based on the results of hypothesis testing, it is found that risk perception has a positive effect on the stock investment decisions of young couples in Denpasar City. It means that the higher the understanding of the respondent's risk perception, the stronger the respondent's decision to invest in stocks.

Based on the results of hypothesis testing, it is found that the family environment cannot moderate the effect of financial literacy on the stock investment decisions of young couples in Denpasar City. It means that a family environment does not affect the respondents' financial literacy level, so it will not affect the decision to invest in stocks.

Based on the results of hypothesis testing, it is found that the family environment can moderate, namely weaken the influence of risk perception on the stock investment decisions of young couples in Denpasar City. It means that a family environment can influence, especially in this case, weakening the relationship between risk perception understood by respondents to invest in stocks.

CONCLUSION

Based on the test results, it is found that financial literacy has a positive effect on the stock investment decisions of young couples in Denpasar City. It means that the higher the respondents' financial literacy, the stronger the decision to invest in stocks. Furthermore, risk perception positively affects the decision to invest in stocks. It means that the higher the level of understanding of risk perception understood by respondents, the stronger the decision to invest in shares. In addition, it is known that the family environment cannot moderate the financial literacy factor on the stock investment decisions of young couples in Denpasar City. Based on the test results, the family environment can moderate the risk perception variable, weakening the understanding of risk perception on the stock investment decisions of young couples in Denpasar City.

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