THE KNOWLEDGE AND EXPERIENCE IN FINANCE TOWARD INVESTMENT PLANNING MOTIVE: THE MODERATION ROLE OF SELF-CONTROL

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Abstract

This research aims to examine the moderation of self control which affect investment planning motive on civil servants in Sidoarjo. The well executed financial management is not only managing financial income and daily needs, but it needs to be prepared for the future financial management if someday a person or individual needs more financial income. For example in the way to invest. Along with investment, an individual will get profits or benefits in the future. Analysis tool that is used in this research is questionnaire sheet that have already conveyed to 77 respondents and purposive sampling as the sampling approach. To examine the research hypothesis, the researcher use Partial Least Square (PLS) with Smart PLS software, version 3.2.7. The output of this research is an article within index SINTA (Science and Technology Index) 3 (third rank) journal, national seminar article, and intellectual property rights. Technology readiness level which is tragetted in the research is 1 – 4. The urgency in this study is because of the tendency of each individual nowdays, moreover they who have a family, generally have a financial purpose in the future. Nevertheless, there are pletiful people who can not fulfil their dream because of financial issues to achieve that financial goals.
Keywords : *Financial Experience, Financial Knowledge, Investment Planning Motive, Self Control.*

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Introduction

The well executed financial management is not only managing financial income and daily expenses, but it needs to be prepared for the future financial management if someday a person or individual needs more financial income [1]. Thus, there are numerous people who think that investing is only for executive or those who have a high income. Nesecarilly, even with low income, at least someone has to invest so that to get the advantages in the future and it is possible to change their previous [2].

People no longer perceive investmnent as desire, but more as a [3]. Earnings from investment that can return the main value including economic and social benefits, in a certain period of time are the intrigue for society. As well as the shopisticated technology which is growing rapidly, it makes easier way for people to invest, one of wich is online-based.

Financial knowledge or what is called by "Financial Literacy" [4] defined as financial knowledge and financial ability to achieve prosperity. A very well financial knowledge or financial literacy will motivate individuals to invest to expect having a better life in the upcoming time [5]. As an information, since 2013 Financial Services

Authority (OJK) is regularly doing financial literacy and inclusion national survey which is held once in every three years. The first ever survey was held on 2013 with society financial literacy level 21, 84%. Financial knowledge is the most significant for each individuals because financial knowledge or financial literacy is an inistrument to make financial decision. Based on finansialku.com they write that MASTERCARD (2) has revealed a report about financial literacy level in Indonesia on 2013, which is decreased to 14th place. The financial literacy level in Indonesia on 2013, is still far behind Singapore, Malaysia, Thailand and Vietnam.
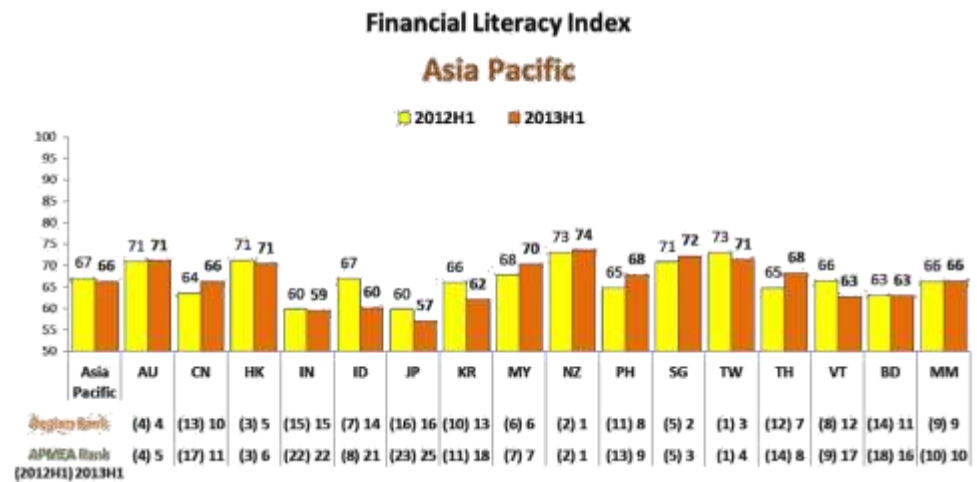

Figure 1. Financial Literacy Level Data on Asia Pacific Countries
Source: Mastercard (2013)

From the data, the financial literacy level in Indonesia is still low than another countries such as Malaysia and Thailand. Similarly to financial planning, financial literacy in Indonesia also decreased on 2012 (67 point) to 2013 (60 point). Therefore, financial literacy in Indonesia still remain weak to comprehend financial knowledge.
Aside of financial literacy, financial motive that is also as a consideration in giving impact on individual investment planning is financial experience [6]. Individual financial experience is personal events that happened as respond to several kind of stimulus [7]. Financial aspect absolutely can not be separated so that it needs more sturdy planning.

Beside financial knowledge and financial experience factors, the following factor which also has critical role to strengthen or weaken investment planning motive is self control as moderator. It means to add moderating variable since the previous research had several no repercussion variables, for example on the study by [8] financial knowledge is not giving impact towards investment planning motive, meanwhile financial experience is having effect on investment planning motive. The next research by [9] stated that the output of financial knowledge affect on investment planning motive. Hence, the researcher add moderating variable in this study that is self-control. Self-control within financial management is an activity which push individual to save money by decrease impulsive buying behavior [10]. When an individual has income, so how is the control upon financial management out of the income itself? As much as possible the income that has earned must be controlled wisely to avoid extravagance. Controlling oneself from buying products that are not needed or setting aside products

that are desired and prioritizing the needed products for the future, for example by making investment plans. So that before making investment plan and then making decision, at least self-control also affects. If self-control is nicely applied, individuals will be wise in making financial or investment planning [11]. Nevertheless, self-control in financial management or investment planning are strategy to control ourselves to suppress consumptive behavior. According to research by [12] concluded that there is a significant effect of self-control on investment planning motive in people with steady income in Jaten, Gondangrejo District, Karanganyar Regency. The previous studies also carried self-control as moderation variable towards investment planning motive as well as a study by [12]. The result of his research is, self-control does not moderate financial knowledge, financial experience on investment planning motive on single employees in Gondangrejo District, Karangayar Regency.

In order to increase financial literacy and inclusion on the society Financial Services Authority (OJK) and Financial Services Industry (IJK) have created National Strategy on Indonesian Financial Literacy (SNLKI) with various strategic and initiative programs. Aside of financial knowledge or financial literacy, the next financial motive that is taken into consideration in influencing individual investment planning is financial experience. The following factor which also has critical role to strengthen or weaken investment planning motive is self control as moderator. Self-control is a power upon oneself, by oneself when someone tries to change the way the individual should think, feel, and behave [13].

Methods

This research uses quantitative approach. The data that is used is primary data. This study takes place in National Civil Service Agency (BKD), at Jl. Majapahit No.5, Larangan, Candi area Sidoarjo Regency, Regional Financial and Asset Management Agency (BPKAD) at di Jl. Pahlawan No. 56 Jetis, Lemahputro, Sidoarjo area, East Java, SMAN 1 KREMBUNG at Jl. Raya Kecamatan No.2,. Mojoruntut, Krembung area, Sidoarjo Regency, and Community Health Centre Krembung atJl. Sungai Kapuasno No.2, Krembung Timur, Krembung area, Sidoarjo Regency.

The population in this study is civil servants in Sidoarjo, but this study uses cluster sampling which is geographically the population wide-spread so that it is complicated to be arranged as a smaller unit to certain occupation. The sampling in this study uses purposive sampling. Hence, the researcher chooses civil servants as the population based on several certain criterias that are civil servants with 3.000.000 income or more, and civil servants who have worked more than 5 years. Owing to the limited questionnaire from the related government agencies, so that the obtained sample are 77 employees.

Results and Discussion
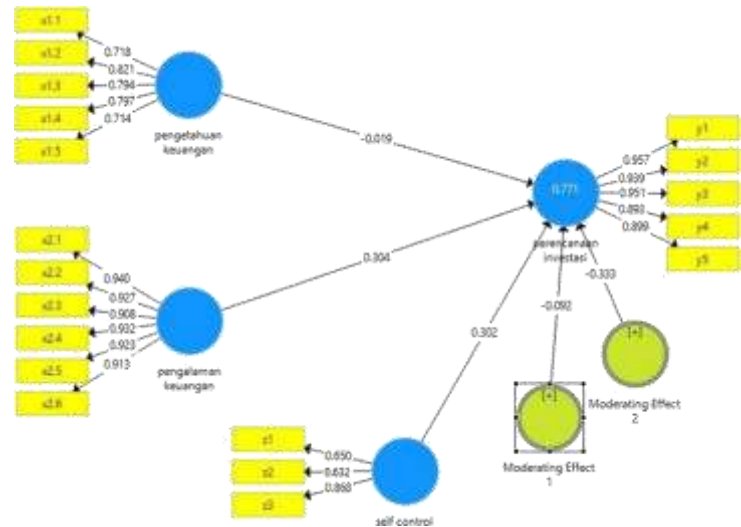**RESULTS**
Data Quality Test (Outer Model)

Figure 2. Output PLS

Validity Test

a. Convergent Validity

Table 1. Outer loading in each indicator from variable

Indicator	Outer loadings	Description
Moderating effect 1(Financial Knowledge * Self Control)	1,000	Valid
Moderating effect 2 (Financial Experience * Self Control)	1,000	Valid
x1.1	0,718	Valid
x1.2	0,821	Valid
x1.3	0,794	Valid
x1.4	0,797	Valid
x1.5	0,714	Valid
x2.1	0,940	Valid
x2.2	0,927	Valid
x2.3	0,908	Valid
x2.4	0,932	Valid
x2.5	0,923	Valid
x2.6	0,913	Valid
y1	0,957	Valid
y2	0,939	Valid
y3	0,951	Valid
y4	0,893	Valid
y5	0,899	Valid
z1	0,650	Valid
z2	0,632	Valid
z3	0,868	Valid

Source: Output PLS

Based on the result of convergent validity test on table 1, revealed that outer loading of all indicators of each variable, as follows financial knowledge, financial experience, self-control, and investment planning motive has a loading factor that is greater than 0,5. It means that the correlation between the research indicators and the construct has high reflection measurement. So that indicators in this study have met the value of convergent validity and are declared valid and with this further measurements can be carried out.

b. Discriminant Validity

Table 2. Cross Loading results from each research variable indicator

	Financial Knowledge	Financial Experience	Investment Planning Motive	Self-Control
x1.1	**0,718**	-0,266	-0,255	-0,113
x1.2	**0,821**	-0,464	-0,366	-0,232
x1.3	**0,794**	-0,294	-0,254	-0,298
x1.4	**0,797**	-0,348	-0,238	-0,168
x1.5	**0,714**	-0,282	-0,183	-0,247
x2.1	-0,384	**0,940**	0,632	0,519
x2.2	-0,429	**0,927**	0,643	0,508
x2.3	-0,381	**0,908**	0,637	0,446
x2.4	-0,413	**0,932**	0,631	0,489
x2.5	-0,448	**0,923**	0,604	0,482
x2.6	-0,410	**0,913**	0,624	0,506
y1	-0,334	0,674	**0,957**	0,733
y2	-0,342	0,644	**0,939**	0,761
y3	-0,319	0,626	**0,951**	0,722
y4	-0,377	0,528	**0,893**	0,583
y5	-0,266	0,670	**0,899**	0,664
z1	-0,068	0,265	0,405	**0,650**
z2	-0,091	0,265	0,207	**0,632**
z3	-0,312	0,512	0,752	**0,868**

Source: Output PLS

According to table 2, the result of the measurement above, it can be seen that loading value of each statement item (measured variable) is bigger than another variable/consruct. Thus, each of the researcher statement that is have mentioned before is valid to measure the appropriate variable/construct.

Reliability Test

Table 3. Reliability Test Result

Variable	Cronbachs Alpha	Composite Reliability	Description
Financial Experience	0,966	0,972	Reliable Reliable
Financial Knowledge	0,832	0,879	Reliable
Financial Knowledge*self-control	1,000	1,000	

Variable	Cronbachs Alpha	Composite Reliability	Description
Investment Planning Motive	0,960	0,969	Reliable
Self-Control	0,649	0,738	Reliable
Financial Experience*self-control	1,000	1,000	Reliable

Source: Output PLS

According to table 3 above, it unveils that cronbachs alpha value of financial knowledge, financial experience, and investment planning motive above 0, 7 or 0, 6 is still accepted and it can be declared as reliable. Meanwhile the composite reliability for each variable above >0, 5. Hence the measurement items of each variable can be stated as reliable.

Structural Model Test (Inner Model)
a. R Square

Table 4. R Square

	R Square
Financial Knowledge	
Financial Experience	
Investment Planning Motive	0,771
Self-Control	

Source: Output PLS

In accordance to the output of table 4 above, the R Square value for the investment planning motive variable is 0,771 which means that 77,1% the investment planning motive variable can be explained by the variables of financial knowledge, financial experience and self-control. Meanwhile the remaining 22,9% are other variables outside the proposed model.

b. Hypothesis Test/Significance Test

Table 5. Significant Test

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	T Statistics (|O/STERR|)	P Values
Financial Knowledge*self-control -> Investment Planning Motive	-0,092	-0,101	0,088	1,042	0,298
Financial Experience*self-control -> Investment Planning Motive	-0,333	-0,351	0,086	3,865	0,000
Self-control -> Investment Planning Motive	0,302	0,313	0,077	3,901	0,000

Source: Output PLS

By the result of significance test in table 5, it can be concluded that the P values of financial experience towards investment planning motive through self-control as the moderation variable is 0,000 or T statistics value 3,865, and P values 0,000 (below 0,5) which means that financial experience affects on investment planning motive through self-control as the moderating variable. Meanwhile financial knowledge T

statistics value 1,042 (below 1,96) and P over 0,05 by the result 0,298, so it can be figured out that financial knowledge does not affect on investment planning motive through self-control as moderating variable. Furthermore, the original sample value of financial knowledge towards investment planning through self-control as moderating variable -0,092 which means by the subsistence of self-control, it caused a negative relation between financial knowledge and investment planning motive. It can be settled upon the increasing number of financial knowledge throughout self-control as the moderating variable will reduce the investment planning motive. Whereas the original sample of financial knowledge towards investment planning motive through pen self-control as moderating variable -0,333 which implies that by the presence of self-control caused negative impact between financial experience and investment planning motive.

DISCUSSION

The analysis finding table 5 uncovered that self-control does not moderate financial knowledge towards investment planning motive on civil servants in Sidoarjo, because of the T- Statistics value is 1,042 which means below 1,96 and P Values in the amount of 0,298 which means below 0,05. The result of this study is supported by the research by [12] revealed that self-control does not moderate financial knowledge, financial experience on investment planning motive on single employees in Gondangrejo District, Karangayar Regency. The cause of self-control does not moderate financial knowledge towards investment planning motive of civil servants is the majority of respondents generally have high education that is not in the economic field, only Regional Financial and Asset Management Agency (BPKAD) that is expertise in studying economic or finance. So that self-control does not appoint to financial knowledge.

The output of the analysis in table 5 revelaed that self-control as the moderating variable that moderate the financial experience towards investment planning motive on civil servants in Sidoarjo Regency by T- Statistics value in the amount of 3,865 that is above 1,96 and P Values is 0,000 that means below 0,05. This shows that self-control moderates the financial experience towards investment planning motive. Nevertheless, the research hypothesis which is "financial knowledge and financial experience influence investment planning motive on civil servants in Sidoarjo Regency by self- control as the moderating variable" it has proven to be one of the truths that self-control moderates financial experience on investment planning motive. Self-control regarding well comprehension in finance will affect positively in behaving, such as doing saving and setting aside a portion of income to invest. Someone with proper self-control will be able to oppose against consumptive behaviour and prioritize a long term well-being similar to enhance investment planning motive. Individuals who have self-control and knowledgeable, they will consider and behave better in doing future investment planning. Individual who has nicely applied self-control, they will be wise in making decision and able to see from previous events that had happened or can be learned from family, friends or colleagues, and so on. Thus, they will not be spontaneous when doing investment without decent plan and see how previous event have done. If oneself feels

the previous investment was well implemented, so it can be continued as in investment planning, then deciding the investment product.

By having income around Rp. 3.000.000 – >5.000.000, civil servants will plan how to make investment to get a well-being in the future as the purpose, by putting aside a portion of their monthly income. Family financial management in Indonesia is very careful in investing, as well as civil servants who are married in majority, because most of civil servants choose funds in low-risk investment types such as savings, deposits and assets for example gold, and estate. Moreover, another some also choose medium to high risk investments such as stocks and mutual funds.

As the result of significance test on table 5 the output of P values of self-control is 0,000 which means below 0,05 and T-statistic value is the amount of 3,901 that means above 1,96. It said that self-control fulfil the number that is proposed till self-control affects towards investment planning motive. The conclusion is, self-control as moderating variable considered as Moderation Predictor self-control takes a role as predictor varable (independent) in the formed relation model.

Conclusion

The researcher recapitulated that there is an impact on financial experience towards investment planning motive on civil servants in Sidoarjo Regency by self-control as the moderating variable, which means that self-control does not moderate the effect of financial knowledge towards investment planning motive, and also self-control moderates the impact of financial experience on investment planning motive.

According to the result in this study, there are several suggestions for this research. This study uses 2 independent variables as well as moderating variable, however there is only one variable that is affected. Hence, it is expected to have more active participation in the future research, and expected to pay attention on another factors that affect the investment planning motive. This research only uses 4 government agencies with several professions that are National Civil Service Agency, Badan Regional Financial and Asset Management Agency, Community Health Centre Krembung, and SMAN 1 Krembung. It is anticipated that future researchers can be more knowledgeable about their research objects and research samples in order to obtain more accurate results.

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