

# The Influence of Locus of Control Financial Literacy on Investment Decision Making at PT Pos Palopo

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## Abstract

This research aims to find out and test how much influence financial literacy and locus of control have on investment decisions at PT. Palopo Post. This type of research uses quantitative research. The data source in this research uses primary data. The sample in this research was 35 employees of PT Pos Palopo using a saturated sampling technique. The testing technique used is multiple linear analysis using the SPSS application. Based on the results of research conducted, it shows that the financial literacy variable has a negative and insignificant impact on investment decisions. Meanwhile, locus of control has a positive and significant impact on investment decisions at PT Pos Palopo.

Keywords: Financial literacy, Locus of control, Investment decisions

## 1. Introduction

Investment has a big impact on economic growth because it is the main indicator in increasing national income and plays an important role in economic growth [1]. Even though Indonesia has a demographic bonus with the birth of a fairly high number of millennial generations, people in this developing country tend to behave consumptive and are less aware of the importance of investment. Data shows that only around 1.6 million of the 64.3 million millennial generation people in Indonesia are interested in investing [2,3]

PT. Pos Indonesia Palopo Branch was initially the only delivery company in the area. However, with the emergence of more delivery companies, PT. Pos Indonesia Palopo Branch is increasingly known by the public as a delivery service provider. This company is very concerned about increasing work productivity in its business competition, considering its status as a state-owned company that has social responsibility towards society. The same thing applies at PT. Pos Indonesia Palopo Office.

PT. Pos Indonesia Palopo Branch, founded in 1764, is a leading postal service company in Indonesia. Currently, PT. Pos Indonesia operates as a business-oriented company that provides postal services and supporting products. As a state-owned company that receives subsidies, PT. Pos Indonesia also acts as a government agent in providing postal services to the public. Considering its social responsibility as a public service company, increasing financial literacy is very important for PT. Palopo Post to overcome financial problems faced.

Based on the findings above, the research objective is to examine how financial literacy and locus of control influence investment decision making simultaneously and partially. Using quantitative methods, this research finds that locus of control has a significant effect on investment decisions, while financial literacy does not have a significant partial effect. These results show that financial knowledge alone is not enough to make good investment decisions; Internal self-control is also important. Therefore, policymakers need to not only increase

people's financial literacy, but also emphasize the importance of independent investment decision making.

Based on the description above, the author is interested in conducting research on "The influence of financial literacy, locus of control on investment decision making at PT. Palopo Post". This research aims to analyze the impact of financial literacy on decision making, evaluate the relationship between locus of control and investment decisions, and determine the interaction between financial literacy and locus of control in the investment context.

## 2. Methodology

This research aims to test and analyze the influence of financial literacy and locus of control on investment decisions. This research uses quantitative methods in data collection and analysis. The sample population selected for this research was employees of PT. Pos, Palopo City. Data was obtained through a questionnaire distributed online, using an interval scale with a five-point Likert scale: 5) strongly agree; 4) agree; 3) neutral; 2) disagree; 1) strongly disagree. The hypothesis in this study was tested using multiple linear regression analysis with the help of the SPSS application.

Method of collecting data

Primary data

Primary data was obtained from respondents by distributing questionnaires to employees of PT. Pos Palopo City branch

Data analysis

The data in this research were analyzed using instrument analysis techniques, including validity tests, reliability tests, multiple linear regression analysis, t tests, and F tests. Data analysis was carried out using the SPSS version 22 application.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Y = Investment decision

X<sub>1</sub> = Financial literacy

X<sub>2</sub> = Locus of control

α = Constant

β<sub>1</sub> = Financial Literacy Coefficient

β<sub>2</sub> = Locus of control coefficient

e = Standard error

## 3. Result and Discussion

### 3.1 Result

#### 3.1.1. Validity test

Validity Test is used to determine the validity of each item in the questionnaire to measure the concept in question. The following are the results of the validity test of the variables used in this research:

Table 1. Validity Test Results

Variable	Items	R count	R table	Information
Financial literacy	X1.1	0.640	0.324	Valid
	X1.2	0.620	0.324	Valid
	X1.3	0.500	0.324	Valid
	X1.4	0.580	0.324	Valid
	X1.5	0.415	0.324	Valid
	X1.6	0.491	0.324	Valid
	X1.7	0.645	0.324	Valid
Locus of control	X2.1	0.759	0.324	Valid
	X2.2	0.388	0.324	Valid
	X2.3	0.622	0.324	Valid
	X2.4	0.536	0.324	Valid
	X2.5	0.446f	0.324	Valid
	X2.6	0.677	0.324	Valid
	X2.7	0.546	0.324	Valid
Decision-making	Y.1	0.648	0.324	Valid
	Y.2	0.494	0.324	Valid
	Y.3	0.731	0.324	Valid
	Y.4	0.360	0.324	Valid
	Y.5	0.799	0.324	Valid
	Y.6	0.371	0.324	Valid

Based on table 1, it can be concluded that the entire questionnaire statement is declared valid because the calculated r is stated to be greater than the r table. So it can be said that all indicator items that have been prepared can be used in research.

### 3.1.2. Reliability Test

Reliability Test is used to assess the extent to which a measurement instrument is consistent in producing the same results if used repeatedly. Questionnaire items can be considered reliable if Cronbach's alpha is  $> 0.6$ , but if it is  $< 0.6$  then it is considered unreliable. The following are the results of the reliability test for the variables Financial literacy (X1), Locus of control (X2), Investment decisions (Y):

Table 2. Reliability Test

Variable	Cronbach Alpha	Standard	ket
Financial literacy	0.623	0.60	realistic
Locus of control	0.674	0.60	realistic
Investation decision	0.615	0.60	realistic

From Table 2, it can be concluded that the variables financial literacy, locus of control, and investment decisions have Cronbach's alpha values above 0.6, which indicates a good level of reliability.

### 3.1.3. Multiple Linear Regression Analysis

Table 3. Multiple Linear Analysis Test Results

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	2,924	4,962		589	560
Financial Literacy	0.140	0.138	127	1,017	317
Locus Of Control	0.622	0.113	688	5,510	000

Based on Table 3, the following multiple linear regression equation is obtained:  $Y = 2.924 + 0.140X_1 + 0.622X_2$ , where Y is the investment decision variable, X1 is the financial literacy variable, and X2 is the locus of control variable.

$$Y = 2.924 + 0.140 \text{ Financial literacy (X1)} + 0.622 \text{ Locus of control (X2)}$$

The interpretation of this equation can be seen as follows:

1. The constant value (a) of 2.924 can be interpreted to mean that if the financial literacy and locus of control values remain constant, then the investment decision value will be 2.924.
2. The regression coefficient value for the locus of control variable (X2) is 0.622, indicating that every one unit increase in the locus of control variable will increase the value of the investment decision variable by 0.622.

## 3.2. Discussion

### The influence of financial literacy on investment decisions

The results of this research show that financial literacy (X1) has no positive and insignificant effect on investment decisions (Y), so H1 is rejected. However, based on the t test, there is an influence of financial literacy on investment decisions. This is indicated by a significance value of 0.000 ( $< 0.05$ ) and a calculated t value of 1.017 ( $< 2.037$ ).

### The influence of locus of control on investment decision making

The results of this research show that the significance value of the F test is  $0.000 < 0.05$ , with a calculated F value of  $16.388 > F$  table 3.28. This shows that locus of control has a positive and significant effect on investment decisions, both partially and simultaneously. So, H2 is accepted. This research also shows an R Square value of 0.711 and an Adjusted R square of 0.475. This indicates that around 47.5% of the variability in the dependent variable can be explained by the independent variable, while the remaining 52.5% is influenced by other external variables in this study.

## 4. Conclusion

1. There is an influence that is not positive and not significant between the financial literacy variables on investment decision making at Pt.Pos, Palopo City.
2. There is a positive and significant impact between the locus of control variable on investment decision making at Pt.Pos, Palopo city

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