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Original Article

Analysis of Financial Behavior on the Investment Decisions of Civil Servants in the Class I Checkpoint Immigration Office Malang

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Abstract

Every investment requires good decisions, as these decisions will affect future investment returns. Public access to financial products and services continues to increase and is increasingly accessible, but without good financial understanding and management, this will not have a positive impact, especially for the younger generation. The purpose of this study was to determine financial behavior towards Civil Servants (ASN) investment decisions within the Class I Checkpoint Immigration Office Malang. The research method used is qualitative, which describes each variable used. The results of this study concluded that the results of financial behavior literacy affect the way an individual thinks about financial conditions and affect ASN investment decision making within the Class I Checkpoint Immigration Office Malang. In addition, it also shed light on the strategies in terms of finance and better management will make it easier for Civil Servants (ASN) to live their daily lives.

Keywords: Financial behavior, Investment Decision, Immigration Office.

1. Introduction

Every human being always has the goal of achieving welfare, which can be measured based on the amount of wealth owned, the fulfillment of various life needs, a high level of education, a career path, a position achieved and the preparation of the next generation of the family. Income is important in achieving welfare, but the amount of income is not a guarantee that a person can achieve welfare. Low income is not the sole reason for financial problems; poor money management can also lead to financial difficulties. Therefore, it is important to have a good understanding of financial matters. Financial literacy covers various aspects of managing personal finances and is not meant to restrict people from enjoying life and spending money, but rather to help individuals and families utilize their financial resources wisely to meet their financial objectives.

Investment is an activity of adding capital directly or indirectly with the assumption that the future will benefit from the investment. Investments can provide high returns and can suffer heavy losses. Therefore, investors must be aware of investment decisions and the factors that influence these decisions (Rustan et al., 2023). The benefits that will be felt by investors are certainly obtained with tough decisions in starting an investment. Investment is literally setting aside capital now in order to get benefits in the future. Setting aside capital made by the community will certainly be difficult considering that the income earned is of course for consumption activities. One of the important factors needed to make an investment is capital

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or funds (Azis & Sari, 2022). The source of funds can come from loans or personal funds. In addition, financial behavior also affects investment decisions.

According to Ramadani (2023), the demand for investment is quite large in Indonesia today, especially among individuals who are interested or knowledgeable about financial matters. Investing is engaging in the buying and selling of stocks and other assets with the aim of making a profit, either in the short or long term. Over time, a prudent investor will see the benefits of his or her investment.

Wise investment decisions are an important foundation for anyone looking to ensure financial comfort in retirement (Salim, 2023). This is especially relevant for the Civil Servants (ASN) within the Class I Checkpoint Immigration Office Malang. In general, ASNs have a strong desire to enjoy a comfortable and prosperous retirement. However, various factors can influence how they make investment decisions that can impact their financial future.

According to Tandelilin (2010), an investment is the act of dedicating a specific amount of money or assets in the present with the expectation of obtaining specific advantages down the line. The definition of investment according to Sunariyah (2011) is investing money in one or more assets for an extended period with the expectation of earning returns in the future. Furthermore, according to Hartono (2010), investment delays the absorption of current consumption into productive assets for a certain period of time. Based on the three definitions above, we can conclude that investment is an activity that involves investing a certain amount of funds, which is done by the investor at that time, with the hope of obtaining future profits. Proper investment is the key to ensuring financial well-being in retirement. Retirement is a period where one no longer receives active income from their job, so they have to rely on savings and investments to make ends meet. Therefore, making the right investment decisions during the working years is crucial to prepare for a comfortable retirement.

As they age, a person or employee will still find it difficult to protect and enforce their rights to economic well-being (Artanti & Adinugraha, 2020). This can be done by taking part in different financial initiatives such as personal savings plans, life insurance, or joining pension funds run by the government or commercial groups (Nugroho, 2020). In order to meet the needs in retirement, as stated by Puspitaningtyas (2012) that some individuals invest and sacrifice consumption in the present in order to obtain income or investment returns that will be received in the future. Welly et al. (2015) explains that an investment decision is a process to conclude or make decisions about several issues or problems, making choices between two or more investment alternatives or part of the transformation of inputs into outputs.

According to the findings from the researcher's examination, the main characteristic of ASN at the Class I Checkpoint Immigration Office Malang is having a fixed monthly income. While this income provides financial stability, there are significant differences in financial knowledge and understanding among them. This difference can be caused by various factors, including the level of education, position, and employment status that varies between permanent and honorary employees. These differences affect the way each individual manages their finances and makes investment decisions.

In addition, according to Siregar et al. (2022), the lack of understanding of the what, how and why of financial literacy, shows how low public awareness of the importance of financial literacy as a life skill. This phenomenon is evidenced by the rampant victims of fraudulent investment scams, unwise use of credit cards, and the lack of love of some community members for the rupiah. At present, there is a lack of emphasis on the importance of financial literacy, resulting in a lack of education for children in this area. Within Indonesian society, discussing money in the presence of children is seen as inappropriate. As a result, concepts related to managing family finances are not included in the primary, secondary, or even tertiary education curriculum. Due to these cultural norms, there is a belief that teaching financial literacy to children is unnecessary.

The concept of financial literacy goes beyond simply understanding how to use money for transactions. It involves the skill of making wise financial decisions based on necessity rather than desire. In the field of economics, there is a distinct contrast between necessities and desires. Necessities are restricted to essentials, whereas desires have no bounds. This condition will unwittingly shape the consumptive behavior of teenagers to adulthood (Ermawati & Lestari, 2022).

When hearing the label that Indonesian society is a consumptive society, without guilt people blame environmental factors. Whereas in the family environment, the community itself has triggered a consumptive generation. Such a phenomenon about financial literacy proves that it requires knowledge from an early age to create decisions for the company in the future so that it can realize rational decisions for investors in making decisions.

The definition of investment decisions according to Sutrisno (2012), investment decisions is a question of how individuals / financial managers should allocate funds to forms of investment that can generate profits in the future. According to Riyanto (2012), investment decisions stand out as the most crucial among the trio of financial decisions, namely funding and dividend policies, due to their direct impact on future returns and cash flow levels of the company. Various factors can impact an individual's decision-making process.

The factors contained in the economic behavior of each individual are different, and what factors govern a person's behavior. As said by Mittal & Frennea (2010) that many factors influence decision making, for example overconfidence, framing effect, reference dependence, loss aversion, overreaction and underreaction and others. Yuniningsih & Taufiq (2019) examined how investment decisions are influenced by loss aversion, regret aversion, illusion of control bias. Yuniningsih & Taufiq (2019) in the same study also examined how psychological factors influence decision making, namely loss aversion, regret aversion, financial literacy, overconfidence and herding.

According to Saputra et al. (2023), the presence of numerous individuals with diverse emotions and actions when choosing to invest plays a significant role in the intricate nature of the investment decision-making process. A crucial aspect of an investor's decision-making process is their understanding of financial literacy. A majority of participants, around 68%, express dissatisfaction with their financial situations due to factors like decreasing income leading to financial difficulties. Economic challenges are not solely a result of low-income levels, but also stem from inadequate financial knowledge and understanding.

The financial behavior of an ASN in making investment decisions to prepare for retirement is quite interesting to study. Joo & Pauwels (2002) state that financial preparations made by each individual are useful for meeting the needs of life after retirement. According to Safitri (2013), it is crucial for employees to have retirement preparedness in order to ensure their financial security during their golden years.

The reason the authors chose ASN at the Class I Checkpoint Immigration Office Malang is because based on brief interviews and observations on the object of research, it shows that there are several ASNs who pay less attention to their financial readiness to face retirement. Moreover, it is anticipated that this study will also lead to contribute ideas regarding the importance of making investments to prepare for retirement at a productive age for ASN at the Class I Checkpoint Immigration Office Malang. This study aims to explore how financial behavior affects ASN investment decisions within the Class I Checkpoint Immigration Office Malang. Understanding this relationship may help identify ways to enhance financial literacy and support ASN in planning for a better retirement. Improving employee welfare is not only important for individual ASNs, but also for the organization as a whole, as employees who are prosperous and feel financially secure tend to be more productive and committed to their work.

Financial Service Authority (also known as OJK) survey results in 2016, the level of financial literacy in Indonesia amounted to 29.7%, this figure is still below other ASEAN countries. The increasing complexity of the financial industry has led to a lack of adequate financial knowledge among the general population. A person's financial decisions are intertwined with their life circumstances, as there is a constant interplay between the two. The social environment is a place where people interact and do things together with each other and the environment. The environment will form a social system that plays a big role in shaping a person's personality, then interactions occur between people or communities and their environment.

The call for citizens to be financially literate is increasingly important, as consumers are tasked with making increasingly complex financial decisions in the marketplace Where in the past workers could rely on employer-sponsored retirement programs, for example, there is now an increasing need for workers to be able to save and invest their own retirement funds.

2. Methods

Qualitative descriptive research methods are utilized in this study. These methods possess specific attributes that distinguish them. Unlike descriptive methods, qualitative research methods are rooted in the postpositivist philosophy. Qualitative methodology involves gathering descriptive data through written or spoken words and observed behaviors.

Table 1. Previous Studies

No	Researcher	Title	Year	Location	Method	Result
1	(Hakim & Meyrinda, 2023)	Qualitative Study of Corporate Financial Behavior in the MSME Real Sector	2023	MSME	Qualitative using interviews and literature review.	The findings of this research indicate that the impact of behavioral financial literacy on an individual's perception of financial situations can greatly influence decision-making strategies related to finances and overall company management.
2	(Fadjar et al., 2023)	The Importance of Financial Literacy in Taking Investment Decisions for the Millennial Generation	2023	Universitas Widyatama	Descriptive Analysis	According to the findings of the descriptive analysis, it is evident that a strong grasp of technical analysis is not a major influence in investment decision-making. One contributing factor to this is a lack of financial literacy, particularly in understanding financial management principles, basic concepts, and financial products.
3	(Saputra et al., 2023)	The effect of financial literacy on investment decisions with financial behavior as a moderating variable on	2023	Denpasar	Quantitative methods	Having a good grasp of personal finance can greatly affect the investment decisions made, as indicated by the results of the study. Additionally, how one manages their money can play a role in the connection

		students in Denpasar city				between financial knowledge and investment decisions.
4	(Budiman & Jongestu, 2023)	Analysis of the impact of financial behavior and financial literacy on corporate stock investment decisions on the Indonesia stock exchange	2023	Indonesia Stock Exchange	Quantitative methods	The findings of this research suggest that all the factors examined have a strong positive correlation, except for the disposition effect. With the results of this study, it is hoped that it can be a reference for investment actors on the stock exchange and become a consideration for investors in investing in company shares.

3. Results and Discussion

When it comes to making this investment choice, it could be influenced by various biases. These biases include overconfident investors who place too much emphasis on their predictions, investors who tend to hold onto losing stocks and sell winning ones, individuals who are hesitant to take risks, and investors who simply follow the crowd. In addition to these biases, research also looks into different aspects of investor behavior to gain a better understanding. According to Siregar et al. (2022), in a strong form efficient market, where investors act logically, the capital market becomes an ideal place for investment. This leads to prices in the market incorporating all relevant information. The speed at which information spreads directly impacts how quickly prices are established in the capital market. But not all investors behave rationally. One of the reasons is the considerations made before making investment decisions.

Some investors do plan before investing, but some investors do not do planning or minimal planning. When an investor engages in investment activities, they consider not only the potential of the investment but also psychological aspects that influence their decisions. The decision-making process involves choosing the type of investment, the amount to invest, and the timing of the investment. Decision making is a complex process that includes multiple factors and the act of selecting from a range of options. Research indicates that investors often make decisions that lead to subpar investment results (Budiman & Jongestu, 2023). Every individual needs to have the ability to effectively manage their finances in order to keep up with the growing range of financial products and personal needs. It is essential for everyone to possess financial knowledge and make sound financial decisions in order to efficiently and effectively utilize limited resources for their well-being.

Every decision in investing requires proper consideration, because the decision will have an impact on future investment results. Investment decisions can come from rational or irrational considerations. The quality of this investment decision is influenced by one's level of knowledge or financial literacy. An investor who has good financial literacy tends to make rational decisions and has effective control in choosing investment products. This is different from someone who lacks financial literacy, who tends to make investment decisions irrationally and sometimes follow along without careful consideration. As a result, they are more vulnerable to scams that use the guise of investment. Therefore, financial literacy is a critical factor in shaping smart and sustainable investment decisions (Uttari, 2023).

Data and information play a critical role in the analysis process when making investment decisions. In order to make informed choices regarding finances, individuals must possess a solid grasp of financial concepts. Proficiency in financial matters is commonly referred to as financial literacy. Having a strong understanding of finances can lead to a more successful life for each person. When society as a whole is well-versed in financial matters, it can boost economic development. Numerous sources emphasize the significance of financial literacy in maintaining economic stability and effectively managing money.

Improving financial decision making and management through knowledge, skills, and beliefs is the essence of financial literacy. Having good financial literacy can help individuals attain financial well-being by enabling them to make informed decisions and manage their finances effectively. Knowledge plays a crucial role in shaping investment decisions, making financial literacy a key determinant in this aspect. In relation to attribution theory, financial literacy as an internal factor in individual behavior makes knowledge and understanding of financial management used to determine decisions on finances that are wiser so that every action taken can avoid the risks that may occur (Uttari, 2023).

Financial literacy impacts nearly every aspect of a person's financial decisions. The financial behavior in question is the use and management of money, short-term financial planning, long-term financial planning and debt management, all of these aspects are included in individual financial behavior, namely: doing long-term financial planning by investing, setting aside part of the income for savings and unexpected needs, making a budget plan before spending money, good credit management by paying credit instalments, such as (houses, vehicles and other needs) on time, in order to get health and avoid financial problems due to debt.

Financial literacy impacts various facets of financial planning and expenditure including income, credit card utilization, savings, investments, financial management, decision making, and overall financial stability as a means to attain success and prevent financial difficulties. A person with low financial knowledge and skills tends not to be able to understand financial matters well. Financial knowledge and skills are needed in overcoming financial problems, individuals who have financial knowledge certainly understand about interest rates and returns, before saving, borrowing money and investing, besides that, individuals with a strong understanding of personal finance tend to exhibit responsible financial habits like prompt bill payments, monthly expense tracking, and setting aside funds for emergencies. Therefore, those with a high level of financial literacy are likely to display positive financial behaviors.

For this reason, in order to avoid financial problems due to bad financial behavior, ASN must have good financial literacy as well. This indicates that the higher the level of individual financial literacy, the better the financial behavior. According to (Anggraini & Anggrainie, 2022), the development of financial management habits arises from an individual's drive to fulfill their needs based on their earned income, as outlined below:

1. Pay bills on time,
2. Make a budget for expenses and spending,
3. Provide funds for unexpected expenses,
4. Saving money periodically,
5. Comparing prices between stores/supermarkets before deciding to make a purchase

Financial choices made by individuals are often inappropriate due to lack of financial literacy. Therefore, in order to be able to make wise and successful financial choices for now and the future, one must have an adequate level of financial literacy.

The decisions that Civil Servants (ASN) make about investing today will have a big impact on their financial security in the future. They must also prioritize creating a solid financial plan to ensure a comfortable retirement in the future, which necessitates a strong grasp of financial concepts. Understanding finances through financial literacy can guide them in making wise decisions and actions to enhance their financial stability.

4. Conclusion

This research focuses on how financial behavior influence investment decisions among Civil Servants (ASN) at the Class I Checkpoint Immigration Office in Malang. By exploring this connection, the goal is to identify ways to enhance financial literacy and help ASNs prepare for a more secure retirement. Enhancing employee welfare is crucial not just for individual ASNs, but also for the overall organization, aligning with sound financial principles.

Financial theory is founded on several key assumptions: first, that markets and investors are rational parties; second, that investors are highly concerned with investment characteristics; and third, that investors have perfect control over their decisions. According to this theory, investors are not influenced by cognitive errors or misinformation. An individual's financial knowledge can be valuable for managing their investments to achieve personal benefits. Moreover, research suggests that the greater a person's investment knowledge, the more likely they are to show interest in investing.

As recommendation, Civil Servants (ASN) in the Class I Checkpoint Immigration Office Malang should consider other factors in making investment decisions besides understanding financial literacy, especially the basics of managing their finances, such as understanding that expenses should not exceed income, mistakes in determining investment instruments because of the desire to get rich quickly, easily, practically and others.

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