Enrichment: Journal of Management, 12 (5) (2022)

Published by: Instiute of Computer Science (IOCS)

Enrichment: Journal of Management

Journal homepage: www.enrichment.iocspublisher.org

Financial literature and nationalism in intention In Share Investor Prospective Millenial Generation

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ARTICLE INFO

Article history:

Received Nov 25, 2022
Revised Des 14, 2022
Accepted Des 28, 2022

Keywords:

Financial literacy
Nasionalism
Intention to invest

ABSTRACT

The tendency of increasing stock investment among millennials indicates they are literate in financial literacy. Then, state-owned companies become an attraction for potential investors because they are considered to have promising profit prospects, as well as security in investing. This study aims to analyze the effect of financial literacy on the intention to invest in shares of potential investors among the millennial generation and the influence of nationalism as a mediator. This study uses a survey method with a quantitative approach. We have distributed questionnaires to 250 respondents who are millennials born after the 1980s. Field data were then analyzed using multiregression analysis techniques. We find that financial literacy has a significant effect on investors' intention to buy shares of State-Owned Enterprises (BUMN). Nationalism can also strengthen the relationship of financial literacy with investors' intentions to buy shares of state-owned companies.

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INTRODUCTION

The stock market is a key factor for the development of a country's financial system, as well as providing opportunities for potential investors or experienced investors to increase their income. The sale and purchase of shares has become an indicator of the economy of a country.

The number of millennial investors under the age of 40 continues to increase, in 2021 reaching 1.91 million investors or 78.4% of the total investors which reached 2.4 million. This shows that there is a change in the interest of the millennial generation from being consumptive to wanting to invest. This change in the interests of the millennial generation is also determined by the rapid development of technology and digitalization, which affects the literacy awareness of young investors. Likewise, the entry of global investors into domestic companies makes the choice of buying company shares more diverse.

Many studies have proven that financial literacy has an effect on investment intentions as has been done by Faidah (2019), Salsabila & Nurdin (2019), and Darmawan et al., (2019). Several studies

reveal the involvement of financial literacy in the financial decision-making process as a whole. individual.

The researchers revealed that the biggest problem that causes people to avoid investing is the lack of financial knowledge (Jureviciene and Jermakova, 2012). The study found that people who are financially literate and know the difference between mutual funds and stocks are willing to take risks during the investment decision-making process. People who are less financially literate about the stock market are not willing to take risks (Sabri, 2016).

Consumers' knowledge of country of origin products is widely considered to be an important influence on their choice behavior (eg Bilkey and Nes, 1982). Substantial country-of-origin (CO) research has shown a tendency for consumers to prefer products from their own country (Hong and Wyer, 1989). For example, more than two-thirds of Spanish and British subjects preferred domestically-made products to comparable foreign-made products (Peris et al., 1993). In another study, French and West German consumers showed nationalistic sentiments because they valued their own country's products more highly than products from Japan (Papadopoulos et al., 1990).

The tendency of consumers to prefer domestic goods over foreign goods has been branded as consumer nationalism in the CO literature. Nationalist consumers consider buying imported products wrong because it harms the domestic economy, loses jobs, and is unpatriotic. In studying these consumers, Shimp and Sharma (1987) found that consumer nationalism was negatively correlated with the purchase of foreign products. Highly nationalist consumers tend to emphasize the positive aspects of domestic products and ignore the benefits of foreign-made goods. However, not all products on the market are produced domestically, nor are all consumers nationalist. In most countries, consumers face many purchasing alternatives to choose from (Netemeyer et al., 1991). The results show that the match (whether favorable or unfavorable) between the country of origin and the product category influences the intention to purchase a product from a particular country (Roth and Romeo, 1992). Moreover, with increasing immigration, the proliferation of foreign children being adopted into many societies, the increase in multinational marriages, and the constant transformation of our world by technology that renders distance irrelevant, new cultures are being created every day in many countries (Weiner, 1994). . This study aims to analyze the effect of financial literacy on intention to invest among millennials and see the variable of nationalism as a variable that strengthens literacy on investment intentions among millennials.

RESEARCH METHOD

This study uses a survey method with a quantitative approach. The survey method is defined as collecting information from a sample through respondents' responses to questions or statements (Check & Schutt, 2012; Uma Sekaran, 2014). We have distributed 500 questionnaires to millennial generation respondents born after the 1980s, but only 250 respondents returned the questionnaires. In distributing the questionnaire, we consider the representation of respondents in each area of Makassar City. The proxies were selected according to a procedure adopted by many previous studies (Knoll & Houts, 2012; Atkinson and Messy, 2012) which have evaluated literacy by various factors. In this study, financial literacy refers to the definition recommended by the OECD (2012), Atkinson and Messy (2012) and Agarwalla et al. (2013) that financial literacy is defined as financial behavior, financial knowledge and financial attitudes, while the nationalism instrument is adapted from Rawwas and Rajendran (1995) and investment intention is adapted by Ajzen (2006).

The data collected was then analyzed using regression analysis techniques. To assist in data analysis, we used SPSS version 23 software. The results of descriptive data analysis refer to Table 1 below.

RESULTS AND DISCUSSIONS

This section describes the findings descriptively and hypothesis testing. To present the findings descriptively, it is shown in table 1.

Tabel 1. Statistik Deskriptif

Variable	Rata-rata	Standar Deviasi	Level
Nasionalism	3.852	0.964	High
Financial Literacy	4.538	0.402	High
Intention investment	4.327	0.515	High

Based on table 1, it shows that the average financial literacy and nationalism of potential investors among millennials is categorized as high. Likewise, the intention of the millennial generation to invest in state-owned companies is included in the high category.

Classic Test

According to Kline (2016) and Pallant (2016), before conducting parametric analysis such as regression analysis to test hypotheses, a requirement test is carried out first. The test requirements are the oulier test, normality, linearity, multicollinearity, homoscedasticity, and autocorrelation.

Outlier Test

According to Anderson and Gerbing (1988); Kline (2016); Pallant (2016), Tabachnick and Fidell (2013) outliers criteria can be determined by looking at the value of Mahalanobis Distance.

Table 2. Residuals Statistics

	Minimum	Maksimum	Rata-rata	Std. Deviasi
Standar Residu	-2,062	2,366	0,000	0,981
Mahal. Distance	0,011	9,391	1,964	1,897

Based on the opinion of Barnet and Lewis (1978) for N = 100, the value is expensive. Distances above 15 need to be excluded, in this case there is no Mahalanobis Distance value above 15, so this means that there are no outlier data. The outlier value can also be seen from the standard deviations/residual value of ± 3 or ± 2.5 and in this case shows the standard residual value between -2.5 to +2.5, so there are no outlier data.

Normality Test

Based on Figure 1, the PP plot regression standard residual shows that the data are relatively normal and on a straight line. The results also show the points in a homogeneous distribution. Therefore, the linearity assumption test has been met.

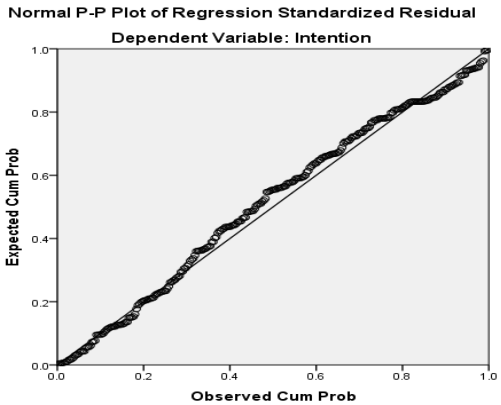

Figure 1. Scatter Plot and Normal PP independent and dependent variables

Linearity Test

The linearity test is a required test before performing the multiregression regression test (Hair et al. 2010; Tabachnick & Fidell 2013). This test was conducted to determine the relationship between the independent variable and the dependent variable.

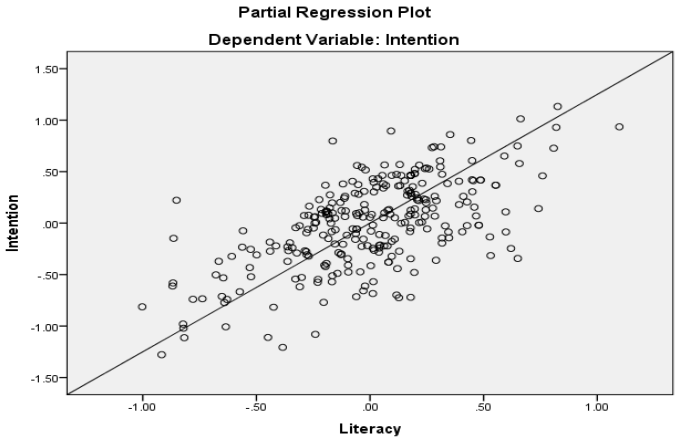

Figure 2. Scatter Plot and Normal PP Independent and dependent variables

Examination of the PP plot regression standard residual shows that the data are relatively normal and on a straight line. The results also show the points in a homogeneous distribution. Therefore, the linearity assumption test has been met.

Homoscedasticity Test

Homoscedasticity is a condition where the error variance is the same at each stage of the independent variable (Osborne & Waters 2002). If they are not the same, then heterocedasticity occurs which can cause interference with the results and increase the possibility of type 1 error (type error).

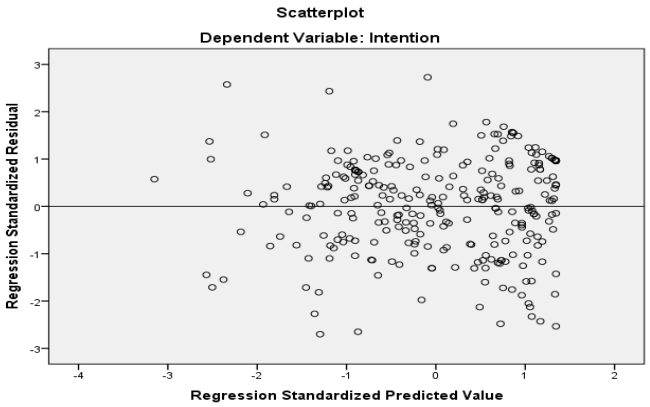

Figure 3. Scatterplot Dependent variable

To ensure that the Homoscedasticity principle is fulfilled or not, the Glejser test is carried out by making the standardized residual as the dependent variable. If the regression coefficient is significant, then the Homoscedasticity principle is not met (Garson, 2012).

Table 2. Test Homoscedasticity

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.885E-15	0.606		0.000	1,000
	Nasionalism	0.000	0.163	0.000	0.000	1,000
	Literacy	0.000	0.171	0.000	0.000	1,000

a. Dependent Variable: Standardized Residual

Based on the table above, it can be seen that the variable has a value of Sig = 1.00. This means that we are 100% sure that each variable is not affected by the residual. In other words, the power meets the requirementsHomoscedasticity.

Multicollinearity Test

There are two types of results that can be obtained by looking at the value of VIF (Variance Inflation Factor), namely multicollinearity and no multicollinearity. Data is considered to have no multicollinearity if the VIF value is less than 10.00. On the other hand, the data has multicollinearity if the VIF value is equal to or greater than 10.00.

Just like reading the VIF value, when reading the Tolerance value, there are two kinds. If the Tolerance value is more than 0.10, then the data does not occur multicollinearity. If the value is equal to 0.10 or greater, then there is multicollinearity in the data.

Table 3. Tolerance Value and VIF

	Collinearity Statistics	
	Tolerance	VIF
Nationalism	0.975	1.026
Literacy	0.975	1.026

Autocorrelation

In the classical assumption, autocorrelation is a correlation that occurs between error/residual in a certain period (eg t) with error/residual in other periods (eg tp). The existence of autocorrelation problems causes the variance that is formed in the simple linear regression model to be not minimum. In addition, the existence of autocorrelation causes the estimation of the model variance to be biased. To find out whether there is autocorrelation, it can be seen from the value of Durbin Watson. If the DW value is between 1.5 – 2.5, then there is no problem with the assumption of autocorrelation.

Table 4. Durbin-Watson values

Model	R	R square	Durbin-Watson
1	0.691a	0.478	1,913

Based on the table above, the DW value is 2.104 and the value is between 1.5-2.5, so there is no autocorrelation.

Hypothesis Testing

Table 5 shows the ANOVA test to test the regression equation model. The ANOVA test table shows that the regression equation model is appropriate ($F = 211.393$; $p = 0.000 < 0.05$). So that it can be continued to test each independent variable against the dependent variable test.

Table 5. ANOVA

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	48,391	2	24,196	211.393	0.000b
	Residual	31,819	278	0.114		
	Total	80,211	280			

a. Dependent Variable: Intention
b. Predictors: (Constant), Literacy, Patriotistic

Table 6 presents the path coefficient (β) and its significance value. All relationships (path coefficients) were found to be significant. Figure 2 shows a graphical representation of the inner model with coefficient R2. The significant path shows that all hypotheses are supported.

Table 6. Value of Coefficient of Determination

Model	R	R square	Adjusted R Square
1	0.691a	0.478	0.458

Based on table 6 shows that the variables of financial literacy and nationalism contributed 60.5% to the intention to invest in state-owned companies. Furthermore, table 7 shows the hypothesis test.

Table 7. Hypothesis Test Coefficient

		Unstandardized Coefficients		Standardized Coefficients		
	Model	B	Std. Eror	Beta	t	Sig.
1	Constant	0.250	0.597		0.419	0.677
	Nationalism	0.110	0.054	0.207	2.035	0.047
	Literacy	0.805	0.130	0.628	6.183	0.000

Based on table 7, nationalism has a positive and significant effect on the intention to invest in state-owned companies (β = 0.207; t = 2.035; p < 0.05). Financial literacy has a positive and significant effect on the intention to invest in state-owned companies (β = 0.628; t = 6.183; p < 0.05). To test the moral tax as a moderating variable is shown in table 8.

Tabel 9 R Square

	R	R^2	%
Before Moderator Variables	0,768	0,589	58,9
After Moderator Variables	0,778	0,605	60,5%

R Nilai value2 in the first regression of 0.589 or 58.9% while after the second equation the value of R2 increased to 0.605 or 60.5%. There is an increase in R2 by 1.6%. Thus, it can be concluded that the variable of nationalism attitude.

CONCLUSION

In this study, we investigate the effect of financial literacy on the intention to invest in stocks of prospective investors among the millennial generation and the influence of nationalism as a mediator. It can be concluded that there is a significant relationship between financial literacy and investment preferences that have been identified, meaning that investors' intentions to buy shares of State-Owned Enterprises (BUMN) are influenced by financial literacy in the millennial generation, furthermore nationalism can also strengthen the relationship between financial literacy and investors' intentions to invest. buy shares of state-owned companies.

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