

## **Revealing the Relationship Between Financial Management and Student Investment Decisions at Bandung State Polytechnic**

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### **ABSTRACT**

This study investigates the relationship between financial management and investment decisions among students. Data were collected from one hundred active students who were randomly selected using a descriptive quantitative approach and a standard questionnaire. The factors studied include students' preferences for investment instruments, such as savings, deposits, mutual funds, and other financial assets, as well as financial management techniques, such as planning, control, and personal financial recording. The purpose of this research is to determine how financial management techniques influence students' decisions regarding various investment instruments. The results show that there is a strong correlation between students' investment decisions and their capacity in financial management. Although students with less developed financial management understanding prefer more conventional or common choices such as savings, students with proficient financial management skills usually have habits of diversifying investments or selecting several investment instruments and choosing instruments with low risk. The findings of this study provide an overview of the importance of financial behavior among students and serve as a basis for the development of more effective financial literacy programs.

**Keyword:** Financial Management; Investment; Financial Literacy



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## INTRODUCTION

In this modern era, managing personal finances has become very important, especially with technological advances that facilitate financial transactions. Students, as the younger generation, face many opportunities and challenges related to financial management. Easy access to e-commerce applications, digital payment services, and discount campaigns often encourage consumerism patterns (Mulyadi & Efawati, 2024; Thariq & Efawati, 2024). In research by Satata & Anwar (2023) UPN "Veteran" East Java students showed the results that students who understand the understanding of consumer economic principles as students can know, prioritize things that become needs and know the benefits of the goods or services that students buy and use so that they can be controlled from student behavior. On the other hand, students are starting to look at investment as a way to build sustainable finances. As research from (Nuroniya et al., 2024) shows that financial literacy and social media activities have a positive influence on the investment habits of Islamic financial instruments in the younger generation.

According to Otoritas Jasa Keuangan (OJK), (2024), investment is the placement of capital, usually done in the long term and aims to acquire complete assets or buy stocks and other securities for profit. Although consumer habits are often a major obstacle, this provides an opportunity for students to utilize their financial resources. With the all-digital era, the development of investment applications or platforms such as Ajaib securities to buy stocks, Government Bonds, Cryptocurrencies or Mutual Funds.

As stated by (Dewi et al., 2021) students are a social group that is vulnerable to changes in lifestyle, current trends, and fashion, so their financial behavior can be influenced by external factors. Personal financial management is very important in the midst of this problem. In fact, according to (Bamforth et al., 2018), personal financial management is the process of monitoring an individual's use of money, including budgeting, spending, saving, and investing. However, in practice, as explained by (Rosa, I., & Listiadi, 2020) millennials or generation Z, including university students, more often allocate funds for consumptive needs, which has the potential to worsen their financial stability.

The objective of this investigation is to determine how the financial management practices of students at Politeknik Negeri Bandung affect their decision to invest in both traditional and modern assets, as well as how the two can be related to each other.

## LITERATURE REVIEW

### Financial Management

Financial management is the skill to effectively plan, organize, manage and supervise financial resources. How a person plans, organizes, manages, and oversees their money well is called financial management. Bamforth et al. (2018) define personal financial management as the process of overseeing the use of money, which includes budgeting, spending, saving, and investing. In the context of students, (Rosa, I., & Listiadi, 2020) revealed that students' financial behavior is often influenced by a consumptive lifestyle which can have a negative impact on their financial management. This demonstrates how crucial it is to comprehend money management in order to establish sound financial habits, such as making prudent investment choices.

## Consumptive Behavior of College Students

Social pressure and today's lifestyle, which places a premium on social status, frequently have an impact on student purchasing behavior. Consumer behavior is the behavior of individuals who are influenced by sociological factors in their lives, which requires excessive or wasteful and unplanned consumption of goods and services that are less or not even needed (Tribuana, 2020; Rachman et al., 2024). Meanwhile, according to (Dewi et al., 2021) states that consumptive behavior is a consumption activity, where consumption in this activity is excessive, prioritizing satisfaction alone rather than meeting actual needs. This consumptive behavior can result in excessive spending and the absence of good financial planning. This shows that understanding financial management is very important for students so that they can make wiser investment decisions.

## Investment Decision

Investment is the activity of allocating capital for profit, both in the form of traditional assets such as savings and modern instruments such as stocks and digital assets (Otoritas Jasa Keuangan (OJK), 2024). According to (Putri & Andayani, 2022) understanding and good financial management are key factors in making investment decisions. This choice illustrates how well people are able to handle financial data in order to make the best investing decisions. In addition to their knowledge of investment goods, students' financial management skills also play a role in their investment choices. (Dewi et al., 2021) show that university students are in a transition period towards financial independence, which makes them more vulnerable to less well-informed investment choices.

## Relationship between Financial Management and Investment Decisions

The literature to date suggests that there is a strong relationship between good financial management and an individual's ability to make good investment decisions. A study by Hilgert et al. (2003) states that planned financial management can increase the level of financial literacy, which then has an impact on investment decisions. Another study by (Volpe, 2016) found that individuals with better financial management skills tend to choose more diverse investments that suit their needs.

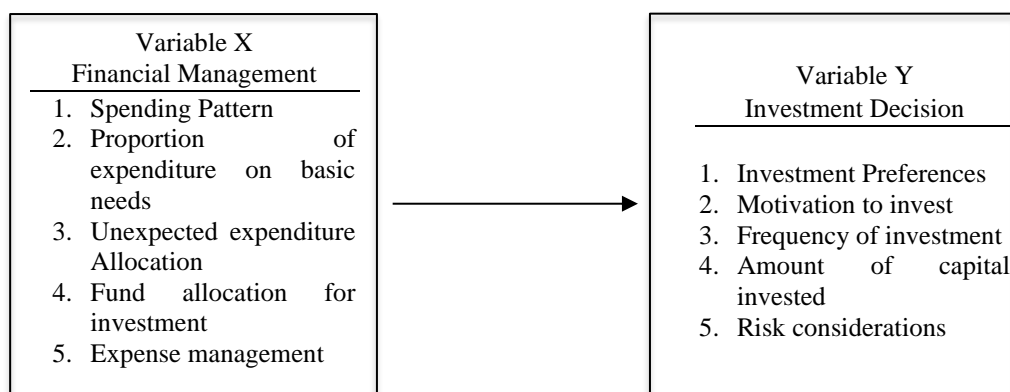


Figure 1. Frame of mind  
Source: taken in 2024 by the author

## RESEARCH METHOD

In this study, researchers used a quantitative approach. The data in this study used primary data through distributing questionnaires. The population of this study were Bandung State Polytechnic students. The sample of this study were active students from various departments at the Bandung State Polytechnic. The data analysis that researchers do is descriptive analysis.

This research uses SPSS or statistical packages for social science. Respondent data collected were 100 respondents. Furthermore, data analysis was carried out using validity and reliability tests in IBM Software, namely SPSS 29 to ensure the validity of the research instrument. The results of the study are intended to provide an overview of the relationship between financial management and student investment decisions.

### Operational Research Variables

In the table that includes the following question indicators, the variables studied in the context of the relationship between revealing Financial Management and Student Investment Decisions at Politeknik Negeri Bandung can be explained:

Table 1. Operational research variables

Variables	Indicator	Number of questions
Financial Management	Expense recording (Widiyanti, Rahmatya Widyaswati, 2020)	10 questions on a scale of 1-5 (likert )
	Proportion of spending on basic needs (Fatimah et al., 2017)	
	Unexpected expenses(Ariningrum et al., 2020)	
	Fund allocation for investment (Yushita, 2017)	
Investment Decision	Expense management(Ichfan et al., 2019)	14 questions on a scale of 1-5 (likert )
	Investment Preferences (Putri dkk. 2019, 2019)	
	Motivation to invest (Sheilla et al., 2020)	
	Investment frequency (Ahmad Taslim, 2016)	
	Total capital invested (Silviyani, dkk. 2014.)	
	Risk considerations (Theresia Tyas Listyani, Muhammad Rois, 2021)	

Source: taken in 2024 by the author

## RESEARCH RESULTS

The spending and investment preferences of Bandung State Polytechnic students were investigated in this study using descriptive quantitative methodology. Questionnaires were used to collect data from 100 randomly selected respondents, who were specifically

active students of Politeknik Negeri Bandung. The research conducted used one X variable, namely Financial Management. While the Y variable in this study is an investment decision.

### Characteristics of Respondents

Based on the results of the questionnaires that have been distributed previously by researchers, the characteristics of the respondents obtained are as follows:

Table 2. Characteristics, gender, age, and major of respondents

Respondent Demographics	Category	Frequency	Percentage
Gender	Male	43	43%
	Female	57	57%
Age	18	13	13%
	19	45	45%
	20	35	35%
	21	7	7%
Majors	Commercial Administration	53	53%
	Accounting	11	11%
	Electrical Engineering	9	9%
	Computer and Information Engineering	7	7%
	Civil Engineering	5	5%
	Refrigeration And Air Conditioning Engineering	4	4%
	Chemical Engineering	4	4%
	English	3	3%
	Mechanical Engineering	3	3%
	Energy Conversion Engineering	1	1%

Source: taken in 2024 by the author

Based on the data in Table 2, the largest number of respondents were women with 57 respondents or 57% while male respondents totaled 43 respondents or 43% of the total respondents.

The age of the most respondents is 19 years old with 45 respondents or 45%, then the next highest number of respondents is 20 years old with 35 or 35% of respondents, then 18 years old with 13 respondents or 13% then the last is 21 years old with 7 or 7% of the total respondents.

The most respondents' majors were Commercial Administration majors with 53 or 53% of respondents, followed by Accounting majors with 11 respondents or 11%, then Electrical Engineering majors with 9 respondents or 9%, then Computer and Information Engineering majors with 7 respondents or 7%, then Civil Engineering majors with 5 respondents or 5%, then Refrigeration and Air Conditioning Engineering majors and also Chemical Engineering majors with 4 respondents or 4%, then English Language and Mechanical Engineering majors with 3 respondents or 3% and the last is Energy Conversion Engineering majors with 1 respondent or 1%.

### Validity and Reliability Test

The results of the reliability test conducted on one hundred respondents sent in this research questionnaire show the following results:

Table 3. Reliability test results of financial management questionnaire

Cronbach's Alpha	N of item
0,863	10

The results of this study show that the financial management variable has a Cronbach's Alpha of  $0.863 > 0.7$ , which indicates that the questionnaire can be categorized as good or usable.

Table 4. Reliability test results of investment choice questionnaire

Cronbach's Alpha	N of item
0,881	14

The results obtained show that the questionnaire used to measure investment decisions has a Cronbach's Alpha score of  $0.881 > 0.7$ , which indicates that the questionnaire has sufficient credibility to be used in this study.

Table 5. Questionnaire validity test results

Testing Type	Results	Description
<i>KMO and Barlett's Test</i> questionnaire Financial Management	0,823 with sig. $0,001 < 0,05$	-
Communalities questionnaire Financial Management	All question items have extraction values of 0.572 to 0.932.	-
<i>KMO and Barlett's Test</i> questionnaire Investment Options	0,874 with sig. $0,001 < 0,05$	-
Communalities questionnaire Investment Options	All question items have extraction values 0,572 to 0,932. Q13= 0,418 Q14= 0,424	Items Q13 and Q14 were excluded or separated from the Validation Test calculation because the extraction value $< 0.5$

Source: taken in 2024 by the author

## Correlation Result

Table 6. Descriptive Statistics of Respondents' Answers

		Financial Management	Investment Options
Financial Management	Pearson Correlation	1	0,691
	Sig. (2-tailed)		$< 0,001$
	N	100	100
Investment Options	Pearson Correlation	0,691	1
	Sig. (2-tailed)	$< 0,001$	
	N	100	100

Source: taken in 2024 by the author

Based on the data in table 6, it can be concluded that there is a correlation between the number of students who do financial management of 69.1%, which is significantly less than 0.1%.

### Descriptive Test Results

Then in this study the sample was measured using statistical package for social science software (SPSS). With the results of the calculations that have been carried out as follows:

Table 7. Descriptive Statistics of Respondents' Answers

	N	Minimum	Maximum	Mean	Std Deviation
Expense Management	100	1,00	4,80	3,33	0,774
Investment options	100	1,00	4,80	3,33	0,677
Valid N	100				

Source: taken in 2024 by the author

This table illustrates the descriptive statistics of the two variables, Expenditure Management and Investment Choice, each with 100 respondents. The minimum and maximum values obtained from both are 1.00 and 4.80, with an average (mean) of 3.33 for both variables. However, the level of data dispersion (standard deviation) is slightly greater in Expenditure Management (0.774) than in Investment Options (0.677), indicating that the variation in respondents' answers is still quite high in Expenditure Management.

### DISCUSSION

The results of the demographic data in table 2 show the dominance of female gender respondents in this study, which may reflect the composition of students at Bandung State Polytechnic, especially in the majors significantly involved in this study. Then based on Age shows that most respondents are at the age or stage of transition to financial maturity, which is an important stage in understanding and developing skills in financial management and investment decision making. Based on the major, it is possible that the focus of lecture learning on aspects of business and financial management and the diversity in these majors also provide a broader picture of how educational background affects students' understanding of financial management and investment decision making.

The results of the SPSS analysis have proven that the amount of Financial Management is positively correlated by 69% with investment choices. This shows that students who are better at financial management have a higher probability of making better investment decisions. This is in line with previous findings (Putri & Andayani, 2022) which indicate that good financial understanding and management are key factors in making investment decisions.

Both variables (financial management and investment decision) have the same mean (3.33) in table 7, which indicates that students' ability in both aspects is at a moderate level. The correlation value of 0.691 from table 6 shows that the better the students' expense management, the more likely they are to make a much better investment decision. This shows that there is a logical relationship, namely students who are better able to manage their expenses tend to have a more structured mindset in choosing investments.



Based on the results of descriptive analysis using SPSS software, the Financial Management and Investment Decision variables show a low level of data distribution, as evidenced by the standard deviation value which is below 20% of the maximum scale. The Financial Management variable has an average (mean) value of 3.33 with a standard deviation of 0.774. This indicates that respondents' answers regarding personal financial management tend to be consistent, with a minimum scale of 1.00 and a maximum of 4.80, indicating that the majority of respondents are around the midpoint with relatively small variations in answers.

Meanwhile, the Investment Decision variable has the same mean, which is 3.33, but with a lower standard deviation, which is 0.677. This indicates that respondents' answers regarding investment decision making are more consistent compared to the Financial Management variable. The minimum scale of 1.00 and the maximum of 4.80 also indicate a uniform understanding among respondents regarding the questions in the questionnaire. Based on the limits put forward by (Chaniago et al., 2023), a standard deviation below 20% of the maximum scale indicates that the data obtained has a good level of consistency. Therefore, additional research into the connection between financial management and investment decisions can be supported by the responses provided by the respondents.

Based on the results of the questionnaire validity test displayed in Table 6, the questionnaire for the Financial Management variable shows a KMO value of 0.823 with a significance level of less than 0.001 which meets the requirements because it is less than 0.05. These results show that the data has a good sample adequacy and is suitable for further analysis. In addition, the Communalities test results show that all question items have extraction values between 0.572 and 0.932, which indicates that each question makes a significant contribution to the measured variable. Thus, the questionnaire on this variable is declared valid for use.

Meanwhile, for the questionnaire on the Investment Choice variable, the KMO value obtained was 0.874 with a significance level of less than 0.001 which also met the sample adequacy requirements. In the Communalities test, most items showed good extraction values, ranging from 0.572 to 0.932. However, there are two items, namely Q13 and Q14, which have extraction values of 0.418 and 0.424 respectively, below the minimum threshold of 0.5. Due to their failure to satisfy the validity requirements, both items were thus removed from the study.

Overall, the validity results of the questionnaire showed that the majority of the questions in the questionnaire proved to be valid, both for the Money Management variable and the Investment Choice variable. Adjustments by removing two items from the Investment Choice variable were made to ensure more accurate and reliable analysis results. Thus, this questionnaire instrument can be relied upon to support further research.

## CONCLUSIONS

According to the data that has been collected on the characteristics of the respondents, the majority of the research respondents are 19-year-old females from the Commerce Administration major. This finding suggests that this group is the dominant representation in the analysis and can provide important insights into the financial management patterns and investment decisions of university students. However, the differences in age and major make the research more interesting and allow for a broader understanding of the relationship between demographics and financial habits of college students.

From the results of the data analysis, it was found that the level of expenditure management and investment decision-making ability of Bandung State Polytechnic



students was generally in the moderate category, with an average score of 3.33 on a scale of 1-5. However, the minimum (1.00) to maximum (4.80) ranges show great diversity among the respondents. The lower standard deviation for investment decisions (0.677) implies that the pattern of answers for this component is more consistent, while the standard deviation for expenditure management (0.774) indicates that respondents' abilities in this area are highly diverse.

In addition, the correlation analysis shows a fairly strong relationship between investment choices and expenditure control, with a correlation value of 0.691. This implies that students who are better at managing finances tend to make better and wiser financial decisions. In other words, students' financial management skills have a major impact on their attitudes towards investing.

The results of this study highlight the importance of teaching financial literacy to students, especially to improve their ability to manage their daily expenses. Enhancing students' financial literacy can directly affect the caliber of their investing choices, particularly for those with poor cost management scores. Furthermore, it might raise students' understanding of personal financial management, which affects their long-term financial security.

This study also suggests that a more thorough method, such sub-group analysis, is required. For example, understanding how demographic factors such as major, income level, and gender affect the relationship between financial management and investing decisions. As a result, financial literacy programs can be more effectively and pertinently adapted to the needs of specific groups.

Overall, the results of this study confirm that good financial management is the foundation for more logical and calculated investment choices. Therefore, financial literacy and understanding are crucial for fostering a positive financial culture and helping students develop their personal talents. The problems noted in this study may be resolved by offering training courses that address financial planning, investing literacy, and budget management.

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