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Analysis of Investment Interest in Chicken Farm in Kaligede Village, Senori District, Tuban Regency

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Abstract

In Kaligede Village, Senori District, Tuban, this study seeks to determine the impact of financial efficacy and financial literacy on investment interests. The sampling strategy employed in Method's research, which makes use of quantitative research techniques, is proportionate stratified random sampling. In this study, 95 households in Kaligede Village served as samples. As a consequence of this study, it has been determined that financial efficacy (X2) and financial literacy (X1) both significantly influence investing interest (Y). Using digital technology to read articles, watch videos, or use financial software to gain fundamental financial skills is advocated as a way for villagers to boost their financial literacy. In addition, villagers can also strengthen personal financial efficacy by building a support network, joining groups or communities that have similar interests related to finance.

Keywords: Financial Literacy, Financial Efficacy, Investment Interest

INTRODUCTION

A person's willingness to use money at a given price today in order to earn money later on is referred to as investing. Such subsequent earnings are recorded as payment for a future commitment not to withdraw money before the payment period. Experience, financial literacy, socioeconomic status, individual traits, demographics, and income levels are just a few of the factors that can affect someone's interest in investing.

According to the findings of the OJK National Financial Literacy and Inclusion Survey (SNLIK) in rural areas in 2022, only 48.43% of people in rural areas and 50.52% of people in urban areas had a high degree of financial literacy. These results suggest that the financial literacy of more than half of Indonesia's rural population is still insufficient. Due to their lack of financial literacy, some of them have a propensity to handle financial problems in their families in inappropriate ways.

In addition to the low financial literacy shown by the data from the OJK above, the financial efficacy of people in Indonesia is still lacking, which can be seen in the billionaire village phenomenon in Tuban. To be precise, at the beginning of 2021, residents of Sumurgeneng Village, Jenu District, Tuban Regency received hundreds to billions of rupiah from selling their land to Pertamina to make it an oil refinery. After receiving the disbursement of the money, Jenu residents flocked to buy vehicles such as motorbikes, cars, and other consumer goods. One year later, the villagers held a demonstration because the money they got from selling their land had run out. They also demanded Pertamina's promises regarding the jobs promised to the residents of Sumurgeneng Village. The occurrence of this phenomenon is one example of the adverse effects of low levels of financial literacy and

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efficacy in the Tuban area. This phenomenon can explain that the financial literacy and efficacy of citizens are low, as evidenced by the act of *consumptive buying* .

The residents of Kaligede Village also experience the same thing, who tend to be consumptive by buying new motorbikes on credit, even though the majority of them work as farm laborers with wages below the UMK, while the minimum wage for Tuban Regency itself is Rp. 2,739,224. This kind of attitude makes personal finances irregular because many expenses are made without planning. In fact, if they understand these conditions, what they should do is add assets by investing, rather than buying goods that have the potential to experience high depreciation in value. In this case it can be indicated that not only financial literacy is classified as low, but also financial efficacy so that they have low interest in investing.

In Senori District, Tuban Regency, a community group called the Pokmas operates broiler farms in Kaligede Village. Insofar as Bumdes is prepared to help Pokmas if she requires it, these farms are autonomously administered by the community under Bumdes' supervision. This farm offers animal ownership shares to Kaligede Village inhabitants in the hopes that the extra money will help the local economy. Unfortunately, a lot of people still choose not to finance these companies. Only 27 out of the 1,333 households in Kaligede Village have made investments in the farm. This is terrible because there are many open investment options that are not appealing and draw the villagers' attention. This gap shows that the investment interest of Kaligede Village residents is still low because there are only about 2.03% of family heads who are willing to invest their money in the farm.

One's level of financial awareness can have an impact on their interest in making investments in the events that take place in Kaligede Village. Financial literacy is the term used to describe the knowledge of finance, according to Lestari and Wardani (2020). Strong financial knowledge is not enough to inspire enthusiasm in investing; financial efficacy is also required. According to Brandon & Smith (2009), having a strong belief in one's ability to successfully handle finances is referred to as financial efficacy.

Every person should have a strong understanding of financial efficacy and literacy, especially those who have families. The leader of the family must be able to manage the family's limited resources to meet all of its needs. Family financial management is crucial. high family financial management will result from high financial literacy. Unfortunately, in Indonesia, many people do not realize or understand the value of financial literacy as a guide for managing money in everyday life.

Based on the context and framing of the issue, this study seeks to determine the effect of financial efficiency and financial literacy on the investment interests of residents of Kaligede Village in Tuban.

Overview References

Financial Literacy

Financial literacy, as defined by Tsalitsa & Rachmansyah (2016), is the capacity to comprehend, evaluate, and manage funds in order to take the appropriate actions to prevent financial issues. According to Zali et al. (2014), financial literacy is directly related to personal welfare. According to Purwanto (2019), having financial literacy is crucial when making decisions, especially ones that affect daily activities like choosing whether to invest or save money in order to reach specific objectives. Thus, it may be said that having financial literacy refers to having the skills and information necessary to manage one's financial resources.

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Financial knowledge, financial attitudes, and financial habits are some examples of financial literacy metrics, according to Ismanto et al. (2019: 136).

Financial Efficacy

Self-efficacy is the foundation of the idea of financial efficacy, even if it only applies to money. According to Heckman and Grable (2011), culture, gender, the specifics of the task at hand, and outside incentives are just a few of the variables that might affect a person's self-efficacy. The position that the person is in is referred to as their "activity" in this context. Self-efficacy is an opinion or belief that a person has regarding his ability to display an action. By distributing resources in accordance with their needs, someone who can properly manage their finances will try to improve themselves (Bandura, 1997). Some of the aforementioned ideas make it clear that financial effectiveness can improve financial management so that financial decisions can. According to Albert Bandura (1997) financial efficacy has three indicators, namely *magnitude* (task difficultness), *streight* (strength of belief), and *generality* (generality).

Investment Interest

Interest is a somewhat enduring inclination to be enthusiastic about and interested in particular areas. Social motivation, or the desire to be recognized and valued by the environment in which one lives, can also spur the emergence of interest in oneself, while emotional factors indicate the degree to which a person is focused on a particular activity or object (Faidah, 2019). with contrast, Pangestika & Rusliati (2019) describe investment as an activity that involves making an investment, directly or indirectly, with the hopes that the owner of the capital will later reap a number of benefits. Therefore, someone who has an interest in investing is in a scenario where that interest is coupled by a desire to learn more about investing and to demonstrate it. According to Dewi & Gayatri (2021), signs of investing interest include a desire to learn more about investments, taking the time to do so, and making an investment and try investing.

hypothesis

The hypothesis, according to Sugiyono (2017: 63), is a transient solution to the formulation of the research problem. This statement is made merely provisionally because the solutions offered are only based on pertinent theory and not yet on empirical evidence gathered through data collection. There are two hypotheses in this study, including the partial hypothesis. The following is the study's hypothesis, which is based on previous formulations of the issue and refers to mindset:

H1: Investment interest is positively and significantly impacted by financial understanding.

H2: Investment interest is positively and significantly impacted by financial efficacy.

METHOD

In this quantitative study, proportionate stratified random sampling was the sample approach used. According to Sugiyono (2018), proportionate stratified random sampling is a technique used when the population contains individuals or elements that are not homogeneous and proportionally stratified. Samples were taken from various hamlets, and the study's houses were all located in Kaligede Village. In light of this, the population was once more filtered at random, and an appropriate sample size was selected. The slovin calculation indicates that 95 homes in Kaligede Village provided samples for this investigation. Partial least squares (PLS) is the name of the analysis method utilized in this study.

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RESULTS AND DISCUSSION

PLS Model Analysis

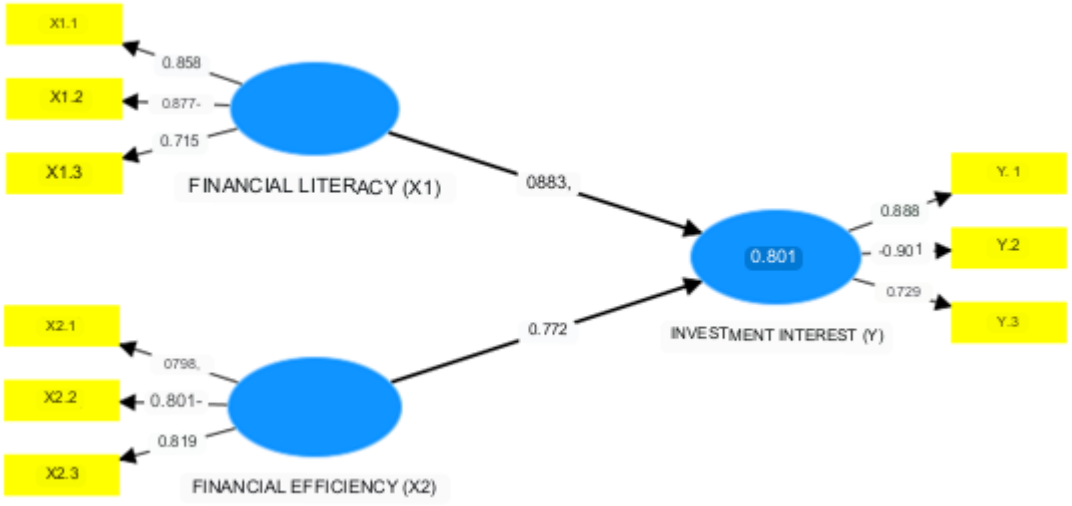

Figure 1. PLS Conceptual Model

Above the arrows connecting the variables and indicators in the PLS output image above is the size of the factor loading value for each indicator. Above the arrows joining the exogenous and endogenous variables are the route coefficients. Additionally, the Investment Interest variable's R-Square magnitude completely fits within the circle of endogenous variables, as can be observed.

Outer Model (Model of Measurement and Validity of Indicators)

The measuring model for this study incorporates both exogenous traits like financial efficacy (X1) and financial literacy (X1) as well as endogenous variables like investment interest (Y). The validity of the indicators can be evaluated using the Cross Loading table. The factor loading is said to be legitimate if the loading factor value for each variable is higher than 0.6 and the factor loading value exceeds the loading factor for each variable on other variables; if not, it is said to be invalid.

Table 1. *Cross Loading*

Indicator	Investment Interest (Y)	Financial Efficacy (X2)	Financial Literacy (X1)
X1.1	0.738	0.654	0.858
X1.2	0.783	0.662	0.877
X1.3	0.643	0.575	0.715
X2.1	0.632	0.798	0.570
X2.2	0.572	0.801	0.603
X2.3	0.658	0.819	0.687
Y1.1	0.888	0.705	0.779
Y1.2	0.901	0.655	0.805
Y1.3	0.729	0.591	0.639

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Cross loading data processing provided loading factor values (shaded), showing a loading factor value > 0.6 and greater than the loading of indicator factors from other variables, for each indicator of financial literacy (X1), financial efficacy (X2), and investment interest (Y). Therefore, it can be concluded that all of the study's indicators have shown to be reliable.

Table 2. *Averange Variance Extraced* (AVE)

	AVE
Investment Interest(Y)	0.711
Financial Efficacy (X2)	0.650
Financial Literacy (X1)	0.672

The Avarage Variance Extracted (AVE) value, which indicates the extent of the indicator variance carried by the latent variable, is represented by the measurement model below. The Financial Efficacy variable (X2) had a value of 0.650, the Investment Interest variable (Y) had a value of 0.711, and the Financial Literacy variable (X1) had a value of 0.672. These results from the AVE test show that the variables in this study had excellent general validity.

Table 3. *Composite Reability*

	Composite Reliability
Investment Interest (Y)	0.880
Financial Efficacy (X2)	0.848
Financial Literacy (X1)	0.859

The composite reliability rating is used to gauge the dependability of construction. If the composite reliability score is greater than 0.70, the indicator is considered to be reliable for detecting hidden variables. The variables Financial Literacy (X1), Financial Efficacy (X2), and Investment Interest (Y) have scores of 0.859, 0.848, and 0.880, respectively, according to the results of the Composite Reliability test. It may be said that all four of the study's variables are dependable because the Composite Reliability value exceeds 0.70.

Table 4. *Latent Variable Correlations*

	INVESTMENT INTEREST (Y)	**FINANCIAL EFFICIENCY (X2)**	**FINANCIAL LITERACY (X1)**
INVESTMENT INTEREST (Y)	1.000000		
FINANCIAL EFFICIENCY (X2)	0.772	1.000000	
FINANCIAL LITERACY (X1)	0.883	0.770	1.000000

As seen in the table of latent variable correlations above, exogenous and endogenous variables as well as exogenous and exogenous variables may be correlated with one another in PLS. The correlation is best when the number is close to 1, with 1 being the maximum correlation between two variables.

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The aforementioned table of latent variable correlations illustrates the evolution of the average correlation value between two variables. Additionally, it can be said that the association between the research model's variables Financial Literacy (X1) and Investment Interest (Y) is stronger than the associations between other variables. This might also be seen as showing that the size of the investment interest has a greater impact in this study model than

***Inner Model* (Structural Model Testing)**

A goodness-of-fit model test called the R-Square value is used to evaluate the structural model. The R-square value on the equations between latent variables can be used to determine the results of inner model testing. The exogenous (independent/independent) variables in the model can be partially explained by the endogenous (dependent/dependent) variables based on the value of R 2.

Table 6. R-Square

	R Square
INVESTMENT INTEREST (Y)	0.801
FINANCIAL EFFICIENCY (X2)	
FINANCIAL LITERACY (X3)	

Source: Processed Data

R 2 has a value of 0.801. The phenomenon of investing interest, which has a variance of 81.1% and is influenced by independent factors like financial efficacy and literacy, can thus be inferred to be captured by the model. The remaining 19.9% of the variance is explained by variables other than financial literacy and financial efficacy (which are not examined in this study). The value of Q2 in this research is Q2 = 1 - (1 - 0.801) = 0.801. It may be concluded that the study model meets the criteria for predictive relevance based on the findings of the Q2 calculation, which produced a value of 0.801.

Hypothesis test

The coefficients and T-statistic values of the inner model for testing the hypothesis are also displayed in the following table:

Table 7. *Path Coefficients* (*Mean, STDEV, T-Values*)

	Path Coefficients (O)	***Sample Means (M)***	***Standard Deviation (STDEV)***	***T Statistics (|O/STERR|)***	***P Values***
FINANCIAL LITERACY (X1) -> INVESTMENT INTEREST (Y)	0.708	0.709	0.065	10,938	0.0 00
FINANCIAL EFFICACY (X2) -> INVESTMENT INTEREST (Y)	0.227	0.227	0.075	3,038	0.0 01

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According to the above table,

1. Financial Literacy (X1) has a positive and significant effect on Investment Interest (Y) with a path coefficient of 0.708, a T-statistic value of 10.938 > 1.96 (T-table value of Z = 0.05), or P-Value 0.0 00 0.05, and a significant (positive) result.
2. With a path coefficient of 0.227, a T-statistic value of 3.038 > 1.96 (T-table value of Z = 0.05), or a P-value of 0.001 0.05, financial efficacy (X2) has a positive and substantial influence on investment interest (Y), which is acceptable.
3. By using bootstrapping in the smartPLS output, the results of the significance of the T-Statistic value

The output of smartPLS using bootstrapping shows the results with the significance of the T-Statistic value as seen in the following figure:

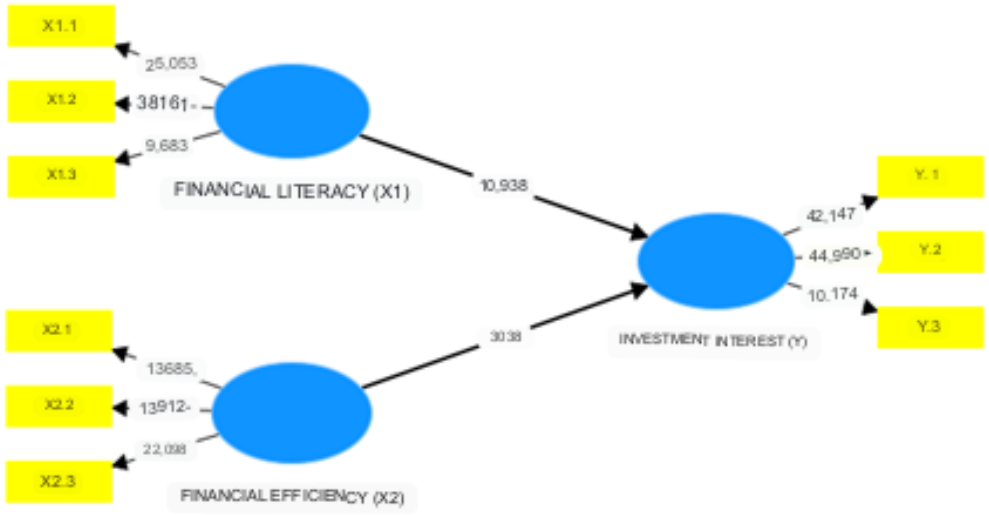

Figure 2. *InnerModel* with mark Significance of T-Statistic Bootstrapping

Financial Education's Impact on Investment Interest

The indicator that has the most impact on Kaligede Villagers' investment interest is "financial attitude," as shown from the high factor loading value, according to the analysis of the Financial Literacy variable utilizing smart PLS software. Therefore, it can be said that people must have a strong financial attitude to handle their own financial concerns in order to have a high investment interest rate. Residents will find it challenging to be interested in investing if they do not have a positive financial attitude.

In accordance with the findings of the research, financial literacy (X1) relates to investment interest (Y) in Kaligede Villagers, i.e., financial literacy supports residents' investment interest. This suggests that Kaligede Villagers have a greater interest in investing the more financially literate they are. The findings of this study support those of Yuniningsih & Santoso (2020), Silva & Yuniningsih (2022), and Wikartika et al. (2023) in that financial literacy is positively and significantly correlated with investment interest. Financial literacy means that people have a greater desire to invest the higher their level of financial literacy, which has been shown.

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Financial Efficacy's Effect on Investment Interest

The indication "Generality," as seen by the high factor loading value, is the one that has the greatest impact on investment interest in Kaligede Village residents, according to the analysis of the variable Efficacy of Finance performed using smart PLS software. According to Bandura (1997), generality refers to the broad range of activity that a person engages in when he has faith in his ability. A person's perception of his own talents in particular situations and activities, as well as in other activities, may be constrained.

The findings of this study suggest that citizens need to have a solid understanding of managing their personal money in order to have a high investing interest. It will be challenging for residents to be interested in investing if they do not have a strong understanding of how to manage their personal finances effectively.

According to the research's findings, financial efficacy (X2) leads to investment interest (Y) in Kaligede Villagers, indicating that financial efficacy aids in the development of investment interest in locals. This shows that the interest in investing increases with the financial efficiency of the Kaligede Villagers. According to this study's findings, which are in line with those of studies by Pangestika & Rusliati (2019) and Kelly & Pamungkas (2022), Financial Efficacy is positively and significantly related to Investment Interest. It is proven that Financial Efficacy means that the higher the financial efficacy they have, the greater their desire to invest.

CONCLUSION

Financial literacy and financial efficacy among Kaligede Village residents can influence their interest in investing, according to research done with a sample of 95 homes in the village. Using digital technology to read articles, watch videos, or use financial software to gain fundamental financial skills is advocated as a way for villagers to boost their financial literacy. Additionally, villagers can improve their own financial efficacy by creating a support system and integrating into communities or groups with similar financial interests. This research can be improved by include additional factors that will be utilized as indicators in subsequent studies. Researchers can examine other factors related to investment motivation, risk perception, and others, this is because there are relationships that can influence investment intentions.

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