

The Influence of Financial Literacy and Financial Inclusion on Investment Decisions with Cooperative Health as a Moderator in West Kotawaringin Regency

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Abstract. *This study aims to analyze and provide empirical evidence regarding the impact of financial literacy and financial inclusion in accordance with cooperative financial accounting standards, and the submission of periodic accountability reports by managers and supervisors on improving investment decisions in cooperatives. This study also examines the impact of cooperative health as a moderating variable in Financial Literacy on Investment Decisions. The sample in this study was 100 sample data obtained from 53 Cooperatives that actively held Annual Member Meetings registered with the Department of Industry, Trade, Cooperatives, Small and Medium Enterprises of West Kotawaringin Regency in 2024. The findings of the data analysis showed that Financial Literacy and Financial Inclusion influenced Investment Decisions and Cooperative Health.*

Keywords: *Decisions; Financial; Inclusion; Literacy.*

1. Introduction

In today's rapidly growing economy, cooperatives are still considered crucial in supporting the people's economic well-being. Cooperatives are a form of government organization established to defend the interests of their members. This is evident in the government's efforts to provide guidance, support, and protection to cooperatives. Cooperatives in Indonesia continue to grow year after year, as evidenced by the Ministry of Cooperatives' website at nik.depkop.go.id. However, despite this positive development, many cooperative units remain neglected and are threatened with dissolution by the government. The increasingly complex needs of individuals and financial products require cooperative administrators to possess adequate financial literacy.

Data on the growth of cooperatives in West Kotawaringin Regency until 2024 reached 281 cooperatives, with details of 88 active cooperatives, 193 inactive cooperatives, 41,760 members, 53 cooperatives held Annual Member Meetings (data source: nik.depkop.go.id). The awareness of the people of West Kotawaringin Regency to invest in cooperatives is high as indicated by the high number of members, however, due to the low management of

cooperatives, the number of RATs is quite low, namely 3.19%. From the data above, it shows that there are still cooperative administrators who are less able to present financial accountability reports at the Cooperative Annual Member Meeting, so that the number of inactive cooperatives is high.

Cooperative administrators in West Kotawaringin Regency generally don't understand the importance of prioritizing needs, which is applied in cooperative life. This negligence can lead to errors in prioritizing needs, resulting in uncontrolled spending. Uncontrolled spending in cooperatives is evident in the amount of expenditure incurred over the course of a year. Ultimately, inaccuracy in financial management can lead to errors in prioritization and result in uncontrolled spending.

Low financial literacy indicates that Indonesians do not fully understand the various financial products and services offered by formal financial institutions. According to Shen (2018), financial literacy provides financial knowledge and skills used in financial decision-making. Low financial inclusion in capital market products indicates that Indonesians have not yet optimized their wealth for investment. Low levels of financial inclusion in investment are influenced by financial literacy and income (Dewi & Purbawangsa, 2018).

Although numerous studies have shown a positive correlation between financial literacy and financial inclusion, few have examined how financial literacy and inclusion ultimately increase investment interest in Indonesian cooperatives. Furthermore, there is a lack of research on minimum investment capital, particularly in relation to financial literacy and financial inclusion.

Problems facing cooperatives in West Kotawaringin Regency include a lack of information and transparency, low member participation, and the risk of investment losses. Furthermore, there are challenges in coordination and communication among members, as well as the potentially inadequate competence of cooperative managers. Cooperative members do not receive clear and transparent information about investments, including potential risks and expected returns. This can lead to members being hesitant about making investment decisions or even feeling disadvantaged later on.

2. Research Methods

This research is explanatory research, which is a type of research that explains the relationship between variables through hypotheses and aims to find and measure several independent variables and their influence on dependent variables whose results will be known to strengthen or weaken existing hypotheses. Sari, et al. (2023), stated that Explanatory means explanation, explaining, explaining an event, where this research method attempts to identify, ensure the causal relationship between variables and to know/predict how one phenomenon will change or vary in relation to other variables. These variables include: Financial Literacy (X1), Financial Inclusion (X2), Cooperative Health (X3) and Investment Decisions (Y).

3. Results and Discussion

This study uses a quantitative approach, which produces data in numerical form. Respondents in this study were cooperatives in West Kotawaringin Regency that had held their annual members' meetings (RAT) for the 2023 fiscal year and had reported to the Department of Industry, Trade, Cooperatives, and Small and Medium Enterprises of West Kotawaringin Regency. Using a purposive sampling technique, a sample of 100 people who were members or administrators of the cooperative was obtained. This study was conducted by administering questionnaires directly and indirectly via Google Forms and took approximately 2 months to collect all 100 questionnaires. Based on the results obtained from the questionnaire distribution, information was obtained covering respondent identity data, such as gender, age, last education, and length of service. The following is a description of the characteristics of the respondents.

The description of the research variables covers four aspects: green price, environmental knowledge, attitude, and purchase intention. The variable descriptions are grouped into five categories: very low (with a value of 1.00-1.80), low (with a value of 1.81-2.60), sufficient (with a value of 2.61-3.40), high (with a value of 3.41-4.20), and very high (with a value of 4.21-5.00). The complete variable descriptions are presented in the table.

Research variable description table

No	Variables and Indicators	Average	Standard Deviation
1	Financial Literacy	4.31	0.81
	• I know the benefits of investing in cooperatives	4.52	0.78
	• I have knowledge about the importance of having investment in cooperatives.	4.38	0.76
	• I understand well about investing in cooperatives	4.34	0.74
	• I am able to do financial planning	4.13	0.87
	• I understand investment transactions	4.19	0.84
2	Financial Inclusion	4.51	0.70
	• Transactions at the cooperative are easy to do	4.57	0.67
	• The cooperative's location or location is easy to reach	4.66	0.62
	• I know the services and products available at the cooperative.	4.51	0.72
	• Cooperatives provide appropriate services	4.53	0.63
	• The products available at the cooperative suit my needs.	4.29	0.80

3	Cooperative Health	4.63	0.65
	• Cooperative management is carried out democratically	4.7	0.61
	• The distribution of remaining business profits is carried out fairly in proportion to the size of each member's business services.	4.67	0.60
	• Cooperative management is carried out based on the cooperative's internal capabilities and strengths.	4.54	0.67
	• There is cooperative education and training for members and administrators	4.47	0.77
	• Implementation of member meetings, which convey the results of the work of management and supervisors to members	4.77	0.53
4	Investment Decisions	4.26	0.87
	• I invest in cooperatives regularly for future plans.	4.29	0.82
	• I decided to invest in a cooperative because of the benefits and easier process.	4.26	0.95
	• I always apply a simple lifestyle to save my expenses.	4.35	0.82
	• I always look at how much potential profit I can get when investing in a cooperative.	4.27	0.84
	• I am motivated to invest because I see the success of other people who invest in cooperatives.	4.15	0.90

The table shows that the overall average respondent response to the financial literacy variable was, which falls into the very high category. This indicates that respondents have excellent financial literacy, derived from their understanding or knowledge of financial issues.

The overall average respondent response to the financial inclusion variable was 4.51, which is considered very high. This indicates that respondents have access to a variety of financial products and services.

The overall average response of respondents to the cooperative health variable was 4.63, which is classified as very high. This indicates that respondents consider cooperative health to be very important to its members.

The overall average respondent response to the investment decision variable was 4.26, which is considered very high. This indicates that respondents consider investment decisions to be important.

Hypothesis testing that has been carried out is as follows:

Hypothesis testing 1:

Based on the results of data processing, it shows that financial literacy has a positive effect on investment decisions, as evidenced by the original sample value of 0.407 (positive), meaning that the more financial literacy the respondents have, the better their investment decisions. The t-test results show a p-value of $0.000 < 0.05$, so it can be concluded that financial literacy has a significant effect on investment decisions, so H1 is accepted.

Hypothesis testing 2:

Based on the results of data processing, it shows that financial inclusion has a positive effect on investment decisions, as evidenced by the original sample value of 0.306 (positive), meaning that the better the financial inclusion of a product, the better the investment decision. The t-test results show a p-value of $0.001 < 0.05$, so it can be concluded that financial inclusion has a significant effect on investment decisions, so H2 is accepted.

Hypothesis testing 3:

Based on the results of data processing, it shows that the health of cooperatives strengthens the influence of financial literacy on investment decisions, as evidenced by the original sample value of 0.204 (positive), meaning that the better the health of the cooperative*financial literacy possessed by the respondents, the better the investment decisions. The results of the t-test show a p-value of $0.000 < 0.05$, so it can be concluded that the health of cooperatives*financial literacy has a significant effect on investment decisions, so H3 is accepted.

The R-square test is used to measure the level of variation in changes in the independent variable against the dependent variable. The higher the R-square value, the better the prediction model. According to (Chin, 1995), R-square values are categorized as strong, moderate, and weak. The results of the coefficient of determination (R-square) test can be explained in Table.

R Square Test Results Table

Variables	R Square	Adjusted R Square
Investment Decisions	0.612	0.595

The table shows that the R-square (R^2) value of the investment decision variable is 0.612, indicating that 61.2% of the investment decision variable can be explained by independent variables, namely financial literacy, financial inclusion, and cooperative health as moderators

of financial literacy. Meanwhile, the remaining 38.8% is influenced by variables outside the studied variables.

The F-square test is used to determine the effect of the dependent variable on the independent variable. The F-square values are presented in Table 4.8 as follows:

F Square Test Results Table

Variables	F Square
Financial Inclusion	0.110
Cooperative Health	0.078
Financial Literacy	0.246
Cooperative Health*Financial Literacy	0.109

Based on the table, it shows that the f-square value for the variables of financial inclusion, cooperative health, and cooperative health*financial literacy has an f-square value between 0.02 and 0.15, namely 0.110, 0.078, and 0.109. This indicates that the influence of the investment decision variable on the variables of financial inclusion, cooperative health, and cooperative health*financial literacy has a weak influence. Meanwhile, for the financial literacy variable, it has a value of 0.246, this indicates that the investment decision variable has a moderate influence on the financial literacy variable.

Discussion of the research results that have been carried out is as follows:

1) The Influence of Financial Literacy on Investment Decisions

Based on the results of research conducted on cooperatives in West Kotawaringin Regency, financial literacy was found to have a positive and significant impact on investment decisions. This indicates that the higher the level of financial literacy of cooperative administrators, the better the quality of their investment decisions. This finding supports previous research by Sutejo (2021) and Rasool & Ullah (2020), which concluded that financial literacy significantly contributes to improving individuals' ability to manage and make appropriate investment decisions. In the cooperative context, adequate financial literacy enables administrators to understand risks, plan expenses, and assess the potential returns of various investment instruments. Therefore, a high level of financial literacy directly contributes to more rational and sustainability-oriented investment decisions for cooperatives in West Kotawaringin Regency.

2) The Influence of Financial Inclusion on Investment Decisions

Based on research conducted on cooperatives in West Kotawaringin Regency, financial inclusion was found to have a positive and significant impact on investment decisions. This indicates that the better the access and utilization of formal financial services by cooperative administrators, the better the quality of investment decisions they make. Financial inclusion provides opportunities for individuals to understand and optimally utilize financial products, including savings, financing, and investments. This finding aligns with studies conducted by

Farah et al. (2023) and Djaelani & Zainuddin (2021), which state that financial literacy and inclusion positively impact saving and investment behavior. In the context of cooperatives, good financial inclusion allows administrators to access financial information and facilities more openly and efficiently, enabling them to make more targeted and strategic investment decisions. Thus, financial inclusion is a crucial factor in encouraging participation and investment effectiveness in cooperatives in West Kotawaringin Regency.

3) The Influence of Cooperative Health as a Moderator of Financial Literacy on Investment Decisions

Based on the results of research conducted on cooperatives in West Kotawaringin Regency, it was found that cooperative health has a positive and significant effect as a moderating variable in the relationship between financial literacy and investment decisions. These results indicate that the influence of financial literacy on investment decisions will be stronger if supported by a healthy cooperative. This means that even if cooperative management has a good level of financial literacy, quality investment decisions can only be achieved if the cooperative is managed professionally, transparently, and meets the criteria of a healthy cooperative. This finding is consistent with research by Maulidha (2019) which states that cooperative health and financial literacy are two important elements in assessing cooperative quality and investment feasibility. In this context, cooperative health not only reflects financial performance but also acts as a catalyst that strengthens the effectiveness of financial literacy in the investment decision-making process. Therefore, improving the quality of cooperative governance is a strategic step that must be accompanied by increased financial literacy among management, to create optimal and sustainable investment decisions.

4. Conclusion

Based on the discussion of the relationship between the variables studied, it can be concluded as follows: Financial literacy has a positive and significant effect on investment decisions, meaning that the more financial literacy of cooperative administrators, the better investment decisions in the cooperative. Financial inclusion has a positive and significant effect on investment decisions, meaning that the more financial inclusion the cooperative administrators have, the better investment decisions in the cooperative. Financial literacy moderated by cooperative health has a positive and significant effect on investment decisions, meaning that the health of the cooperative * financial literacy in a cooperative means the better investment decisions in the cooperative. In connection with the results of the research that has been conducted, it is hoped that these findings can be valuable input in future decision-making. The results of the f-square test show that the financial literacy variable has the greatest influence compared to other variables. Therefore, it is recommended that the relevant agencies hold training and seminars for cooperative administrators with the aim of improving their financial literacy. Increasing the financial literacy of cooperative administrators is expected to have a positive impact on the quality of investment decisions taken, so that cooperatives can be managed more effectively and sustainably.

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