ANALYSIS OF FACTORS AFFECTING INVESTMENT DECISIONS AND ITS IMPLICATIONS ON ORGANIZATIONAL PERFORMANCE

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Abstract
Investment refers to the act of allocating capital with the expectation of generating a rate of return in the future. The process of making investment decisions entails a cognitive assessment that involves choosing one alternative from a range of options based on available information. Given the highly competitive global business environment, investors are compelled to thoroughly study and develop their intuition to make informed investment choices. The objective of this study is to analyze the determinants influencing Investment Decisions, which are proxied by Financial Literacy, Financial Behavior, Risk Perception, and Overconfidence, and their implications on Organizational Performance. The selection of research subjects in the Jakarta Industrial Estate Pulogadung area is based on the Government's plan to relocate to Subang, West Java. The study employs primary quantitative data collected through non-probability sampling and purposive sampling methods, and utilizes Structural Equation Model - Partial Least Square (SEM-PLS) analysis with SmartPLS 4 software. The findings of the analysis reveal that Financial Literacy have negative effect on Investment Decisions. Conversely, Financial Behavior, Risk Perception, and Overconfidence have positive effect on Investment Decisions. Additionally, Risk Perception have positive effect on Organizational Performance. However, Financial Literacy, Financial Behavior, Overconfidence, and Investment Decisions have no effect on Organizational Performance. Consequently, it can be inferred that all factors influencing investment decisions have the capacity to influence organizational performance, an organization's overall performance cannot be solely attributed to its investment decisions, as other factors also come into play.

Keywords: organization performance; investment decision; financial literacy; financial behavior; risk perception; over confidence

INTRODUCTION
The development of the manufacturing industry sub-sector in Indonesia, especially in Jakarta, experienced very rapid development before 1969. This was marked by the growth of industrial zones in various areas of the city of Jakarta. To overcome these conditions the regional government decided to rearrange industrial activities in the Jakarta city area by uniting certain areas including the Pulogadung area which was used as one of the industrial areas (Noviyana et al., 2023).

The choice of the Pulogadung area as an industrial area was due to several main reasons, namely that Pulogadung is very strategically located, easy to reach by transportation from the Jakarta area and its surroundings, making it very easy to carry out...
the process of distributing goods/services to the area. Based on the Decree of the Governor of DKI Jakarta Number Ib.3/2/35/1969 concerning 500 Ha of land in Pulogadung. Through this decree, the Pulogadung area officially owns a land area of 500 hectares. Seen at that time, the condition of the area was still an unproductive swamp as agricultural land so it was diverted into an industrial area, with the name Pulogadung Industrial Zone (Ellisa, 2014).

In Indonesia, the Pulogadung Industrial Area is the first industrial area. This area was originally a project created and managed by the Regional Government of DKI Jakarta under the name Jakarta Industrial Estate Pulogadung (JIEP) Project. In line with the development of the industrial area, the government made adjustments both in terms of institutions and capital. This is because if JIEP remains a project managed by the regional government of DKI Jakarta, its legal status is not a business entity so the capital is only made from the DKI Jakarta government.

To overcome these problems on June 26, 1973, PT Jakarta Industrial Estate Pulogadung (PT JIEP) was formed to replace the management of Jakarta Industrial Estate Pulogadung through Notary Deed Number 127 of 1973, to overcome the problem of own capital regulated by Government Regulation Number 28 of 2010 1973 and Letter of the Governor of the Province of DKI Jakarta Number D.V-a.3/2/36/73 with the following composition of capital: 50% owned by the Government of the Republic of Indonesia (Central Government) and 50% owned by the Provincial Government of DKI Jakarta. On January 24, 2022, the central government officially handed over 50% of the Company's shares to Danareksa in an effort to form a NOEs holding that operates across sectors (Azizah, 2022).

An Industrial Estate is a centralized place for industrial activities equipped with facilities and infrastructure provided. In contrast to the Industrial Zone which is a centralized place for industrial activities that is not equipped with adequate facilities and infrastructure. Initially, industrial estates in Indonesia were only developed by the government through national-owned enterprises (NOEs), but as the number of companies joining the industrial estates managed by the government increased reacted to environmental impacts such as pollution. In addition, there are other problems such as limited infrastructure and problems with the development of residential areas because they are close to industrial locations. Along with increasing investment both from within the country and from abroad, the Government through Presidential Decree (Keppres) No. 53 dated 27 October 1989 permitted industrial area businesses to be developed by private parties.

Based on information reported by CNBC Indonesia, it is known that the industrial area in Pulogadung managed by Jakarta Industrial Estate Pulogadung (JIEP) will be in danger of disappearing in the future because the area is no longer sufficient as an industrial area but is more suitable as a commercial business area. The government plans to relocate these factories to an industrial area in Subang, West Java by DKI Jakarta Provincial Governor Decree Number 101 of 2000 concerning regional planning aimed at industries that have high technology, save land, and save water, do not cause pollution,
and are environmentally friendly, environment. This is related to the existence of tenants who carry out operations in the industrial area in Pulogadung, Jakarta. The Pulogadung industrial estate is currently one of several industrial estates in the DKI Jakarta area, some of which have moved outside the DKI Jakarta area.

The novelty of this research is in all the research variable instruments Financial Literacy, Financial Behavior, Risk Perception, Overconfidence, Investment Decision, and Organization Performance. This study tries to examine the factors that influence investment decisions and their implications for Organization Performance, which previous studies have never tried to examine these factors. In addition, this research was conducted at the research object of the Jakarta Industrial Estate Pulogadung Industrial Estate to prepare the organization for the government's relocation plan.

RESEARCH METHOD

This study was designed using hypotheses and is giving an explanation of the object under study. The population in this study are tenants in the Jakarta Industrial Estate Pulogadung area with a total of 406 tenants. Respondents in this study amounted to 100 with a sampling technique using non-probability sampling method with purposive sampling method. Meanwhile, the criteria used as samples are Finance Managers up to Directors who represent tenants located in the Jakarta Industrial Estate Pulogadung Area.

This research based on the source is primary data. The primary data is in the form of a questionnaire which contains a list of questions to get responses that have been filled out by the respondents. Respondents will answer the questions used to obtain primary data by selecting answers that have been provided with a Likert scale score of 1-5 where a score of 1 is for strongly disagree and a score of 5 is for strongly agree (see Appendix 1).

Testing the research hypothesis was carried out using the Structural Equation Model-Partial Least Square (SEM-PLS) approach using SmartPLS 4 software. PLS is a structural equation model (SEM) based on components or variance. According to Lindholm, (2016), PLS is an alternative approach that shifts from a covariance-based SEM approach to a variant-based one. SEM which is based on covariance generally tests causality/theory, while PLS is more of a predictive model.

RESULT AND DISCUSSION

Table 1. Path Significance Test

<table>
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<th>Variable</th>
<th>Original Sample Mean (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>t Statistics (O/STDEV)</th>
<th>P Values</th>
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Effect of Financial Literacy on Investment Decision

The results of the study show that Financial Literacy have negative effect on Investment Decisions. Financial Literacy is basically a valuable asset in financial management, but it is possible that there are situations where a high level of Financial Literacy can negatively affect Investment Decisions. One reason Financial Literacy can have negative effect on Investment Decisions is due to the tendency to take excessive risks. When individuals or groups have a high level of understanding about investing, they may be more likely to make complex or high-risk investments. Without adequate understanding of the risks involved, such individuals or groups may become trapped in investments that do not suit their risk profile or without considering proper portfolio diversification. As a result, caught in a significant financial loss.

A high level of Financial Literacy causes individuals or groups to become overconfident in making Investment Decisions. The individual or group feels that they have enough knowledge to overcome risks and produce profitable investment returns. As a result, there is a lack of inclination to seek advice from financial experts or conduct thorough research before making an investment decision. This overconfidence can lead to neglect of relevant risk factors or important information, thereby affecting the quality of investment decisions.

In addition, a high level of financial literacy can also cause individuals or groups to be vulnerable to decision bias and misjudgment. Even if they have a good understanding of financial concepts, they may still be affected by cognitive biases such as Overconfidence, Aversion to Losses, or Herding Behavior. This can result in making investment decisions that are irrational or not optimal, which in turn will have a negative impact on investment returns. The results of this study fully support previous research by Lusardi & Mitchell, (2014) and Klapper et al., (2015) which state that Financial Literacy have negative effect on Investment Decisions.

Effect of Financial Behavior on Investment Decision

The results of the study show that Financial Behavior have positive effect on Investment Decisions. When individuals or groups within an organization show good financial behavior, there is a tendency to make more rational investment decisions based on a deep understanding of the risks and opportunities that exist. One of the reasons Financial Behavior can have a positive effect on Investment Decisions is caused by behavior that is aware of the Company's security.

Financial Behavior can have a positive effect on Investment Decisions due to high awareness of risk management. Individuals or groups who have good financial behavior tend to understand the importance of portfolio diversification, recognize existing investment risks, and conduct a thorough risk analysis before making a decision. The
individual or group will consider factors such as financial goals, risk tolerance, and available time to invest. With a good understanding of risk and the ability to manage it, they can make wiser investment decisions and potentially better returns.

Positive Financial Behavior reflects discipline in managing finances and preparing funds for investment. Individuals or groups that have the habit of saving funds regularly, manage debt wisely, and have a balanced budget will have sufficient resources to invest. They tend to have better financial readiness, so they can make investment decisions more confidently and without rush. By having good financial behavior, individuals or groups can build a strong foundation for successful long-term investments.

Furthermore, positive Financial Behavior includes knowledge and awareness about different investment instruments. Individuals or groups who are open-minded, seek information, and participate in financial education have a better chance to understand and choose investment instruments that suit their goals and risk profile. They tend to seek advice from financial experts, do their own research, and make investment decisions based on solid insight. Thus, they can choose investments that better suit their long-term goals and increase the chances of achieving a profitable return. The results of this study fully support previous research by Arianti, 2018; Grohmann, 2018; Rustan, (2021) which stated that Financial Behavior have positive effect on Investment Decisions.

**Effect of Risk Perception on Investment Decision**

The results of the study show that Risk Perception have positive effect on Investment Decisions. When individuals or groups have a favorable risk perception, there is a tendency to make smarter investment decisions by considering the associated risks and opportunities. Risk Perception has a positive effect on Investment Decision due to the ability to better identify risks. With an accurate risk perception, individuals or groups can recognize the potential risks associated with the investment under consideration.

Individuals or groups are able to understand the risks involved which in this study are seen through the dimensions of Physical Risk, Performance Risk, Physiological Risk, Financial Risk, Time Loss Risk, and Social Risk. By knowing these risks, individuals or groups can take appropriate actions to reduce risks or deal with them with the right strategies.

Good Risk Perception allows individuals or groups to evaluate risk objectively. Individuals or groups can consider the probability of a risk occurring, its potential impact, and the time required for recovery in a bad scenario. With a more accurate risk evaluation, individuals or groups can gauge the potential gains and losses from the investments under consideration. This helps in making wiser investment decisions and in line with the Company's long-term goals.

In addition, a balanced Risk Perception can prevent individuals or groups from excessive risky behavior. When individuals or groups have good risk perception, there is a tendency to be less affected by emotions, such as fear or greed. Individuals or groups are able to consider risks more rationally and not rush in making investment decisions.
By avoiding speculative or impulsive behavior, you can minimize potential losses and optimize long-term investment returns. The results of this study fully support previous research by Sulistyowati et al., (2022) stated that Risk Perception have positive effect on Investment Decisions.

**Effect of Overconfidence on Investment Decision**

The results of the study show that Overconfidence have positive effect on Investment Decisions. Overconfidence has a positive effect on Investment Decisions caused by high self-confidence which encourages individuals or groups to take greater risks. When a person or group feels very confident in their judgments and predictions, they are more likely to make bold investments and see hidden opportunities. This high level of self-confidence can motivate them to take action and take advantage of investment opportunities that others who are more hesitant may overlook. In some cases, this bold attitude can lead to significant returns on investments.

In addition, Overconfidence provides an advantage in situations where careful research or analysis has been carried out before making an Investment Decision. If individuals or groups have made thorough preparations by collecting relevant information and carrying out appropriate analysis, high self-confidence can strengthen their confidence in the decisions that have been taken. In this case, Overconfidence serves as a motivator to carry out investment plans with strong determination and high discipline. This can increase the chances of success in investing.

However, Overconfidence also has risks. When overconfidence is not based on accurate information or rational analysis, it can lead to erroneous judgments and poor decisions. Overconfident individuals or groups may ignore real risks or fail to consider important factors in making investment decisions. Therefore, it is important to strike a balance between healthy self-confidence and objective evaluation in making investment decisions. The results of this study fully support previous research by Bakar & Yi, (2016) Javed et al., (2017) Metawa et al., (2019), and Ainia & Lutfi, (2019) which state that Overconfidence have positive effect on Investment Decisions.

**Effect of Financial Literacy on Organization Performance**

The results of the study show that financial literacy have no effect on organizational performance. One of the reasons that financial literacy does not have a direct effect on Organizational Performance is because organizations have relied on professional financial experts to manage financial and investment aspects. In this case, even though individuals or groups within the organization may have a low level of financial literacy, organizations can overcome this deficiency by relying on financial professionals who have a deep understanding of financial and investment aspects. Thus, individual or group financial literacy is not the main determining factor in determining organizational performance.

Organizational performance influenced by managerial factors and a strong business strategy. Good managerial skills, such as the ability to plan, organize, and control
Effect of Financial Behavior on Organization Performance

The results of the study show that Financial Behavior has no effect on Organizational Performance. One reason Financial Behavior have no effect on organizational performance is when the organization has implemented a good internal control system. With strict procedures and policies related to financial management, organizations can minimize the risk of adverse financial behavior. For example, by adopting effective monitoring and reporting mechanisms, organizations can identify and address inappropriate or harmful actions in a timely manner.

Organizational performance influenced by macroeconomic factors and changes in market conditions that are not directly related to the financial behavior of individuals or groups. For example, economic fluctuations, changes in government policies, or intense market competition can have a greater influence on organizational performance than the financial behavior of individuals or groups. In this context, these external factors are the main determining factors in determining organizational performance.

In addition, the influence of financial behavior on organizational performance can be suppressed if the organization has a strong and focused business strategy. If the organization has a clear strategic direction, well-defined goals, and a mature implementation plan, then organizational performance is more likely to be influenced by successful strategy implementation than individual or group financial behavior. In this case, organizational success depends more on fulfilling an effective business strategy than on behavioral financial factors.

Effect of Risk Perception on Organization Performance

The results showed that Risk Perception have positive effect on Organizational Performance. When individuals or groups within an organization have a good understanding of the risks they face and are able to evaluate risks effectively, this can help the organization make better decisions, manage risks more efficiently, and achieve

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better overall performance.

By having an accurate risk perception, individuals or groups within the organization can better identify risks. Individuals or groups are able to identify various risk factors that may affect organizational performance, both internally and externally. By having a deep understanding of existing risks, organizations can take appropriate steps to manage, reduce or even avoid these risks. This capability assists the organization in facing challenges and minimizing the negative impacts that may occur.

Furthermore, accurate risk perception enables individuals or groups within the organization to carry out risk evaluations more effectively. Individuals or groups can consider the possibility of a risk occurring, the potential impact, and the probability of the risk occurring. By conducting a good risk evaluation, organizations can allocate resources more efficiently, identify areas that require risk protection or mitigation, and take appropriate preventive measures. It assists organizations in optimizing resource usage, reducing losses and improving overall performance.

In addition, accurate risk perception also encourages individuals or groups within the organization to adopt a proactive attitude towards risk. Individuals or groups will be more aware of changing conditions, market trends, or environmental changes that may affect organizational performance. By having a good risk perception, organizations can be more responsive to change, better prepared to face challenges, and more innovative in exploring new opportunities. This allows organizations to take advantage of controlled risks and produce better results.

**Effect of Overconfidence on Organization Performance**

The results showed that overconfidence have no effect on organizational performance. This can occur when the tendency of overconfidence does not affect the organization's overall strategic decision making or there are other factors that are able to compensate for this tendency. One reason overconfidence does not affect organizational performance is the existence of a structured and systematic decision-making process.

If an organization has a good decision-making process, including accurate data collection, objective analysis, and careful risk evaluation, individual or group overconfidence tends not to dominate decision-making. In this context, the decisions taken are based more on facts and available evidence than on excessive beliefs.

Overconfidence have no effect if the organization adopts a culture that encourages open and critical discussion. In organizations that value critical thinking and provide space for different perspectives, individual or group overconfidence can be overcome through a process of various discussions and assessments. By testing and filtering ideas and making decisions based on collective thinking, overconfidence will not dominate and have a negative impact on organizational performance.

Furthermore, the influence of organizational leaders also extends to the impact of overconfidence on organizational performance. When a leader possesses the ability to acknowledge and address overconfidence tendencies within themselves and their team, appropriate measures can be implemented to mitigate potential risks. Astute leaders will
promote objective self-assessments among their teams, foster critical thinking, and advocate for evidence-based and comprehensive decision-making processes.

**Effect of Investment Decision on Organization Performance**

The results of the study show that Investment Decision have no effect on Organizational Performance. In some cases there are factors that can cause Investment Decisions to have no direct effect on Organizational Performance. These factors include market uncertainties, changes in economic conditions, changes in government regulations, or even failures in implementing investment strategies.

When an Investment Decision have no effect on Organizational Performance, this can occur if the decision does not thoroughly consider the factors that may affect Organizational Performance. For example, if the market analysis used in decision making is inaccurate or does not take into account the latest developments, the results may not be as expected. In addition, investment decisions that do not affect organizational performance can also occur if management does not properly implement the investment strategy that has been set. The inability to carry out an appropriate and effective investment plan can hinder the achievement of organizational goals resulting in minimal impact on overall performance.

Apart from internal factors, external factors can also contribute to the unaffected Investment Decision on Organizational Performance. Unforeseen changes in economic conditions, such as a financial crisis or shifts in market trends can make investment decisions that were previously thought to be appropriate become ineffective. In addition, significant changes in government regulations can also make investment decisions have no effect on organizational performance because organizations must adjust their investment strategies to these changes.

**CONCLUSION**

Based on the analysis and research findings, it can be concluded that Financial Literacy have negative effect on Investment Decisions due to a high level of Financial Literacy causes individuals or groups to become overconfident in making Investment Decisions. Financial Behavior have positive effect on Investment Decisions due to behavior that is aware of the Company's security. Risk Perception have positive effect on Investment Decisions due to the ability to better identify risks. Individuals or groups are able to understand the risks involved which in this study are seen through the dimensions of Physical Risk, Performance Risk, Physiological Risk, Financial Risk, Time Loss Risk, and Social Risk. Overconfidence have positive effect on Investment Decisions due to high self-confidence encourages individuals or groups to take greater risks.

Financial Literacy have no effect on Organizational Performance. This is due to the Organization having relied on professional financial experts to manage financial and investment aspects. Financial Behavior has no effect on Organizational Performance due to the Organization has implemented a good internal control system so that Financial
Behavior does not have a significant influence on Organizational Performance. Risk Perception have positive effect on Organizational Performance due to individuals or groups within the organization being able to better identify risks which makes it possible to carry out risk evaluations more effectively and adopt a proactive attitude towards risk. Overconfidence have no effect on Organizational Performance due to the conditions in which the Organization already has a good decision-making process, including accurate data collection, objective analysis, and careful risk evaluation, so individual or group Overconfidence tends not to be dominant in decision making. Investment Decisions have no effect on Organizational Performance due to conditions where the investment decision does not thoroughly consider the factors that may affect Organizational Performance.

REFERENCES

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