FACTORS THAT AFFECT FINANCIAL WELL-BEING IN MASTER PROGRAM STUDENTS

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Abstract: This study aims to analyze the factors that affect financial well-being. The variables used are financial knowledge, financial behavior, financial ability, financial well-being and happiness. The sample uses data from five universities in West Jakarta. The analysis used uses the Structural Equation Model (SEM) which is tested using AMOS software. The results of the study show that: Financial knowledge has a significant negative effect on financial behavior and financial ability. In addition, financial knowledge has a significantly positive effect on financial well-being. Financial ability has a significantly positive effect on financial well-being. And in the final result, financial well-being has a significantly positive effect on happiness Increasing in financial well-being needs to be balanced with good financial knowledge as a basis for decision making. Improvements can be made by reading books about finance, attending financial training, workshops, and learning from previous experiences. Because a high level of knowledge can increase a person's confidence in making decisions to carry out financial behavior such as saving, investing and others.

Keywords: Financial Ability, Financial Behavior, Financial Knowledge, Financial Well-being, Happiness

INTRODUCTION

Financial well-being is a condition in which a person can fulfill his life needs without any shortages. This relates to how to manage these finances. One of the indicators that can be used to measure the financial well-being in a country is from the GDP value. It was also explained that actually even though the GDP value looks good it is not necessarily in line with the well-being felt by the population. (Oquaye, M., Owusu, GMY, & Bokpin, GA 2020). Previous research by Oquaye et al (2020) found that financial knowledge and financial behavior have a positive effect on financial well-being. In this study it was also found that financial well-being has a positive effect on happiness. Financial behavior is a habit or individual behavior to manage their money. Although related, however, financial ability, financial behavior and financial satisfaction are different concepts. Another study conducted by Tahir, MS, Ahmed, AD, & Richards, DW (2021), found that apart from the factors above, the financial ability factor possessed by an individual also affects his financial well-being. Mahendru, M. (2021) says that when someone is able to meet their life needs and can also meet their future needs they will feel more satisfied with their life. If someone is already in a prosperous position financially then happiness can be achieved.
Indonesia is currently one of the developing countries in the world, where most of the population is still in productive age which has great potential for the development of the nation. The population survey conducted by the Central Bureau of Statistics (BPS) classifies the age structure of the population in Indonesia. There are six age categories, namely: Post Gen Z, generation Z, Millennials, generation X, baby boomers and pre-boomers. If we look at the results of a survey conducted by BPS in 2020, the general structure of Indonesia's population is dominated by Generation Z with 27.94% and Millennials with 25.87%. It is known that Generation Z has an age range of 8-23 years and Millennials in an age range of 24-39 years. With financial well-being, their performance in work and society will be better.

This is in accordance with what was said by Oquaye et al (2020) that several factors that can determine the financial well-being of an individual are financial knowledge and financial behavior which will later bring happiness to those who manage it well. In addition, it was also found that financial ability factors affect financial well-being. This is in accordance with what was said by Oquaye et al (2020) that several factors that can determine the financial well-being of an individual are financial knowledge and financial behavior which will later bring happiness to those who manage it well. In addition, it was also found that financial ability factors affect financial well-being. Previous studies conducted by Mishra, R. (2022) and She, L., Rasiah, R., Turner, JJ, Guptan, V., & Sharif Nia, H. (2022) suggest that there are factors that can be used to determine financial well-being, namely financial knowledge. Financial knowledge is the basis or foundation that must be strengthened to be able to overcome existing financial problems and achieve financial well-being. On the other hand, Tahir et al (2021) also found the same thing and coupled with the factor of financial ability, it also influences financial well-being. It was found that apart from financial knowledge, financial ability is also a factor that influences financial well-being. Financial ability in this study is based on the ability to manage finances, the ability to have savings, decision-making ability, and confidence with day-to-day financial management. This factor affects financial knowledge and also financial well-being. Therefore financial ability needs to be included as one of the factors that influence financial well-being.

LITERATURE REVIEW

Financial Knowledge

Financial knowledge is a form of financial literacy (Xiao and Porto, 2017). Financial literacy has a definition as the ability to evaluate and make the right financial decisions obtained based on informal education or formal education (Martínez, CH, Hidalgo, XP, & Tuesta, D. 2013). In making decisions for complex financial problems for someone who has low financial literacy, it is a challenge. Meanwhile, someone with high financial literacy is known to enjoy the accumulation of wealth they have and has a great opportunity to invest (Aren and Zengin, 2016).

Financial Behaviour

Financial behavior can be defined as behavior related to money management and planning such as loans, savings, investments, insurance and spending (Xiao and Porto, 2017). Individuals with positive financial behavior, especially in terms of making financial plans and daily expenses, are believed to have high financial well-being and can continue to make quality of life better (Chu, Z., Wang, Z., Xiao, JJ, & Zhang , W. 2017). Financial behavior shows a person's financial ability and generates financial well-being (Xiao et al, 2014). According to Chowa, Gina AN, Mat Despard, & IO-A. (2012) financial behavior is the beliefs and values one has in relation to various financial concepts.

Financial Ability

In general, a person's ability to control his own finances can be said to be financial ability (Mindra and Moya, 2017). It is said that someone who has financial knowledge, has good control over the financial problems, will most likely get financial well-being (Oquaye et al, 2020). Financial ability is a measure of the knowledge, confidence and control of an individual to successfully control his finances and achieve his financial goals (Farrell, L., Fry, TRL, & Risse, L. 2016). Financial knowledge can enable a person to create a balanced portfolio (savings, expenses and loans).

Financial Well-Being

Financial well-being can be defined as a situation where a person has a sense of financial security and the freedom to make the right choices for now and in the future (Consumer Financial Protection, 2015). In recent years financial well-being has been proposed as a good gauge for evaluating a person's financial health. This shows the level of life security and the need to seek financial protection from economic risks that can lead to bankruptcy, dismissal and poverty stricken. Financial well-being calculates the performance of each individual in terms of their spending and savings. Where the greater the ratio, the more prosperous they are financially (Netemeyer, RG, Warmath, D., Fernandes, D. and Lynch, J. 2018).

Happiness

Existing literature has shown that happiness or satisfaction in life is subjective because the way to evaluate other people's lives is by what other people think so it is not absolute (Sam, DL, Tetteh, DK and Amponsah, B. 2015). Empirically several factors have been found to be closely related to life satisfaction. One of the dominant factors that influence life satisfaction is financial status (Fan and Babiarz, 2019). A follow-up study measures financial satisfaction in two different ways. When previous research took several factors to examine, it was found that one indicator such as income influece the financial well-being.

CONCEPTUAL FRAMEWORK

Garber and Koyama (2016) found in their research that there is a significant positive effect between financial knowledge and financial behavior. Apart from financial behavior, financial knowledge is also known to have a significant and positive effect on financial ability (Owusu, 2021). Furthermore, Mishra, R. (2022) found in his research that financial knowledge has a significant effect on financial well-being variables and he also suggested that financial knowledge is a good predictor for determining financial well-being. Previous research conducted by Tahir and Ahmed (2021) shows that financial ability and financial behavior have a positive effect on financial well-being. Owusu (2021) found in his research that there is a significant positive effect between financial well-being and happiness. Individuals who live a prosperous life will feel satisfied and happy. Based on these data, a conceptual framework can be formed with the following concepts:

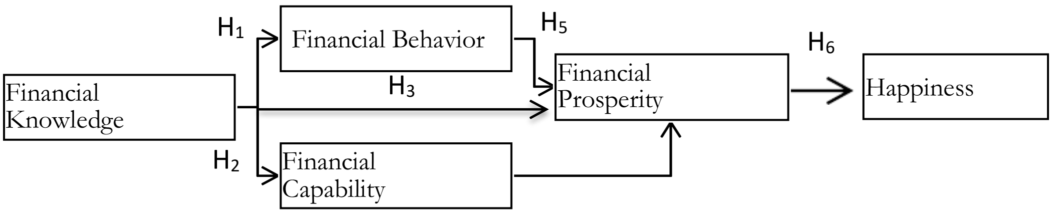


Figure 1. Conceptual Framework

HYPOTHESIS DEVELOPMENT

Xiao et al, (2014) found that someone who has a high level of financial knowledge is known to be able to make better financial plans by using their abilities. She, L et al (2022) in their research found that financial knowledge significantly influences the financial behavior of workers. Besides that, Lind et al (2020) also found that with financial knowledge, individuals can obtain more information and have a significant influence on financial behavior. Based on this research, the hypothesis is obtained:

H_1: There is a significant influence between financial knowledge on financial behavior.

Previous research by Losada-otalora and Alkire (2019) found that financial knowledge had a significant effect on ability. Someone who already has good knowledge of finance then he will have good ability in financial terms. Fauzi et al (2020) found that financial ability has a positive influence on a person's knowledge of managing their finances. Research conducted by Aren, Selim., & Zengin, Asiye. Nur. (2016) found that Financial Knowledge has a significant effect on Financial Capability. Based on the data above, the hypothesis is obtained:

H_2: There is a significant influence between financial knowledge and financial ability.

The better financial knowledge that is understood by someone will accelerate to achieve financial well-being (Bourova et al, 2018). In previous research, a positive effect was found between financial knowledge and financial well-being (Lee et al, 2020). Mishra, R. (2022) also found in his research that financial knowledge has a significant effect on financial well-being and he also suggested that financial knowledge is a good predictor for determining financial well-being. Based on this research, the hypothesis is obtained:

H_3: There is a significant influence between financial knowledge on financial well-being.

Vosloo et al, (2014) found that between financial ability and financial well-being there is a positive influence between the two. This shows that the ability of individuals to meet their needs by managing their finances cannot be separated from the influence of their financial capabilities. The ability to manage their finances and overcome various financial problems is important in increasing financial well-being (Muir et al, 2017). Oquaye et al (2020) in his research obtained results, namely that there was a significant and positive influence between financial ability and financial well-being. Based on the research above, the following hypothesis is obtained:

H_4: There is a significant influence between financial ability on financial well-being.

Previous research that focuses on financial well-being has always involved financial behavior. This is because previous research has found that financial behavior has a positive influence on financial well-being (Stromback at al, 2017). Mishra, R. (2022) found in his research that financial behavior or behavior has a significant effect on financial well-being. In research conducted by She, L et al (2022) it was found that financial behavior positively influences financial well-being. Based on the data above, the hypothesis is obtained, namely:

H_5: There is a significant influence between financial behavior on financial well-being.

Bruggen et al, 2017 in their research said that financial well-being is an indicator that can be used to measure one's happiness. Previous research also suggests that financial well-being comes from a person's satisfaction with his income (Mindra et al, 2017). Previous research conducted by Oquaye et al (2020) found that financial well-being has a significant and positive effect on happiness. Based on the research above, the following hypothesis is obtained:

H_6 : There is a significant influence between financial well-being on happiness.

RESEARCH METHODS

Research Design

This research is a causal research with a quantitative approach used to test the hypothesis. In causal research involving one or more independent variables and their relationship with one or more dependent variables. Besides that, this study uses a cross-sectional data collection technique, namely data collection once, where the data used is primary data (Sekaran and Bougie, 2018). This research will be held within the scope of the master program students whose universities are located in the West Jakarta area, they are; Bina Nusantara University, Esa Unggul, Mercu Buana, Tarumanegara and Trisakti. Data collection was carried out using a quantitative method, namely distributing questionnaires to answer the influence of existing variables. Where respondents must have studied financial management courses which are one of the compulsory courses that must be taken by students of the Faculty of Economics and Business.

Variables and Measurements

This study has five variables and each variable has five factors that can influence and strengthen these variables. In each variable a Likert question will be given from 1 to 4 for its measurement, namely: 1 = Strongly disagree, 2 = Disagree, 3 = Agree and 4 = Strongly agree. And the following are the factors that become measuring tools for existing variables, including:

Table 1 Variables and Measurements

Variable	Factor	Reference
Independent Variable		
Financial Knowledge	I find it hard to stick with my financial plan when unexpected expenses arise	Oquaye et al (2020)
	It is a challenge to achieve my financial goals	

	When an unexpected expense arises, I will usually borrow to cover it	
	When faced with a financial problem, I have a hard time finding a solution	
	I lack confidence in my ability to manage finances	
Financial Behavior	I always record all my expenses	Oquaye et al (2020)
	I set aside my money for long-term goals, such as buying a house, car, land and so on	
	I always pay all my bills on time	
	Before buying I always compare the prices of these items from several stores	
	I always manage my expenses to fit into a financial plan	
Financial Capability	I am very organized when it comes to managing my day-to-day finances	Tahir and Ahmed (2021)
	I always make sure I have enough savings in case something unexpected happens	
	I feel confident about the decisions I make about my finances	
	I am skilled at balancing my expenses and savings	
	I am an expert when it comes to dealing with day-to-day financial activities	

Variable	Factor	Reference
Financial Prosperity	I can enjoy life because of the way I manage my finances	Oquaye et al (2020)
	I secure my financial future	
	I can handle unexpected expenses even if they are large	
	I always have extra money at the end of the month	
	My finances control my life	
Dependent Variable		
Happiness	It can be said that the life I am currently living is exactly what I dreamed of	Oquaye et al (2020)
	My living conditions are unbelievably good	
	I am satisfied with my life	
	So far I've got the thing I want most	
	If I were given the opportunity to repeat my life again, then I would not change anything	

Method of Collecting Data

The data used in this research is primary data. Questionnaires will be given to respondents via Google form so that they can be easily accessed and answered by respondents. After distributing the questionnaires, the total number of students who filled out the questionnaires was 347 respondents, but not all of the incoming data met the criteria. Several factors prevented the research criteria from being included: there were 24 respondents who were not Masters students, 12 respondents had never taken a financial management course and 11 respondents did not come from the five universities that were the research samples. The respondent's data was removed from the sample. So after checking according to the criteria obtained 300 respondents whose data can be used in this study.

Data analysis method

The data obtained in this study will be analyzed using descriptive statistical analysis and Structural Equation Model (SEM). Descriptive statistical test is a test used to show a description of each variable that can be seen from the minimum, maximum, mean and standard deviation values. The minimum value is the lowest value for each variable while the maximum value is the highest value for each variable. The mean value is the average value calculated from each variable in the study and the standard deviation is the distribution of the research data used to assess the data, including heterogeneous or homogeneous fluctuating. SEM is an analytical method used to measure linearly and causally. In causal modeling, it means a causal relationship. This model compiles hypotheses based on causation that occurs between variables and tests them with a system of linear equations (Statsoft, 2013).

RESULT

Data Description

Based on the research results, it is known that the concentration that is being taken by the respondents, most of the answers came from the master of management with 35% and the least took the master of science at 11%. Likewise with gender where the research respondents were dominated by women with 70.3%. And when viewed from the type of work of the respondents, it was dominated by civil servants with 26% and the lowest was entrepreneurs with 10.7%. Not all respondents are currently in a working condition. As many as 20.7% of respondents have not worked. They are currently more focused on running lectures before starting to work. The following is the demographic data of the respondents obtained:

Table 2 Respondent Demographics

No.	Demographic Characteristics		Amount	Percentage
1.	Gender	Man	89	29.7%
		Woman	211	70.3%
2.	Age	<24 years	122	40.7%
		25-30 years	131	43.7%
		31-35 years	37	12.3%
		35-40 years	10	3.3%

No.	Demographic Characteristics		Amount	Percentage
3.	Profession	ASN	78	26%
		BUMN	74	24.7%
		Private	54	18%
		Businessman	32	10.7%
		Not yet working	62	20.7%
4.	University	Bina Nusantara	53	17.7%
		Esa Unggul	53	17.7%
		Mercu Buana	58	19.3%
		Tarumanagara	58	19.3%
		Trisakti	78	26%
5.	Major Concentration	M. Accounting	66	22%
		M Economics	96	32%
		M.Management	105	35%
		M. Science	33	11%
6.	Income	< IDR 5,000,000	85	28.3%
		IDR 5,000,000-IDR 10,000,000	160	53.5%
		IDR 11,000,000-IDR 15,000,000	39	13%
		IDR 16,0000,000-IDR 20,000,000	13	4.3%
		> IDR 20,000,000	3	1%
7	Expenditure	< IDR 5,000,000	215	72%
		IDR 5,000,000-IDR 10,000,000	75	25%
		IDR 11,000,000-IDR 15,000,000	8	2.7%
		IDR 16,0000,000-IDR 20,000,000	1	0.3%
		> IDR 20,000,000	-	-

Source: Results of data processing using AMOS

The results of descriptive statistics show that the minimum and maximum values obtained in this study are influenced by the type of questionnaire used, namely the Likert which consists of four choices with 1 as the lowest score and 4 as the highest score. Therefore the five variables have the same minimum and maximum values. For the mean value of the Financial Knowledge variable has the smallest value with 1.2078 where the other four variables have a mean value above 3.0. On the other hand, the Financial Behavior variable has the highest standard deviation value among the other variables with 0.70858. The following are the results of descriptive statistics in this study which are explained in the table below:

Table 3 Descriptive Statistics

No	Variable	Minimum	Maximum	*Means*	Std Dev
1	Financial Knowledge	1.00	4.00	1.2078	0.70858
2	Financial Behavior	1.00	4.00	3.9293	0.31181
3	Financial Capability	1.00	4.00	3.9047	0.36406
4	Financial Prosperity	1.00	4.00	3.9087	0.37461
5	Happiness	1.00	4.00	3.8947	0.42420

Source: Results of data processing using AMOS

Results of Data Analysis

The data taken in this study in outline is to find out whether there is a significant influence between one variable and another. The P-value becomes the benchmark value to determine whether or not the variable is significant and the estimated value will determine the direction of the significance whether it is negative or positive. In accordance with the results of the SEM-AMOS in Table 4 it is known that the P value of all variables has the same P value of 0.00, this indicates that there is a significant influence between one variable and another. Broadly speaking, all hypotheses are accepted. And for the direction of influence in this study, there are two hypotheses that have a significant negative effect, namely the first and second hypotheses, with estimated values of -0.576 and -0.439. Meanwhile, the other hypotheses have a significant positive effect. The following are the results of data that have been processed using SEM-AMOS:

Table 4 Hypothesis Test Result

No				Estimates	P	Results
1	Financial Knowledge	»	Financial Behavior	-0.576	0.00	Significant Negative
2	Financial Knowledge	»	Financial Capability	-0.439	0.00	Significant Negative
3	Financial Knowledge	»	Financial Prosperity	0.166	0.00	Significant Positive
4	Financial Capability	»	Financial Prosperity	0.556	0.00	Significant Positive
5	Financial Behavior	»	Financial Prosperity	0.605	0.00	Significant Positive
6	Financial Prosperity	»	Happiness	0.938	0.00	Significant Positive

Source: Results of data processing using AMOS

Hypothesis Test Results

H_1: There is a significant influence between Financial Knowledge on Financial Behavior

The results of the analysis show that there is a significant influence between the variable Knowledge of Finance and the variable Financial Behavior with a p-value of 0.00 according to the results received, so Hypothesis 1 is accepted. In this Hypothesis 1, the effect that occurs is negatively significant which can be seen from the estimated value obtained of -0.576. These results indicate the direction of influence generated by the two variables, namely negative. The results of the study are the same as those found by Yahaya, R., Zainol, Z., Abidin, JHOZ, & Ismail, R. (2019) and Nandru et al (2021) where there is no positive relationship between financial knowledge and financial behavior . Research conducted by Ali et al (2015) also found similar results. This shows that even though they have good financial knowledge, they are not accompanied by applying it to everyday life. Financial behavior such as investing, setting aside for savings, buying insurance and avoiding debt have not been implemented in accordance with the knowledge received. Lack of confidence in the results to be obtained causes a decrease in financial behavior that appears.

H_2: There is a significant influence between Financial Knowledge on Financial Capability

Analysis of the data obtained shows that the variable Knowledge of Finance has a significant effect on Financial Capability, so that Hypothesis 2 is accepted. This is indicated by a p-value of 0.00. Similar to H1, the influence between these variables also has a significant negative effect with an estimated value of -0.439. In accordance with research conducted by Tahir and Ahmed (2021); Fauzi, R., Fitri Zaini, MNZ, Nik Faudzy, N., & Zor, AAZ (2020) and Lind et al (2020) where financial knowledge variables have a positive effect on financial ability. This shows that having financial knowledge is not in line with the ability to control finances. The lack of organization in the financial arrangements that are made makes it impossible to see the outline and lose control of financial arrangements. Coupled with the increasing desire to buy, the allocation of savings funds is used to buy goods that are not needed.

H_3: There is a significant influence between financial knowledge on financial well-being

The data obtained shows that there is a significant influence between financial knowledge and financial well-being. This is indicated by a p-value of 0.00 which means that the influence between the two variables is significant and has a positive influence with an estimated value of 0.166, so that Hypothesis 3 is accepted. In accordance with the research of Tahir and Ahmed (2021); She et al (2020) and Aren, Selim & Zengyin, Asiye, Nur (2016) show that if individuals have good financial knowledge, they will certainly have good financial arrangements, make investments, have insurance and be free from debt. By doing all of these things, there will be a sense of security with the finances they have for the future.

H_4: There is a significant influence between Financial Capability on Financial Welfare

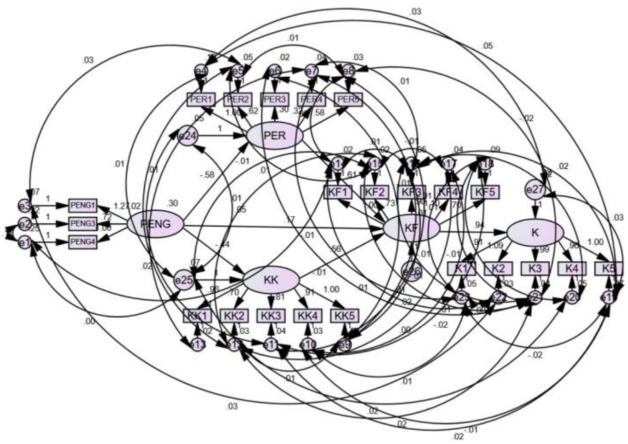
The results of the research show that the p-value is 0.00, this means that there is a significant influence between financial capability and financial well-being. Another thing that can also be seen is that the effect of both is significant positive with an estimated value of 0.556, thus Hypothesis 4 is accepted. The research results are the same as Tahir and Ahmed (2021); Asebedo, SD, Seay, MC, Archuleta, K. and Brase. (2019) and Lind et al (2020) where financial ability has a significant effect on financial well-being. This shows that financial ability is able to manage their finances in overcoming financial problems, saving and even investing in the future. With individual control in managing their finances, they can arrange to meet their needs.

H_5: There is a significant influence between financial behavior and financial well-being

The results of the data obtained show a p-value of 0.00 and with an estimated value of 0.065 it can be concluded that there is a significant positive influence between Financial Behavior and Financial Welfare, so Hypothesis 5 is accepted. These results are consistent with research conducted by Oquaye, et al (2020; Zia et al (2021) and Losada-otalora et al (2018) where applied financial behavior such as managing daily finances, investing, and taking insurance are activities which will later become mutually beneficial. With the behavior that has been taken it is hoped that it can be used to meet needs, save, and for unexpected funds. With this behavior creates a feeling of confidence to be ready to face financial obstacles in the future.

H_6: There is a significant influence between Financial Welfare on Happiness

In the following research, a p-value of 0.00 was obtained, indicating that there is a significant influence between financial well-being and happiness. Both have a significant positive effect with an estimated value of 0.936, so it can be concluded that Hypothesis 6 is accepted. In his research Oqaye, et al(2020); She et al (2022) and Zaker et al (2016) also found the same thing. Where happiness is the ultimate goal which is the main reason that financial knowledge needs to be owned by every individual to get prosperity. Financial well-being will emerge when all the needs and desires of each individual have been fulfilled, future savings are guaranteed and funds are ready for unexpected needs. With the achievement of all this, there will be a feeling of satisfaction, pleasure and pride for what has been done so far, a feeling of happiness will appear that will begin to dominate us.



Source: Results of data processing using AMOS

Figure 2. SEM Research Model

CONCLUSION

After calculating, the following conclusions can be drawn: Financial knowledge has a significantly negative effect on financial behavior, Financial knowledge has a significantly negative effect on financial ability, Financial knowledge has a significantly positive effect on financial well-being, Financial behavior has a significant positive effect on financial well-being , Financial ability has a significant positive effect on financial well-being, and financial well-being has a significant positive effect on happiness.

IMPLICATIONS

Based on the results of the research above, financial knowledge is the initial determining factor for financial well-being. Where with financial knowledge will appear confidence that can be used to deal with financial problems in the future. In addition, the ability to control all of that also affects financial well-being. So the implications are:

1) For S2 Students
   Masters students, who have previously received this subject and are even in the learning process for this subject, can be more active in applying the knowledge received. This application does not have to be done immediately on a large scale; it can be done on a small scale first, such as saving, not increasing debt and being able to invest in an amount that is not too high. Students begin to learn more deeply and begin to apply it through other sources such as articles, books, journals, training, seminars, and others.

2) For Investors/Financial Advisors
   Taking active financial behavior is very influential on financial well-being. To increase financial knowledge within the company, it is necessary to hold training or education in the form of workshops, seminars or opportunities to learn again through a scholarship program for employees. And it is important for investors to make this their consideration before investing in a company. When going to invest in a company, it is necessary to look at its financial well-being so that later the company's performance is good and can provide appropriate reciprocity.

3) For Academics/Universities
Universities and academics can start evaluating financial management courses. In the results of the study it was found that there was still a lack of action taken by students to apply the courses they received. The University and lecturers can start implementing more effective teaching activities for students to receive this information. The teaching that is carried out can be supplemented with direct practical activities carried out by students as an example of how they have applied the knowledge received.

LIMITATIONS AND ADVICE

This research after it was carried out found several limitations which included: This study only discussed the variables of financial knowledge, financial behavior, financial ability, financial well-being and happiness; In this research, the happiness variable used is happiness based on financial happiness; The results in this study have limitations only according to the answers given by respondents when answering the questionnaire. Future research can add variables that can be a determinant of influencing financial well-being. Income variables can be used as benchmarks for determining financial well-being, such as research conducted by Yahaya, R. et al (2019) and Siregar, QR, & Simatupang, J. (2022).

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