

A Child Education Investment in Financial Planning of a Family

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Abstract— Financial planning is one of fundamental pillars in economic development of a family. Level of urgency will rise higher along with the more of family members within and the more diverse and complex of the needs. This research aimed to investigate the knowledge and interest of Bukit Village in Pelawan Subdistrict people in family financial planning and investment for a child future education. The result of this research concluded that Bukit Village in Pelawan Subdistrict people had enough awareness of family financial planning for a child future education investment. The awareness of how important a child education was relatively high so that people strived for maximizes the fund from the income for a child future education. Based on the result of simple linier regression analysis showed that the effect of family financial planning on the investment for a child future education in Bukit Village in Pelawan Subdistrict was $R=0,756$ which meant the correlation between the variable of family financial planning with a child education in Bukit Village in Pelawan Subdistrict was categorized as great relation, and coefficient determinant value (R square) was 0,605 meaning that family financial planning affected positively toward the investment of a child education as many as 60,5% while the rest 39,5% was influenced by other variable. The result of the regression equation was $Y = 30,214 + 0,981 X$, meaning that if the family financial planning variable of 1 unit had increased, the child education investment would have increased by 0,981. This meant that family financial planning variables could positively affect a child education investment.

Keywords— *Influence, Family Financial Planning, Child Education Investment.*

I. INTRODUCTION

Building a harmonic, happy family or household matter which is full of affection is not an easy thing to do. Almost all people who have a family face their own matters and obstacles. Each family will have different problems. One of the problems experiencing by a family is an unstable financial matter. Although it is not the main factor, it still becomes a threat for most of families.

That problem will raise higher along with the more family members within and the more diverse and complex the needs. Start from the primary needs, health, education and so on. Therefore, it must be anticipated early by remedying the quantity of income or improving financial management quality.

This problem can occur whenever the family financial management troubles because of the high level of extravagance done by each of family member; accordingly it worsens the family financial. As He says in Quran:

And the relative his right, and [also] the poor and the traveler, and do not spend wastefully. Indeed, the wasteful are brothers of the devils, and ever has Satan been ungrateful to his Lord (Q.S. Al Israa [17]: 26-27)

The verses above clearly warn us that in doing all matters of life we should not be wasteful. Do not spend the wealth we have wastefully for unimportant things, in order to avoid being materialistic and hedonist which are resemble to Satan.

In order to avoid being extravagant, it is necessary to think family financial planning that is the child future education. We need to be aware that the child future education needs quite high expense. The higher the child education the more expense will be needed, for instance school expense, books, learning tools, dormitory, extracurricular and other stuffs. Without well preparation, the child could have less proper education or even drop out.

Preparing family financial in the early of a time is essential to be done by a family to maintain the child's future. The researcher therefore wants to see the reality occurring in the middle of society of Bukit Village, Pelawan. Do people realize and understand about how important preparing family financial for children future education or otherwise, wasting for short-term consumption like buying jewelry or adding property.

Based on the data collected from Bukit Village Office, it showed that people work in many sectors to fill their life up. Some of the people work as farmers as many as 830 people, 140 entrepreneurs, 40 merchants, 33 drivers, 20 pensioners, 42 motorbike drivers, while 95 people work as PNS/TNI/POLRI. According to the data, it can be seen that the people of Bukit Village are mostly in agriculture sector followed by entrepreneurs.

In addition, geographical location of Bukit Village is strategic enough. The distance from the capital city of Sarolangun Regency is only in 10 kilometers. It is obvious that the access of financial institution is not difficult to be reached because the distance is nearby one to another and the region is in the city or regency, especially financial institute like Syariah, Mandiri and Mega Syariah Bank. This Syariah financial institute ought to become an umbrella for family financial planning for the child future education by saving money, for example. Nowadays, there are so many products offered by those kinds of institutes whose base is syariah, for family financial planning. Those things are aimed to ease people in manage their financial matters and help in financial planning as their wish.

Based on the background above, to prove the truth in the field, the researcher needs to raise this problem becomes a research entitled *The Effect of Family Financial on A Child Future Education (Case Study in Bukit Village, Pelawan)*.

II. BASIC CONCEPT OF FAMILY FINANCIAL PLANNING

Adler H. Manurung and Lutfi T. Rizky define that family financial planning is a process to achieve life purpose through proper financial setting. Financial planning also can be defined as a process of private financial planning for giving planning solution, choice for financial managerial, wealth or investment to reach the short, medium, and long-term financial to be reached.

The meaning of family financial planning in Islam is a bit different with general definition, as stated by Husein Syahatah, he asserts that syariah financial planning is a process of designing a better life by doing a planning, choosing financial managerial, wealth, non-financial as well as short, medium, and long term spiritual which is done in balance between secular and hereafter needs. Furthermore, wasting the wealth for destruction is prohibited.

According to Joanes Widjayanto, a financial planner, financial planning is highly needed in deciding the right direction for either a family or private financial. Without the right direction, we cannot manage our financial properly and without well financial planning, we tend to life wasteful in spending our money which has been earned. Without planning, we will tend to spend money we have today for today's needs. One of the general purposes of financial planning is to be free financial in the future. Because of that, we need to decide whether our financial purpose is for short, medium, or long term. That purpose also must be decided in the early of time with family.

III. BASIC CONCEPT OF INVESTMENT

Investment is commonly known as money or capital grower of a company or a project to make profit, thus it can be defined as the spending or shopping investment or company to purchase capital goods and equipment to elevate the ability to produce available goods and services in the economy.

The increase of the amount of capital goods allows the economy to produce more goods and services in the future. Sometimes, investment is done due to replace old capital goods that have been thirsty and need to be depreciated. In practice, the attempts to record the investment value done some given years that is classified as an investment (or capital formation or investment), namely spending or shopping:

- .1 Purchasing of various types of capital goods, namely machines and other production equipment to establish various types of industries and companies.
- .2 Shopping to build residential houses, office, factory, and other buildings.
- .3 The increase yet-sold out stock of goods value, raw materials and processing goods in the end of the year of national wage calculation.

The sum of those three types components is called gross investment, which includes in increase the ability to produce in economy and replace the depreciated capital goods. If the

gross investment is reduced by the appreciation value it will get net investment.

In doing investment, there are at least two factors that affect investment level, which are:

- .1 A company internal condition. Internal conditions are factors under the control of the company, such as efficiency level, quality of human resources and technology. While non-technical factors are ownership right or monopoly power, closeness to the power center, and mastery of the information path.
- .2 A company external condition. External condition that needs to be taken into account in making decision about primary investment is an estimation about production level and either domestic or international economic growth.

IV. BASIC CONCEPT OF EDUCATION

Almost everyone experiences education, but only some of them understand the meaning of education, educator, and to educate. To understand the meaning of education, there are two terms that can lead to understand the nature of education, namely the term pedagogy and pedagogic. Pedagogy means education, while pedagogic deals with the science of education or to educate. Therefore, it is not surprising that pedagogic or science of education is a systematic science or theory or actual education for children until they reach maturity.

According to Plato as quoted by Sukarjo and Komarudin that the purpose of the real education is awareness of self-knowing and self-realization then inquiry and reasoning and logic, it is clear that the purpose of education provides awareness of what to know, then the knowledge must be applied and then to conduct research and to know the causal relationship, namely the reason and the flow of mind.

The purpose of our national education comes from various cultural roots of the Indonesian nation contained in the National Education System Act or UU Sistem Pendidikan Nasional, which is in Law No.20 year 2003. In the National Education System Law No. 20 Year 2003, it is said that "National education aims to develop the potential of learners to become human beings who believe in The Almighty God, have a noble character, healthy, knowledgeable, capable, creative, independent, and become democratic citizens, as well as responsible."

From some various definitions, it can be understood that education is an effort to develop a human personality and ability, both inside and outside of school. The efforts are carried out in various forms are as follows:

- .1 Educational effort that is administered on purpose, planned, directed, and systematic through an institution called formal education.
- .2 Educational effort that is administered on purpose, but not on purpose and not systematic in the family environment called informal education.
- .3 Education effort that is administered on purpose and planned but not systematic outside family and formal education institution is called nonformal education.

V. RESULTS AND DISCUSSION

This research used simple regression analysis to determine the effect on family financial planning of child education. Simple linear regression equation is:

$$Y = a + bX$$

Where Y is the dependent variable

X is the independent variable

a is intercept

b is the variable coefficient x

To analyze simple linear regression, the analysis used SPSS program. Based on the Summary Model table, the result of R value of this research is 0,756 which means that the correlation between family financial planning variables with child education investment is 0,756. To be able to provide an interpretation of the strength of the relationship, a guidance can be used as the shown table below:

Table 1. Correlation Coefficient Interpretation Guidance.

Coefficient Interval	Relationship Level
0,00-0,199	Very Low
0,20-0,399	Low
0,40-0,599	Medium
0,60-0,799	Strong
0,8-1,000	Very Strong

Source: Arikunto, 2010

Based on the guidance table, to provide interpretation of the correlation coefficient, it was found 0.756 included in the strong category. In result, there is a strong relationship between financial planning and child education investment.

The result of summary model table shows that the determination coefficient (R square) 0.605 which means that the family financial planning affect the child education investment as many as 60.5% while the rest 39.5% influenced by other unknown variables and not included in this regression analysis.

The model of regression equation can be seen from the coefficient (unstandardized coefficients B), which is:

$$Y = 30.214 + 0,981 X$$

From the regression equation above, it can be interpreted that 30,214 is constant value of a, which indicates that if the family financial planning variable is constant or fixed, the investment of child education is 30,214. If there is an increase variable of family financial planning as many as 1 unit, then the investment in child education will increase by 0,981. This means that family financial planning variables can have a positive effect on child education investment.

VI. CONCLSION

Based on the result of the research and discussion in the previous chapter, the following conclusions can be drawn It is viewed from the knowledge of Bukit Village in Pelawan Subdistric people that they have sufficient knowledge of financial planning of child future education investment. Awareness of the importance of child education is relatively high so that the people attempt to maximize the fund from income to prepare for child education. After collecting the data, the result of simple linear regression analysis of the

effect of family financial planning on the child future education investment in Bukit Village in Pelawan Subdistric is known that the R value = 0,756 meaning that the correlation between variable of family financial planning and investment of child education in Bukit Village in Pelawan Subdistric includes in strong category, and the coefficient of determination (R square) 0,605 means that family financial planning has an effect on child education investment as many as 60,5% while the rest 39,5% influenced by other variable. Furthermore, the regression equation result is $Y = 30,214 + 0,981 X$. From the regression equation above, it can be interpreted that the value of 30,214 is a constant value of a which indicates that if the family financial planning variable is constant or fixed then the child education investment is 30,214. If there is an increase for family financial planning variable as many as 1 unit, then child education investment increases 0,981. This means that family financial planning variable can positively affect child education investment.

Based on the result of the research in the discussion that has been presented previously, it can be suggested as follows: Education and training about family-based financial literacy and management should be administered so that the people of Bukit Village in Pelawan Subdistric are able to maximize all income for child education investment and slowly leave consumptive lifestyle and are familiar with the world of investment. For future researcher who wants to continue this research, the researcher suggests to conduct a research with the same topic but different variables to obtain a comprehensive and universal discussion about family financial planning.

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