

**THE ROLE OF HALAL LIFESTYLE ON INVESTMENT DECISIONS – CASE
STUDY ON STUDENTS IN THE MANAGEMENT STUDY PROGRAM,
UNIVERSITAS COKROAMINOTO**



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Abstract

The role of a halal lifestyle is a form of personal awareness in implementing practices following Islamic teachings. This is related to a person's lifestyle in making an investment decision. The purpose of this study is to see how the role of an investor's halal lifestyle in their investment decisions, seen from Islamic financial literacy, and also their financial behavior. This study examines an investor, a student at Cokroaminoto University, who invests in the stock market. This study employs a qualitative approach, utilizing a case study design. The findings of this study indicate that the role of a halal lifestyle, as reflected in Islamic financial literacy and the financial behavior of investors, can influence the decisions made in their investments.

Keywords: Halal Lifestyle, Investment Decisions, Sharia Financial Literacy, Financial Behavior

INTRODUCTION

The concept of halal in Islam is something that is allowed, while its opposite is haram, which means not allowed. As Muslims, of course, we pay attention to what is indeed the command of religion and also avoid its prohibitions. A halal lifestyle is an obligation/requirement for a Muslim as a manifestation of its principles (Afifuddin et al., 2022). The application of the concept of a halal lifestyle is a form of awareness of a person in implementing something that is indeed permitted in Islam. A person who is "kaffah" in Islam wants to live life by seeking Allah's pleasure with something halal.

Lifestyle itself is a behavior or a way of a person in carrying out their daily life. When viewed from an economic perspective, lifestyle is a way or behavior of a person in spending his money or spending his time, and reflects his personality. The trend of halal products offered began with awareness of halal food and then spread to health, beauty, tourism, financial institutions, and sharia investment, also complementing the needs of Muslims.(Darojatun, 2018). The behavior of middle-class society as smartphone and social media users, their existence is spread across various types of social media, some of whom become endorsers of various products and viral YouTubers, making the halal lifestyle and introduction of halal products increasingly known to the wider community (Darojatun, 2018). With the ease of accessing information and the availability of social media, many influencers display their content with something that also encourages their followers to remind themselves to migrate towards something better, such as creating awareness of the importance of the halal concept in living everyday life.

Investment activity is a form of business where someone invests capital for a certain period with the aim of obtaining profits in the future (Putri Ramadhani et al., 2022). To maximize the expected profit before investing, an investor needs information, issues, or knowledge that is the basis for determining investment choices that will later become the desired investment decision. With this, before investing, investors are expected to have sufficient knowledge, experience, and business instincts to analyze which investments will be purchased in the capital market.(Fitriasuri & Rahayu, 2022). In research (Ramadhani et al., 2022), investment decisions can be influenced by investment knowledge. When someone has good investment knowledge, the investment decisions taken will provide good and

appropriate results. This study aims to see how the role of an investor's halal lifestyle in their investment decisions. This study examines an investor, a student at Cokroaminoto University, who invests in the stock market.

REVIEW OF LITERATURE

Halal Lifestyle

Lifestyle is a person's pattern of living that is expressed in activities, interests and opinions (Dewi & Samuel, 2015). While the word halal comes from the Arabic word "halla" which means "free" or "not bound", etymologically the word halal means something or something that is permitted and not bound by provisions prohibiting it, or it also means everything free from the dangers of the world and the hereafter. The role of a halal lifestyle, or what is often called a halal lifestyle, is a person's lifestyle that he chooses as a standard for his activities according to the teachings of Islam. Quoted in the following hadith:

It means:

“From Abu Abdillah Nu'man bin Basyir ra, "I heard the Messenger of Allah SAW say 'indeed the halal is clear and the haram is also clear and between the two there are things mutasyabihat (vague, unclear halal and haram), most people do not know the law, whoever is careful from subhat things, actually he has saved his religion and his self-respect, and whoever falls into a forbidden matter". (HR. Bukhori and Muslim)

A Muslim, who should indeed in his daily life be guided by the teachings of Islam. So that the awareness that arises makes someone choose to determine their lifestyle, also following Islamic law. The development of a halal lifestyle is no longer seen as just a lifestyle of today's society but is also carried out in business and investment (Mulyana, 2024). The halal lifestyle manifests a high spirit of religious rationality, so that Muslims are more selective in purchasing the products they need (Afifuddin et al., 2022). The purchase of the product is also inseparable from the decision taken by an investor. The halal factor becomes a commercialization of lifestyle, where someone, in choosing a product or making a decision, must have a halal component and become a contemporary lifestyle. The halal lifestyle is also a daily routine and is inherent in a person in making a decision.

A halal lifestyle that is inherent in a person will make a person act and choose everything only based on things that are permitted in the teachings of Islam, this has the aim of only getting the pleasure of Allah SWT. Some people who determine their lifestyle based on the experience and knowledge they have, for example, someone who chooses a halal lifestyle, must have used their halal knowledge in making the decision (Sholekhah & Guntoro, 2023). The results of the validity of the measurement of halal lifestyle are seen from the influence of Islamic financial literacy and halal literacy; the concept of halal lifestyle must be integrated into the procedure for selecting products to the payment method. The decision to select a product is described through a person's knowledge or halal literacy, while the payment method in accordance with Islam is carried out based on the values of Islamic financial knowledge or what is known as Islamic financial literacy (Sholekhah & Guntoro, 2023).

Investment Decision

Investment is a capital investment aimed at obtaining profits in the future in the long term, so that decisions taken must take risk factors into account (Kurniawan, 2020). Investment risk is defined as the probability that the expected profit will not be achieved or the return received will differ from that expected (Adnyana, 2020). Sugiono 2015 explains that investment decisions are related to the planning process, goal setting, funding arrangements, and the use of certain criteria to select long-term assets. Investment decisions involve someone with smart asset management by controlling and allocating their funds to the instruments they choose. (Tabe & Anggrayni, 2023). As a country with a majority Muslim population, the Indonesian people's understanding of Islamic finance is still limited, which will have an impact on a person's financial behavior. A person's financial behavior is influenced by their financial knowledge. (Xiao Jian et al., 2007). Financial behavior is related to how individuals use, control, and treat their financial resources. Financial literacy and behavior determine a person's financial decision-making, including investment decisions. The relationship between financial literacy and investment decisions is significant and positive, meaning that with a low level of understanding, financial behavior and investment decision-making will also be worse (Pranyoto et al., 2018).

Islamic Financial Literacy

Financial literacy is the knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision-making and financial management to achieve well-being (Rahman & Arsyinati, 2021). Islamic financial literacy is the development of financial literacy by paying attention to Islamic law (Financial Services Authority, 2016). Islamic financial literacy is an individual's ability to apply financial insight, as well as the ability to control their financial resources so as not to violate Islamic teachings (Rahim et al., 2016). According to research (Rahman & Arsyinati, 2021), Sharia financial literacy influences investment decisions and financial behavior, then financial behavior directly influences investment decisions and is able to mediate the influence of Sharia financial literacy on investment decisions. The study (Fadillah & Lubis, 2024) explains the influence of high levels of Islamic financial literacy and can be recommended in formulating strategies for developing Islamic financial literacy in Indonesia, by looking at the importance of Islamic financial literacy among the younger generation. Indicators of Islamic financial literacy, according to Hamza (2019), are Islamic financial knowledge, Islamic financial skills, Islamic financial attitude, and Islamic financial behavior.

Financial Behavior

Financial behavior is a combination of three disciplines, namely psychology, sociology, and finance. Financial behavior is related to how a person uses, controls, and treats their financial resources. The more responsible a person's financial behavior, the more effective their financial management will be, such as budgeting, saving, managing expenses, investing, and paying bills on time (Nababan & Sadalia, 2012). Indicators of financial behavior, according to (Potrich et al., 2016) are: timely bill payments, financial record-keeping habits, financial accounts, saving habits, and emergency fund availability.

RESEARCH METHOD

The research method used in this study is a qualitative method. The qualitative method itself is a research technique that produces descriptive data in written or oral form about a person or behavior that can be observed. Descriptive research is a research method that attempts to describe all data or research objects or situations of research objects, analyze

and compare them based on current reality, and try to provide a way out of the problem. Descriptive research is used to examine situations, conditions, or other things that are then explained in the research report. The phenomena analyzed include various aspects such as form, characteristics, activities, changes, relationships, similarities, and differences between these phenomena (Fadillah & Lubis, 2024)

The respondents of this research were investors at Cokroaminoto University. The sources of this research were:

1. Name: Nailah Maghfirah

Is the first source as an informant and as a source of research. This source is a student of the Class of 2022 in the Management Study Program, Faculty of Economics, Cokroaminoto University. In addition to being an active student, he is also involved in the world of investment and makes stock investments.

2. Name: Vicky Prasetyo

Is the second source an informant and a source of research. This source is a student of the Class of 2022 in the Management Study Program, Faculty of Economics, Cokroaminoto University. In addition to being an active student, he is also involved in the world of investment and makes stock investments.

3. Name: Bayu

Is the third source an informant and a source of research? This source is a student of the Class of 2022 in the Management Study Program, Faculty of Economics, Cokroaminoto University. In addition to being an active student, he is also involved in the world of investment and makes stock investments.

To strengthen the data provided by the main source, the researcher interviewed several supporting sources. Primary data is data obtained directly from the data source. The techniques that researchers can use to collect primary data are through observation, interviews, focused discussions, and distributing questionnaires. In this study, only interviews and observations were used.

This research uses a case study approach or field research. The selection of research sources is based on several considerations as follows:

1. Active as a Bachelor's degree student of Management Study Program, Faculty of

Economics, Cokroaminoto University. Only the Management Study Program was chosen because this study program studies financial management, in this case, related to investment.

2. Minimum Cumulative Achievement Index of 3. This means that the student pays attention to his/her academic achievements and is proof of his/her seriousness in practicing from theory to practice in the field of investment.
3. One woman and two men. This will affect the results of the study. To find out if there is a difference in making a decision.
4. Investments made since college. With this criterion, researchers can focus on the process of investing while studying.

The problem to be studied is the role of a halal lifestyle in an investor's investment decision. The data testing method uses triangulation while the data analysis method uses data reduction, data presentation, and verification.

RESULTS AND DISCUSSION

Awareness of investing from a young age is owned and makes a student the confidence to practice what is the theory they learned in college. Of course, as a Muslim, it makes them aware of the obligation to obey the teachings of Islam, which have become a benchmark in life. The concept of a halal lifestyle used in everyday life, of course, can also be seen from all activities, including obtaining income/profit, namely investing.

1. NM: "Future Savings are Important, Halal Products are No Less Important"

- 1.1. Interested In Investment

"Interested in investing for the first time because she joined a capital market study group, which over time felt that future savings were important. Thinking ahead must be owned by a student, because at a young age you have to take advantage of time so as not to be late in opportunities" (Maghfirah, 26/02/25. 12.30). This was said by Maghfirah because she felt that young time could be used to take advantage of time by collecting money or income. Becoming an investor is an option that can be done while studying. Interested in investing, Maghfirah tends to be a passive investor, easier to do because she is still a student and can do many things, for example,

investing as long as she still pays attention to the portfolio she has and making a passive investor because she is also constrained by capital.

1.2. “Halal Products/Instruments Are Important”

According to Maghfirah, paying attention to investment choices is very important. "As Muslims, of course, we must pay attention to halal and haram, which is haram and which is halal so that we can protect ourselves from things that are prohibited in Islamic teachings" (Maghfirah, 26/02/25 12.30). According to Maghfirah, religious teachings must be maintained and practiced in everyday life, investment is also one way to earn income. Therefore, the income obtained must be based on something halal, such as choosing halal investment products/instruments is a real form of it. "Being careful in choosing investment products is also our effort in the form of awareness of implementing a halal lifestyle in investing" (Maghfirah, 26/02/25 12.30)

1.3. “Searching Google to see what field the company you are going to invest in is engaged in”

To find out whether the investment product she chose was halal or not, Maghfirah felt she had to search first and see what field the company was in. After that, she re-examined whether the instrument was included in halal or haram products. She had to feel sure and steady first. "If it is included in haram instruments, it is better not to (Maghfirah, 2/26/25, 12.30)

1.4. “Learning Islam and Practicing it in Daily Life”

1.5. “Patience in Managing Finances is Necessary”

The behavior in financial management that Maghfirah usually does, such as preparing a budget, managing her financial allocation, saving, and investing, has been done and implemented. This makes Nailah feel comfortable and safe because all forms of financial management have been made and detailed so that things that are wasteful or uncontrolled can be minimized. "Sudden needs exist, so preparing a budget and managing finances daily is a must, including in investment."

2. VP: “Choosing Halal Products in Investing, Must Be Careful

2.1. “Looking at Developed Countries”

Vicky feels that her motivation to become a young investor came from her role as a member of a capital market study group. "At that time, a friend invited her to invest, then several networks opened up, and then she learned about investment. At first, she just looked at it but gradually became interested, because she also reflected on developed countries, so that her motivation continued to grow" (Vicky, 26/2/25, 13.30).

2.2. "We Must Be Active and Careful in Sorting - Selecting Halal Instrument Products"

Vicky feels that as investors, we also have to track the companies we will choose to invest in. "Usually in the Sharia Capital Market, listed companies will be audited again, whether they are in accordance with Sharia or not, and there is a period during which they are audited periodically, so we as investors must also actively participate in choosing the companies we will choose" (Vicky, 26/2/25, 13.30)

2.3. "It's not just profits that are taken, but our religious background or basis"

Vicky feels that as a devout Muslim, he must carry out all his life activities based on Islamic law. In investing, the real goal is to gain profit, but Vicky feels that the profit will be in vain if it is not based on what has become the teaching of Islam.

2.4. "Being Careful in Choosing Halal Instruments Can Start with Being Careful in Daily Financial Management According to Sharia"

Vicky feels that having an awareness of a halal lifestyle must be realized and practiced not only in investing, but also in everyday life, including in daily self-management. Daily financial management can be an example. Like avoiding debt is something that Vicky does, she feels she must avoid usury. And also Vicky feels that financial management, such as preparing a budget, managing expenses, saving, and investing, are things that must be done routinely and correctly. "Being a student has many inappropriate needs, so sometimes there are also capital constraints" (Vicky, 26/2/25, 13.30)

3. RB: "Using Money Smartly Is My Interest in Investing"

3.1. Investment Is Interesting

Bayu feels that if money is only saved, he feels like he is losing time, while the money can be invested and can generate profits. This is what makes Bayu enthusiastic about trying to invest at a young age while still in college.

3.2. Halal Instruments Are a Must

"Investment should and primarily use cold money, meaning not from debt or the nature of the money is truly not tied to any needs so that our hearts or our psychology are calmer in investing, likewise in choosing halal instruments is also important and primary so that our hearts are calm because the things in it are something halal that is permitted in Islamic teachings" (Bayu, 26/2/25. 11.30).

3.3. "Lots of Learning and Searching About Halal Instruments"

Bayu feels that to find out whether the instrument is halal or not, he needs to read a lot and learn about things that are permitted and not permitted so that he can make the right choice in choosing the product.

The Role of Halal Lifestyle Seen from the Islamic Financial Literacy of an Investor Influences the Investment Decisions Made

The role of a halal lifestyle, or what is often called a halal lifestyle, is a person's lifestyle that he chooses as a standard for his activities, from what enters his body to how the process is what is permitted in Islamic teachings. Quoted from Surah Al Baqarah verse 168 "O mankind, eat from (food) that is lawful and good that is on earth, and do not follow the footsteps of Satan. Indeed, Satan is a clear enemy to you." A Muslim, who should indeed in his daily life follow the guidelines of Islamic teachings contained in the Qur'an. So that the awareness that arises makes someone choose to determine their lifestyle, also following Islamic law. Judging from the respondents' presentation, it can be seen that the awareness of Islamic financial literacy that they have influences the investment decisions they choose. This is in line with research from (Rahman & Arsyinati, 2021), Islamic financial literacy has an influence on investment decisions and financial behavior, and that gender demographic factors do not affect investment decisions, and income has an influence on investment decisions. This is in line with the statement made by Maghfirah and Vicky, who stated that the limited capital available can lead to different investment decisions.

The development of a halal lifestyle in the halal economic market has a positive effect on trade routes. The halal economic market begins with the demand for halal by consumers and creates a supply chain from the producer side to meet consumer needs so that the market will gradually change following the flow of the halal economy (Afifuddin et al., 2022). From the halal demand, finally, the producers must also provide goods or services offered that are in accordance with consumer demand. The increasing demand for halal the awareness of producers also begin to follow.

CONCLUSION

The role of a halal lifestyle is a person's way of life from daily activities, work, and so on. Choosing a halal lifestyle means that someone lives a life choosing something that is inherent in him is something that is allowed in Islamic teachings, namely something that is halal and avoiding what is haram. Investment is one of a person's activities that aims to gain profit/return. Where the profit obtained is a form of effort whose results will also be enjoyed by the person himself, the investment actor is called an investor. Investors in making investment decisions related to a halal lifestyle in this study are the underlying factors in making an investment decision with something halal. The role of a halal lifestyle as seen from the iteration of Islamic finance and the financial behavior of an investor can influence their investment policies/decisions.

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