

# The Knowledge and Students' Interest to Investing in Investment Gallery

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**Abstract**—The Higher Education Investment Gallery was established to increase the number of investors from students. Empirical study showed that investment knowledge has a significant effect on investment intentions of individual investors. This study aims to analyze the influence of Capital Market Knowledge, Knowledge of Investment Instrument Types, Knowledge of Investment Profit Levels, Knowledge of Investment Risk Levels and Basic Knowledge of Stock Assessment on the Investment Interests. The study was conducted on 200 Student registered as Members of Investment Gallery in May - July 2019. The results showed that Investment Profit Levels Knowledge and Stock Rating Knowledge had a positive and significant effect on student investment interests.

**Keywords:** *investment knowledge, investment gallery, student interests, capital markets*

## I. INTRODUCTION

Compared to other countries, the interest of Indonesian people to invest in the capital market is quite low, amounting to 0.15% of Indonesia's population [1]. The Investment Gallery was established by PT Bursa Efek Indonesia in collaboration with various tertiary institutions as a step to attract new investors from students. The purpose of establishing an investment gallery for academics is socialization, education and the extent to which students are able to practice the theories learned in lectures and support research activities.

Building student interest in investing requires preliminary steps that encourage the emergence of that interest. Thimotius [2] argues in Theory of Planned Behavior, that humans tend to act according to intentions and perceptions of control through certain behaviors, where intentions are influenced by behavior, subjective norms and behavioral control. Of the three things that determine the intention, behavior is the main point that is able to predict a behavior [3]. In Theory of Planned Behavior, it is also explained that behavioral intention is not only influenced by attitudes towards behavior (subjective towards behavior) and subjective norms, but is also influenced by perceived behavioral control. Behavioral control is influenced by past experiences and one's predictions about the difficulty or not to perform certain behaviors [4]. Therefore, the intention to behave can indicate the behavior to be carried out by someone. This can explain if a person who has an interest in investing, he

tends to take actions to be able to achieve his desire to invest. For example, by attending training and seminars on investment, accepting investment offers well, and ultimately investing [5].

The characteristics of someone who is interested in investing can be known by how much they try to find out about a type of investment, learn and then practice it. This is in line with the opinion of Kusmawati [5] which states that the interest in investing is the desire to find out about the type of an investment starting from profits, weaknesses, investment performance and so forth. Another characteristic that can be seen is that they will try to take the time to learn more about the investment or they immediately try to invest in this type of investment, even adding to the 'portion' of their existing investments.

One determining factor is the level of knowledge. Halim [6] states that to invest in the capital market requires sufficient knowledge, experience and business sense to analyze which securities to buy. Adequate knowledge is needed to avoid losses when investing in the capital market, such as stock investment instruments. Inadequate knowledge about capital market not only sad loss, but also turns to an unattractive place of investment [1]. It is important to know the effect of financial knowledge on the choice of investment avenues in order to study the reliability of their investment decisions [7]. Empirical results showed that subjective investment knowledge has a positive and statistically significant effect on investment intentions of individual investors [8].

The formulation of the problem of this research is How to Influence Capital Market Knowledge, Knowledge of Investment Instrument Types, Investment Profit Level Knowledge, Investment Risk Knowledge Level and Basic Knowledge of Stock Assessment on Students' Investment Interest in the Investment Gallery.

## II. LITERATURE REVIEW

### A. Capital Market Knowledge

Capital Market Knowledge is knowledge about the concepts and benefits of the existence of capital markets in Indonesia [9]. Capital Market Knowledge consists of knowledge of (a) Capital Market as an Official Investment

Receptacle, (b) Companies, Communities and Excess Funds, (c) Instruments for Sale in the Capital Market, (d) Capital Markets Source of Funding.

#### *B. Knowledge of Investment Instrument Types*

Knowledge of Types of Investment Instruments is knowledge of the types of investments that can be divided into direct investments and indirect investments. Knowledge of Investment Instrument Types consists of knowledge of (a) Stocks of Capital Market Financial Instruments, (b) Where to Purchase Shares, (c) Period of Shares, (d) Period of Deposits and Bonds.

#### *C. Profit Level Knowledge*

The purpose of investing is to get a profit [10]. Knowledge of Investment Profit Level consists of knowledge of (a) Dividend Profit Share Investment (b) Distribution of Company Profits to Investors, (c) Profits Obtained from Shares, (d) Other Benefits derived from Shares, (e) Investment is More Profitable, (f) Investment is More Profitable Deposits.

#### *D. Risk Level Knowledge*

Stocks are known for their high return, high risk, and high return characteristics. This means that shares are securities that provide high profit opportunities but also have high risk potential [11]. The attitude of investors to risk will greatly depend on the preferences of these investors for risk. Bolder investors will choose investments that have a high risk, followed by a high level of profit as well. Conversely investors who do not want to bear the risk that is too high, of course, will not be able to expect a rate of return that is too high [10]. Knowledge of Investment Risk Level consists of knowledge about (a) the Principle of Stock Investment, (b) Risk of Stock Investment, (c) Not Obtaining Dividends Is the Risk of Stock Investment, (d) Bankruptcy Risk in Companies Selling Shares, (e) Capital Loss Is Losses of Buying Shares, (f) Shareholders of the Last Rights of the Company, (g) Investment with Higher Risk Shares compared to Bonds, (h) Risks of Stock and Bond Investments, (i) Benefits of Measuring Risk Levels, (j) Low Risk Investment Options, (k) High Risk Investment Options.

#### *E. Basic Knowledge of Stock Valuation*

Basic knowledge of stock valuation is investor knowledge related to valuation of shares by calculating IRR, NPV, etc., expected company earnings or profits. Money can be used as a basis for stock valuations. The basic knowledge of stock valuation consists of knowledge about (a) The Importance of Basic Knowledge of Investment, (b) The Role of Capital Market Schools, (c) The Role of Portfolio Theory Courses, (d) The Role of Portfolio Theory Courses.

### III. METHODS

This research was conducted in May - July 2019 of students registered as members of the STIE Kesatuan Investment Gallery. The population in this study were students of the Accounting and Financial Management Study Program STIE Kesatuan. Two Hundreds of them were assigned as

respondents. Data analysis techniques in this study used correlation and multiple regression analysis.

Before analyzing the data in order to determine the effect of the Investment Knowledge variable on the Interest in Investing, the data is analyzed first to measure its quality through validity, reliability and classical assumption tests.

#### *A. Validity Test*

The validity test is processed on 4 indicators (Capital Market Knowledge variable), 4 indicators (Investment Instrument Type Knowledge variable), 6 indicators (Investment Profit Level Knowledge variable), 11 indicators (Investment Risk Level Knowledge variable), 4 indicators (Knowledge Stock Valuation variable) and 13 indicators (Investment Interest Variables).

The majority of indicators can be declared valid, except for one indicator that is invalid and excluded from this research model, namely: 10th indicator in the Investment Risk Knowledge Variable (PTR10) with a Pearson Correlation value of 0.057 and Significance of 0.419.

#### *B. Reliability Test*

The reliability test was conducted on 48 indicator variables of this study. All indicators are stated to be reliable, proven by Cronbach's Alpha if Item Deleted values are more than 0.60 with the smallest value of 0.832 and the largest value of 0.853. This reliability is also supported by the combined Cronbach's Alpha value of 0.848.

#### *C. Classic Assumption Test*

Kolmogorov-smirnov normality test produces an Asymp significance value. Sig. (2-tailed) of 0.691 which is greater than the value of 0.05. Based on the basis of decision making in the Kolmogorov-Smirnov normality test, it can be concluded that the data are normally distributed. Thus, the assumption of normality in the regression model is stated fulfilled.

Multicollinearity test is performed to detect the presence or absence of multicollinearity symptoms between variables in the regression model. All independent variables were declared free from multicollinearity symptoms as evidenced by Tolerance values greater than 0.10 (between 0.543 to 0.935) and VIF values less than 10.00 (between 1.070 and 1.842).

Heteroscedasticity Test to test the occurrence of differences in variance from residual values in one observation period to another observation period, performed by looking at scatterplots image patterns. From the picture, the data points appear to spread above and below or around the zero, do not collect just above or below it, and do not form a wavy pattern widened then narrowed and widened again. This shows that there are no symptoms or heteroscedasticity problems.

#### IV. RESULTS AND DISCUSSION

##### A. Characteristics of Respondents

The respondents of this study were 200 students who were members of the STIE Kesatuan Investment Gallery. 68% of respondents are female and 32% of respondents are male. Age of respondents between 18 years and 26 years. 46% of respondents are 20 years old and 31% are 19 years old, the rest are scattered at other age levels. 59.5% of the respondents were students of the Accounting - S1 study program, 40.5% were students of the Financial Management - S1 study program (see Table 1).

TABLE I. FREQUENCY DISTRIBUTION OF RESPONDENTS BY CHARACTERISTICS

Characteristics of Respondents		Frequency	%
Gender	Male	64	32.0
	Woman	136	68.0
Age	18 years old	2	1.0
	19 years old	62	31.0
	20 years old	92	46.0
	21 years old	29	14.5
	22 years old	5	2.5
	23 years old	7	3.5
	24 years old	1	0.5
	25 years old	1	0.5
	26 years old	1	0.5
Class	4 MK A P	25	12.5
	4 MK B P	9	4.5
	4 MK C P	11	5.5
	4 MK D P	11	5.5
	4 MK A K	25	12.5
	4 AK A P	38	19.0
	4 AK B P	25	12.5
	4 AK C P	29	14.5
	4 AK D P	27	13.5
Semester	4	199	99.5
	6	1	0.5
Department	Financial Management	81	40.5
	Accounting	119	59.5

Source: Primary Data Processed, 2019.

##### B. Investment Knowledge Association Analysis and Interest in Investing

To find out the level of relationship between variables, Pearson correlation test was performed. Knowledge of Investment Instrument Types, Investment Profit Level Knowledge, Investment Risk Knowledge Level and Basic Knowledge of Stock Rating have a positive and significant relationship to the Interest in Investing Students in the STIE Kesatuan Investment Gallery. This can be seen from the Pearson Correlation value of 0.219 each; 0.259; 0.202 and 0.334 with a significance value of less than 0.05 (See Table 2). Simultaneously, Investment Knowledge has a positive relationship (0.409) on investment interest (See Table 3).

TABLE II. CORRELATION TEST RESULTS INVESTMENT KNOWLEDGE VARIABLES AND INVESTMENT INTEREST

Variable	Pearson Correlation	Significance
Capital Market Knowledge	0,112	0,115
Knowledge of Investment Instrument Types	0,219**	0,002
Investment Profit Level Knowledge	0,259**	0,000
Knowledge of Investment Risk Level	0,202**	0,004
Basic Knowledge of Stock Valuation	0,334**	0,000

Source: Primary Data Processed, 2019.

TABLE III. REGRESSION ANALYSIS RESULT OF INVESTMENT KNOWLEDGE AND INVESTMENT INTERESTS VARIABLES

Information	Coefficient	t <sub>stat</sub>	Significance
(A constant)	25,808	5,360	0,000
Capital Market Knowledge	-0,078	-0,363	0,717
Knowledge of Investment Instrument Types	0,094	0,535	0,593
Investment Profit Level Knowledge	0,279	2,025	0,044
Knowledge of Investment Risk Level	0,093	1,058	0,291
Basic Knowledge of Stock Valuation	0,869	4,342	0,000
R	0,409		
R Square	0,167		
Adjusted R Square	0,146		
F <sub>stat</sub>	7,787		0,000

a. Dependent Variable: Investing Interest

Source: Primary Data Processed, 2019.

Based on the results of the regression analysis in Table 3, the equation that can be built from the results of the analysis is as follows:

$$\text{Interest in Investing} = 25,808 + 0,279 \text{ Investment Profit Level Knowledge} + 0,869 \text{ Basic Knowledge of Stock Valuation}$$

When Investment Knowledge has no effect, the Student Investment Interest has a value of 25,808. This shows that students already have an interest in investing in the Investment Gallery.

Knowledge of Investment Profit Level has a positive effect of 0.279 on Investment Interest. This means that every time there is an increase in the Knowledge Level of Investment Profit as much as one unit it will have a positive influence of 0.279 on the investment interests of students.

Basic Knowledge of Stock Valuation has a positive effect of 0.869 on Investment Interest. Every increase of one unit in the Basic Knowledge of Stock Assessment, the Interest in Investing students will increase by 0.869.

R Square value of 0.167 and Adjusted R Square of 0.146 shows the Interest in Investing Students of STIE Kesatuan in the Investment Gallery can be explained by 16.79% by the variable Investment Knowledge together. The remaining 83.21% is influenced by other factors not included in the model.

The  $F_{count}$  value of 7,787 and Sig 0,000 shows that Investment Knowledge together influences the Interest in Investing Students of STIE Kesatuan in the Investment Gallery significantly.

### C. Managerial Implications

The development of Higher Education Investment Gallery is marked by the number of students or other academicians who invest in the gallery. The students' interest to invest is greatly influenced by the investment knowledge factors they have. Empirically, the influence of investment knowledge on investment interest in the capital market on FE UNY students has been proven by Rizky Chaerul Pajar [12]. This is also in line with the results of Rima Wijayanti's study [13] which concluded that Knowledge has a significant effect on the interests of students in investing in Dinars.

Referring to the results of this research data analysis, Knowledge of Investment Profit Level and Basic Knowledge of Stock Rating is knowledge that must be strengthened among students so that their interest in investing can increase. If referring to the R-Square value of this research, there are still many other factors that must be considered and improved by the Investment Gallery Manager and Higher Education Leaders, including increased motivation, an explanation of the benefits of investing in the capital market, and an explanation of the minimum investment capital needed.

### V. CONCLUSION

Some of the conclusions of this study are as follows: Knowledge of Capital Market, Knowledge of Investment Instrument Types, Knowledge of Investment Profit Level, Knowledge of Investment Risk Levels and Basic Knowledge of Stock Assessment has a relationship with the Interest in Investing Students. Knowledge of Investment Profit Level has a positive and significant effect on the Interest in Investing Students in STIE Kesatuan Investment Gallery. Basic Knowledge of Stock Valuation has a positive and significant effect on the Interest in Investing Students in STIE Kesatuan Investment Gallery. Capital Market Knowledge, Knowledge of Investment Instrument Types and Investment Risk Knowledge Level does not significantly influence the Interest in Investing Students in STIE Kesatuan Investment Gallery.

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