Investment Capital and Stock Return on Investment Interest in Millennial Generation in Indonesia

Andriansyah(✉) and Isfenti Sadalia

University of North Sumatera, Medan, Indonesia
andri.andriansyah@gmail.com

Abstract. This research aims to determine the effect of investment capital and stock returns on investment interest in the millennial generation in the capital market. This research is associative research with a quantitative descriptive approach. This research was conducted in the city of Medan with a sample of 96 people. The model used in this study was multiple linear regression. The results of this study indicate that investment capital affects investment interest. In addition, stock returns also affect investment interest. This study indicates that the more advanced the development of technology, the better the millennial generation understands financial literacy. As the millennial generation has investment knowledge, it will increase their interest in investing in the capital market. The increase in capital market investors is evidenced by the increasing public interest in investing in stocks.

Keywords: Investment capital · stock return · investment interest · millennial generation

1 Introduction

The capital market plays an essential role in a country's economic development. With the capital market, individual and corporate investors can channel their excess funds to invest in the capital market, and entrepreneurs can obtain funds from additional capital to expand their business network. Every company or individual can plan its investments [4].

Investing is an activity of investing in one or more owned assets; usually, this investment is long-term and will have a positive impact later. The rapid development of technology makes it easy for the public to get information about the business they are involved in [6].

The capital market benefits can be felt by investors, issuers, governments, and supporting institutions. The advantage of the capital market for issuers is that the amount of funds raised can be significant [1]. The capital market benefits for investors come in the form of capital gains, stock dividends and bond interest, AGM rights, the possibility of quickly changing investments, and the possibility of investing simultaneously in several forms, which reduce risk.

W. R. Murhadi et al. (Eds.): INSYMA 2022, AEBMR 223, pp. 196–200, 2023.
https://doi.org/10.2991/978-94-6463-008-4_26

Return on investment in the capital market is also risky, which is the difference between the actual amount of investment and the amount of return. Risk can be defined in different ways [5]. For example, risk can be defined as something undesirable. Another definition that is often used for investment analysis is the possibility that the results obtained deviate from what was expected.

Minimum investment capital is likened to a discount that will trigger interest in buying—increasing investment interest with minimum investment capital to support the implementation of national development to increase the national economy's equity, growth, and stability to increase people's welfare.

The study results reveal that the means of saving and investing only used their income. Of the income used to save and invest, saving is greater than investment. Data collection of investors who conduct capital market transactions is the first to identify investors from their transactions [6]. Thus, the government can establish policy regulations related to investment in the capital market to attract investors.

Previous research stated that investment returns had a significant positive result on investment interest, while subsequent research stated that investment returns had negative and insignificant results. The similarities between the two studies are that minimum capital has a significant positive result on investment interest.

Research is also conducted on the effect of investment knowledge and understanding, minimum investment capital, return, risk, and investment motivation on student interest in investing in the capital market, stating that investment returns have no effect on investor interest.

From some of the research conducted above, it is known that the investment returns carried out by several studies have different results. This distinction is related to investment interest in Indonesia [3]. This study aims to conduct a systematic review of investment returns and minimal capital on investment interest in Indonesia. Many similar articles have been published, while the existing studies discuss investment returns on investment interest in Indonesian society. Therefore, this research article wants to discuss the policy of eradicating corruption simultaneously based on investment returns and minimal capital on investment interest in the millennial generation in Indonesia.

Investment capital refers to the money paid to purchase capital goods or build long-term assets such as factories and machinery. Such investment is expected to increase production capacity and streamline a company's production process. Stock return is the level of profit investors enjoy on an investment they make. In capital market theory, the rate of return received by an investor from shares traded in the ordinary capital market is called a return.

Increasing investment knowledge is important to increase investment interest in the community. Investment interest is an intention that is formed because of the driving force in the form of investment knowledge and investment motivation that a person has. Efforts made by the Indonesia Stock Exchange to form investment interest, apart from educating the public, education is also provided by universities in Indonesia.

2 Research Methods

The study of literature was used in this research article, using a method that readers often use because the reader gets an overview of the literature and is structured.

Based on its objectives, a thorough summary and critical analysis of the literature, and relevant information related to the subject being studied. The review should mention, explain, summarize, objectively evaluate, and clarify previous research. Context should provide a theoretical basis for and help the researcher determine the research's nature. The literature review acknowledges the work of the researchers and thereby assures the reader that the article is well understood. It is assumed that by citing the previous work, the author has judged and assimilated. To explore the relevant literature, the researcher used several steps.

3 Results and Discussion

The study also shows that affluent millennials displayed surprisingly cautious investing habits despite having a longer window to invest and recoup losses. They are significantly less likely than Gen X to own stocks (37% vs. 47%), but just as likely as Gen X to own bonds (19% vs. 18%), and more likely to allocate their income to a low-yield savings account (21% vs. 16%). Indeed, the Great Recession, the gig economy, and the burden of student debt have rendered millennials a cautious generation. Coming of age amidst global financial turbulence alerted them to the importance of avoiding risky financial decisions, but investing could play a crucial factor in making up for the stagnant wages of the post-recession generation (Fig. 1).

Figure 2 shows that 53.7% of millennial investors believe the results of their investment actions impact their earnings. 26.8% of millennial investors believe their investment stocks have no impact on their income. This is related to the danger of investing. Investors who understand the price movements of stocks will find it easier to profit from their investments. Meanwhile, investors who do not do due diligence before investing are at risk of suffering greater losses, resulting in lower income rather than lower income. However, the research does not consider that Generation Y suffers losses due to certain conditions, such as current events.

Fig. 1. Low Financial Confidence Manifested in Conservative Investing Habits.

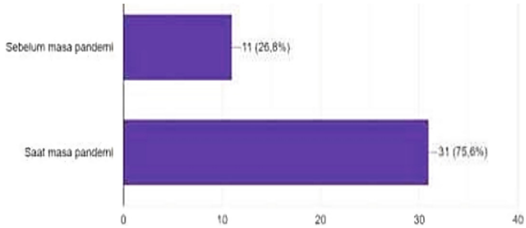

Fig. 2. When To Start Investing

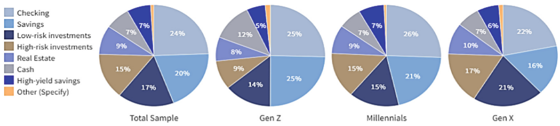

Fig. 3. Allocation of Income Financial Products

Figure 3 shows the Indonesia stock exchange (IDX) suggests that the millennial generation invests in the company listing on the IDX instead of other stock places, because people tend to be too emotional about individual stocks, buying or selling on feelings rather than sound investment decisions [7].

The results of this study indicate that investment capital and stock returns have a significant effect on investment interest. Investment knowledge is measured by four indicators, knowledge of capital market terms, knowledge of types of investment in the capital market, understanding of profit levels, and understanding. This study indicates that investment knowledge is an understanding of the level of profit and level of risk. This study indicates that when investing in stocks, it is very important to understand the benefits and the risks. Some investors claim that the higher the rate of return, the greater the risk.

4 Conclusion

This study shows that investment knowledge is very important for candidates, especially millennials. Investment knowledge is obtained from various things that can be learned, starting from reading literature, attending seminars or workshops related to investment, and participating in Capital market school activities. Capital market school activities teach the capital market and the basics of investing. This research was conducted in Medan, among the millennial generation. This study involved 96 young investors who joined the capital market study group known as KSPM. Thanks to KSPM, these young investors can interact, share information, and even learn together.

In addition, this can also be seen in investment knowledge and financial literacy. Capital market schools can increase investment interest by increasing the millennial generation's understanding of investing through webinars. The study results show that investment capital has a significant effect on interest in investing in the capital market and stock returns affect interest in investing in the capital market.

References

1. Burhanudin. (2021). The effect of investment knowledge, investment benefits, investment motivation, minimum investment capital and investment return on investment interest in the capital market (study on students of the faculty of economics and business, University of Matara. *Distribution Journal, 9*(1), 5–28.
2. Juanita. (2017). Effect of Minimum Capital and Investment Knowledge on Student Investment Interest in the Capital Market (Case Study on Students of the Faculty of Economics). State University of Semarang.
3. Marlin, K. (2020). The effect of investment knowledge, perception of return, and investment motivation on investment interest in the Sharia Investment Gallery of the Indonesia stock exchange, Iain Batusangkar. *Indonesian Scientific Journal, 5*(6).
4. Upadana, I. Y., & Herawati, N. T. (2020). The effect of financial literacy and financial behavior on student investment decisions. *Scientific Journal of Accounting and Humanika, 10*(2), 126–135.
5. Wahyudi, Z., Aziz, H. A., & Mas'ud, R. (2021). The effect of return, risk and stock price on investment interest of members of the Sharia investment gallery (GIS) UIN Mataram at PT. Phintraco Securities. *Postgraduate Journal of UIN Mataram, 10*(1), 92–106.
6. Yusuf, M. (2021). The effect of minimum investment capital and return on investment interest of the people of Palembang City in the capital market. *Balance Journal, 5*(1), 83–90.
7. Riawan, M., Widagdo, T., & Falah, P. E. (2021). The influence of millennial investors on IHSG movements in Jakarta Indonesia. *HUMANIS, 2*(1), 661–670.