The Impact of Investment Knowledge and Capital on Students' Interest in Capital Market Investment

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ABSTRACT

This aim study to determine the effect of investment understanding and investment capital on students' interest in investing in the capital market. The research was conducted on students of the Faculty of Economics and Business from several universities in Jember Regency with active Investment Galleries. Researchers conducted a quantitative study by distributing questionnaires to 80 respondents selected using purposive sampling. They then analyzed the data with. multiple linear regression. The results show that both investment understanding and investment capital have a positive and significant effect, either partially or simultaneously, on students' interest in investing. The research indicates that students' interest in capital market investment activities grows with their level of investment knowledge and financial readiness.

Keywords:
Investment understanding; investment capital; investment interest; student; capital market

ABSTRAK

Studi ini bertujuan untuk menyelidiki bagaimana pemahaman investasi dan modal investasi memengaruhi minat mahasiswa dalam berinvestasi di pasar modal. Penelitian ini melibatkan mahasiswa Fakultas Ekonomi dan Bisnis dari beberapa universitas di Kabupaten Jember yang memiliki Galeri Investasi aktif. Peneliti melakukan penelitian kuantitatif dengan menyebarkan kuesioner kepada 80 responden yang dipilih melalui purposive sampling. Data yang terkumpul kemudian dianalisis menggunakan regresi linear berganda. Hasil penelitian menunjukkan bahwa baik pemahaman investasi maupun modal investasi memiliki pengaruh positif dan signifikan terhadap minat investasi mahasiswa, baik secara parsial maupun simultan. Pada akhirnya, penelitian ini menyarankan bahwa antusiasme mahasiswa terhadap kegiatan investasi pasar modal meningkat seiring dengan tingkat pengetahuan investasi dan kesiapan finansial mereka.

INTRODUCTION

Investment is one of the strategic steps in managing finances to obtain profits in the future. Investments can be made in the form of real assets or financial assets, one of which is through the capital market. In the context of the capital market, students are one of the potential segments that need to be encouraged to become active investors. Along with the development of technology and ease of access to information, interest in investment among the younger generation, especially students, shows an increasing trend (Aspirandi et al., 2022). However, data shows that the level of student participation in

capital market investment activities is still relatively low. One of the factors causing this is the low understanding of students about investing, including the risks, types of instruments, and strategies that can be used (Siri & Meirini, 2021). In addition, the perception that investment requires large capital is also a significant obstacle, especially for students who have limited funds. This is a paradox in the midst of advances in financial literacy and digital investment facilities that are increasingly accessible (Permatasari et al., 2023).

In the context of financial behavior, a person's interest in investing does not arise by chance, but rather is influenced by various psychological and structural factors (Hagger et al., 2020). One of the relevant theories to explain this behavior is *Theory of Planned Behavior (TPB)* developed by Ajzen in 1991. The SDGs state that the intention to behave is determined by three main components, namely attitudes towards behavior *(attitude toward the behavior),* Subjective norms *(subjective norm),* and control perception *(perceived behavioral control).* These three components form the intention *(intention)* which ultimately affects a person's actual behavior. In the context of investment, understanding the concept of investment and the availability of capital are factors that can form positive attitudes, strengthen social norms, and increase the sense of ability to engage in capital market activities (Hagger et al., 2020).

Although many previous studies have examined the relationship between investment understanding, investment capital, and interest in investing, the findings still show incoexistence. Research Artanti & Hidayat (2023) and Syauqiyah & Kurniawati (2023) showed a significant positive influence of understanding and capital on students' interest in investing, while other studies found a less significant influence on the study Amrul & Wardah (2020) and Yuliati et al (2020). These differences in results indicate an empirical gap that requires further study, especially in different contexts and populations.

Jember Regency was chosen as the location for the research because it has a large concentration of higher education institutions in the Horseshoe area, East Java. Several universities in this area already have an active Indonesia Stock Exchange Investment Gallery (GI-BEI) which functions as an educational and practical means of capital market for students. The existence of GI-BEI provides a supportive learning environment in fostering investment interest from an early age, but its effectiveness still needs to be scientifically tested, especially in relation to the understanding and availability of capital as the main factor.

This study aims to analyze the influence of investment understanding and investment capital on the investment interest of FEB students in Jember Regency. Through a quantitative approach, data was collected from 80 percent of students who had met the criteria as novice investors in the capital market. The research instruments used a closed questionnaire with a Likert scale and were analyzed using multiple linear regression to test the influence of each.

This research has a new value in the local context, namely by integrating the TPB approach in the FEB student population in areas with active IDX. In addition, this research also makes a practical contribution in the form of recommendations for higher education institutions in designing a more effective investment literacy curriculum or program. In terms of implications, the results of this study are expected to be the basis for policymakers and capital market industry players in increasing the participation of the younger generation in investment as a form of long-term financial independence.

The primary goal of this study is to analyze the impact of students' grasp of investment concepts and their available investment capital on their inclination to invest, specifically among FEB students in Jember Regency. The results of this research are expected to contribute to the preparation of financial education strategies that are more targeted and effective to increase student literacy and participation in the capital market.

METHOD

This study uses a quantitative approach with a type of causal associative research, which aims to analyze the influence between two independent variables, namely investment understanding and investment capital, on one dependent variable, namely students' interest in investing.

Research Population

The research was carried out in Jember Regency, East Java province which is one of the areas with the highest concentration of universities in horseshoe. The research subjects are active students from FEB in four universities that have active GI-IDX, namely the University of Jember, the University of Muhammadiyah Jember, UIN KHAS Jember, and ITS Mandala Jember. The total population is 395 students, consisting of all active GI students in each university.

Types of Research

The method in this study uses a quantitative approach, which aims to explain the cause-and-effect relationship between independent and dependent variables. The quantitative approach is used because this study tests hypotheses and uses statistically analyzed numerical data. The relationship tested was between the variables of investment understanding (X1) and investment capital (X2) to students' investment interest (Y).

Data Collection Techniques

Data was collected through a closed-ended questionnaire arranged on a 5-point Likert scale, ranging from "strongly disagree" (score 1) to "strongly agree" (score 5). The questionnaire was compiled based on indicators relevant to each research variable.

Sampling Techniques

The sampling technique used uses the purposive sampling technique, which is a sample determination technique with certain considerations or criteria. The criteria used are:

1. Students who attend college and have an active IDX GI.
2. Students who have opened a stock account and own shares.

   The study uses the slovin formula to determine the number of samples to be studied with an error rate of 10% (e=0.1). Based on the calculation of the Slovin formula, the sample that became respondents in this study was 80 people from 395 S1 Accounting students.

RESULTS AND DISCUSSION

This study was conducted to test the influence of investment and investment capital understanding on students' interest in investing in the capital market. The data in this study was collected using the distribution of *online questionnaires*. The questionnaire in this study used *a google form application* which was distributed to all active students in four universities in Jember, namely the University of Jember, the University of Muhammadiyah Jember, UIN KHAS Jember, and ITS Mandala Jember. The distribution of the questionnaire was carried out through *Personal Messages* and *WhatsApp Groups*. The population in this study is a population that has met the criteria determined by the researcher to obtain a representative sample.

Respondents based on the year of the cohort showed that in this study the most were the class of 2021 as many as 31 with a percentage (38.8%) while the class of 2024 as the least respondent was 14 with a percentage (17.5%). However, it can be concluded that the dominance of the class of 2021 can provide a fairly representative picture of the level of student experience in their studies. Respondents based on those who already own shares showed that those who do not have shares dominate as many as 53 with a percentage (66.3%) while the remaining 27 with a percentage (33.8%) are those who own shares. This indicates that opening an account does not necessarily mean that someone is investing right away, it could be in the stage of preparation, learning, or waiting for the right time to make a transaction.

Multiple Linear Regression Analysis Results

<div align="center">Table 1. Multiple Linear Regression Test</div>

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constan)	-1,693	1,492		-1,134	0,260
	Investment Understanding	0,421	0,056	0,512	7,493	0,000
	Investment Capital	0,678	0,081	0,570	8,335	0,000

Based on Table 1 The Multiple Linear Regression Test can be seen from *the Standardized Coeficients*, the investment understanding variable as X1 is 0.512 and the investment capital variable as X2 is 0.570. Then between the two values of the amount of variables, there is an investment capital variable that has the greatest value because its influence on investment interest is relatively stronger than the understanding of investment. This means that, although understanding is important, the availability of capital is more decisive in an increase in one's interest or ability to invest.

Hypothesis Test Results

1. t test (Partial)

The t-test (partial) was performed to measure whether each independent variable had a partial influence on the dependent variable in the regression model. A variable can be said to have a significant effect if the significance value (p-*Value*) < significance level (α) of 0.05 and a value of $t_{count} > t_{table}$ (Ghozali, 2021).

<div align="center">Table 2. T test</div>

Variable	Stuttgart	Table	Nilai Sig.	Information
Investment Understanding	7,493	1,664	0,000	Influential
Investment Capital	8,335	1,664	0,000	Influential

Based on Table 2 The t-test showed that partially, both investment understanding and investment capital had a positive and significant effect on students' interest in investing (p < 0.05).

2. F Test (Simultaneous)

The F test (simultaneous) is a hypothesis testing method with the aim of finding out the extent to which independent variables collectively affect dependent variables. Simultaneous influence can be said to be significant if the significance value received <

significance level (α) of 0.05 or can also be seen through a comparison between the value of F_{count} > value of F_{table} (Ghozali, 2021).

Table 3 Test F

Type		Sum of Square	Df	Mean Square	F	Sig.
1	Regression	299,875	2	149,937	69,502	0,000
	Residual	166,113	77	2,157		
	Total	465,988	79			

Based on Table 3 The F test showed that simultaneously the two independent variables had a significant effect on the dependent variable, namely investment interest ($p < 0.05$).

Discussion

1. **The Effect of Investment Understanding on Investment Interest**

Investment understanding is a basic knowledge that has been possessed to make investments. Variable measurements for investment understanding are understanding the level of risk, stock valuation, basic knowledge, and investment conditions. Therefore, sufficient understanding, experience and business instinct are needed to make investments in the capital market (Putri & Warsitasari, 2023). Based on the results of the analysis, it was found that students' understanding of investment has a positive and significant influence on their interest in investing in the capital market. This means that the higher the level of knowledge students have about the basic concepts of investing, the types of investment instruments, and the risks and benefits that may occur, the greater the motivation in them to start investing.

This finding refers to the *Theory of Planned Behavior (TPB)* by Ajzen in 1991, which states that a person's intention to perform an action is greatly influenced by the attitude towards the perkal, perceived social norms, and perception of behavior control. In this context, students who have a good understanding of investment tend to have a positive attitude, feel supported by the social environment, and feel able to control the risks associated with investment. It is these factors that ultimately drive their intention to invest.

This research supports the findings of the Syauqiyah & Kurniawati (2023) and Nadila et al. (2023) which indicates that a good level of understanding of investing encourages increased interest in investing. This strengthens the importance of financial literacy in fostering students' interest in being actively involved in the capital market. On the contrary, these results contradict research by Amrul & Wardah (2020) which states that the understanding of investment does not have a significant influence on investment interest. This difference can be caused by differences in respondents' characteristics, access to financial education, and GI activity in their respective universities.

Thus, it can be concluded that increased investment understanding has an important role in the form of their interest in investing in the capital market. Continuous education through capital market courses, seminars, and training is essential to continue to be improved.

The results of the analysis show that both partially and simultaneously, the understanding of investment and investment capital has a significant effect on students' interest in investing. The regression equation obtained shows that every one unit increase in investment understanding will increase by 0.512, while every one unit increase in investment capital will increase by 0.570.

These findings reinforce *Theory of Planned Behavior (TPB)* by Ajzen in 1991, which states that a person's intentions or interests are influenced by three main factors, namely attitudes, subjective norms, and perceptions of behavior control. In this context, understanding reflects the cognitive aspects and attitudes towards investment, while capital reflects the actual control that students have in making investment decisions.

2.   The Influence of Investment Capital on Investment Interest

Investment capital is the capital that investors give to a securities company to open a stock account account. Which capital will be used for stock purchase transactions in the capital market. The smaller the capital set by securities for investment, the more likely students will be to invest (Siswanti et al., 2023).

The results of the regression analysis also show that investment capital has a positive and significant effect on students' interest in investing. This means that the more affordable the initial capital needed to start investing, the more likely students are to have an interest in investing. Many college students feel more motivated to try investing when they know that they can start with small and easily accessible capital.

This concept is consistent with the perceived behavioral control element within the Theory of Planned Behavior (TPB), defined as an individual's assessment of the simplicity or complexity involved in performing a particular behavior. If students feel financially capable of starting investing, then they will have more control over the investment decisions to be made, in this case contributing to increased intention to invest.

These findings are consistent with the results of research by Daffa (2022), Series & Meirini (2021) and Khafi & Yudiantoro (2022), which also shows that start-up capital is one of the important factors in driving investment interest among students. However, these results are not in line with the research Mahdi et al. (2020), which states that investment capital does not have a significant influence on student interests. This difference in results is most likely due to variations in respondents' perception of "ease of access to investment", as well as the influence of campuses that are active in educating students about small capital investments.

From these findings, it can be understood that students do not need to wait to have large capital to start daring to invest. Education about cheap investments such as mutual

funds and stocks with low prices (for example, IDR 50-IDR 100 per share) is very important to change the perception that investment is only for those who have large funds.

CONCLUSION

This study aims to find out the extent to which the understanding of investment and investment capital affects students' interest in investing in the capital market. Based on data analysis of 80 student respondents from four universities in Jember Regency with active Investment Galleries, it was found that these two variables individually and together positively and significantly influenced investment interest.

These findings indicate that increasing investment literacy and support for the availability of affordable capital are two crucial factors in shaping student investment decisions. A good understanding of capital market risks and instruments fosters confidence and motivation to invest, while adequate capital facilitates the realization of such interests. Thus, student involvement in the capital market depends not only on desires, but also on economic knowledge and ability.

The main contribution of this research lies in strengthening the empirical evidence that educational interventions and capital facilitation at the higher education level can increase the participation of the younger generation in capital market activities. This is in line with national efforts to expand the domestic investor ecosystem that is more inclusive and sustainable.

This research also opens up space for further exploration. There are many other factors that can affect a student's interest in investing, such as intrinsic motivation, social influence, personal experience, or risk perception. Further research is recommended to involve a qualitative approach or a combination of methods to gain a deeper and more comprehensive understanding of students' investment behavior.

THANKS

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