

# The Influence of Investment Knowledge, Return, and Risk on Students Interest in Investing in The Capital Market

## Research on Student of Faculty Economics and Business Mataram University

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### ABSTRACT

This research aims to analyze the influence of Investment Knowledge, Return and Risk on Investment Interest of Undergraduate Students at the Faculty of Economics and Business, University of Mataram. This research is an associative type of research and the type of data used is quantitative data. The data collection method uses a questionnaire with a sample of 100. The analysis method uses multiple linear regression analysis using the Statistical Package for The Social Sciences (SPSS) tool. The research results show that first, Investment Knowledge has a positive and significant effect on Investment Interest. The second research results show that Return has a positive and significant effect on Investment Interest. The results of the latest research show that risk has a negative and significant effect on investment interest.

**Keywords:** *Investment Knowledge, Return, Risk, Investment Interest*

## 1. INTRODUCTION

In the industrial world, there are factors that can support the continuity of a company in developing its business, namely the availability of sufficient funds. A company can obtain an inexpensive source of funds by selling its shares to the public on the capital market. The capital market has been one of the many pillars of the economy in Indonesia whose important role is as a forum for investment and as a source of financing for companies. This is reinforced by Law Number 8 of 1995 concerning capital markets which states that capital markets have a strategic position in national economic development. To achieve this goal, the capital market creates various types of investment products which can be made on the capital market, including shares, debt securities, bonds, commercial securities, derivatives, debt certificates and mutual funds.

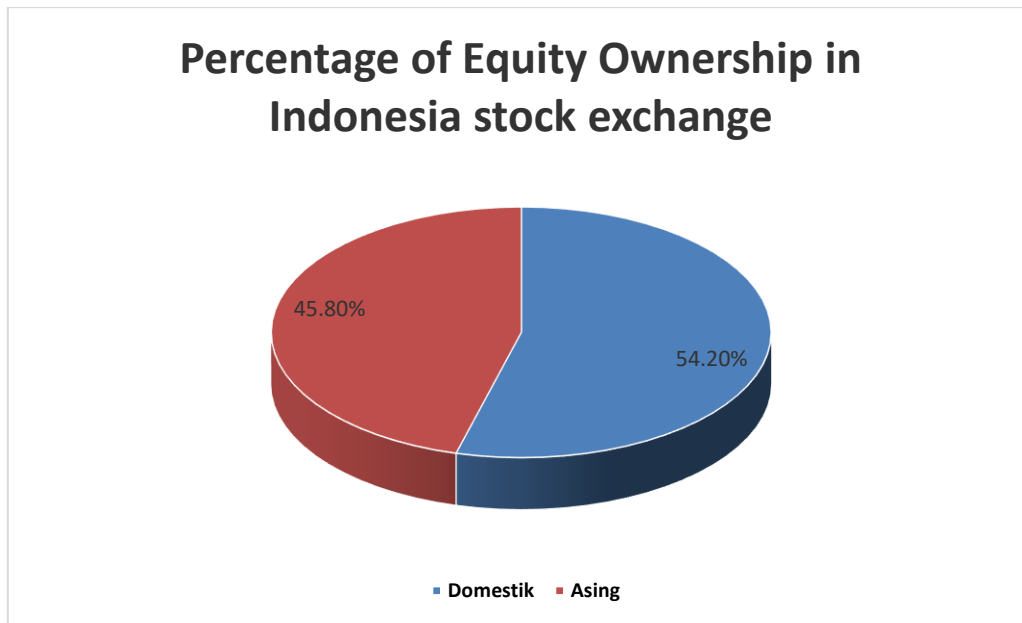
The capital market is currently a benchmark for economic progress in Indonesia. The capital market has an important role in supporting the national economy, this can happen because the capital market has two functions, namely an economic function and a financial function. The capital market has an economic function because the capital market provides a facility or forum that can bring together two interests, namely the party who needs funds (issuer) and the party who has excess funds (investor). In this regard, the capital market is a place that can be used by both parties for activities, especially in the economic sector. Meanwhile, it is said to have a financial function because the capital market can provide possibilities and opportunities for various parties to obtain profits rewards for fund owners according to the type of investment made (Darmadji & Fakhruddin, 2015).

In Figure 1 it can be seen that local investors still dominate equity ownership on the IDX. Based on data from the Indonesian Central Securities Depository (KSEI), the percentage of local investor ownership in the Indonesian capital market reached 54.20 percent, while foreign investors amounted to 45.80 percent. This position has greatly improved compared to the position in 2013 where the percentage of foreign ownership reached 57.04 percent, which is much higher compared to the percentage of local investors which was only 42.96 percent. KSEI Director Alec Syafruddin said the percentage of foreign ownership had decreased compared to the percentage in 2018.

In the current era of modernization where technology is developing very rapidly, the word investment is not something foreign, especially among students. With very rapid advances in technology, it is not difficult to find information about investment, which can arouse curiosity and want to find out, which in the end can increase a person's interest in investing. Slameto (2010) said that a person's interest is a feeling of interest or liking more towards a thing

or activity without anyone telling him or her to do so. Someone who is interested in something will try to find information about that activity and will ultimately carry out that activity without any coercion from anyone.

Investment is an activity to place a certain amount of funds owned in the hope of making a profit in the future (Basuki Pujoalwanto, 2014). There are several factors that can influence a person's interest in investing, namely investment knowledge, return and risk. A person can find out various aspects of investment starting from knowledge about the capital market, knowledge about investment, investment returns, investment risks and investment benefits. Sufficient knowledge about investment will be the basis for consideration for investors in making investment decisions. Someone who has knowledge about investment tends to be more interested in carrying out investment activities compared to someone who does not have knowledge about investment.



**Figure 1** Percentage of Equity Ownership on the Indonesian Stock Exchange

## 2. RESEARCH METHODOLOGY

This research was conducted on respondents from active undergraduate students at the Faculty of Economics and Business, Mataram University, Management Study Program. This research is an associative type of research with the data used in this research being quantitative data. The data collection technique in this research is by using a survey. The data collection instrument used in this research was a questionnaire (list of questions).

The sampling technique used simple random sampling and the population used in this research was 100 active undergraduate students at the Faculty of Economics and Business, Mataram University. The independent variables in this research are investment knowledge, return and risk, while the dependent variable is investment interest.

## 3. RESULT AND DISCUSSION

For this research's problem formulation, the researcher steps descriptive analysis of data, a validity and reability test, a classic assumption test that includes a normality test, test heterocedasticity, multicollinearity test, as well as a test of hypotheses and coefficient of determination.

Table 1 shows that all statements in the questionnaire are valid which can be seen from the calculated  $r$  which is greater than the  $r$  table (0.361) for each statement. So it can be concluded that the 22 statements contained in the questionnaire are valid and can be used as statements in this research questionnaire.

**Table 1.** Validity Test

Statement	r count	r table	exp
Investment Knowledge (X1)			
P1	0,550	0,361	Valid
P2	0,646	0,361	Valid
P3	0,619	0,361	Valid
P4	0,613	0,361	Valid
P5	0,681	0,361	Valid
P6	0,550	0,361	Valid
Return (X2)			
P1	0,758	0,361	Valid
P2	0,802	0,361	Valid
P3	0,636	0,361	Valid
P4	0,819	0,361	Valid
Risk (X3)			
P1	0,768	0,361	Valid
P2	0,838	0,361	Valid
P3	0,823	0,361	Valid
P4	0,818	0,361	Valid
P5	0,833	0,361	Valid
P6	0,786	0,361	Valid
Investment Interest (Y)			
P1	0,503	0,361	Valid
P2	0,744	0,361	Valid
P3	0,709	0,361	Valid
P4	0,726	0,361	Valid
P5	0,756	0,361	Valid
P6	0,688	0,361	Valid

**Table 2.** Reliability Test

Variabel	Cronbach's Alpha	N of Items	Cut Off	Exp
X1	0,767	6	0,70	Reliabel
X2	0,735	4	0,70	Reliabel
X3	0,892	6	0,70	Reliabel
Y	0,779	6	0,70	Reliabel

Based on Table 2, the results can be obtained that the Cronbach's Alpha value of all variables is > 0.70. Based on the results of the reliability testing, all questions were declared reliable.

**Table 3.** Normality Test (One-Sample Kolmogorov-Smirnov Test)

Asymp. Sig. (2-tailed)	Information
.200	Normal

Based on the normality test results in Table 3, the probability number or Asymp Sig (2-tailed) is obtained at 0.200. This value is greater than 0.05 (0.200 > 0.05) where it can be concluded that the data is normally distributed.

**Table 4.** Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Investment knowledge	0.481	2.079
Return	0.485	2.061
Risk	0.782	1.279

From the analysis, as can be seen from the previous Table 4 above, the tolerance value > 0.1 and for 10 VIF, and then the our research model did not occur multicollinearity. The resultant Heteroskedasticity test results output Correlations can be seen can be known, such as the correlation between investment knowledge to the unstandardized Residual yield sig 0.683, return to unstandardized correlation to the Residual yield 0.284 sig, and risk to unstandardized

correlation to the Residual yield 0.125 sig. Since the significance of the correlation value is more than 0.05, this implies that the second regression model did not reveal any problem of heteroscedasticity.

On the coefficient of determination (R<sup>2</sup>), on the summary table of the model section shows the R values correlation is 0.482 then the percentage of investment knowledge, return and risk to the investment interest in the capital market is 48.2% and the rest of the data is affected by other variables. The calculation results of multiple linear regression using SPSS-owned computer programs above are:

$$Y = 2.562 + 0.207X_1 + 0.297X_2 - 0.140X_3 + e \dots\dots (1)$$

The above multiple linear regression equation written can be interpreted that if the Investment Knowledge, Return, and Risk variables are 0, the Investment Interest of the undergraduate student at the Faculty of Economics and Business Mataram University will become 2.562 assuming that other variable is constant. If the investment knowledge increases 1 unit, then the interest of the student will also increase 0.207 assuming that all variable remains constant. If the return variable increases by 1 unit the interest of student will increase 0.297 assuming that a risk variable remains constant. If the risk variable increases one unit the interest of the student will also increase 0.140 assuming that other variable is constant.

**Tabel 5.** F Test Results

Model		Sum Of Squares	DF	Mean Square	F	Sig.
1	Regression	9.520	3	3.173	31.682	.000b
	Residual	9.616	96	.100		
	Total	19.136	99			

Based on table 5 above, the results of the F test are obtained where it is known that the calculated f value is 31,682 > the f table value is 2.70, with a significance level of 0.000 < 0.1. Therefore, it can be stated that the Investment Interest taken by H<sub>0</sub> is accepted.

**Tabel 6.** T Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.562	.397		6.445	.000
	X1	.207	.094	.230	2.206	.030
	X2	.297	.083	.372	3.579	.001
	X3	-.047	.047	-.244	-2.982	.004

Based on table 6 above, the t test can be analysed as follows:

1. Based on the table, it can be seen that the calculated t value is 2,206 > 1,660. Based on a significance value of 0.030 < 0.1, this means that H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. From these data it can be concluded that the Investment Knowledge variable has a positive effect on the Investment Interest of Undergraduate Students at the Faculty of Economics and Business, Mataram University.
2. Based on this table, it can be seen that the calculated t value is 3,579 > 1,660. Based on a significance value of 0.001 < 0.1, it means that H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. From these data it can be concluded that the Return variable has a positive effect on Investment Interest of Undergraduate Students at the Faculty of Economics and Business, Mataram University.
3. Based on this table, it can be seen that the calculated t value is -2,982 > 1,660. Based on a significance value of 0.004 < 0.1, this means that H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. From these data it can be concluded that the Risk 67 variable has a negative effect on Investment Interest of Undergraduate Students at the Faculty of Economics and Business, Mataram University.

#### 4. DISCUSSION

The results of this study support that H<sub>1</sub> can be accepted showing that the Investment Knowledge variable has a positive and significant effect on Investment Interest of Undergraduate Students at the Faculty of Economics and Business, Mataram University. This can be explained after looking at the observations based on the t test to be used as

a benchmark for the Investment Knowledge variable. Investment Knowledge is said to have a positive and significant effect if the value of  $t$  is greater than  $t$  table, which is  $2.206 > 1.660$ , with a significance of  $0.030 < 0.1$  so that the Investment Knowledge influences Investment Interest. This is in line with the results of the multiple linear regression analysis test where the Investment Knowledge variable can increase the Investment Interest of Undergraduate Students at the Faculty of Economics and Business, Mataram University by 20.7%.

Based on this research, it was found that the Return variable had a positive and significant influence on the Investment Interest of Undergraduate Students at the Faculty of Economics and Business, Mataram University. This can be seen through the results of the  $t$  test which is used as a benchmark for the Return variable. It can be said to have a positive and significant effect because the  $t$  test results show that the  $t$  value is greater than the  $t$  table, namely  $3.579 > 1.660$ , with a significance value smaller than 0.1, namely  $0.001 < 0.1$ . This is in line with the results of the multiple linear regression analysis test where the Return variable can increase the Investment Interest of Undergraduate Students at the Faculty of Economics and Business, Mataram University by 29.7%.

Based on this research, it was found that the Risk variable had a negative and significant influence on the Investment Interest of Undergraduate Students at the Faculty of Economics and Business, Mataram University. This can be seen through the results of the  $t$  test which is used as a benchmark for the Risk variable. It can be said to have a negative and significant effect because the  $t$  test results show that the  $t$  value is greater than the  $t$  table, namely  $-2.982 < 1.660$ , with a significance value smaller than 0.1, namely  $0.004 < 0.1$ . This is in line with the results of multiple linear regression analysis tests where 71 risk variables can reduce the investment interest of undergraduate students at the Faculty of Economics and Business, Mataram University by 14%.

## AUTHORS' CONTRIBUTIONS

Dita Alvita Dakota as Conceptualization, Data curation, Writing - original draft, Writing - review & editing, Investigation, Formal analysis, Methodology, Supervision, Project and Software Administration. I Nyoman Nugraha Ardana Putra as Supervision, Conceptualization, Project administration, review & editing, Oversight, Resources

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