Investment Interest: Factors Affecting Investors in the Capital Market

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Article History

Keywords

Abstract

Economic activity can increase with the existence of the capital market as an alternative funding for companies so they can expand their business more widely so that it will increase income. This research aims to determine the influence of income, investment knowledge and investment motivation on interest in investing in the capital market. This research was conducted on capital market investors in West Java Province. The sampling technique uses a non-probability sampling method with the Accidental Sampling technique because the population in West Java is unknown, so the formula needed to determine the sample size is to use the Lemeshow formula. So the minimum sample size required in this research is 100 respondents. In this research, questionnaires were the only data collection technique used. Meanwhile, the statistical test tool used in this research is SmartPLS. From the research that has been carried out, results have been obtained which show that income and investment motivation have an influence on interest in investing in the capital market and investment knowledge has no effect on interest in investing in the capital market. The results of this research explain that the amount of income one has and the high level of motivation will make someone interested in investing, while investment knowledge cannot yet determine whether someone is interested in investing in the capital market or not.

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INTRODUCTION

In the current economic era, many Indonesians manage their income to gain future profits in various ways, such as investing, investing, and so on. Investing is becoming more popular in today's culture. This is indicated by the presence of several investments such as savings, gold, land, ownership certificates (shares and bonds), etc. (Tri Cahya & Ayu Kusuma, 2019) Investment is also one of the development instruments needed by a nation, especially the Indonesian nation, to improve the welfare of society. Investing in the capital market is an investment option that has become increasingly accessible to the wider public since the establishment of the Indonesian Stock Exchange (BEI) (Bakhri, 2018). The main idea of investing is to keep assets in the best condition. The following is data regarding the number of capital market investors.

Figure 1. Capital Market Investor Data
Source: KSEI, 2022

As a facilitator of the Indonesian capital market, PT Kustodian Sentral Efek Indonesia (KSEI) seeks to increase the number of Indonesian investors in various ways. The data above explains that there has been an increase in the number of capital market investors from 2020 to now, an increase of 92.99% in 2021, an increase of 37.68% in 2022 and 3.03% until February 2023. The main director of BEI revealed that of the 11.3 million investors, the number of stock investors was 4.8 million and for the West Java region itself the number of capital market investors was the largest, namely 2.5 million (Romys Binekasri, n.d.). Even though the number of investors in West Java

is quite large, it is not yet clear what the main factors are for these investors to invest, so further research is needed to use several possible factors as variables in this research.

Several factors that can influence a person's interest in investing include income, investment knowledge, and investment motivation. Many individuals have made investments but many of them have failed to obtain returns, this occurs because of their low knowledge in investing (Sun et al., 2022). In line with research conducted by (Pajar & Pustikaningsih, 2022) which shows that investment knowledge has an influence on interest in investing. In other research which examined the same variables but with different objects, it resulted in different research, namely that investment knowledge had no influence on interest in investing in the capital market (Berliana & Widjaja, 2022)(Lestari et al., 2022). This is what makes researchers feel that there is a need for further research regarding this matter.

This is followed by the income variable, the size of income will influence a person's interest in investing in the capital market. Individuals with high incomes have a high opportunity to invest because their primary needs have been met so they have a certain amount of funds that can be set aside for investment. If we look at the level of risk obtained if investing in the capital market has a high risk. Also supported by online trading facilities, it makes it easier for investors to carry out transactions wherever and whenever using devices that can access the internet, making it easier for investors to make decisions. This will not work as desired if it is not supported by sufficient income. The previous explanation is what causes many investors to be interested in investing in the capital market (Yusuf, 2019). This is in line with research conducted by (Hutapea, 2021) which explains that income has an influence on interest in investing in the capital market but differs from the opinion expressed by (Muttaqin & Ayuningtyas, 2022). Therefore, researchers want to carry out research again with the income variable but with a different object.

And the last one is motivation to invest, the Indonesian Stock Exchange introduced the "Let's Save Stocks" program which invites Indonesian people to start changing habits from a saving society to an investing society. This is done not only to understand investment theory but also to practice it through the gallery so that it can increase the number of new investors in society. Previous research on investment motivation shows that investment motivation will influence interest in investing (Sari et al., 2021) (Saputra, 2021) (Ainiyah & Indrarini, 2022). This is different from research conducted by (Ainiyah & Indrarini, 2022) which states that investment motivation does not influence interest in investing in the capital market. This is what attracted researchers to carry out research again on motivations for investing in the capital market. The following is the framework for this research:
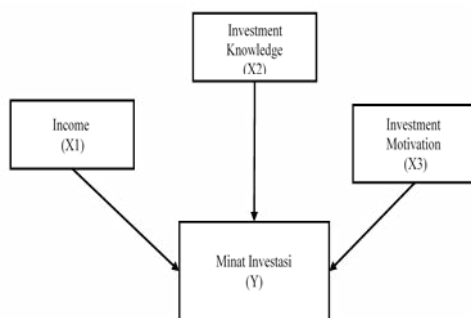

Figure 2. Framework

From Figure 2, a first hypothesis can be drawn, namely that income has an influence on interest in investing in the capital market. Meanwhile, the second hypothesis in this research states that investment knowledge has an influence on interest in investing in the capital market. Furthermore, the third hypothesis in this research states that investment interest has an influence on investment interest.

METHODS

The type of research used in this research is quantitative research. Quantitative data is data that is presented in the form of numbers which are either directly extracted from research results or the results of data processing to become quantitative. This data

can become quantitative after grouping it in such a way and expressed in numerical units, a research method that aims to determine the relationship between two or more variables. Research was conducted on communities in West Java Province. Meanwhile, the sampling technique uses a non-probability sampling method with accidental sampling technique because the population in West Java is unknown, so the formula needed to determine the sample size is to use the Lemeshow formula. So the minimum sample size required in this research is 100. respondents. The type of data used in this research is primary data, where this data is obtained from data collected directly, for example data selected from respondents through questionnaires or data from researchers' interviews. The data analysis used is descriptive analysis to provide an overview of the research variables. Apart from that, this research uses Structural Equation Modeling (SEM) analysis techniques based on Partial Least Square (PLS).

RESULTS AND DISCUSSION

The type of research used in this research is quantitative research. Quantitative data is data that is presented in the form of numbers which are either directly extracted from research results or the results of data processing to become quantitative. This data can become quantitative after grouping it in such a way and expressed in numerical units, a research method that aims to determine the relationship between two or more variables. Research was conducted on communities in West Java Province. Meanwhile, the sampling technique uses a non-probability sampling method with accidental sampling technique because the population in West Java is unknown, so the formula needed to determine the sample size is to use the Lemeshow formula. So the minimum sample size required in this research is 100. respondents. The type of data used in this research is primary data, where this data is obtained from data collected directly, for example data selected from respondents through questionnaires or data from re-

searchers' interviews. The data analysis used is descriptive analysis to provide an overview of the research variables. Apart from that, this research uses Structural Equation Modeling (SEM) analysis techniques based on Partial Least Square (PLS).

Table 1. Outer Loadings

	Income	Investment Knowledge	Investment Motivation	Investment Interest
X1.1	0.897			
X1.2	0.886			
X1.3	0.838			
X1.4	0.883			
X1.5	0.867			
X1.6	0.717			
X1.7	0.746			
X2.1		0.764		
X2.2		0.821		
X2.3		0.775		
X2.4		0.800		
X2.5		0.832		
X2.6		0.790		
X2.7		0.739		
X2.8		0.836		
X3.1			0.827	
X3.2			0.777	
X3.3			0.795	
X3.4			0.876	
X3.5			0.812	
Y1.2				0.719
Y1.3				0.760
Y1.4				0.820
Y1.5				0.857
Y1.6				0.765

Source: Processed data by SmartPLS, 2024

Validity Test Results

The AVE measure can also be used to measure the reliability of latent variable component scores and the results are more conservative compared to composite reliability (CR). Aims to measure the level of variance of a construct component collected from its indicators by adjusting for the error rate. All indicators can be considered valid if the average variance extracted (AVE) value is > 0.5 (Husnawati et al., 2019). Based on table 4.2 Construct Reliability and Validity, it shows that the overall AVE value is > 0.5. Shows a good measure of convergent validity. This means that the latent variable can explain on average more than half of the variance of the indicators. All indicators of the construct can be said to be valid, because all of these items have an average variance extracted (AVE) value > 0.5.

Table 2. Validity Test Results

	AVE
Income	0.699
Investment Knowledge	0.632
Investment Motivation	0.669
Investment Interest	0.617

Source: Processed data by SmartPLS, 2024

From the Table 2, it can be concluded that the Average Variance Extracted (AVE) value for each Income variable (X1) is 0.699, the Investment Knowledge variable (X2) is 0.632, the Investment motivation variable (X3) is 0.669, and the Investment Interest variable (Y) of 0.617, it can be concluded that all variables in this study have an AVE value > 0.50 and are declared valid.

Reliability Test Results

Stated that a latent variable can be said to have good reliability if the composite reliability value is greater than 0.7 and the Cronbach's alpha value is greater than 0.7. Table 2 below shows the composite reliability value and Cronbach's alpha value greater than 0.7 for each variable, so it can be said that the

latent variable has good reliability (Husnawati et al., 2019).

Table 3. Reliability Test Results

	Cronbach's Alpha
Income	0.927
Investment Knowledge	0.918
Investment Motivation	0.878
Investment Interest	0.845

Source: Processed data by SmartPLS, 2024

From the Table 3, it can be concluded that the value of the Income variable (X1) has a Cronbach alpha value of 0.927 or > 0.70, which means this variable has a high level of reliability. The Investment Knowledge variable (X2) has a Cronbach alpha value of 0.918 or > 0.70, which means this variable also has a high level of reliability, and for the Investment Motivation variable (X3) it has a Cronbach alpha value of 0.878 or > 0.70, which means it has a high level of reliability. tall. The dependent variable, namely Investment Interest (Y), has a Cronbach alpha value of 0.845 or > 0.70, which means it has a high level of reliability.

Inner Model Analysis
R-Square Test Results

Stated that an R square value of 0.75 is included in the strong category, an R square value of 0.50 is included in the moderate category and an R square value of 0.25 is included in the weak category. Table 4.5 below shows that the R square value is 0.491 is included in the moderate category.

Table 4. R-Square Test Results

	R Square	Adjusted R Square
Investment Interest	0.491	0.475

Source: Processed data by SmartPLS, 2024

Based on Table 4, it can be concluded that the R-Square value for the Investment Interest variable is 0.491, which indicates that the model has a moderate relationship, where 49.1% of the Investment Interest variable is influenced by Income, Investment Knowledge and Investment Motivation. Then the remaining 41.9% is influenced by other variables that have not been studied.

Bootsrapping

The t test process is used to test hypotheses in research that uses the PLS method, namely by using the bootstrapping method.
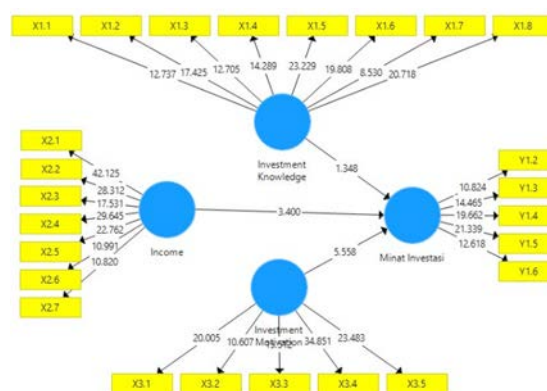

Figure 3. Bootsrapping
Source: Processed data by SmartPLS, 2024

Bootstrapping is used to see whether there is a significant relationship between the observed variables. If the bootstrap T statistic value is ≥ 1.96, it can be said that the hypothesis is accepted, whereas if the value is ≤ 1.96, then it can be said that the hypothesis is rejected (Produk et al., 2019).

Path Coefficient Test

Based on the Table 5, this hypothesis test is carried out to determine the effect of one construct on other constructs. Where a variable can be said to have a significant influence if the P value is > 0.05 or 5%, but if the P value is < 0.05 or 5% then the variable can be said to not have a significant influence on other variables.

Table 5. Regression Results

	Original Sample (O)	Mean (M)	Std. Dev (STDEV)	T Statistics (|O/STDEV|)	P Values
I -> MI	0.443	0.440	0.140	3.168	0.002
IK ->MI	0.169	0.155	0.128	1.320	0.187
IM -> MI	0.532	0.532	0.104	5.094	0.000

Source: Processed data by SmartPLS, 2024

Income Has a Significant Influence on Interest in Investing in the Capital Market

It is known that the P Values for the Income variable (X1) is 0.002, which is smaller than 0.05 and the t statistic value is 3.168, which is greater than the t table of 1.96. Therefore, there is an influence between the Income variable on interest in investing in the Capital Market among the people of West Java.

Income has a significant influence on interest in investing in the capital market. The first hypothesis in this research states that income has an influence on interest in investing in the capital market. The results of the analysis carried out support the hypothesis. From the results of the data analysis carried out, income has a significant influence on interest in investing in the capital market so it can be explained that individuals with high incomes tend to have greater opportunities to invest because their main needs in life have been met and they still have remaining funds to save. or invested. Income should be one of the considerations for people interested in investing in the capital market. Because by investing, people will gain profits and have other income besides salary.

The results of this research are in line with research conducted by (Yusnita & Abdi, 2018) which shows that income has an influence on interest in investing in the capital market. The results of the same research were also carried out by (Zahro & Hapsari, 2023) who stated that income has an influence on interest in investing in the capital market. Based on the Theory of Planned Behavior, it is stated that an individual's perception of behavioral control will influence a person's ability to take the decisions they want to make (Arfan Ra-dian Wibowo, 2020). The results of the descriptive analysis show that someone will start investing and consider how much income they will receive and the income they will allocate for investment, considering that inflation increases every year, so investment is very necessary for survival.

Investment Knowledge Variable Has No Influence on Investment Interest in The Capital Market

It is known that the P Values for the Investment Knowledge (X2) variable are 0.187 which is greater than 0.05 and the t statistic value of 1.320 is smaller than the t table of 1.96. Therefore, there is no influence between the Investment Knowledge variable on investment interest in the Capital Market among the people of West Java.

Investment knowledge does not have a significant influence on interest in investing in the capital market. The second hypothesis in this research states that investment knowledge has an influence on interest in investing in the capital market. The results of the analysis carried out do not support the hypothesis. The data analysis carried out shows that investment knowledge has no influence on interest in investing in the capital market, so it can be concluded that people who have knowledge about investment, both regarding types of investment, investment profits and investment risks, are less likely to attract public interest in investing in the capital market. This could be caused by low public awareness of the importance of investing or another reason is that people prefer to invest in real assets. On the other hand, individual psychology in investing

can also influence their interest. In accordance with behavioral finance theory which studies individual behavior in investing in shares rationally and objectively without being influenced by psychological factors. In line with research conducted by (Malik, 2017) which states that investment knowledge has no influence on interest in investing in the capital market, this is inversely proportional to the results of research conducted by (Sari et al., 2021) which states that investment knowledge has an influence on investment interest in the capital market.

Investment Motivation Variable Has an Influence on Investment Interest in the Capital Market

It is known that the P Values for the Investment Motivation variable (X2) is 0.000, which is smaller than 0.05 and the t statistic value of 5.094 is greater than the t table of 1.96. Therefore, there is an influence between the Investment Motivation variable on interest in investing in the Capital Market among capital market investors in West Java.

Investment motivation has a significant influence on interest in investing in the capital market. The third hypothesis in this research states that investment interest has an influence on investment interest. The results of the research carried out support the hypothesis. The data analysis carried out explains that investment motivation influences a person's interest in investing so that having motivation to invest really attracts individuals' interest in investing in the capital market because basically a person will be motivated to take action if there is something that interests them (Tri Cahya & Ayu Kusuma, 2019). One of the famous motivation theories, namely the hierarchy of needs theory from Abraham Maslow, explains that an unmet need can become motivation. In this theory, it is stated that there are five levels of needs including physiological, security, social, esteem and self-actualization. Maslow's hierarchy of needs theory can be an indicator of needs that can motivate someone to invest (Situmorang, M. & Natariasari, 2014).

In line with research conducted by (Ainiyah & Indrarini, 2022) with the theory of planned behavior which states that motivation or encouragement that arises from oneself with the support of the people around them will lead to changes in behavior to carry out an action, then a person's intention to do it also will get higher. . Research also conducted by (Pajar & Pustikaningsih, 2022) (Atika & Nilwan, 2022) (Saputra, 2021) states that investment motivation has an influence on interest in investing in the capital market.

CONCLUSION

Based on the research that has been carried out and the discussion outlined, it can be concluded that the first variable, namely income, has a significant influence on investor interest in the capital market; the second variable, namely investment knowledge, has no influence on investor interest in the capital market; investor's motivation has an influence on investor interest in the capital market. It is hoped that this research can have an influence on the government through programs that exist or will be implemented so that it can provide training so that people's investment knowledge in West Java can increase and offer more interesting and motivating programs so that people are more interested in investing in the capital market. For people who want to know about investment science, they can learn through seminars or training held by the government or universities and online media. And what is no less important is that people who already know the science of investing should practice investing in the capital market. For future researchers, the researcher also provides suggestions to be able to determine specifically who will be the research sample, not the entire general public, for example only the millennial generation or generation Z or those who are older and so on. Furthermore, you can also increase the number of samples examined to provide more accurate results. Next, add other variables that have not been used in this research.

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