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INFLUENCE OF INVESTMENT RISK, KNOWLEDGE, AND ALLOWANCE ON STUDENTS' INVESTMENT INTEREST

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Abstract

The study empirically examines the effect of investment risk, investment knowledge, and student allowance on student interest in investing in the capital market. This research uses a survey method. The research respondents were 105 students of the Faculty of Economics and Business UPN "Veteran" Yogyakarta. The sample selection method is random sampling. The hypothesis was tested with multiple regression analysis. The results prove that investment risk has a negative influence on student interest in investing in the capital market, and investment knowledge, and student pocket money have a positive effect on student interest in investing in the capital market.

Abstrak

Penelitian ini bertujuan untuk menguji secara empiris pengaruh risiko investasi, pengetahuan investasi, dan uang saku mahasiswa terhadap minat berinvestasi mahasiswa di pasar modal. Penelitian ini menggunakan metode survey. Responden penelitian sebanyak 105 mahasiswa Fakultas Ekonomi dan Bisnis UPN “Veteran” Yogyakarta. Metode pemilihan sampel adalah random sampling. Hipotesis diuji dengan analisis regresi berganda. Hasil penelitian membuktikan bahwa risiko investasi memiliki pengaruh negatif terhadap minat mahasiswa berinvestasi di pasar modal, sedangkan pengetahuan investasi maupun dan uang saku mahasiswa memiliki pengaruh positif terhadap minat mahasiswa berinvestasi di pasar modal.

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INTRODUCTION

Since the capital market serves two purposes: as a channel for company funding and as a way for corporations to raise money from the investor communit. It plays a significant role in bolstering a nation's economy. According to Capital Market Law No. 8 of 1995, the capital market encompasses "activity which related to Public Offering and Securities trading, Public Company concerning Securities it has issued, and institutions and professions related to Securities." For investors, both private individuals and corporate entities, the existence of the capital market is crucial. They can use their extra money to invest, allowing business owners to obtain more funding from capital market investors to grow their networks of operations (Yuliana, 2010).

The performance of the Composite Stock Price Index (JCI) at the end of 2018 was the lowest in the previous three years after falling 2.54% during the previous year, although JCI still recorded a return of 19.99% in the previous year 2016, and 15.32%. The decline in the index at the end of 2018 is even better than in 2020, which was negative 5.09%. But by the end of 2021, the yield had increased from 3.14% to minus 1.95%. The amount of money invested in Indonesian stocks is rising over time. A rise in capital market participants is depicted in Figure 2 between January 2019 and January 2022. According to the Indonesia Stock Exchange (IDX), the public's investment in the capital market is still rising. In addition, the Indonesian Central Securities Depository (KSEI) reported that as of the end of 2022, in the capital market, there were 7,489,337 investors, a 92.99% growth over the 3,880,753 investors at the end of 2021.

The current Fourth Industrial Revolution has undoubtedly had a significant impact on Indonesia's economic growth and development. People need to possess the necessary skills and information in this digital age 4.0 to keep up with economic changes. One way to manage financial resources or wealth is to invest (Rusda, 2020). A common aspiration among individuals is to achieve financial independence. Among the numerous methods to make this happen is by investment. However, a lot of people give up on investing midway. The inability to predict investment success and a lack of investment motivation are the root causes of this. The Indonesian populace exhibits relatively low investment motivation and interest. Low public awareness and understanding of capital market investment is the root reason for this lack of interest or motivation (Merawati & Putra, 2015).

Having investment knowledge is crucial for prospective investors. This is to protect prospective investors from unpleasant things like fraud and loss risk. In the capital market, to determine which assets to buy when investing, one must possess sufficient information, experience, and also business acumen (Halim, 2005). It takes sufficient understanding of suitable investing techniques to prevent potential losses. As a result, having an understanding of investments is crucial for Indonesians to feel secure while making investments and to stop worrying about fraud. Because more and more people are becoming interested in the capital market every day, it is critical to educate the public about it (Tandio, 2016). The government responded by introducing the "Stock Savings" special IDX program, which aims to expand the number of investors in the Indonesian capital market. To draw in new investors, including students and young workers, this campaign seeks to inspire, inform, and grow the capital market industry for the benefit of the next generation. These days, there are a wide variety of investments. Stock investing is a common way for the general people to make investments. According to Samsul (2006), a company's shares serve as evidence of ownership for the owner, who is also a shareholder.

The 2017 Global Investor Survey found that older generations are more likely than younger generations to invest in profitable equities and take risks (Schrodes, 2017). However, younger generations appear to be more willing to accept risks while investing, according to a 2017 HSBC Media Advisory poll of 18,000 respondents from 16 countries, including Indonesia. To improve their financial circumstances, at least 39% of millennials are highly interested in taking on riskier ventures. To ensure that they will have adequate financial circumstances in the future, the students might begin investing in several areas, including the capital market. For students, money can be the biggest barrier to investing, especially those whose parents' contributions account for the majority of their income. Financial resources for students can generally be acquired through a variety of means, including parental support, scholarships, gifts, bonuses, personal income, and part-time employment.

Hati & Harefa's (2019) research has an impact on investment interest. This research, however, differs from that conducted by Trenggana & Kuswardhana (2017), who found no correlation between risk and students' interest in stock investing. The addition of an independent variable, specifically student pocket money from Rusda's research (2020), which indicates that there is a significant relationship between student pocket money and interest in capital market investing, distinguishes this study from that done by Hati & Harefa (2019). Another distinction between this study and Hati & Harefa's (2019) is that the former used the Theory of Planned Behavior, whilst the latter uses the Millennial Generation Theory. The inclusion of independent variables—investment knowledge and student pocket money—distinguishes this analysis from that of Trenggana & Kuswardhana (2017). Furthermore, this research is quantitative, whereas the research by Trenggana & Kuswardhana (2017) is descriptive and verifiative.

According to research by Burhanudin et al. (2021), student interest in investing is positively but not significantly impacted by investment knowledge. This issue is distinct from that of Rusda's (2020) study, which found that students' interest in investing is positively and significantly influenced by investment expertise. The study's findings led to the conclusion that basic explanations of the types of investments, their uses, and the risks prospective investors should be aware of before investing may be found in the literature on capital market analysis and investment pricing. The inclusion of independent variables-investment risk and student allowance-distinguishes this study from earlier research by Burhanudin et al. (2021). Furthermore, associative research was employed in the Burhanudin, et al. (2021).

Rusda's (2020) research demonstrates that allowance has a noteworthy and favorable impact. This issue also aligns with Marleni's (2017) research, which found that allowance significantly influences students' interests. This explains why students take allowances into account when making investments, as their interest in investing increases with money. The Theory of Planned action (TPB), an extension of the Theory of Reasoned Action (TRA), is the theory that can explain how action and attitude are related to one another. According to Ajzen (1985), behavior is determined by purpose, which is a function of behavior toward subjective norm behavior, in the Theory of Reasoned Action. This goal is to be highly predictive of an individual's conduct, serving as a mental image of that individual's behavior preparedness. Three factors influence this intention: behavior, subjective norms, and behavior control. Aloysius (2017) asserts that risk is a factor that most people, even investors, dread. Nobody enjoys taking risks. The only thing that separates them is how much they can tolerate risk. While some people can only tolerate low risk, others are prepared or able to take on considerable risk. Because many people are terrified of danger and only a small percentage can accept the risk of both low risk and high risk, the study by Hati & Harefa (2019) shows that risks have a positive and significant effect. However, as the respondents were between the ages of 18 and 22, they did not view excessive risk in investing, this topic is not consistent with Trenggana & Kuswardhana's (2017) research, which found that risk does not affect students' interest to invest in stocks.

H1: Investment risk has a positive effect on investment interest.

According to Burhanudin, et al. (2021), investment knowledge refers to a person's understanding of many aspects of investment, beginning with fundamental knowledge of investment valuation, risk level, and rate of return on investment. The more knowledge obtained about investment, both through learning and socialization from the capital market, the greater one will desire to invest in it. Information obtained from individuals from educational activities, training courses, seminars, and market seminars, is a form of personal learning and this information increases the interest of individuals.

Research conducted by Rusda (2020) showed that investment knowledge has a positive and significant impact on student investment interest, because the better student investment knowledge, their interest in investing will increase, and vice versa, the lower student investment knowledge, the lower the interest of student investment. This matter is not in line with Saputra's (2018) research which concludes that investment knowledge possesses no influence on investment interest. This explains that providing knowledge in terms of education does not have an effect when it is increased on investment interest. This has also led to students' disinterest in investing in the capital market.

H2: Investment knowledge has a positive effect on investment interest.

Allowance, as defined by Ariadi et al. (2015), is pocket money that parents give their children each month as a means of fostering responsibility. As such, it must be combined with the teaching of children's respect for money so that the money that parents give their kids is used toward savings or transportation. Estefan (2019) defines allowance as the range of pocket money that respondents receive each month from their parents or relatives. This budget is intended to give kids access to a school setting where sound money management is a given. As a result, the amount of money that parents provide them needs to be weighed against the amount of money they spend on their kids.

According to research by Rusda (2020), there is a positive and significant relationship between a student's allowance and their level of interest. This is because, after covering their daily expenses, students who have more money to spare can invest it. Since the allowance money of the sample students is not a criterion for investing in the capital market, this is inconsistent with Estefan's research (2019) which instead found that allowance did not significantly affect investment returns in the capital market. This is because the majority of sample students in that research have not put aside an allowance for investments, thus the size of their allowance has no bearing on how interested the students are in making capital market investments.

H3: Student allowance has a positive effect on investment interest.

RESEARCH METHODS

The population for this research consists of 1,555 students of the Faculty of Economics and Business, Universitas Pembangunan Nasional "Veteran" Yogyakarta. The sample used in this study was 105 respondents. This study utilizes a simple random sampling technique. This research uses a survey method. The collection of data is done through a research questionnaire made using the Google Form application and disseminated online through WhatsApp social media, data analysis using multiple linear regression. Validity test using correlation and reliability test using Cronbach Alpha.

RESULTS AND DISCUSSION

Primary data, which can take the form of surveys, observations, interviews, and other forms of direct data collection from people and organizations directly related to the research subject, is the type of data utilized in this study. The specifics of the survey respondents are detailed in Table 1. Table 2 indicates that the mean of investment risk is 24.27 with a standard deviation of 4,200 and that the lowest and greatest values are 11 and 35, respectively. The fact that the standard deviation represents a value that is lower than the mean suggests that investment risk has a positive return. The Investment Knowledge variable has a mean of 22.68 and a standard deviation of 2.355. Its minimum and maximum values are 15 and 25, respectively. The fact that the standard deviation is less than the mean value indicates that investment knowledge has a positive return. The Student Allowance variable has a mean of 16.21 with a standard deviation of 5, a minimum value of 5, and a highest value of 20.

Table 1.
Research Sample

Major	**Total**
Accounting	54
Management	20
Development Economics	31
Total	105

Source: Processed data, 2024

Table 2.
Descriptive Statistic

	N	**Range**	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Investment Risk (X1)	105	24	11	35	24,27	4,200
Investment Knowledge (X2)	105	10	15	25	22,68	2,355
Student Allowance (X3)	105	15	5	20	16,21	2,405
Investment Interest (Y)	105	20	5	25	20,82	3,028

Source: Processed data, 2024

When the significance value exceeds the value of α = 0.5, validity is said to be valid. Every instrument item from the variables Investment Risk, Investment Knowledge, Student Allowance, and Investment Interest is declared valid, as indicated by a Sig value of >0.05, allowing the study's validity test results to be obtained. This allows the variables to move on to the next analysis. If a respondent consistently or steadily answers the same questions on a questionnaire over time, it is considered trustworthy. Cronbach's alpha score > 0.5 indicates that the variables Investment Risk, Investment Knowledge, Student Allowance, and Investment Interest have all been found to be reliable in the reliability test findings.

Table 3.
Multiple Linear Regression Analysis Results

		Unstandardized Coefficients		**Standardized Coefficients**	**t**
		B	**Std. Error**	**Beta**	
(Constant)		11,299	3,108		3,635*
Investment Risk		-0,177	0,062	-0,241	-2,832*
Investment Knowledge		0,325	0,114	0,253	2,855*
Student Allowance		0,325	0,095	0,300	3,428*
Adj. R2	0,265				
F	13,531*				

Source: Processed data, 2024
*5%Significance level

Table 3 indicates that the constant of 11.299 has a positive sign, indicating that investment risk fluctuates and that student contribution and investment knowledge are both zero (0). The investment risk variable's regression coefficient is -0.177, meaning that for every unit increase in investment risk, investment interest will fall by -0.177 when all other factors remain constant. Students are more likely to invest in the capital market when there is less risk involved.

The investment knowledge variable's regression coefficient is 0.325, which indicates that for each unit increase in investment knowledge and other factors considered, investment interest will rise by 0.325. Accordingly, students are more interested in engaging with the capital market the more investment expertise they possess. The student allowance variable's regression coefficient is 0.325, meaning that for each unit increase in pocket money, investment interest will rise by 0.325 when all other factors remain constant. Accordingly, students are more interested in investing in the capital the more allowance they hold. The Adjusted R Square of 0.265 can be used to calculate the percentage of student investment interest that can be explained by investment risk, investment knowledge, and student allowance, with a 26.5% (0.265 x 100%) explanation. The remaining percentage, or 100% - 26.5%, is explained by variables that are not included in the model. The F test showed a significance value of 0.000 < 0.05, suggesting that it is reasonable to employ this test in future studies. This suggests that investment returns can be predicted using regression modeling, or that students' investment interests are influenced by investment risk, investment expertise, and student allowance all at the same time.

Investing risk has a -2.832 effect on stock investments, with a significance value of 0.006. Less than 0.05 is the obtained significance value. Consequently, one may say that investment risk influences return on investment. With a significance value of 0.005, the relationship between investment interest and investing knowledge is 2.855. Less than 0.05 is the significance value that is obtained. It follows that interest in investing is influenced by investment expertise. With a significance value of 0.001, the impact of the student allowance on investment interest is 3.428. Less than 0.05 is the significance value that is obtained. Investment interest is impacted by student allowance.

Investment interest is significantly and negatively impacted by investment risk, according to the findings of the partial hypothesis test. This finding indicates that student interest in investing rises when risk is low. This is because many students are reluctant to make investments when the risk is higher, and vice versa. This study contradicts Hati & Harefa's (2019) findings, which show that risk has a substantial and favorable impact. This is consistent with the notion of risk and return on investment, which holds that investors are more interested in investing and that the higher the risk, the higher the return. Because of this perception, prospective investors view investment risk as one of the most crucial.

Investment interest is positively and significantly impacted by investment knowledge, according to the results of the partial testing. These findings demonstrate that students' interest in capital market investing can be influenced by their level of investment knowledge. Students are more interested in participating in the capital market the more investment information they possess. Because the learner has a better chance of making the most money later on if they have a deeper understanding of investment conditions. According to Baihaqi (2016), knowledge is information that has been arranged in memory as a component of a structured information system or network, which provides the theoretical foundation for this research. Stated differently, people can learn about investments through training sessions, seminars like capital market seminars, and classroom activities.

The Theory of Planned Behavior, which asserts that interest or purpose is influenced by three elements, concurs with this conclusion. Perceived behavior control is among the elements that lead an individual to engage in a particular behavior. According to this research, students' interest in participating in the capital market may be affected by their knowledge of investments. This study demonstrates that student interest in investing increases with increasing investment knowledge. This study's findings are consistent with those of Rusda's (2020) research, which demonstrates that investment knowledge significantly and favorably influences students' interest in investing. Because knowing investments is one of the fundamental elements that influence a person's decision to make capital market investments.

The student allowance has a positive effect on investing interest, according to the results of the partial hypothesis test. This demonstrates that the allowance held by the students serves as a benchmark for capital market investments. Because most students set aside allowances for investments, the quantity of the allowance has an impact on students' interest in making capital market investments.This study is backed by the theory that, according to Ariadi et al. (2015), allowance is pocket money that parents give their children each month as a means of developing their sense of responsibility. As such, it must be combined with the teaching of children the value of money so that the money that parents give their children is saved for emergencies or used for travel. Children receive a stipend, which they can use to purchase food, beverages, and snacks when they're outside. Allowance is meant to teach kids financial management skills so they can handle their own money. Students can invest their allowance. This study supports that of Patrianissa (2018), who found that student loans have a major and favorable impact.

CONCLUSIONS AND SUGGESTIONS

The study's findings support the notion that investment risk negatively and substantially impacts students' interest in making capital market investments. Specifically, when investment risk is low, students' interest in making investments rises because many of them are afraid to do so when the risk is higher, and vice versa. Students' interest in investing is positively and significantly impacted by their knowledge of investments; the more or more knowledgeable a student is, the more interested the student is in making capital market investments. Investment interest is positively and significantly impacted by student allowance since, according to survey responses, the majority of students set aside money for capital market investments hence the amount of the student allowance serves as a standard for capital market investments. The findings indicated how students' interest in investing is influenced by their investment expertise. As a result, there are many ways to increase one's knowledge about investments, including studying on one's own, attending seminars, and using resources like the internet, books, newspapers, and other media as well as attending classes seriously. Student can also join study groups at the institution, such as the Capital Market Study Group, or KSPM. It is anticipated that the Indonesia Stock Exchange (IDX) and Danareksa Sekuritas will develop investment initiatives in the capital market to draw in new participants, particularly students.

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