

# **THESIS**

## **THE EFFECT OF INVESTMENT MOTIVATION AND INVESTMENT KNOWLEDGE TOWARDS INVESTMENT INTEREST IN CAPITAL MARKET IN FEB UNIVERSITAS HASANUDDIN STUDENTS**

**ANDI RAINA ANANDA HERDIYANA**



**MANAGEMENT DEPARTMENT  
FACULTY OF ECONOMIC AND BUSINESS  
UNIVERSITAS HASANUDDIN  
MAKASSAR  
2021**

# THESIS

## THE EFFECT OF INVESTMENT MOTIVATION AND INVESTMENT KNOWLEDGE TOWARDS INVESTMENT INTEREST IN CAPITAL MARKET IN FEB UNIVERSITAS HASANUDDIN STUDENTS

as one of the requirements to obtain  
Bachelor of Economics degree

compiled and submitted by

**ANDI RAINA ANANDA HERDIYANA**  
**A0211 71 808**



submitted to

**MANAGEMENT DEPARTMENT**  
**FACULTY OF ECONOMIC AND BUSINESS**  
**UNIVERSITAS HASANUDDIN**  
**MAKASSAR**  
**2021**

# THESIS

## THE EFFECT OF INVESTMENT MOTIVATION AND INVESTMENT KNOWLEDGE TOWARDS INVESTMENT INTEREST IN CAPITAL MARKET IN FEB UNIVERSITAS HASANUDDIN STUDENTS

Complied and submitted by

**ANDI RAINA ANANDA HERDIYANA**  
**A0211 71 808**

has been checked and approved for the seminar

Makassar, March 24<sup>th</sup> 2021

Supervisor I



Dr. Nurdjanah Hamid, SE, M.Agr  
NIP 1960053 198601 2 001

Supervisor II



Dr. Fauzi R. Rahim, SE, M.SI, CFP, AEPP  
NIP 19650314 199403 1 001

Head of Management Department  
Faculty of Economic and Business  
Universitas Hasanuddin



Prof. Dra. Hj. Dian A.S. Parawansa, M.Si, Ph.D  
NIP 19620405 198702 2 001

# THESIS

## THE EFFECT OF INVESTMENT MOTIVATION AND INVESTMENT KNOWLEDGE TOWARDS INVESTMENT INTEREST IN CAPITAL MARKET IN FEB UNIVERSITAS HASANUDDIN STUDENTS

Complied and submitted by

**Andi Raina Ananda Herdiyana**  
**A0211 71 808**

has been defended in the final examination  
on **April 26<sup>th</sup> 2021** and  
has been approved to meet graduation requirement

Approved by,  
Supervisory Committee

No	Name	Position	Signature
1.	Dr. Nurdjanah Hamid, SE, M.Agr	Head	1.....
2.	Dr. Fauzi R. Rahim, SE, M.SI CFP, AEPP	Secretary	2.....
3.	Prof. Dr. H. Abdul Rakhman Laba, SE, MBA	Member	3.....
4.	Muh. Sabranjamil Alhaqqi, B.Sc., MIB	Member	4.....

Head of Management Department  
Faculty of Economic and Business  
Universitas Hasanuddin



Prof. Dra. Hj. Dian A.S. Parawansa, M.Si, Ph.D.,CWM  
NIP 19620405 198702 2 001

## STATEMENT OF AUTHENTICITY

I, the undersigned below,

Name : Andi Raina Ananda Herdiyana

NIM : A211171808

Department : Management

Here by truthfully declare that the thesis entitled

### **THE EFFECT OF INVESTMENT MOTIVATION AND INVESTMENT KNOWLEDGE TOWARDS INVESTMENT INTEREST IN CAPITAL MARKET IN FEB UNHAS STUDENTS**

is my own research and to the best of my knowledge there is no other scientific works that has been submitted by others to obtain an academic degree in other universities or academic institutions, and there are no works or opinions that have been written or published by others except those cited in the text and mentioned in the bibliography.

If in the future it turns out that it can be proven that there are elements of plagiarism in this text, then I will receive sanctions for the act and proceed according to the applicable laws and regulations (Law No. 20 of 2003, article 25 paragraph 2 and article 70).

Makassar, 24 March 2021



**Andi Raina Ananda Herdiyana**

## PREFACE

Praises and gratitude the author sends to Allah SWT. Alhamdulillah, thanks to His grace, love, and mercy, the author is finally able to complete this research with title “The Effect of Investment Motivation and Investment Knowledge towards Investment Interest in Capital Market in Feb Universitas Hasanuddin Students” as one of the requirement to complete the study and obtain academic degree in Faculty of Economics and Business Hasanuddin University.

The author is fully aware that this thesis would never be realized without the help, guidance, and suggestions for various parties. The author would like to use this opportunity to express deepest gratitude to those who contributed in the making of this research.

1. My dearest parents, Herdi Musa and Andi Zulaiha Mahafatni, for being so selfless in supporting and motivating me. For believe in me and being proud of me. Really, I would not even be near this point without you two. I love you two beyond words.
2. To my supervisors, Dr. Hj. Nurdjanah Hamid, SE.,M.Agr and Dr. Fauzi R. Rahim, SE.,M.SI, thank you for the time that has been spent to guide, provide input, provide advice, and provide motivation, as well as discussions that have been carried out.
3. To my examiners, Prof. Dr. H. Abdul Rakhman Laba, SE, MBA and Muh. Sabranjamil Alhaqqi, B.Sc., MIB, Thank you for the advice and input in the process of completing this thesis.
4. All lecturers at the Faculty of Economics and Business who provided knowledge to the author as well as International Office staff who helped in so many things within these last few years.
5. My loveliest two sisters, Andi Zuri Herdiyanti Putri and Andi Fatihah Herdinan Nanda, for supporting and motivating me to finish this thesis.

6. My bestfriends (Siva Reszya, Cicu Parawansa, Syafira Bestari, Nisa Farah, Qadri Tamsil, Widy Ibrahim, Ratih Nasri, Sasema, Felya Samsir, Reinando, Lala) for being the happiness booster. Cannot stop thank God for sending you all, beautiful yet annoying souls, to me.
7. Special thanks to Syafira and Felya for keeping me walk in the pace that I can handle.
8. International class batch 2017, especially those in management major. Thank you for fought and struggled with me through many classes and countless presentations.
9. All parties that the author cannot mention one by one, but have helped in the process of completing this research in many different ways.

The author realizes that the process of writing and organizing this thesis is inseparable from mistakes and shortcomings. Therefore, with all humility, the author sincerely aplogizes and is gracefully willing to accept all input, critics, and suggestions to make this thesis better. The author humbly presents this thesis, with the hope that it could be useful to increase knowledge and information in the field of management.

Makassar, 24 March 2021



**Andi Raina Ananda Herdiyana**

## ABSTRACT

### **The Effect of Investment Motivation and Investment Knowledge towards Investment Interest in Capital Market in Feb Universitas Hasanuddin Students**

Andi Raina Ananda Herdiyana  
Nurdjanah Hamid  
Fauzi R. Rahim

This research aims to determine to know the effect of investment motivation on investment interest in capital market in FEB UNHAS students, to know the effect of investment knowledge on investment interest in capital market in FEB UNHAS students, and to know the effect of investment motivation and investment knowledge on investment interest in capital market in FEB UNHAS students. The research design is quantitative. The population in this study is FEB UNHAS student batch 2017 and 2018, Member of investment Gallery or has passed the course of investment and portofolio analysis . The sample in this research is 108 students. Data collection in this study using questionnaire method. The test of the instrument was analyzed by using validity test and reliability test. Data analysis techniques used in this study are classical assumptions and multiple linear regression analysis with the application of SPSS. The research findings show that Investment motivation affects investment interest in capital market in FEB UNHAS students, investment knowledge affects investment interest in capital market in FEB UNHAS students, investment motivation and Investment Knowledge simultaneously influence Investment Interest in Capital Market in FEB UNHAS students.

**Keyword:** *Investment knowledge, Investment motivation, Investment interest in capital market.*

## TABLE OF CONTENT

<b>STATEMENT OF AUTHENTICITY .....</b>	<b>v</b>
<b>PREFACE.....</b>	<b>vi</b>
<b>ABSTRACT .....</b>	<b>viii</b>
<b>CHAPTER I INTRODUCTION .....</b>	<b>1</b>
1.1 Research Background.....	1
1.2 Identification of Problems .....	7
1.3 Research Questions .....	7
1.4 Research Objectives.....	7
1.5 Research Significance.....	8
<b>CHAPTER II LITERATURE REVIEW .....</b>	<b>9</b>
2.1 <i>Theory of Planned Behavior (TPB)</i> .....	9
2.1.1 Interest .....	10
2.1.2 Factors affecting Investment Interest.....	11
2.2 Investment Motivation.....	12
2.2.1 Definition of Motivation .....	13
2.3 Investment Knowledge .....	14
2.3.1 Real Assets and Financial Assets .....	15
2.3.2 Determinants of Investment Decision-Making .....	15
2.3.3 Return.....	16
2.3.4 Investment Portfolio Features.....	17
2.3.5 Investing in Capital Market .....	18
2.3.6 Before investing in the Capital Market .....	23
2.4 Previous Research .....	24
2.5 Conceptual Framework .....	26
2.6 Research Hypothesis .....	27

<b>CHAPTER III RESEARCH METHODOLOGY .....</b>	<b>29</b>
3.1 Place and Time of Research .....	29
3.2 Research Design .....	29
3.3 Research Variable .....	29
3.4 Population and Sample .....	29
3.5 Operational Definitions .....	30
3.6 Data Collection Techniques.....	32
3.7 Testing Research Instruments.....	32
3.7.1 Validity Test.....	32
3.7.2 Reliability Test .....	33
3.8 Classical Assumption .....	33
3.8.1 Normality Test .....	33
3.8.2 Multicollinearity Test .....	34
3.8.3 Heteroscedasticity Test .....	34
3.9 Data Analysis Techniques .....	34
3.9.1 Descriptive Analysis .....	34
3.9.2 Multiple Linear Regression .....	35
3.9.3 Coefficient of Determination .....	36
3.9.4 Hypothesis Test.....	36
<b>CHAPTER IV RESULTS AND ANALYSIS.....</b>	<b>38</b>
4.1 The Overview of Research Objective .....	38
4.2 Characteristics of Respondents by Batch.....	38
4.3 Descriptive Analysis .....	39
4.3.1 Determination of Range for Student do not have investment Experience yet .....	39
4.3.2 Description Investment Motivation (X1) Variable and Score Calculation .....	40
4.3.3 Description of Investment Knowledge (X2) Variable and Score Calculation .....	41
4.3.4 Description of Investment Interest in Capital Market (Y) Variable and Score Calculation.....	42

4.4	Research Instruments .....	43
4.4.1	Validity Test for Students do not have Investment Experience yet .....	43
4.4.2	Reliability Test.....	45
4.5	The Classical Assumption .....	46
4.5.1	The Normality Test.....	46
4.5.2	Multicollinearity Test.....	47
4.5.3	Heteroscedasticity Test.....	47
4.6	Multiple Linear Regression Analysis.....	49
4.7	Coefficient of Determination $R^2$ .....	50
4.8	Hypothesis Testing.....	50
4.8.1	F test .....	50
4.8.2	T Test.....	51
4.9	Hypothesis Testing Results .....	52
4.10	Discussion .....	53
4.10.1	The Influence of Investment Motivation on Investment Interest in the Capital Market .....	53
4.10.2	The Influence of Investment Knowledge on Investment Interest in the Capital Market .....	54
	<b>CHAPTER V CONCLUSION AND SUGGESTION.....</b>	<b>55</b>
5.1	Conclusion.....	55
5.2	Suggestion .....	56
	<b>BIBLIOGRAPHY .....</b>	<b>57</b>
	<b>APPENDIX.....</b>	<b>60</b>

## LIST OF TABLE

<b>Table</b>		<b>Page</b>
2.1	Previous Research Summary.....	24
3.1	Operationalization of Variables .....	31
4.1.	Characteristics of respondent by batch .....	38
4.2.	Respondents answers to investment motivation variables .....	40
4.3.	Respondents answers to investment knowledge variables .....	41
4.4.	Respondents answers to investment interest in capital market variables.....	42
4.5.	The results of validity test .....	43
4.6	The results of reliability test.....	45
4.7.	The result of Multicollinearity .....	47
4.8.	Multiple linear regression analysis.....	49
4.9	The result of coeficient of determination.....	50
4.10	The result of F test .....	51
4.11	The Result of T test.....	51

## LIST OF FIGURE

<b>Table</b>		<b>Page</b>
2.1	Research Conceptual Framework.....	26
4.1	Histogram.....	46
4.2	Normal Probability Plot.....	46
4.3	Scatterplot.....	48

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

In the implementation of a country's national economic development, financing from the government and the public is needed. The capital market is an alternative source of funding for both the government and the private sector. Governments that need funds can issue bonds or debt securities and sell them to the public through the capital market. Likewise, the private sector which in this case is a company that needs funds, can issue securities (stocks) or bonds and sell them to the public through the capital market.

The role of the capital market as a source of funding companies that have significant implications for the country's economy is not just an alternative but has been able to become a major funding source. Funds offered in the capital market through some corporate action such as recording the initial stock (initial public offering / IPO), the listing of new shares (rights issue) as well as the issuance of bonds annually assessed far more efficient than the funding obtained from the company's bank loans. Especially when inflation trends are increasing, which indirectly affects the interest rates of bank loans. The number of companies listed IPO, rights issue or bonds as well as funds raised from the three corporate action recorded significant results in each year. Although there are fluctuations in comparison, which is influenced by the economy at home and abroad, in each year, but it did not dampen the interest of companies to keep funding in the capital markets.

Indonesia is a developing country where the financial orientation of the community is still short term or in the category of saving society (saving). When compared with developed countries the orientation is more to the long term or in the category of investing society (investment).

Their financial management awareness is so great that they are able to save 30% income for investment. Therefore, an intensive and sustainable public education is needed to change society from a saving society to an investing society (Ari, 2009: 52).

Since the opening of the Indonesia Stock Exchange, this type of investment is one of the alternative investments that are easily accessible by the public. ("ShieldSquare Captcha", 2020). Basic knowledge of the investment is very important by potential investors. It is intended that investors avoid investment practices that are not rational, culture intervenes, fraud, and risk of loss. Required considerable knowledge, experience and business sense to analyze the effects of which will be purchased in investing in the stock market. Adequate knowledge would invest the right way is essential in order to avoid losses when investing in the stock market, like the stock investment instruments.

In reality, Indonesian capital market's does not yet get positive acknowledgement from public even tough national economic is in a quite remarkable condition. It is reflected by the minimum amount of domestic investor in Indonesian capital market, the ratio of the involvement of Indonesian citizens investing in the capital market is less than 5% compared with the United States (US) with a ratio of 55%, Singapore reaching 26%, and even Malaysia reaching 9%. Compared to other countries, we are still very low. The 5% figure is not enough, compared to the population of productive age, it is still below 5%, even around 2%. Currently, the ownership of investment instruments in the capital market by domestic investors has reached 58 percent, higher than that of foreign investors. Therefore, that there is still a lot of room to develop retail investors in Indonesia. Hopefully, in the future the number of domestic investors will continue to grow, and they will no longer depend on foreign investors (Media, 2020).

The lack of public's knowledge often causes public negative perception toward capital market. Stock offers the highest return rate

with the highest risk rate compared to other investment products, because the mechanism of stock price formation is determined freely by the supply and demand movement in capital market every day, which is influenced by various factors, such as regional and global economic and politic condition (BEI, 2012). Many people have tried to invest but not a few of those who failed the middle of his journey. The main reason why it happens is because they do not have financial goals specific and measurable in investing, the result would be two things, namely the difficulty of knowing the success of investments and the lack of motivation in investing.

Stock risk phenomenon that threatens the investor has been attached in public mindset as being stated by Tilson (2005) in Triono (2010) that the investor will feel even hurt when experiencing loss rather than gaining in the same amounts. And the disappointment felt by the investor experiencing loss can be doubled in depth rather than gaining in the same amounts. Public's fear in dealing with risk pressure in one of these capital market products has formed negative public perception toward capital market and has caused public's distrust toward capital market hence they will not open themselves to know more about capital market in a more detail.

A public negative perception phenomenon stating that capital market is a variety of gambling that variety has plated to be source of big loss (Santoso, 2011). The average return on stock investment capable to reach above 15% per year and even still be higher than the return of other financial investment products, but cannot attract publics/investor to take advantage of capital market products as their investment option. Furthermore, The other developed countries, capital market product especially stocks is a major investment option for investors, and even become part of the long-term financial planning, such as for the preparation of the pension fund. By contrast, in Indonesia, the majority of investors are still afraid to put their money in capital market products

because of the investment risk in capital market is considered so high (Murwani, 2012).

Besides, the fact about the lack of public's interest in capital market most people still do not fully understand the stock market. As a result, many investors invest their funds outside the stock market, such as through savings and deposits. In fact, the stock market is an alternative solution to invest better than banking products. Many products alternative investments are offered in the capital market include stocks and bonds yielding a more attractive than deposits. Unfortunately, it is not fully understood by the public and business especially fearing risks of investment in the stock market, although in fact it can be managed. (Yanukrisna, 2012).

Based on a survey conducted by the IDX, Nielsen, and University of Indonesia, it is known that young people have great potential to become investor stock. From the results of the study, it turns out that share ownership has started to become part of the community's lifestyle (Rezza, 2016). Recently, the public has returned to investing in the market capital through share saving. The President Director of the IDX said that currently the number of investors has reached 2.2 million, which 60% are millennials (CNBC Indonesia, 2019).

As a students, are often major obstacles to the fund invests primarily for students that the majority of income obtained from parents. In general, student financial sources can be obtained in several ways such as: provision of parents, scholarships, money derived from a gift or bonus, and the latter is derived from personal income or a second job held. However, terms and the provisions for opening an investment account in the capital market are currently spelled out very easy. In some securities today, the initial funds must be at deposit to create an account is IDR 100,000.00 The capital deposited when opening an account is not must be spent entirely. After the account opening process is complete, we can transfer back some of the capital we paid in, and leaving only the amount we want to invest. This too supported by the

implementation of a decrease in the number of shares from before 500 pieces per lot becomes 100 pieces per lot, so it can be affordable college student. With the facilities provided by the securities are expected to be able to provide motivation and interest for the public to invest, especially investing in the market capital. There are another factors that affect less interested in investing in the capital market, among them are students who tend to experience difficulties in managing finances because of the high level of consumption, such as spending money for non-essential needs. In addition, some students have to deal with many financial options, such as paying rent, paying in installments, making ends meet, paying tuition, saving money, and making budget plans. There are also many students who work, so they also have to balance their life in the work, college and social environment, as well as limited investment education.

The government through the Indonesian Stock Exchange launched a campaign action program in order to improve investor “yuk nabung saham” campaign to invite the public to start investing in the capital market, starting with increasing public awareness of the importance of investing in stocks which in turn can increase the number of local investors as well as improve the economic welfare of the Indonesian people. Various educational programs are also carried out in collaboration with educational institutions that aim to make the public and students know more about the capital market, understand the importance of investing, recognize stocks as an ideal investment tool, understand the obstacles as well as attract the public's interest as potential investors to invest in the Indonesian capital market.

Knowledge of investing in the capital market is also educated to students on campuses, especially students in the Faculty of Economics, Universitas Hasanuddin. Students really need to be guided in getting to know investment early so that they are not consumptive and start preparing for financial stability later (Wira, 2016). Education about this investment is obtained from the courses taken ranging from general

ones such as financial management to specific one as portfolio theory. Various aspects are studied in lectures which concerns investment starting from return, taking techniques decisions, obstacles, to the risks that will be faced by investors.

According to (Fatmasari, 2011) Motivation is a state in a person's personality that encourages the individual desire to carry out certain activities in order to achieve goals. FEB UNHAS students are taught about the basics of investing as well as the types of investment and the benefits of investing. Several supporting facilities have also been provided, namely the Investment Gallery as a learning medium to jump directly into the world of capital market investment. Students tend to have great motivation and interest in investing after getting motivation from a lecturer at the beginning of learning investment and portofolio analysis courses or after an explanation from the speaker at an investment motivation seminar. The motivation to invest tends to decline over time, not a few of the students have decreased interest in investing in the capital market because of the large number of subject assignments, organizations and busy work. The number of students who participate in KSPM (kelompok studi pasar modal) is still not large and although with the learning of basic investment knowledge provided to students and supporting facilities in the form of investment galleries and various seminars, it is still not able to measure the level of interest and motivation of students to invest directly in investing in capital market. Therefore, this study aims to measure the level of motivation of students to invest in the capital market.

Based on the background of this problem, the author conducts a research entitled **"The Effect of Investment Motivation and Investment Knowledge towards Investment Interest in Capital Market in FEB Universitas Hasanuddin Students"**

## **1.2 Identification of Problems**

1. The motivation and interest of Indonesian's people to invest is quite low compared to other countries.
2. Education / knowledge about investment in the community is still limited.
3. Lack of income or remaining allowance that can be used for investment by students.
4. Lack of free time to conduct and supervise transactions in the capital market
5. Student interest in investing tends to be high at the beginning of learning, but not a few of the students discourage their intention when practiced in the real world.

## **1.3 Research Questions**

1. Does investment motivation affect student interest in investing in the capital market?
2. Does investment knowledge affect student interest in investing in the capital market?
3. Do motivation and knowledge of investment jointly influence student interest in investing in capital market?

## **1.4 Research Objectives**

1. To know the effect of investment motivation on investment interest in capital market in FEB UNHAS students
2. To know the effect of investment knowledge on investment interest in capital market in FEB UNHAS students
3. To know the effect of investment motivation and investment knowledge on investment interest in capital market in FEB UNHAS students

## 1.5 Research Significance

### 1. Theoretical Significance

This research is expected to contribute to the literature for students to understand investment condition in capital market in detail, so that public will not be trapped in negative issues. Moreover, to contribute to the world of education, especially to faculty of economics and business, to balance the theoretical knowledge of the capital market as educational provisions for students that can be implemented. The results of this study are expected to provide additional knowledge for students about the influence of investment motivation and investment knowledge on investment interest in the capital market.

### 2. Practical Benefits

The results of this research expect to increase knowledge and understanding of the importance of education about investment and behavior. In addition, the results of this study provide insight into the decision making in an investment from the influence of investment motivation and investment knowledge on student interest in investing in the capital market.

## CHAPTER II

### LITERATURE REVIEW

#### **2.1 Theory of Planned Behavior (TPB)**

Referring to Theory of Planned Behavior (TPB) which is a development of Theory of Reasoned Action (TRA). (Ajzen, 1980) stated in Theory of Reasoned Action, that a person's behavior is determined by an intention which is a function of behavior towards subjective norm behavior. This intention is able to predict a person's behavior very well and is a cognitive representation of one's readiness to behave. This intention is determined by three things, namely behavior, subjective norms and behavior control.

Theory of Reasoned Action (TRA) can be applied to consumer behavior. For example, buying behavior is influenced by intention, attitude towards behavior (attitude towards behavior) and subjective norms (Dharmmesta, 2000). This theory explains that attitudes will influence behavior through a thorough and reasoned decision-making process, and have an impact on three things, namely:

1. Behavior is not only influenced by attitudes in general but also by a more specific attitude towards an object.
2. Belief is not based on norms, but also by subjective attitudes, namely what other people want to do something.
3. Attitudes towards behavior together with norms form the intention to behave (Sihombing, 2003).

According to (Thimotius, 2016) stated in Theory of Planned Behavior, that humans act in accordance with the intention and perception of certain behavior control, where the intention is to take advantage of behavior, subjective norms and behavior control. Of the three things that determine the intention, behavior is the main point that can predict a behavior. The Theory of Planned Behavior also

illustrates that behavioral intentions (behavioral intentions) do not only rely on behavior (attitudes towards behavior) and subjective norms (subjective norms), but also utilize perceived behavioral control (perceived behavior control). Behavioral control is based on past experiences and estimates of whether it is difficult or not to perform certain behaviors (Azwar, 2003). Therefore the intention to behave can indicate the behavior that will be carried out by someone. This can explain that someone who has an interest in developing will tend to take actions to achieve his desires. For example, by participating in training and seminars on investment, receiving good investment offers, and ultimately investing (Kusmawati, 2011). The characteristics of someone who is interested in being developed can be known by no matter what they do in finding out about a type of investment, studying and then practicing it. This is in line with the opinion (Kusmawati, 2011) which states that interest in developing is the desire to find out about the type of investment starting from profits, weaknesses, investment performance and so on. Another feature that can be seen is that they will try to take the time to learn more about the investment or they immediately try to invest in that type of investment, even adding to their existing investment 'portion'.

### **2.1.1 Interest**

Interest according to (Stiggins, 2015) is a dimension in the affective aspect that has a big role in a person's life. This affective dimension includes several things including:

1. the relationship between feelings about different objects.
2. the feelings have a direction starting from the neutral point to the opposite point, not positive and not negative.

3. have different intensity feelings, starting from weak, moderate, to strong.

Interest is a desire that is driven by a desire after seeing, observing and comparing and considering the needs it wants. Interest shows how much effort a person plans to do something. According to (Shaleh, 2004: 263). interest is a tendency to pay attention to people and act on people, activities or situations that are the object of that interest accompanied by feelings of pleasure. Meanwhile, according to (Sujanto, 2004: 92) states interest as a concentration of attention that is accidentally born with a full will and depends on the talent and the environment

### **2.1.2 Factors affecting Investment Interest**

Interest in investing in stocks in the capital market can be influenced by several factors. According to Nagy and Robert (1994), is information about the capital market and neutral stock transactions. Still according to Nagy and Robert (1994), neutral information (Neutral Information) is information that comes from outside, which shows a better picture so that the information obtained is not biased. This information includes reviews and information from the media about finance and economic conditions related to investment activities, which includes information about news or reviews in the financial media (usually discussing current conditions or conditions with existing investment developments and other matters relating to with investment and finance, news or reviews in the general media, changes in stock prices, reviews from financial analysts, and economic indicators such as inflation, interest rates, and so on.

The next factor is personal financial needs, which is the experience of investors in seeing investment value and calculating consumption expenditure as an independent person, which includes information about investment return targets to

fulfill personal finances, estimating funds for investment, desire to diversify, reviewing the performance of stock portfolios owned in the past, looking at other investment alternatives besides what you have owned by comparing investment alternatives other than stocks, for example bonds, gold, deposits, and others.

There are also other factors that influence investment interest, namely Firm Image. Self Image / Firm Image Coincidence is an assessment of the company's image, for example, the company's reputation, industry position (market leader or market follower) of the company's products and services, the value of the company's shares, and others. Social Relevance concerns the information on the position of the company's shares on the stock exchange (including blue chip or second liner stocks), corporate social responsibility and the company's operational area, national or international. Classic is the ability of investors to determine economic criteria for behavior, including information about expected dividends, stock prices at the initial public offering or IPO, taxes to be borne, and the ability to reduce risk. While professional recommendation is an opinion, suggestion, or recommendation from parties, professionals or experts in the investment field to help investors who are not experienced in determining an investment (Nagy and Robert, 1994).

## **2.2 Investment Motivation**

Based on *Theory of Planned Behavior (TPB)* Ajzen (1991: 188) defines *subjective norms* as social pressure that affects someone to do or not do something. Perceptions or views of someone else's beliefs that will influence the interest in doing or not doing the behavior that is being considered. If the people around have invested and made a profit, this will motivate people to participate in investing.

Investors want to do something good with their money, also want the chance to get a financial return. There are other motivations for investing (Foley-Wong, 2020):

1. Status: To be the person who discovers the next big thing, to be the talent-spotter.
2. Power: To influence and have power over business decisions.
3. Leadership: To empower and help others and provide vision and direction.
4. Connection: To connect with other investors and be part of an investor community.
5. Security: To create financial security through the accumulation of assets and reserves to manage an uncertain future.
6. Future Consumption: To enable future consumption, through the accumulation of resources that grow, multiply and can be used in the future to purchase goods and services.
7. Obsolescence: To prepare for products and services becoming no longer useful nor serving purpose.
8. Innovation: To proactively develop products and services that are useful and serve us better in the future.
9. Legacy: To provide for future generations.
10. Making Decisions: To gather new information or create new tools to help us make decisions.
11. Exchange: To provide a means of exchange in the form of money, shares, or other financial instruments.

### **2.2.1 Definition of Motivation**

Motivation is a reason for actions, willingness and goals. Motivation is derived from the word motive, or a need that requires satisfaction. These needs, wants or desires may be acquired through influence of culture, society, lifestyle, or may be generally innate. An individual's motivation may be inspired by outside forces (extrinsic motivation) or by themselves (intrinsic

motivation). Motivation has been considered one of the most important reasons to move forward. Motivation results from the interaction of both conscious and unconscious factors. Motivation governs choices among alternative forms of voluntary activity ("Motivation", 2020).

Different types of motivation are frequently described as being either extrinsic or intrinsic:

- a. Intrinsic motivation can arise from the self-generated factors that influence people's behaviour. It is not created by external incentives. It can take the form of motivation by the work itself when individuals feel that their work is important, interesting and challenging and provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and scope to use and develop their skills and abilities. Deci and Ryan (1985) suggested that intrinsic motivation is based on the needs to be competent and self-determining (that is, to have a choice).
- b. Extrinsic motivation occurs when things are done to or for people to motivate them. These include rewards, such as incentives, increased pay, praise, or promotion; and punishments, such as disciplinary action, withholding pay, or criticism.

### **2.3 Investment Knowledge**

Knowledge is the result of human knowledge of something or all human actions to understand an object it faces, the result of human efforts to understand a certain object. Investment knowledge is the basic knowledge you have to make an investment. The variable measure used for investment knowledge is an understanding of investment conditions, basic knowledge of stock valuation, the level of risk and the return on investment (Kusmawati, 2011). Knowledge

of this will make it easier for someone to make investment decisions, because knowledge is the basis for the formation of a strength for a person to be able to do something he wants. This is as stated by (Halim, 2005: 4) that investing in the capital market requires sufficient knowledge, experience and business instincts to analyze which securities to buy. Sufficient knowledge is needed to avoid losses when investing in the capital market, such as in stock investment instruments. There are things that someone should understand and consider before investing, namely understanding how business / investment and business objectives work, understanding the risk of return obtained, learning about the company business where to invest, choosing companies that have strong business fundamentals, investment period, allocating portfolio efficiently, learn about both technical and fundamental stock analysis, not being too aggressive so it needs to be defensive, disciplined and not greedy.

### **2.3.1 Real Assets and Financial Assets**

Investment assets or mechanisms usually used in investment are classified into:

- a. Real Assets: They are tangible assets used to produce goods or services, such as buildings, land, machinery, or cognitive assets that are utilized in the production of commodities or services.
- b. Financial Assets: Are claims on real assets or income produced by those assets.

### **2.3.2 Determinants of Investment Decision-Making**

The investor usually looks for high returns in 7 the levels of risk and return to come up with a right investment decision. Risk are categorized according to their source as the following:

- a. Business Risk: It is the risk that comes from the nature of the industry.
- b. Economic Risk: It is the risk resulting from changes in macroeconomic factors such as rates of unemployment, inflation, government spending, budget deficits and so on.
- c. Interest Rate Risk: It is the risk resulting from changes in interest rates in the financial system of the economy.
- d. Exchange Rate Risk: The risk stemming from changes in currency exchange rates.
- e. Liquidity Risk: The risk arising from the possibility of converting investment into cash (liquidating it)
- f. Firm-Specific Risk: The risk resulting from any factor that affects the institution itself such as buying a factory, a contraction in its products' market or a change in its performance and other company-specific factors.

### **2.3.3 Return**

The main reason for growing is to make a profit. It is very natural for investors to demand a certain rate of return on the funds invested. The returns that investors expect from the investment made are compensation for opportunity costs (opportunity costs) and the risk of decreasing purchasing power due to the effects of inflation.

In general, there are two types of returns on investment, namely the expected return and the actual / realized return. The expected return is the rate of return desired in the future based on the actual rate of return in the past that the investor anticipates.

Meanwhile, the actual yield is the level of return that investors actually get. Investors invest today expecting future returns.

The amount of yield can be measured in terms of currency units and in the form of proportions. Every investor wants to get a return on the money invested, because ownership of cash has an opportunity cost (opportunity cost). By holding cash, each individual loses opportunities/opportunities to obtain unbalanced results. In reality, the purchasing power of cash will decrease in the future at the rate of inflation that occurs.

Sources of investment returns are yields and capital gains (losses). The source of yield in the form of yield is a component of acquisition that reflects the cash flow or received received periodically from an investment. For example, our submission for resignation has a large return on interest rates, and if we buy shares the yield is shown from the amount of dividends that can be obtained / obtained by capital (capital gain / loss) obtained from an increase in the price of the securities that can provide profit (loss) for investors.

The sum of the two components above shows the total return on an investment. The results will only be zero (0) and positive (+), while capital gains can be in the form of zero (0), negative (-) and positive (+) numbers. Mathematically it can be written as follows:

$$\text{Total Return} = \text{yield} + \text{capital gain (loss)}$$

#### **2.3.4 Investment Portfolio Features**

The most important feature of an investment portfolio is risk mitigation with the possibility of having a stable return as a result of the diversification principle. This feature cannot be achieved, unless the diversification is built on sound bases that are consistent with the principles of financial science. Diversification

originally serves the investor in reducing the risk to their minimum, but it is not possible to eliminate all risk eventually. Risk, in this sense, are divided into two kinds:

- a. Systematic Risk are those caused by factors that affect the entire market and not just a particular company or stock.
- b. Unsystematic Risk are those that affect the company or the stock itself.

### **2.3.5 Investing in Capital Market**

Capital market is the activity related to public offering and trade of stock, issuance stock of public company, as well as institution and profession in the field of stock . Stock is securities i.e. promissory notes, commercial paper, shares, bond, proof of debt, unit collective investment contract, participation unit of collective investment contract, futures contract on the stock, and any derivatives of stock. Indonesia Stock Exchange (*Bursa Efek Indonesia*) is the party in Indonesia that conducts and provides the system and/or the place to meet the parties who are going to sell and buy Stock. Those parties include individual, company, joint venture, association, or organized group.

Advantages of stock market investment:

- a. Easy Liquidity – It is one of the first benefits of investing. In stock market shares, investors can decide by themselves at any time what to do with their stocks. It is easier to turn out the stock investment into cash very quickly.
- b. Flexibility – It is very flexible to invest in the stock market. The market prices always rise and fall at every trade session, the price of stock market moves with the rapidity and flexibility of the stock market.

- c. Greatest returns – Investing in the stock market gives the most extreme returns than any investment over the long term. So, the stock market investment is volatile and faster increase in value.
- d. Business taste – Investing is also business. The investors get a real view about the business and the financial activities in the stock market when they start. The students learn to invest and go into the real world with financial activities.
- e. Sole proprietorship – It is like own business because the investors who trade or invest in the stock market is like a modern business style. When the investors invest in the stock market, then the investors are starting their own business where their investment is their capital and responsible for buying and selling of stocks. So, investing in the stock market is like an investor sole proprietorship business.

Financial instruments (products) traded in the Indonesian Capital Market:

- a. Stocks

Shares (stocks) is one of the most popular financial instruments. Issuing stock is one of the choices for company's funding. Moreover, stock is investors' most favourite investment instrument because it offers them an interesting return rate.

Stock can be defined as a sign of capital participation of an individual or institution in a company or corporation. By investing in a company, the party has the claim for the company's income, assets, and right to attend the General Meeting of *Shareholders*. *Test*

Basically, there are two benefits the investor can get by buying or having stock:

- (1) Dividend is profit sharing given by company and comes from the income. Dividend is given after getting the agreement from shareholders in the General Meeting. If an investor wants to receive dividend, he/she must own the stock for a relatively long period, until the ownership term is in the period where he/she is acknowledged as the shareholder who has the right to obtain the dividend.
- (2) Capital gain is the different between buying price and selling price. Capital gain is obtained through the trading activities carried out in the secondary market.

As investment instrument, stock has risks:

(1) Capital Loss

It is the reverse of Capital Gain. It is a condition when the investor sells his/her shares at lower price than its buying price. For instance, PT XYZ's shares are bought at Rp 2,000 per share, but aftermath the stock price experiences decrease to the level of Rp 1,400 per share. Afraid of continuous declines, the investor sells the shares at price of Rp 1.400. The investor has retain a capital loss of Rp 600 per share.

(2) Liquidity Risk

A company, whose shares are owned by public, is stated for bankruptcy by the Court

or is being dismissed. In this case, the claiming rights of shareholders get the last priority after all the company's liabilities are settled (by gathering the fund from selling the company's assets). If there is an amount of rest of the company's wealth, it will be shared proportionally to the shareholders. But, if there is no rest left, the shareholders will not receive anything out of the liquidation. This is the worst condition that might happen to shareholders. For that reason, a shareholder needs to observe every development in the company, which shares are owned.

In secondary market or daily shares trading activities, stock prices fluctuate, either increase or decrease. Prices are formed from the demand and supply of the stock. In other words, prices are formed by supply and demand. Supply and demand are influenced by many factors, either by specific factors such as the company and industry's performance where the stocks exist or macro factors such as the interest rate, inflation, currency rate, and non-economical factors like social and political conditions, and so on.

b. Bond

Bond is one of the Securities listed on the Exchange in addition to other Securities such as Shares, Sukuk, Asset Backed Securities or Real Estate Investment Trust. Bonds can be classified as debt securities in addition to Sukuk.

Bonds can be described as long-term, transferable, long-term debt, which contains the promise of the issuing party to pay interest in the form of interest at a specified period and repay the principal of the debt at a predetermined time to the buyer of the bond. Bonds may be issued by both the Corporation and the State.

c. Mutual Funds

Mutual Fund is an investment alternative for investors, especially for small investors and those who have less time and skill to count the risks of their investments. Mutual Fund is designed as tool to gather fund from public that have the capital, will to invest, but only have limited time and knowledge.

d. Exchange Traded Funds

Exchange Traded Funds or ETF is portfolio investment products that are admitted to listing or trading on a regulated exchange. An ETF provides investors with exposure to a diversified basket of shares or other financial products. ETFs aim to replicate the performance of a specific index; this index can be a blue chip, a regional, or a sector index. ETF is similar with mutual funds, but we can trade ETF in Stock Exchange.

e. Derivative

Derivative Security is a financial security whose value is derived from the value of another security (underlying asset) such as equity or debt instrument. It can derive directly from an underlying asset or from the underlying asset's

derivatives. Derivative can also be defined as a contract or agreement, which value depends on the performance of an underlying asset. In a more specific definition, derivative is a traded financial contract between two or more parties to buy or sold an asset/commodity on an agreed time and price. The future value of the derivative is highly influenced by its underlying asset in the Spot Market.

### **2.3.6 Before investing in the capital market, a few things to know:**

#### **1. Regulations on the Indonesia Stock Exchange.**

The minimum number of shares purchased from an issuer (companies that sell their shares to the public) are as much one lot or equal to 100 shares. While the minimum price share traded on IDX is IDR 50,000 per sheet.

#### **2. Requirements for Opening an Account.**

To be able to carry out share trading transactions on the stock exchange, investors are required to open an account / account in a securities (broker). Brokers (from official institutions) act as intermediaries between one investor and another. Any securities / broker each has a stipulation that the minimum capital must be deposited when opening an account. In some current securities, the initial funds that must be deposited to create an account are sufficient which is around the price of IDR 100,000.00.

#### **3. Ideal Capital**

The ideal capital varies for each investor. that matter very much depends on their respective financial capabilities investors. However, in principle, the ideal capital must fulfill three conditions, among others:

- a. Enough to buy shares from the issuer that owns fundamentally good and known to the public
- b. Allows investors to diversify portfolio
- c. Allows investors to average down or average up

## 2.4 Previous Research

**Table 2.1: Previous Research Summary**

No	Researchers	Research Titles	Research Results
1	Suprihati and Sri Laksmi Pradanawati (2020)	The Influence of Knowledge, Investment Motivation, and Investment Understanding on Student Interest to Invest in The Capital Market	<ul style="list-style-type: none"> <li>1. Investment knowledge affects the interest in investing in the capital market</li> <li>2. Investment motivation affects the interest in investing in the capital market</li> <li>3. Understanding of investment affects the interest in investing in the market</li> </ul>
2	Nataliana Bebasari & Anis Istikomah (2020)	The Effect of Investment Motivation, Financial Literation, and Financial Behavior on Investment Decisions	<ul style="list-style-type: none"> <li>1. Investment motivation affects investment decisions</li> <li>2. Financial literacy affects investment decisions</li> <li>3. Financial behavior affects investment decisions.</li> </ul>
3	Gregorius Paulus Tahu, G. Oka Warmana, I Wayan Widnyana (2020)	Investment Management Lecture, Capital Market Training and Investment Student Interest	The provision of investment management lectures and capital market training are both significantly positive influence on investment interests in the stock market of FEB Unmas Denpasar Students.

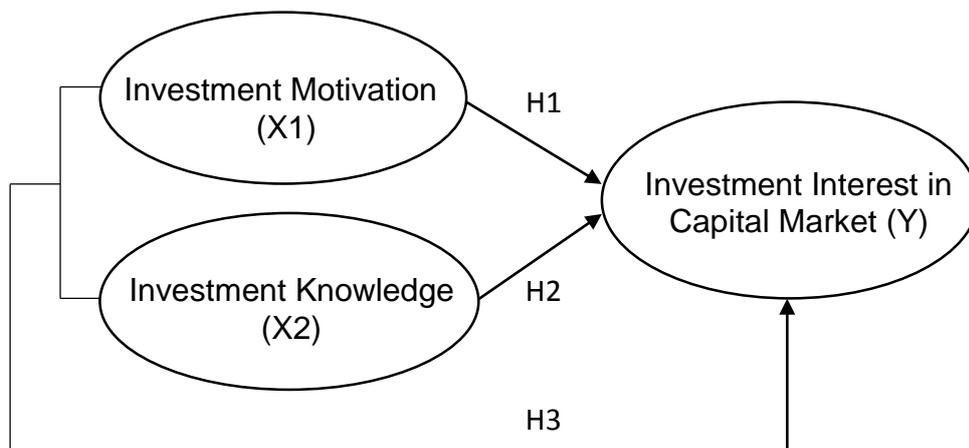
4	Thelvy Monica (2020)	Pengaruh Motivasi, Modal Minimal, Pengetahuan Investasi, Return dan Risiko terhadap Minat Investasi Mahasiswa	1. Motivation, Investment Knowledge, Return affects Investment Interest 2. Minimum investment capital and risk has no effect toward Investment Interest
5	Siti Nurbaya Sitohang (2017)	Pengaruh Pengetahuan Investasi terhadap Minat Mahasiswa Berinvestasi di Pasar Modal	The results of hypothesis testing indicate that investment knowledge has an effect on investment interest.
6	Esi Ermi Alfrita (2019)	Pengaruh Pengetahuan Investasi Terhadap Minat Berinvestasi Mahasiswa Jurusan Ekonomi Syariah Universitas Islam Negri Sultan Syarif Kasim Riau	Investment knowledge has an influence on the investment interest of students of the Department of Islamic Economics, State Islamic University of Sultan Syarif Kasim Riau.
7	Husnul Khotimah (2016)	Pengaruh Sosialisasi dan Pengetahuan Terhadap Minat Investor Pada Efek Syariah di Pasar Modal (Survei Pada Nasabah PT Danareksa Sekuritas Cabang FE-UI Depok)	Based on the results of the analysis, the socialization variable and knowledge either partially or collectively has a significant effect on investor interest.
8	Adha Riyadi (2016)	Analisis Faktor-Faktor Yang Mempengaruhi Minat Mahasiswa Untuk Berinvestasi Di Pasar Modal	1. Benefit investment variable, minimal investment capital variable, motivation variable, simultaneously affect the interest students in investing 2. Return variable no effect towards interest students in investing

9	Luh Komang Merawati (2015)	Kemampuan Pelatihan Pasar Modal Memoderasi Pengaruh Pengetahuan Investasi Dan Penghasilan Pada Minat Berinvestasi Mahasiswa	The results showed that investment knowledge and income had a positive effect on students intentions to invest in the capital market.
---	----------------------------	---	---

## 2.5 Conceptual Framework

Based on the background, the research questions, the objectives, and the theoretical bases stated above, the proposed research framework is as follows:

**Figure 2.1: Research Conceptual Framework**



## **2.6 Research Hypothesis**

### **2.6.1 The Effect of Investment Motivation towards Investment Interest in Capital Market**

Actions taken by a person are based on fulfilling their needs and desires. Various needs, be it social needs, need for appreciation or need for self-actualization, can trigger someone to take actions or decisions outside of everyday life. Generally, the actions that a person takes to take advantage of their excess funds are by saving or making deposits. This action is usually performed by people who fall into the risk averse category. Unlike the case with people in the risk taker category, they tend to invest their funds in investment forms. The greater profit that will be obtained later is a factor motivating a person to make investment decisions even though the risks faced are also large such as investing in stocks. The desire or motivation to invest arises because someone's substantial needs have been met, so the next needs to be met are social needs, appreciation needs, and self-actualization (Kusmawati, 2011). In line with research (Riyadi, 2016) which concluded that motivation has a significant effect on the investment interest variable.

H1: Investment motivation affects investment interest.

### **2.6.2 The Effect of Investment Knowledge towards Investment Interest in Capital Market**

The basic knowledge that a potential investor must know before investing is how much return will be obtained from the selected investment product, the amount of risk that will be borne. Return is the initial consideration that investors must take before starting to invest in investment. Investments that are invested aim to obtain increased benefits that can be felt or enjoyed in the

future. So thus, a good investor will certainly plan and calculate the amount of return that will be received. without any return that can be obtained from an investment product, of course investors will not invest in the investment product. In capital market investment, return and risk have a positive relationship. The higher the return that investors will get in investing, the higher the risk, so that investors have the potential to experience large losses and even lose their capital. Therefore, a careful analysis is needed so that adequate investment knowledge is needed to make an investment decision. Therefore, the importance of knowledge of investment products that a person has will have an impact on whether or not to buy investment products (Robert, 1995).

H2: Investment knowledge has an effect on investment interest.

### **2.6.3 Investment motivation and Investment Knowledge collectively influence investment interest in the capital market**

Good investors are required to have and master investment knowledge and be able to apply it in the field. Sufficient understanding and knowledge about investing can support someone success in investing. Sufficient knowledge of a matter can motivated someone to make a decision or take an action. A person who is motivated to invest will tend to seek information related to investing and then start to practice it step by step until successful in investing. Therefore, it is suspected that there is an effect of investment knowledge and investment motivation on investment interest.

H3: Investment motivation and investment knowledge simultaneously affect investment interest in the capital market.