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The Impact of Investment Motivation and Risk Perception on Students' Interest in Investing In The Capital Market

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ABSTRACT

The purpose of this study is to find out and explain the impact of motivation and financial literacy on students' interest in investing in the capital market. The method used is descriptive with a quantitative approach. The data of this study is students of the University of Muhammadiyah Sukabumi with a population of 4000, so samples were taken using web.raosoft.com sample size with a confidence level of 90% and with an error rate of 10% so that a sample of 100 respondents was obtained. Meanwhile, the data collection method in this study uses a questionnaire through a google form in the form of statements from respondents. The results of the study show that motivation and risk perception have a positive and significant impact on students' interest in investing in the capital market, where the impact is 62.3%.

Keywords: investment motivation, risk perception, investment interest, capital market

INTRODUCTION

Personal finance management skills are important for students. Students who can manage their finances well will show wise decision-making behaviors about finances such as when is the right time to invest, save, and use credit cards. Empirical studies also show that low financial literacy correlates with debt problems Good financial literacy can foster interest in investing. On the other hand, someone with low financial literacy is not interested in investing (Siti et al., 2021).

In investing, there is also such a thing as risk, the possibility of risk is greater (Maharani & Saputra, 2021). Considering the risks that exist in investing is something very important, this risk perception can affect a person's interest in investing in the capital market (Yanti et al., 2024). Financial literacy is part of the ability we have to distinguish in terms of financial choices and determine future financial decisions or economic events in a general context (Assari & Hariyanto, 2022). It is used to make the most of resources for a purpose. In this case, financial literacy includes financial intelligence which has several aspects, namely how we get, manage, store, and use the 3 things we get or have financial literacy is also related to the level of welfare of each individual. The level of difficulty in terms of finance can also arise due to ignorance or lack of financial knowledge which results in mistakes in managing finances (Hosnah et al., 2024).

In addition, students must also know what benefits they will get when investing in the capital market. So that students know what they will get from the investment in the future. There are several benefits of an investment that a potential investor must know, namely being able to provide a fixed income, outperforming inflation, being able to adjust to needs, being able to invest according to our financial condition, and making long-term income potential (Suprihati & Pardanawati, 2020).

Since the opening of the Indonesia Stock Exchange, investing in the capital market is often used by investors and this type of investment is an alternative investment that is easily accessible to the wider community (Lestari et al., 2021). Investing in the capital market has become very popular among millennials. Their enthusiasm to become investors enlivened the Indonesia capital market. It is evident that KSEI data which states that millennials are the demographic of individual investors or single investor identification (SID) in the stock exchange market, the number of investors in the capital market in December 2020 reached 3.88 million investors. PT Kustodian Sentral Efek Indonesia (KSEI) also mentioned investor data at the end of 2020 as follows:

Tabel 1. Demografi *Single Investor* Kategori Status Pendidikan

Kategori usia	Persentase	Jumlah aset
<= SMA	48. 19%	Rp 145,01 Triliun
D3	7.93%	Rp 26,86 Triliun
S1	40.06%	Rp 361,55 Ttriliun
S2	3.82%	Rp 73,72 Ttriliun

According to Amhalmad & Irianto (2019), several circumstances are suspected to affect an individual's desire to invest in the capital market such as age, motivation to show self-existence, and individual knowledge of how to invest in the capital market. One of the underlying things to act is motivation. So it is necessary to motivate to invest in students because investment motivation has a significant positive effect on the variable of investment interest (Wahyuningtyas et al., 2022). The fear of investment risks is sometimes an obstacle for students to start investing. Most students are afraid of failure that is likely to occur, for example, the capital they have invested cannot be returned (Lestari et al., 2023). Risk is a situation that investors are usually afraid of.

Based on the results of a provisional interview conducted by the researcher with the manager of the Sharia Investment Gallery, it was revealed that there are still few students in Sukabumi who are recorded as having securities accounts in the capital market. Based on the phenomenon of the lack of student investment interest in Sukabumi to contribute to the capital market, the author is interested in studying more deeply the factors that affect student investment interest in Sukabumi by only limiting the problem and focusing on the influence of investment motivation variables, risk perception, literacy and financial efficiency. This research is a development of several previous studies, the difference lies in the independent variables and the place of research (Wahyuningtyas et al., 2022)

To maximize the benefits you want to get in investing. Students should know the knowledge about investing. With that, students are not easily influenced by fraudulent investments or just follow what others are doing. We can get investment knowledge when studying, especially in the economics department (Antony et al., 2022). Although the investment material is not too in-depth discussed in lectures. Therefore, students are required to actively seek sources of knowledge related to investment either through the Internet or visiting related securities that manage investment funds in the capital market (Alidrus, 2023). Based on the background presentation above, the researcher is interested in researching whether risk perception, motivation, investment benefits and investment knowledge affect students' interest in investing in the capital market.

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Based on the description and existence of the problems above, this study aims to find out and explain the impact of motivation and risk perception on students' interest in investing in the capital market.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Investment Motivation

Investment motivation refers to the internal drive that drives a person to make decisions and take actions related to personal finances. Motivation to generate enough income to meet daily living needs such as food, shelter, and health. Motivation to save or invest to achieve financial goals such as buying a house, traveling, or starting a business (Lating et al., 2023). Motivation to manage finances carefully and wisely to create a stable and secure financial situation. Strong financial motivation can encourage a person to make wise decisions and actions in managing their personal finances. This is important to achieve long-term financial well-being.

Risk Perception

Risk perception is a person's subjective assessment of the possibilities and consequences of an event or situation that has a negative impact. Subjective assessment A person's perception of risk towards risk, not an objective assessment based on statistical data or probability calculations. Risk perception includes two main components, namely an assessment of the likelihood of a dangerous event occurring and an assessment of the magnitude of the negative impact that may arise. Risk perception is influenced by a person's characteristics, such as experiences, knowledge, and personality, as well as the situation or context in which the risk is faced (Prayudha & Kuswanto, 2019). An understanding of risk perception is important in various areas, such as investment decision-making, financial planning, disaster management, and public policy. An accurate and balanced perception of risk is needed so that the decisions and actions taken can be more rational and responsible.

Investment Interest

Investment interest can be defined as a person's tendency or interest to carry out investment activities (Pratama, 2024). There is a strong urge or desire to engage in investment activities. Focus and concentration on information, knowledge, and investment practices. Positive feelings and enthusiasm for investment activities. Confidence and optimism that investment can provide benefits. Readiness to take concrete steps in making investments. Knowledge and understanding of investment instruments. Perception of potential returns and investment risks. Personal financial condition and availability of funds that can be invested. A high interest in investing can encourage a person to study, consider, and eventually actively engage in investment activities as part of personal financial planning. This is important to achieve long-term financial goals (Rozak et al., 2022).

Hypothesis Development

The Impact of Investment Motivation on Students' Interest in Investment in the Capital Market

Motivation is often intended as an encouragement to someone to do something. Abraham Maslow's hierarchy of needs motivation theory underpins individuals in an action or deed to achieve a certain goal. It can be concluded that investment motivation can encourage an individual's desire to carry out certain activities regarding investment. Based on research by Pajar & Pustikaningsih (2017), motivation fosters a person's interest in investing because motivation is a spirit that encourages a person to do something.

H1: investment motivation has a positive and significant impact on students' investment interest in the capital market

The Impact of Risk Perception on Students' Investment Interest in the Capital Market

Research has shown that investment motivation is an important factor that influences an individual's decision to invest. According to motivation theory, individuals will tend to invest when they have clear financial goals, such as to achieve financial security in the future or to meet specific needs. Research from Hikmah (2020) and Malik (2017) shows that risk perception has a positive effect on investment interest because a person who will use or choose investment, of course, will consider or perceive the risk of loss and profit that he will receive later.

H2: Risk perception has a positive and significant impact on students' investment interest in the capital market.

RESEARCH METHODS

Types and Objects of Research

This study uses a quantitative method with a type of causal associative relationship, which is a research that aims to reveal problems that are causal relationships between two or more variables (Sugiyono, 2019). The type of research used is descriptive, which is research that aims to decrypt or explain something as it is or an overview of a situation (Arikunto, 2013). The objects of this research are investment motivation (X1), risk perception (X2), and investment interest (Y). The location of this research is at the University of Muhammadiyah Sukabumi.

Types and Data Sources

This study uses primary data, namely data from the dissemination of questions or questionnaires related to investment motivation, risk perception, and investment interest. The primary data of this study was sent to the respondents, namely students of the University of Muhammadiyah Sukabumi.

Population and Sample

The population of this study is students of the University of Muhammadiyah Sukabumi, with a total population of 4,000. Samples were taken using **the web raosoft.com sample size calculator** with a data accuracy rate of 90% and a margin of error of 10%. So there were 100 respondents. The sample uses Non-Probability Sampling, namely Purposive Sampling, with the sample criteria having participated in capital market training/seminars/courses or investment management.

Data Analysis Techniques

Statistical data analysis is carried out in stages, namely, first a data feasibility test (validity and reliability test), then a classic assumption test is carried out test normality, heteroscedasticity test, and multicollinearity test. Meanwhile, the analysis technique used is multiple linear regression, determination coefficient test, then hypothesis tests are carried out partially and simultaneously. For multiple linear regression, it can be formulated as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + e$$

RESEARCH RESULTS AND DISCUSSION

Classical Assumption Test

Normality Test

The normality test determines whether the residual values are well distributed or not. Having regularly distributed residual values is an effective regression technique (Ghozali, 2016). In the normality test *of one sample of Kolgomorov-Smirnov*, the value of $p = 0.290 > 0.05$, which indicates that the data is normally distributed. It can be seen in table 2 below:

Table 2. Normality Test

One Sample Kolgomorov-Smirnov Test		Unstandardized Residual
N		100
Normal Parameters [a,b]	Mean	.0000000
	Std. Deviation	1.82765317
Most Extreme Differences	Absolute	.271
	Positive	.157
	Negative	-.207
Test Statistic		.272
Asymp. Sig. (2-tailed)		.065[c]

Source: processed data (Researcher, 2024)

Multicollinearity Test

The method used to detect multicollinearity is to look at VIF and *tolerance* with testing criteria if VIF < 10 with a *tolerance* > 0.1, then multicollinearity does not occur (Ghozali, 2016). It can be seen in Table 3 below:

Table 3. Multicollinearity Test

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.887	1.690		.525	.601		
	Investment Motivation	.107	.076	.091	2.405	.013	.935	1.069
	Risk Perception	.999	.080	.807	12.520	.000	.935	1.069

a. Dependent Variable: Investment_Interest

Source: processed data (Researher, 2024)

Based on Table 3 above, it can be explained that the *tolerance* value is 0.935 and the VIF (*Variance Inflation Factor*) value is 1.069. Thus, the value of tolerance is 0.935> 0.10 and the VIF value is 1,069 < 10. It can be concluded that H0 is rejected, which means that the results of the multicollinearity test show that there is no multicol between independent variables in the regression model.

Heteroskedasticity Test

The Heteroscedasticity test aims to test whether in the regression model, there is an unevenness in *variance* from *the residual* of one observation to another. If the *variance* from *the residual* of one observation to another is fixed, it is called homoscedasticity and if it is different, it is called heteroscedasticity. A good regression model is one in which homoscedasticity or heteroscedasticity does not occur (Ghozali, 2016). The plot graph between the projected values of the dependent variable and its residuals can be used to find out whether there is heteroscedasticity between independent variables. From Figure 1, the scatterplot below shows the spreading point with an irregular pattern, which means that there is no heteroscedasticity problem.

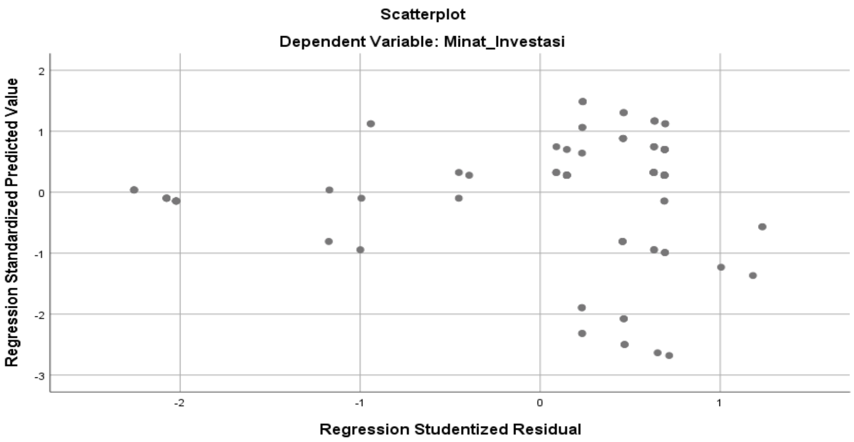

Figure 1. Scatterplot Heteroskedasticity Test

Hypothesis Test Results

Hypothesis testing was carried out using a multiple linear regression analysis model, which aims to determine the direction of the relationship between independent variables and dependent variables whether each of the independent variables is positively or negatively related, and to predict the value of the dependent variables, if the independent variables increase or decrease.

Table 4. Multiple Linear Regression Analysis

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
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Dependent Variable: Investment_Interest

Source: Data processed (Researcher, 2024)

Based on the results of the calculation as shown in the table above, the multiple regression equation is as follows:

$$Y = 0.887 + 0.107X_1 + 0.999X_2 + e$$

Explanation:
Y: Investment Interest
X1: Investment Motivation
X2: Risk Perception
e: epsilon/error

From the results of the multiple linear regression, it can be explained that:

The constant value of 0.887 means that if the investment motivation (X1) and risk perception (X2) are 0, then the investment interest is 0.887. The value of the regression coefficient of investment motivation is 0.107 and is marked positive, which means that investment motivation and risk perception are directly proportional, where if investment motivation increases, it will increase investment motivation by 0.107. The value of the risk perception coefficient is 0.999 and is marked positive, which means that risk perception and investment interest are directly proportional, that is, if risk perception increases, it will increase investment interest by 0.999.

Partial Test (Uji t)

The t-test is used to test the significance of the influence of investment interest and risk perception partially, namely to test how each independent variable affects its bound variable (investment interest). The t-test can be done by comparing the t count with the t table or by looking at the significance column on each table test criteria of the significant test level (α) = 5%: 2 = 2.25% (0.025) and tested on two sides, with the degree of freedom (df) n-2 or 380-2-1 = 377, then the value of the table is 1.984.

Based on the results of the SPSS calculation contained in Table 4 above, namely:

1. Testing the investment motivation hypothesis (X1) against investment interest (Y) from the results of the calculation of t count (2.405) > t table (1.984) or sig t (0.013) < 0.05 thus H0 = rejected and H1 = accepted. So it can be interpreted at the level of a significant test of 0.05, stating that there is a significant influence between business legality and investment interest.
2. The risk perception test (X2) on investment interest (Y) from the results of the calculation of t count (12,520) > t table (1,984), or sig t (0.000) < 0.05, thus H0 = rejected H1 = accepted. So it can be interpreted at the level of a significant test of 0.05, stating that there is a significant influence between risk perception and investment interest.

Simultaneous Test (Test F)

The F test is used to test the significance of investment motivation and risk perception together on investment interest. The test criteria of the test level is significant = 0.05 with df = n-k-1 then the value of F table = 3.09.

Table 5 Simultaneous Tests

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	553.322	2	276.661	80.063	.000[b]
	Residual	335.188	97	3.456		
	Total	888.510	99			

a. Dependent Variable: Investment Interest
b. Predictors: (Constant), Investment Motivation, Risk Perception

Source: processed data (Researcher, 2024)

The calculation results of Table 5 above, show that F count (80.063) > Ftabel (3.09) and significance 0.000 < 0.05, thus H_0 = rejected and H1 = accepted. It can be stated that at the significance test level of 0.05 there is a significant influence between investment motivation and risk perception on investment interest.

Determination Coefficient Analysis

The determination coefficient (R2) test aims to measure the extent to which the independent variable can explain the variation of the bound variable, either partially or simultaneously. The value of this determination coefficient is between zero to one (0 < R2 < 1). A small R2 value means that the ability of the independent variable to explain the variation of the bound variable. where the closer to 1 (one) means that the model can be said to be good because the closer the relationship between the independent variable and the dependent variable, and vice versa (Ghozali, 2016). The results of the determination coefficient analysis calculation are as follows:

Table 6. Coefficient of Determination (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.789[a]	.623	.615	1.85891

a. Predictor: (Constant), Investment Motivation, Risk Perception
b. Dependent Variable: Investment Interest

Source: Data processed (Researcher, 2024)

Based on table 6 above, it is stated that the determination coefficient is 0.623 or 62.3%, which means that the variation in investment interest is influenced by investment motivation and risk perception by 62.3%, while the remaining 37.7% is influenced by other factors other than those researched by the author.

Discussion

Investment Motivation for Investment Interest

Based on the results of the statistical test, it was stated that there was a significant influence of investment motivation on investment interest, this was evidenced by the significance value of 0.013 < 0.05 and the value of the t-calculation coefficient of 2.405 > 1.984 from the t-table.

Risk Perception of Investment Interest

The results of the statistical test stated that there was a significant influence of Risk Perception on Investment Interest, which was evidenced by the significance value of 0.000 < 0.05 and the t-coefficient value of 12,520 > 1.984.

CONCLUSION

The results of statistical test analysis show that investment motivation and risk perception have a positive and significant influence in increasing investment interest. Where the influence of investment motivation and risk perception is 62.3% on motivational interest, while 37.7% is influenced by other variables that are not studied. The results of this research are expected to contribute to the world of academia, and students who are used as research sites, and can be useful in adding and expanding knowledge for researchers. It is hoped that this research can be a reference for other researchers who conduct research related to investment motivation and risk perception. As well as suggestions for future research to be able to involve many students not only in Sukabumi City but also involving students in districts and cities in West Java, so that they can add respondents, and add other methods to strengthen quantitative data from the distribution of questionnaires.

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