Analytical-Critical Study of The Investment Interest of Young Tuban Entrepreneurs in The Capital Market

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui sekaligus mengidentifikasi pengusaha muda di Tuban dengan batasan usia 16 sampai 30 tahun di pelbagai peranannya dalam menerimasosialisasi dan edukasi terhadapminat bakat pengetahuan yang diperoleh unrukberinvestasi di pasar modal dengan proporsi populasi sebesar 100 orang. Penelitian ini menggunakan pendektan kualitatif deskriptif. Sumber data yang digunakan merupakan data primer yang diperoleh dari penyebaran kuesioner dan depht interview. Hasil penelitian menunjukkan bahwa sosialisasi dan edukasi sebagai sumber informan meliputi teman, dosen, media social dan buku. Peran masing-masing informan dan media beragam, baik dari sisi intensitas maupun pengaruhnya (peranan) terhadap minat investasi.Hasil proporsi yang diperoleh adalah pertama sumber peranan memperoleh informasi tentang pasar modal sebagai yaituproporsi tertinggi dari Lembaga Pendidikan sebesar 35 orang.Kedua,mengetahui peran sosialisasi &edukasi tentang pasar modalproporsi tertinggi sebesar 32 orang. Ketiga, tujuan melakukan investasi di pasar modal proporsi tertinggi sebesar 39 orang

Kata Kunci: *Pasar Modal, Investasi, Pengusaha, Muda*

ABSTRACT

This research aims to find out and identify young entrepreneurs in Tuban with an age limit of 16 to 30 years in various roles in receiving socialization and education regarding interests, talents, knowledge gained to invest in the capital market with a population proportion of 100 people. This research uses a descriptive qualitative approach. The data source used is primary data obtained from distributing questionnaires in depth interview. The research results show that socialization and education as sources of informants include friends, lecturers, social media and books. The role of each informant and media varies, both in terms of intensity and influence (role) on investment interest. The proportion result obtained is pThe first source of the role of obtaining information about the capital market is namely the highest proportion from educational institutions was 35 people. Second, knowing the role of socialization & education about capital markets, the highest proportion was 32 people. Third, the aim of investing in the capital market is that the highest proportion is 39 people

Key words: *Capital Market, Investment, Young, Entrepreneurs.*

INTRODUCTION

Nowadays, what can be called the era of digitalization is the golden age of life facilitation received by young people and can be used in various sectors of life, one of which is investment. Technological advances with the availability of facilities that make it easier to invest can influence interest in investing. There are five factors that influence the investment interest of the younger generation, namely, motivation & financial literacy, technological advances, education, risk & return, and socialization. (Tandio & Widanaputra, 2016), however, another fact found by Purnamawati et al, 2017 in their research is that the perceived ease of technology actually has no influence on online investment interest among students. Meanwhile, in Junita's research, 2021, the results of her research stated that motivation & financial literacy, technological progress, and risk & return had a significant influence on the investment interest of the younger generation, but education and socialization did not influence the investment interest of the younger generation.

In Indonesia, stock investment is organized and managed by the Indonesian Stock Exchange (BEI) which provides systems and facilities to bring together sellers and buyers (Prasetya, 2021). The share transaction process on the Stock Exchange is carried out through four markets, namely the primary market, regular market, cash market and negotiation market. Apart from that, IDX also regulates many other things, including trading hours, stock transaction order priority, auto rejection, and halting. (Muhammad Hammam Rafati Lubis, 2022)

Stock investment is an investment instrument that has categories high risk but also high return. Both of these things can be an advantage or risk for investors. The profit that can be obtained from investing in shares is the difference between the selling price and the buying price of shares (capital gain). Apart from that, investors can also earn dividends which is the distribution of company profits based on the decision of the General Meeting of Shareholders (GMS). On the other hand, the risk borne by shareholders (investors) is also quite high, namely bearing the risk of liquidation, meaning that in the event the company goes bankrupt, shareholders are the last priority in acquiring the company's liquidated assets. In addition, shareholders also bear the risk of loss on the difference between the selling price and the buying price of shares (capital loss)

The capital market plays a big role in a country's economy because the capital market carries out two functions at once. First, the capital market provides facilities to move funds from investors to issuing companies. Second, investors hope to get a reward from handing over these funds by investing the excess funds they have.

The direct benefits of the capital market for national economic development are: first, increasing state revenues. Second, providing a source of financing for the business world while enabling optimal allocation of funding sources. Third, supporting the creation of a healthy economy. Fourth, improve the company's capital structure

For capital owners, the existence of the capital market is necessary as a forum for investing, with the hope of getting dividends for those who own shares and profitable interest for bond holders. Apart from that, investors can simultaneously invest in several instruments that can reduce risk (Rico Linanda, 2018).

The problem is the extent to which young entrepreneurs are interested in interacting in the capital market. There are many factors that influence young entrepreneurs' decisions to participate in investing in the capital market. An issue that is often discussed is the extent to which company performance can be seen in share prices on the capital market. Share price is a function of company value. If the company's performance go public increases, the company value will also be higher. This is where the importance of information and education can be well received among young entrepreneurs.

On the stock exchange, the share price will automatically appreciate based on the company's performance. On the other hand, bad information about a company's performance is automatically followed by a decline in its share price. This is the argument that underlies why changes in relevant share prices are used as a basis for assessing company performance go public.

The definition of share price is the price of a share that occurs on the stock market at a certain time which is determined by market players and determined by the demand and supply of the shares concerned in the capital market. Share prices are an indicator of management's success in managing the company. If the share price of a company always increases, then investors can judge that the company is successfully managing its business. "Share prices are formed based on the meeting between selling offers and buying requests for shares" (Jogiyanto, 2014).

Several previous studies that examined the factors that have an impact on investment decisions still produced some different information. According to Mahwan & Herawati (2021); Putri & Hamidi (2019) that there is a significant impact between financial literacy on investment decisions, while the results of research conducted by Safryani et al., (2020); Widiar Pradhana, (2018) states that there is no significant impact between financial literacy on investment decisions.

Rasuma Putri & Rahyuda, (2017); Junianto & Kohardinata, (2021) argue that there is a significant impact between financial technology on investment decisions. Meanwhile, Wahiddi et al., (2020) in their research there was no significant impact between financial technology on investment decisions.

Naradiasari & Wahyudi, (2022); F. Anggraini, (2022) believes that there is a significant impact between risk perception on investment decisions, while Listyani et al., (2019); Putri Afrida et al., (2021) stated that there is no significant impact between risk perception on investment decisions.

Furthermore, Ariani et al., (2016) in their research argue that there are significant implications between locus of control on investment decisions, while by Agustin & Lysion, 2021 that there is no significant impact between locus of control on investment decisions (Ferry, 2018)

From several previous research results, this research has a goal. First, to find out the source of the role of obtaining information about the capital market. Second, to find out the role of socialization & education about the capital market. Third, to find out the purpose of investing in the capital market

METHOD

This research is a type of field research (field research). The study in this research used two types of studies, namely descriptive studies and constructive analysis. Descriptive studies are carried out by identifying various findings, which are then presented based on these findings in a structured and systematic manner.

In this case, it is identifying various socialization and education that has been implemented. This research also examines it constructively analytically, namely based on various findings from various socializations and education, which then identify various things starting from the effectiveness and influence on investment interest for young entrepreneurs in Tuban.

This research uses two data sources, namely primary and secondary data. The primary data source in this research is data obtained through distributing questionnaires. Questionnaires were distributed to young entrepreneurs in Tuban. The research used a population sample, namely all young entrepreneurs in Tuban. Sampling uses a non-probability sampling approach, where each member of the population has the same opportunity to become a sample (Idrus, 2009).

Meanwhile, the data collection technique uses a purposive sampling method, namely a sampling technique by determining based on criteria to be used as a sample. The sample criteria are young Tuban entrepreneurs who live and do business in Tuban.

The data analysis and presentation method uses a descriptive qualitative approach. The presentation of data in this research is by identifying and describing various field findings regarding capital market socialization and education which include. Apart from that, describe and identify various supporting and inhibiting factors in socialization and education, especially their role in investment interest in the capital market.

The limitations of this research problem are focused on young entrepreneurs (Youth entrepreneur), they are the ones who have proven how someone who is still old can be timetable to run a business, although in general the businesses carried out by them are still small and medium scale with a population proportion of 100 people.Law Number 40 of 2009 concerning Youth Article 1 paragraph 1 of the Law on Youth states "Youth are Indonesian citizens who are entering an important period of growth and development at the age of 16 (sixteen) to 30 (thirty) years”. This is where the age limit is studied.

Theoretical foundation

Capital structure is related to the long-term spending ability of a company as measured by the comparison of long-term debt with its own capital (Sudana, 2011), while Weston & Copeland (2010) defines capital structure as permanent financing consisting of long-term debt, shares preferred, and shareholder capital. The book value of shareholder capital consists of ordinary shares, paid-in capital or capital surplus and accumulated retained earnings. If a company has preferred shares, these shares will be added to the shareholder's capital as an investment.

Investment is a commitment to invest funds in a certain period to obtain future payments as compensation for investors for, among other things, first, the time during which the funds are invested. Second, the expected inflation rate and third, the uncertainty of future payments (Reilly & Norton, 2007).

Investments consist of investments in the form of real assets (real assets) such as gold and other valuables, land, art or real estate, and investment in the form of marketable securities or financial assets where the aim of investing is to increase wealth, both now and in the future. Investment decisions are an important factor in the company's financial function. Fama (1974) states that company value is solely determined by investment decisions. Investment decisions are very important because they achieve the company's goal, namely maximizing prosperity (Diana Tambunan, 2020)

Investors when investing their funds hope to get a return. Return is the only reasonable way for investors to compare various investment alternatives with various results from these investment alternatives (Jensen & Jones, 2020). Return is the ratio of profit or loss from an investment or the amount of money invested. Yield objectives (return) to meet investor prosperity.Return An investment is measured by the return received in a certain period, usually one year. Investors invest a certain amount of money for the future and when that time comes, investors can get a return according to the strategy they use so that the results can be as they expected, be it lower or higher (Jones, 2006)

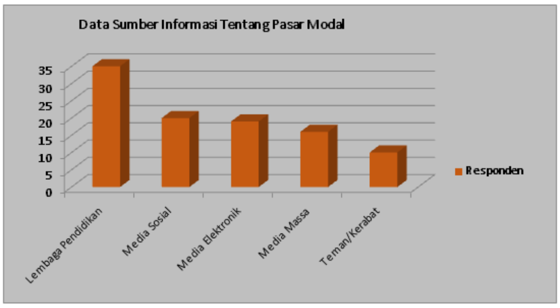
Profits obtained from the capital market are in the form of dividends and capital gain which is the result obtained from the difference between the selling value and buying value of shares when the investor sells the shares. The existence of the capital market has a role in increasing national economic activity because with the existence of the capital market, it will be easier for companies to obtain funds thereby encouraging the national economy to become more advanced (Reilly and Norton, 2007)

The capital market functions as a forum for efficient allocation of funds between investors and companies by buying and selling financial instruments. For investors themselves, the capital market functions as an alternative investment, namely by providing profits with a certain amount of risk.

Risk is the uncertainty of future results or the probability of loss of future income. There are two types of risk in investment, namely: first, non-systematic risk, namely risk that can be eliminated by diversifying or investing in various types of shares from various sectors because it originates from the company's internal conditions. This risk only impacts a particular stock or sector. Second, systematic risk is a risk that cannot be eliminated because this risk originates from macroeconomic or market conditions. If this risk arises and occurs then all types of shares will be affected (Reilly and Norton, 2007)

RESULTS

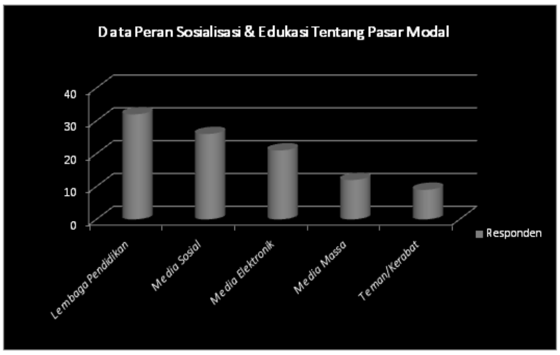
Based on the proportion of the population of 100 people, the results of the first objective are to determine the source of the role of obtaining information about the capital market as follows:



Source of primary data processed by yourself

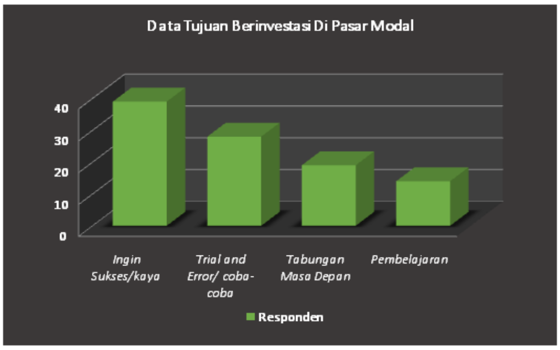
The four information source instruments, namely educational institutions with 35 people, social media with 20 people; electronic media of 19 people; mass media amounting to 16 people and friends/relatives amounting to 10 people. Here it explains how central the role of educational institutions is in transferring knowledge about something. Capital market issues are of course an activity carried out by certain groups who have received learning knowledge about capital markets. Apart from that, social media also plays a second role in recognizing capital market knowledge with various advertisements offered or endorsed by public figures, but sometimes this actually leads to being trapped in fraudulent investments, because the true nature of it is difficult to trace in real terms, for example. , the role of other media and friends/relatives also greatly influences a person's perception of the existence of the capital market.

Meanwhile, secondly, the aim is to find out the role of socialization & education about capital markets as follows:



Source of primary data processed by yourself

The second objective regarding knowing the role of socialization & education about capital markets shows linearity results with the initial objectives as follows. First, educational institutions received 32 people; social media by 26 people; electronic media of 21 people; mass media amounting to 12 people and friends/relatives amounting to 9 people. and thirdly, the aim is to find out the purpose of investing in the capital market as follows:



Source of primary data processed by yourself

Meanwhile, the investment objectives in the capital market produce the following findings; the goal of becoming successful/rich was in first place at 39 people, second at trial and error at 28 people; third, future savings of 19 people and learning of 14 people.

This is in line with the interview results. The main issue of concern is systematic risk in the form of inflation risk, interest rate risk and market risk. That several sources of risk that influence the magnitude of the risk of an investment include interest rate risk; market fluctuation risk and inflation risk.

Changes in interest rates can affect variability return on investment, if interest rates rise then the investment return related to the interest rate (eg deposits) will also rise. As a result, investor interest will shift from shares to deposits. So if interest rates increase, stock prices will fall, and vice versa. Third, market risk. Overall market fluctuations can influence the variability of returns on an investment (Tandelilin, 2010)

Second, market fluctuations are usually shown by changes in the overall stock market index. Market changes are influenced by factors such as economic recession, unrest, or political changes;

Third, inflation risk. Rising inflation will reduce the purchasing power of invested rupiah. If inflation increases, investors usually demand an additional inflation premium to compensate for the decrease in purchasing power they experience.

Investors need to build a portfolio of multiple assets that will maximize returns for a given level of risk. Likewise, with an expected rate of return, an investor can build a portfolio with the lowest possible risk.

Bodie et al. (2009) say that a portfolio is a collection of assets owned by an investor. Markowitz (1952), the pioneer of modern portfolio theory, made the assumption that investors are risk averse, meaning that investors prefer less risky portfolios to riskier ones for a certain level of return. This implies that an investor will take more risk only if he expects morereward. Diversification is one of the most important principles of modern portfolio theory which is useful in reducing risk or uncertainty by increasing the number of shares in a stock portfolio which can produce maximum returns with minimal risk. Diversification is one of the main components of investment decision making under risk or uncertainty (Koumou, 2020). That there is no optimal number of stocks required to achieve full diversification. The optimal number of shares needed to achieve full diversification is different for different markets, where in measuring share diversification, investors can use the Portfolio Diversification Index (PDI) (Oyenubi, 2019)

CONCLUSSION

Based on Law no. 11 of 2020 concerning Job Creation regulates provisions for income tax exemption on dividends received by individual taxpayers and domestic corporate tax subjects, this is a positive sentiment for investors. The number of people investing in shares in the capital market has indeed increased significantly, but is still quite small compared to Indonesia's total population of around 270 million people. Capital market investors account for around 2% of Indonesia's total population, but this ratio is still much lower than in other countries (Melani, 2021).This is inversely proportional to the number of bank savings accounts which reached around 360 million accounts in July 2021 (Deposit Insurance Agency, 2021). In fact, the return on investment in banking products is only 3-4% per year before deducting income tax and administration fees, while the average dividend for shares on the IDX High Dividend list during 2020 is 5.2 percent and without any tax deductions (Fitriandi, 2021). This is where the government's role is to focus more on the strategic role of educational institutions and their social media tools to simultaneously raise awareness regarding the prospects and ease of doing business in the capital market. Intensive and massive socialization will experience linearity in the awareness of young entrepreneurs exploring investment in the capital market.

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