

# Investment Gallery: Improving Students' Interests through Activities and Knowledge

Albert Ignatius Saragih and Dwi Kartikasari

*Department of Business Administration, Politeknik Negeri Batam, Jl A Yani, Batam, Indonesia*

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**Abstract:** The literacy level regarding the capital market is generally low in Indonesia; thus investment galleries are set up to increase public awareness, interests, and participation since the early stage of student investors. This study aims to prove whether activities done by the investment gallery and the knowledge about the capital market impact students' interests in learning and investing in the Indonesian Stock Exchange. Socialization, training, and competition operate as proxies for activities. Knowledge about the capital market, the investment gallery, and education serve as proxies for knowledge. While desire, awareness, and taking time to study investing function as proxies for students' interests summing up to nine indicators of three variables. The research uses a quantitative approach by implementing multiple linear regression analysis using IBM SPSS Statistics 22. The sample totaled 213 students of Politeknik Negeri Batam who attended any activity attributed to the investment gallery selected using a proportionate sampling technique. The authors verified that the test was valid and reliable. They also confirmed that the relationship between variables met the classical assumption tests, including multicollinearity, heteroscedasticity, and normality. The results of this study indicate that both the activities variable and the knowledge factor have a significant positive effect on investment interest, either partially or simultaneously. Therefore, investment galleries are proven to improve student investors' interests in participating in the capital market through their activities and knowledge sharing.

## 1 INTRODUCTION

The level of literacy regarding the capital market is generally low in Indonesia. There is less than thirty percent of Indonesia's population who understand financial products and services. Furthermore, those who understand the capital market are less than five percent, and those who invest in it are even more shockingly low at just around 0.4 percent. When the last number compared to that of neighboring countries, it is 12.8 percent in Malaysia, 30 percent in Singapore, and 13.7 percent in China (Thamrin, 2019). Thus, investment galleries are set up to increase public awareness, interests, and participation since the early stage of student investors at campuses across Indonesia.

People work not only to make money but also to be rich. Some said that the rich get richer because of her mindset. The rich always have the principle that money works for her so that she does not need to work to make money anymore. Take one of the most expensive stocks in Indonesia, namely BCA Bank (BBCA), whose shares are owned by the wealthiest

persons in Indonesia. They have been rich for a long time that was why they could afford to buy the stocks. Still, they kept on being the wealthiest by maintaining their investment in the capital market where their secured and profitable stocks and mutual funds return their investment.

According to Kamus Besar Bahasa Indonesia (Indonesian Dictionary), stocks indicate our shares in a company. Indonesia, as a developing country and the fourth most populous country in the world, has a myriad of potential investments like those offered by the capital market. The latter is no longer a strange thing to hear, but the distrust and unawareness make it secluded. Mr. Joko Widodo, as the President of the Republic of Indonesia, always promoted investment and stock exchange in previous years through newspapers and media so that people feel more secure in investing.

Investment galleries around the country are obliged to promote the capital market in their settings. The investment gallery (IG) of Politeknik Negeri Batam (Polibatam – Batam State Polytechnic) is no exception. The IG constantly promotes and

introduces the basic to stocks 101 to Polibatam students via its activities to ignite interest in investing in the capital market. Students' participation in the IG programs is voluntary. Various financial products and services are offered by the capital market for investors to choose and make profits, either short or long-term investment, depending on the style of the investor.

Although students are not interested in investing in the capital market, the IG still serve its purposes to improve the financial literacy of students by introducing them to the stock market trading simulations and games that are proven to improve their overall grades substantially (Harter & Harter, 2010; Smith & Gibbs, 2019). The IG holds many education programs to make sure the student investors are ready to invest in the capital market reasonably once they want to get in. Studies have shown that student investors are at risk of being unreasonable as well as irrational to some extent (Ray, 2009; Sairafi et al., 2008). That is why the IG comes into play.

The IG, in cooperation with students in a study group of capital market (Kelompok Studi Pasar Modal - KSPM), organizes many webinars to socialize and educate the public especially fellow students about the advantages of the capital market. This study did not target KSPM members only but also students who took Finance course and used the IG services to complete their course. This kind of event gave students knowledge and stimulated students to open investments account and start becoming investor (Badriatin et al., 2021). However, this study was not backed up empirically in a quantitative approach; thus the finding of this study is not applicable and not be generalized to other contexts. Therefore, the study about an investment gallery in our paper attempts to fill this gap.

Activities conducted by an investment gallery are confirmed to provoke the students' interest in investing in the capital market (Purboyo et al., 2019). Nonetheless, this paper only speaks about sharia investments. Hence, our paper seeks to extend previous research by expanding the scope of investments to not only sharia but also conventional stocks.

The knowledge that students have about the capital market and the investment gallery is validated to drive the students' interests (Supriyanto et al., 2019). But the latter study talks about students on its campus only. Thus, our research makes an effort to broaden the applicability and transferability of previous research across different settings.

## 2 RESEARCH METHODS

### 2.1 Research Design

This paper uses a quantitative method with an explanatory approach. The authors seek for a causal relationship between activities and knowledge variables to students' interests in the investment gallery of Politeknik Negeri Batam. A questionnaire is distributed to samples, and data collected are analyzed by implementing multiple linear regression analysis using IBM SPSS Statistics 22.

### 2.2 Population and Samples

In this study, the population is the students of faculty of Management and Business at Batam State Polytechnic who attended any activity attributed to the investment gallery by 2019, totaling 978 students. The authors picked samples using a proportionate sampling technique, where samples are taken from each study program proportionately according to population distribution. Sample number is determined according to Isaac dan Michael formula using a table for known population (N) up to 1000 and confidence level of 10 percent leading to 213 samples (Sugiyono, 2017).

### 2.3 Hypotheses and Framework

Activities conducted by an investment gallery provoke the students' interest in investing in the capital market (Purboyo et al., 2019). Theoretically, the AIDA model states that awareness and or attention leads to interests (Hadiyati, 2016). The aim of marketing is always to raise awareness and or attract attention, then increase the consumer's interest and desire to act (purchase). When students understand more deeply about the capital market through activities held by the investment gallery, they feel more interested in investing. Thus, the following hypothesis is set:

*H1: Activities done by the investment gallery affect students' interests in investing in the capital market.*

The knowledge that students have drives the students' interests (Supriyanto et al., 2019). In modern marketing theory, the AIDA model claims that awareness leads to interests (Hadiyati, 2016). When students know more broadly about the capital market, they are more interested in investing. Thus, the following hypothesis is set:

*H2: Knowledge owned by students affects students' interests in investing in the capital market.*

Simultaneously, both variables influence students' interests in investing (Hadiyati, 2016; Purboyo et al., 2019; Supriyanto et al., 2019) as set by the following hypothesis:

*H3: Activities and knowledge affect students' interests in investing in the capital market.*

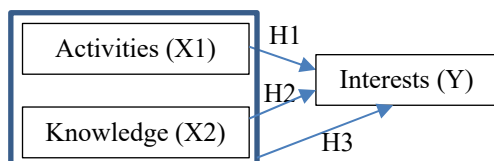


Figure 1: Research Framework

Figure 1 depicts the framework of this research where the three hypotheses are related to one another.

### 2.4 Research Instrument

The authors use a questionnaire to collect data by giving a written statement or set of questions to respondents to be answered (Sugiyono, 2014). In this paper, the authors use several closed statements where the respondents answer whether they strongly agree (4 scores), agree (3 scores), disagree (2 scores), or strongly disagree (1 score), also known as the Likert scale.

Table 1: Operationalization

| Variable  | Dimension  |
|---|--|
| Activity (Purboyo et al., 2019)                           | X1.1 Socialization<br>X1.2 Training<br>X1.3 Competition  |
| Knowledge (Supriyanto et al., 2019)                       | Knowledge about:<br>X2.1 The capital market<br>X2.2 The investment gallery<br>X2.3 Education program |
| Interests (Purboyo et al., 2019; Supriyanto et al., 2019) | X3.1 Desire<br>X3.2 Awareness<br>X3.3 Taking time to study investing                                 |

## 3 RESULTS AND DISCUSSIONS

### 3.1 Validity and Reliability

The authors verified that the test was valid and reliable, as shown in table 2 and table 3 below.

Table 2: Validity Test Results

| Variable       | Item | Pearson r | Remarks |
|----------------|------|-----------|---------|
| Activity (X1)  | X1.1 | 0.796     | Valid   |
|                | X1.2 | 0.729     | Valid   |
|                | X1.3 | 0.784     | Valid   |
| Knowledge (X2) | X2.1 | 0.801     | Valid   |
|                | X2.2 | 0.780     | Valid   |
|                | X2.3 | 0.771     | Valid   |
| Interests (Y)  | Y.1  | 0.786     | Valid   |
|                | Y.2  | 0.805     | Valid   |
|                | Y.3  | 0.787     | Valid   |

The value of Pearson r of all items or indicators is greater than the r table of 0.1345; thus we can claim that all statements are valid to be used as a measuring instrument. While the reliability test results are demonstrated in table 3 below.

Table 3: Reliability Test Results

| Variable       | Alpha Cronbach | Remarks  |
|----------------|----------------|----------|
| Activity (X1)  | 0.656          | Reliable |
| Knowledge (X2) | 0.684          | Reliable |
| Interests (Y)  | 0.704          | Reliable |

Table 3 shows that all variables have Alpha Cronbach values greater than 0.600 so that all variables are declared reliable.

### 3.2 Respondent Profile

The sample in this study is dominated by female and managerial accounting study program. This distribution seems reflective of the actual proportion of students in business and management that are primarily women and majoring in accounting, as detailed in table 4 below.

Table 4: Respondent Profile

| Category                | Number | Percent |
|-------------------------|--------|---------|
| Study program           |        |         |
| Managerial accounting   | 116    | 54      |
| Business administration | 97     | 46      |
| Gender                  |        |         |
| Male                    | 35     | 16      |
| Female                  | 178    | 84      |
| Total                   | 213    | 100     |

### 3.3 Classical Assumptions

The author confirmed that the relationship between variables met the classical assumption tests, including multicollinearity and normality as exposed in table 5, as well as heteroscedasticity as in Figure 1 below.

Table 5: Classical Assumptions Test Results

| Test              | Indicator                                       | Remarks      |
|-------------------|---|--------------|
| Multicollinearity | Tolerance 0.488, VIF 2.050                      | Not detected |
| Normality         | Kolmogorov-Smirnov Asymp. Sig. (2-tailed) 0.232 | Not detected |

Based on the table above, it can be seen that since tolerance values  $> 0.1$  and  $VIF < 10$ , then no symptoms of multicollinearity problems are detected in the regression model in this study. Likewise, the data is claimed as normally distributed because the significance value of the data is 0.232, which is greater than 0.05. Meanwhile, figure 1 below reveals that there are no specific patterns in the scatterplot graph, so it can be said that no symptoms of heteroscedasticity problems in the regression model in this study.

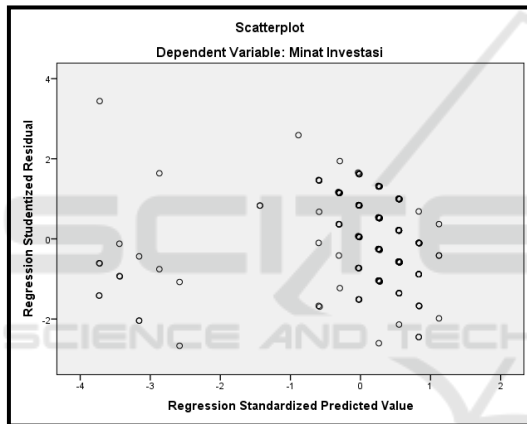


Figure 2: Heteroscedasticity Test (scatterplot) Results

### 3.4 Descriptive Statistics

Table 6 below shows that the activity variable (X1) captures the most awareness to students at 3.41, with socialization activity (X1.1) being the highest value at 3.46.

Table 6: Descriptive Statistics

| Item | Mean (out of 4.00) |
|------|--------------------|
| X1.1 | 3.46               |
| X1.2 | 3.41               |
| X1.3 | 3.36               |
| X1   | 3.41               |
| X2.1 | 3.31               |
| X2.2 | 3.27               |
| X2.3 | 3.28               |
| X2   | 3.28               |
| Y.1  | 3.32               |

| Item | Mean (out of 4.00) |
|------|--------------------|
| Y.2  | 3.34               |
| Y.3  | 3.30               |
| Y    | 3.32               |

### 3.5 Hypotheses Testing

Table 7 below shows that partially activity variable (X1) or knowledge variable (X2) affect students' interests in a statistically significantly manner.

Table 7: Partial Regression Results

| Model      | Unstandardized B | t     | Sig   |
|------------|------------------|-------|-------|
| Constant   | 1.960            | 3.835 | 0.000 |
| Activity*  | 0.394            | 6.053 | 0.000 |
| Knowledge* | 0.404            | 5.931 | 0.000 |

\* Statistically significant

The t threshold value of 1.971 is found in the table for df (degree of freedom) equals  $(213-2) = (211)$  with a significance level of  $\alpha = 5\%$ . Table 7 indicates that activity (X1) amounted to  $6.053 > t_{\text{tabel}} 1.97$  and sig value of  $0.00 < 0.05$ ; hence H1 is confirmed, and it can be stated that the activity (X1) has a partially positive effect on the investment interest variable. While the value of t knowledge (X2) is  $5.931 > t_{\text{tabel}} 1.97$  and sig value of  $0.00 < 0.05$  hence H2 is confirmed and it can be stated that the knowledge (X2) has a partially positive effect on the investment interest variable.

Based on the simultaneous F test, SPSS results in the value F at 126.259 with a sig value of 0.000 while the F threshold with 5% significance was 3.04. Because the value of  $F 126,259 > 3.04$  and sig value of  $0.00 < 0.05$  hence H3 is confirmed and it can be stated that both variables of the activity (X1) and the knowledge (X2) have a simultaneously significant positive effect on the investment interest variable.

### 3.6 Discussions

This research affirms previous studies (Hadiyati, 2016; Purboyo et al., 2019; Supriyanto et al., 2019), proving that awareness that stimulated by variables of activity and knowledge significantly influences students' interests. However, this study extends the context from a previously sharia environment to a more generalized setting. Furthermore, this study enriches literature in a way that it finds the simultaneous significant positive effect of these two factors (H3) on students' interests especially given the fact that the two reference studies did not test this hypothesis and only tested separate effects.

Provided the consistency of this finding with previous researches, this study implies that it is imperative for managers of investment galleries across Indonesia to pay great attention to plan successful activities to stimulate students' interests and further sales in the capital market's products and services. It is evident that students appreciate updated and relevant socialization about the products and services. The student investors tend to accept services from the capital market once they are introduced by their fellow in the investment gallery; hence the capital market and Indonesia Stock Exchange should collaborate strongly with the investment gallery in each campus. All institutions should work hand in hand to build a good reputation and respectable opinions of the capital market's products and services among potential investors.

Future studies might find disparities of outcome where they might be caused by differences in the respondents' culture that result in distinct behavior. Activities vary in different campuses and regions. For example, socialization, training, and competition exist in Politeknik Negeri Batam, but might not in other campuses. Hence this study calls for researches in diverse settings in the future.

#### 4 CONCLUSIONS

This research affirms previous studies proving that activities held by the investment gallery, including socialization, training, and competition positively associated with students investors' interests. Likewise, knowledge owned by student investors about the capital market, the investment gallery, and education program positively affect student investors' interests. Last but not least, both variables of activity and knowledge simultaneously impact students' interests.

It is important to note that this study extends the context from the previously sharia setting. Furthermore, this study enriches literature in a way that it finds the simultaneous significant positive effect of these two factors of activity and knowledge on students' interest given the fact that past studies only tested separate effects.

Provided the consistency of this finding with previous researches, this study implies that it is imperative for managers of investment galleries across Indonesia to pay great attention to plan successful activities to stimulate students' interests and further sales in the capital market's products and services. It is obvious that students appreciate updated and relevant socialization about the products

and services. The student investors tend to accept services from the capital market once they are introduced by their fellow in the investment gallery; hence the capital market and Indonesia Stock Exchange should collaborate strongly with the investment gallery in each campus. All institutions should work hand in hand to build a good reputation and respectable opinions of the capital market's products and services among potential investors.

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