

MOTIVATION AS A MEDIATOR OF KNOWLEDGE EFFECT ON INVESTMENT INTEREST

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Abstract: The Covid-19 pandemic has made the Indonesian people aware of the importance of saving funds or being reserved for emergencies. Based on this fact, an investment phenomenon emerged where the number of investors increased from previous years. This study aims to determine the effect of investment knowledge and investment motivation on investment interest, with investment motivation as a mediator. The research sample is 100 respondents, where the respondents are investors who are domiciled in Surabaya. PLS-SEM was used to test the hypothesis of this study. The results indicate that investment knowledge influences investment interest and investment motivation. In addition, investment motivation also affects investment interest. Moreover, this study found that investment motivation can mediate the effect of investment knowledge on investment interest.

Keywords: investment, investment knowledge, investment motivation, investment interest

INTRODUCTION

An investment is an activity that involves investing capital in the hope of getting a good return in the future. Investment includes an agreement that occurs today for money or other resources with the aim of making a profit in the future (Pradikasari & Isbanah, 2018). Investment is an important aspect of the economy that is recognized by economists as a strategic position in improving the welfare of mankind. It is a pattern of financial management and risk management (Hamid et al, 2019).

The phenomenon of public investment in the financial sector, especially in the current capital market, can be seen from the increasing number of investors

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in Indonesian capital market, which continues to grow from time to time especially in 2010 to 2021. Based on data from the Financial Services Authority (OJK), the number of market investors capital has reached 4.51 million investors at the end of February 2021. While at the end of 2020, the number is still at 3.88 million. This means, the number of capital market investors has increased by 16.24% only in a span of two months.

The recent addition of investors is a logical consequence of the Covid-19 pandemic which has made Indonesians aware of the importance of saving funds or being reserved for emergencies. In addition to the Covid-19 pandemic, Fitzgerald in Wiarta et al. (2020) said that there were factors in the form of lower deposit yields, which also contributed to the trigger. As interest rates fall, deposits are seen as unprofitable. Ultimately, this encourages Indonesians to seek higher returns on the capital market and mutual funds.

As stated earlier, investment interest in Indonesia has continued to grow recently. This is evident from the number of investors that continues to increase from time to time. Based on data from the Financial Services Authority (OJK) at the end of 2020, the number of investors recorded was 3.88 million. However, at the end of February 2021, the number of registered investors in the capital market has reached 4.51 million. So, within two months, the number of investors in the capital market has increased by 16.24%. Interest is a tendency towards a desire or desire that can be reflected in a person's behavior (Hamid et al, 2019). Based on the results of the study, Millennials may be influenced by the views of people around them, such as their parents, friends, spouses, teachers, lecturers, and coworkers, who may encourage them to invest. It is believed that because the people closest to them tend to lead to good things, the more people around the individual who support them to invest, the higher the individual's interest in investing might be (Setyorini & Indriasari, 2020).

According to KSEI data, there has been an increase in the number of retail investors and the millennial generation under the age of 40. Investors aged 18–40 years have dominated the capital market with a percentage of 70.03% and control a portfolio worth of Rp 44.01 trillion. Meanwhile, investors aged 41–50 have a percentage of 15.82% with a total portfolio of Rp 69.22 trillion. Then, the share of investors aged 50–60 years is 9.24% with a portfolio worth Rp 87.24 trillion, and

the age group of 60 years and over is only 4.63%, with a total portfolio reaching Rp 216.26 trillion as of June 2020.

During the pandemic, millennials' interest in investing has doubled. This is due to the emergence of awareness of the circumstances that require saving and investing in youth. Along with the development of digital technology and lots of free time in the midst of a pandemic, the millennial generation can easily and actively access various information about stocks and other instruments. In addition, with the current stock price, which is quite affordable and meet the budget of the millennial generation, the enthusiasm to learn about stocks is high; thus, they are motivated to buy and learn how to enter the capital market.

According to Putri & Simanjuntak (2020), investment motivation is defined as an urge to take action related to investment. Investment motivation, both intrinsic and extrinsic, will be a driving factor to encourage someone to invest. Investing in stocks in the capital market is influenced by investors' motivation. According to Lubis (2019), motivation has a positive and significant effect on a person's interest in investing in the capital market. This can be seen from the distribution of respondents' answers, where most of the respondents agree with the statement that learning to invest in the capital market can foster their interest in investing in the capital market.

Amid the increasing investment trends in the capital market, the Financial Services Authority (OJK) emphasizes the importance of knowledge about investment to the public, especially within the millennial generation. This notice is to avoid losses caused by a lack of education and knowledge about investment. Investors with the right investment knowledge are able to contribute to the development of the Indonesian capital market. Knowledge of Investment Profit Level and Basic Knowledge of Stock Valuation must be strengthened among students. Knowledge of a field that a person works in is thought to increase their confidence in it, just as it is with stock investments.

According to Bodnaruk & Simonov (2015), investors can avoid mistakes by having substantial knowledge of financial markets. Sufficient knowledge is needed to know various things about investment so that people can have the will to invest in the capital market (Pangestika & Rusliati, 2019). Several findings suggest that the more knowledgeable individuals are, the more confidence and understanding they are about the equity markets. Hence, they have higher levels

of participation in the more sophisticated financial markets (Mahdzan et al, 2017).

Based on this background, this study will have 4 hypotheses:

H1: Investment Knowledge has an effect on Investment Interest

H2: Investment Knowledge has an effect on Investment Motivation

H3: Investment Motivation has an effect on Investment Interest

H4: Investment Motivation mediates the effect of Investment Knowledge on Investment Interest

METHOD

The method used in this study is a quantitative method. The population used is investors who live in Surabaya. The number of samples used in this study was 100 people. The source of data used in this study is primary data where the researcher asked the sample group to fill out the questionnaire provided. To test the research model, the data were analyzed using PLS-SEM. Further tests are also carried out to determine the relationship between variables in the model and their suitability. The calculation and analysis process are processed using the SmartPLS application.

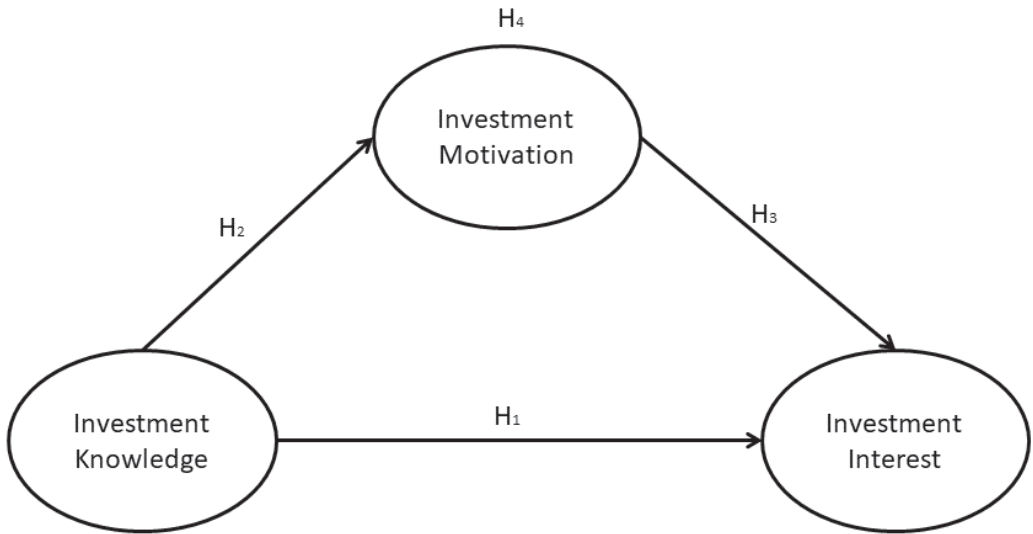


Figure 1 Research Model

RESULTS

This study has 100 sample respondents, where the sample in this study were investors in Surabaya. Table 1 shows the gender of the investors in this study.

Table 1 Gender

Gender	Total
Male	45
Female	55

In this study, there were 45 male respondents and 55 female respondents. Furthermore, the scale items used in this study can be seen in Table 2. Table 2 shows the arrangement of Likert-type scale items for each variable used in this study.

Table 2 Scale Items

Items	Wording
Investment Knowledge	
KNO1	Basic knowledge of investing is very important
KNO2	Basic knowledge of investment should be mastered before making an investment
KNO3	I do analysis before investing
KNO4	The training that I attended helped me in investing
Investment Motivation	
MOT1	I invest for profit
MOT2	I invest to avoid inflation
MOT3	I invest because the value of money can grow
MOT4	Investing provides an opportunity to invest
MOT5	Investment means owning a company
MOT6	Investment means helping the company grow
MOT7	I invest if friends invest
MOT8	I invest if a substantial need is met
Investment Interest	
INT1	I am interested in investing because of the information I got
INT2	I invest because investing in the capital market is very promising
INT3	I've been looking for information about investing
INT4	I have made an investment

Once the respondents data are obtained, further tests are carried out. To test the hypothesis, the researcher conducted validity and reliability tests. Table 3 shows the results of the validity and reliability tests that have been carried out.

Table 3 Validity & Reliability Test

Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Investment Knowledge (KNO)	0.741	0.835	0.560
Investment Motivation (MOT)	0.682	0.806	0.510
Investment Interest (INT)	0.711	0.821	0.538

The validity of the data can be seen from the Average Variance Extracted (AVE) value. If the AVE value is greater than 0.5, then the data can be said to be valid. In Table 3. it can be seen that the AVE value of the three variables is greater than 0.5, so it can be said to be valid. Cronbach's Alpha and Composite Reliability are used to test the data's reliability. The Cronbach's Alpha value of the three variables in Table 3 shows a value above 0.6, which means the data is reliable. This is reinforced by the values of Composite Reliability which are all greater than 0.7.

Table 4 Hypothesis Testing

Hypothesis		p Values	
H ₁	KNO -> INT	0.002	Accepted
H ₂	KNO -> MOT	0.000	Accepted
H ₃	MOT -> INT	0.001	Accepted
H ₄	KNO -> MOT -> INT	0.003	Accepted

Table 4 shows the results of hypothesis testing that has been carried out using PLS-SEM. When the value of the p-value is less than 0.05, it can be said that the hypothesis is accepted. From the data presented, it can be seen that investment knowledge has an influence on investment interest. In addition, investment knowledge also has an influence on investment motivation because the p-value is less than 0.05, which is equal to 0.0000. Investment motivation also has an influence on investment interest, based on the table above. Furthermore, the p-value of the fourth hypothesis is less than 0.05, which means that investment motivation can mediate the effect of investment knowledge on investment interest.

Table 5 Predictive - Relevance

Q ²	
KNO	
INT	0.166
MOT	0.125

Table 5 shows the Q2 value of this study. The value shows how well the observed values are produced by the model and the parameter estimates. As the Q2 value is more than 0 and less than 1, this indicates that the independent variable has a good predictive level for the dependent variable.

DISCUSSION

The Effect of Investment Knowledge on Investment Intention

From the tests that have been carried out, it is found that investment knowledge influences investment interest. This is in accordance with research conducted by Pangestika & Rusliati (2019). Sufficient knowledge about investment is needed so that people are interested in investing in the capital market. This is also reinforced by research conducted by Patma et al, (2021), where knowledge about investment is needed for an investor to invest. The more knowledge about investment they have, the higher their interest in investing is (Amhalmad & Irianto, 2019). This is in accordance with the theory of planned behavior, where a person who has investment knowledge will be more confident in their investment choices. Self-confidence will be able to control the behavior of these investors; thus, it also leads to a higher investment interest (Darmawan & Japar, 2019).

The Effect of Investment Knowledge on Investment Motivation

According to Amhalmad & Irianto (2019), the higher the knowledge about investment, the higher the motivation to invest that a person will have. This finding has also been founded in this study. A p-value of less than 0.05 states that investment knowledge has an influence on investment motivation. This finding is also reinforced by research conducted by Abdullah & Nainggolan (2018), where knowledge has a significant effect on motivation. When a person has knowledge, they will tend to be motivated by what they learned. This is inversely proportional to research conducted by Hikmah (2018), where knowledge has no effect on motivation. Supposedly, when a person has knowledge, it will generate motivation in them. Basic information about investing is very important for potential investors. This is to protect investors from irrational investment

practices, fraud, and risk of loss. Adequate knowledge, experience, and business skills are required to analyze which stocks to buy in capital market investment. Investors' understanding of investing is easier if they have a substantial knowledge about investing. Additionally, investors understand that the right investment information makes investing easier. Investors with extensive investment knowledge usually have more motivation to invest, both external and internal, in the form of the need for efficiency, the need for power, and the need for cooperation.

The Effect of Investment Motivation on Investment Intention

In Table 4, the results show that motivation influences interest. The motivation to get more profit is one of the reasons why someone invest. Motivation can influence a person's intention to invest (Darmawan & Japar, 2019). This is also in line with research conducted by Mahdi et al, (2020). The greater one's motivation for investment, the greater the interest in investing. Motivation plays an important role in growing someone's interest because motivation is a driving force for someone to do something, and the same behavior is found in investment process. In fact, if someone has the desire to make an investment, then he will tend to make it happen. When someone is motivated to invest, it is certain that the person will invest. Motivation is a source of encouragement for someone to do something. When a person's motivation is greater, the desire to act will also be greater. This also applies to investing.

The Role of Investment Motivation as a Mediator for the Influence of Investment Knowledge on Investment Interest

Motivation does not only affect investment interest. This study found that motivation can mediate the effect of knowledge on investment intention. This is in line with research conducted by Puspitaningsih (2014), where motivation functions as a mediating variable in knowledge of interest. In the business world, there are many things that can motivate someone to invest, one of which is knowledge gained from education about the capital market (Prayoga, 2019). Thus, it can be said that knowledge can increase a person's motivation. When a

person is motivated, it will arouse someone's interest to do something, in this case is investing. According to Mastura et al (2020), if someone has an incentive to invest, they tend to manifest this urge in a real action (investing). Motivation is important in growing one's investment interest (Mahdi et al, 2020).

Conclusion

The increasing number of investors in Indonesia has certainly provides more value for the country. However, investors are expected to have the right knowledge and motivation in investing. This study found four findings. First, investment knowledge has an effect on investment interest. This shows that knowledge is critical for the interests of an investor. Second, investment knowledge has an effect on investment motivation. This indicates that the more an investor has knowledge about investment, the more interested the investor will be in investing. In addition, it was also found that investment motivation has an effect on investment interest. When a person is motivated, they will have the urge to do something, which in this study is investment. Lastly, investment motivation mediates the effect of investment knowledge on investment interest.

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