The effect of investment understanding, risk perception, income, and investment experience on investment behavior on capital market investors in Klaten District

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Info Artikel	ABSTRACT
	This study aims to determine the effect of investment understanding, risk perception, income, and investment experience on behavior of capital market investors in Klaten Regency. A quantitative approach is used in this study with data collection techniques using surveys by being distributed online. This study uses the population of Klaten Regency who are stock investors and already have income. Data was collected by distributing questionnaires to the respondents and using purposive sampling method for sampling. The data obtained in this study were 96 respondents. This study have result that investment understanding and income have a positive effect on investment behavior of capital market investors. Risk perception and investment experience have no effect on investment behavior of capital market investors. As an implication, investors need to have a good understanding of investment so that they can easily and correctly make investment decisions. The community has started to allocate income for investment, but it needs to be supported by knowledge and good financial planning.

INTRODUCTION

One of the factors that influence the economic growth and development of a country is investment. In Hartono (2017) investment is a suspension of current consumption with the intention of getting results or profits from investing in productive assets in the future with the desired period of time. Investment is very important for Indonesia because investment plays a big role in economic development.

According to Suhartono dan Qusdi (2012) in the book Portfolio and Investment and the Stock Exchange, it explains that investment is divided into two categories, first real assets (real assets) are investments made in the form of tangible assets such as buildings, vehicles, and production machines. Second, financial assets are investments made in the form of written contract assets (letters) whose claims are made indirectly to the owner or issuer of the written contract assets. Investment in financial assets consists of money market and capital market.

The capital market is a meeting place for issuers (who need funds) and investors (who have excess funds). Capital market investment in Indonesia in recent years has experienced a fairly rapid development. According to the Indonesian Central Securities Depository (KSEI), the number of Single Investor Identification (SID) in January 2020 was 2,481,724. This number increased by 55.32% from January 2019 with the number of investors amounting to 1,597,842. Although the number of investors continues to increase every year, the number of investors is still relatively low with a ratio of 0.92% of the total population of Indonesia.

Based on data from the Kompasiana, Composite Stock Price Index (JCI) chart from 2009-2019 shows a fluctuating graph, but if you draw a straight line it shows a positive direction. The increase in the Composite Stock Price Index has been put to good use by the people in Klaten Regency. It is evident from data from the Financial Services Authority (OJK) that the number of investors in Klaten Regency

in 2018 was recorded at 5,685 investors, and increased to 9,582 investors in 2019. The number of investors in 2019 consisted of 5,098 stock investors, 1 E-BAE investor, 642 investors in Government Securities (SBN), and 4,455 investors in other investment instruments (Sibarani, 2019).

The increase and decrease in the number of investors is closely related to investment activity in the capital market. The higher the number of investors, the investment activity will also increase. Investment activities are related to investment behavior which has an important role in making investment decisions. In investing, decisions are strongly influenced by behavior. Investor behavior can be influenced by both internal and external factors such as investment understanding, risk perception, income, and investment experience.

An understanding of investment is an important requirement when making stock investment decisions. When an investor has an understanding of investment, the investor will be careful in determining which shares to buy because this instrument has a high level of risk. Investors who have a high level of understanding will avoid deviant behavior so that they can provide maximum results. Many researches on understanding investment have been carried out, but inconsistencies in research results are still found. The results of Agestina et al. (2020) conclude that understanding investment has a positive influence on student interest in investing in the capital market, while the results of Nisa (2017), Haidir (2019), Aini et al. (2019) states that understanding investment has no effect on interest in investing in the capital market.

Investment is closely related to return and risk and one of them cannot be separated. The higher the return obtained, the higher the risk that will be borne by investors. However, every investor has a different perception of risk, but they still expect an appropriate return, this difference in perception can make investor behavior also different. Investors who have a high risk perception will carefully consider the chosen investment decisions (Mutawally & Haryono, 2019). The perception of risk itself has been widely studied by previous researchers, but there are still inconsistencies in the results found. Research Dewi et al. (2017) concluded that the perception of risk has a positive effect on interest in investing in the capital market, but research from Tandio et al. (2016) and Putri et al. (2020) stated that the perception of risk did not have a significant effect on interest in investing in stocks.

Income is considered to influence a person's behavior in making investment decisions. Income determines stock investment decisions to be taken, individuals who have high incomes tend to have invested their money due to excess unused funds, while individuals who have small incomes tend to prioritize their basic needs first and find it difficult to invest (Violeta & Linawati, 2019). Many researches on income have been carried out, but inconsistency of results is still found. Previous research from Violeta and Linawati (2019) showed that income has a positive influence on investment decisions. Another study from Putri and Isbanah (2020) stated that income had no effect on investment decisions.

Another factor that influences investment behavior is investment experience. Experience is influential in making stock investment decisions because the more experience, the better in making investment decisions (Mutawally & Haryono, 2019). The more experience investors get, the better it will be to determine alternatives in evaluating a number of stock options (Fachrudin & Fachrudin, 2016).

Many researches on understanding investment have been carried out, but inconsistencies in research results are still found. Research from Mutawally & Asandimitra (2019) states that investment experience influences investment decisions. In contrast to research from Putri & Isbanah (2020) which states that experience has no influence on investment decisions.

Based on those background, the purpose of this study is to determine whether investment understanding, risk perception, income, and investment experience will affect investment behavior. This research was conducted on capital market investors in Klaten Regency who met the research criteria

The Influence of Investment Understanding on Public Investment Behavior in the Capital Market

Investment understanding can be in the form of basic investment knowledge such as investment types, investment returns and risks, investment objectives in the capital market and investment analyses. To gain an understanding of investment, it can be done by studying information related to capital market investment, especially stocks and capital market trainings. By increasing investment understanding and analysis of information, investors can increase their capacity to buy high-risk stocks with the intention of getting high returns.

Research from Amalia et al. (2020) results that understanding investment partially has a significant influence on stock investment decisions. In line with the research of Witakusuma et al. (2020) states that investment knowledge has a positive influence on student behavior in investing in stocks.

The Influence of Risk Perception on Public Investment Behavior in the Capital Market

Each investment has its own level of return and risk. However, each individual's risk assessment varies depending on the individual's psychological factors (N. Putri & Rahyuda, 2017). Investors belonging to the risk taker type tend to choose stocks whose price movements fluctuate and choose stocks that are categorized as unsafe to invest. Risk averse investors tend to buy stocks for the medium and long term to expect dividends. The more confident a person is in the ability of stock analysis, the lower the level of risk perception. On the other hand, the lower the stock analysis ability, the higher the risk perception.

Research conducted by Yolanda and Tasman (2020) results that the perception of risk has a positive influence on investment decisions. In addition, research from the Qur'an et al. (2016) result that risk perception has a positive influence on individual investors' stock decisions.

The Effect of Income on Public Investment Behavior in the Capital Market

Income as one of the factors that influence stock investment behavior. The greater the income, the better the investment behavior will be. Individuals will be selective in choosing the shares to be traded, namely by conducting a risk and benefit analysis first. Individuals who invest tend to have large incomes compared to individuals with low incomes. The income used for investment will generate large profits or returns if you are smart in analyzing and selecting good stocks to invest.

The results of research by Prasetyo and Manongga (2019) conclude that income has a positive influence on investment decisions. The results of this study are in line with research by Violeta and Linawati (2019). In addition, research from Dewi and Purbawangsa (2018) also shows that income has a significant positive effect on individual investment decision behavior.

RESEARCH METHODS

A quantitative approach is used in this study with data collection techniques using surveys by being distributed online. The research was conducted in Klaten Regency, Central Java Province, because it is a small city but the development of investors is quite good with the emergence of many investor communities. The population in this study is the people of Klaten Regency who are stock investors and already have income. The number of samples in this study were 96 investors. The sampling technique used in this research is using the purposive sampling method by setting the sample criteria, namely: 1) Having a Klaten KTP, 2) Actively investing in stocks, 3) Already having an income.

Conceptual and Operational Definitions of Variables
Dependent Variable

Investment behavior is a person's decision-making behavior in investing. Investment activities start from buying and selling transactions, considering returns and risks, and conducting investment analysis, both fundamental analysis and technical analysis. This investment behavior refers to research from Witakusuma et al. (2018) and using indicators from Selviana et al. (2020) by modifying according

to the research to be carried out: a) Conducting stock transactions based on existing trends or information, b) Regular investment planning, c) Diversifying investment portfolios.

Independent Variable
Investment Understanding

Investment understanding is the ability of investors to explain and interpret investments properly and correctly. In measuring the investment understanding variable using indicators from Budiarto and Susanti (2017) with modifications according to research needs, namely: a) Basic understanding of investment in the capital market, b) Knowledge related to investment returns in the capital market, c) Knowledge related to stocks.

Risk Perception

Risk perception is the process of translating information about the risk obtained which is subjective. The assessment of each individual's risk varies depending on the psychological factors of each individual (R. A. Putri & Yuyun, 2020). Risk Perception uses indicators from Trisnatio (2017) with the following modifications: a) There is uncertainty in the future, b) Thinking that investment is risky, c) Fear of investing in negative performing stocks.

Income

Income or personal income is the total income derived from salaries, bonuses, allowances and investment returns (Musdalifa, 2016). Someone who has a large income or more than enough to meet his daily needs will tend to set aside some of his income for investment. This study measures the income earned for one month using indicators from Selvina et al. (2020): a) Income is not spent directly, b) Expenditure outside of planning, c) Allocation of income for investment.

Investment Experience

Experience plays an important role in making investment decisions because experienced investors will have alternative choices in evaluating stocks properly (Putri and Isbanah, 2020). Experienced investors tend to be brave in taking investment risks and choose high-risk stocks. Investment experience using indicators from Putri and Isbanah (2020) by modifying it according to the research to be carried out: a) Length of time in investing, b) Experienced failure, c) Number of stock trading transactions for one month.

Data analysis technique

A series of data analyzes were carried out including descriptive statistical analysis, classical assumption test, multiple regression analysis, model feasibility test (f test), coefficient of determination (R2), and hypothesis testing (t test). Data analysis using the Statistical Package for Social Science (SPSS) Version 26.0 application.

RESULTS AND DISCUSSION
Description of Research Data

The number of samples used for the preliminary test was 33 respondents. Preliminary testing is conducted on investors who are members of the Purwokerto Beginner Stock Investor Community (ISP Purwokerto); while the number of samples required was 96 respondents, and the number of research questionnaires distributed was 107 respondents, 11 questionnaires did not return and a total of 96 questionnaires returned. The characteristics of the respondents are described in the following table

Table 1 Characteristics of respondents by gender, age, and education level

No.	Information	Description	Amount	Percentage (%)
1	Gender	Women	28	29.17
		Men	68	70.83
	Total		96	100
2	Age	≤ 20 years	17	17.71
		21 - 30 years	75	78.13
		31 - 40 years	2	2.08
		≥ 41 years	2	2.08
	Total		96	100
3	last education	≤ Senior High School/ Vocational School	39	40.63
		Diploma	23	23.96
		Bachelor degree (S1)	32	33.33
		Postgraduate (S2 atau S3)	2	2.08
Total			96	100

Source: SPSS Output (2021)

Table 2 Characteristics of respondents based on income and funds invested

No.	Information	Description	Amount	Percentage (%)
1	Income	< Rp.2,000,000	35	36.46
		Rp.2,000,000 - Rp.3,9999,99	21	21.88
		Rp.4,000,000 - Rp.5,999,999	16	16.67
		≥ Rp.6,000,000	24	25
Total			96	100
2	Invested funds	Rp.100,000 - Rp.1,000,000	32	33.33
		> Rp.1,000,000 - Rp.3,000,000	21	21.88
		> Rp.3,000,000 - Rp.5,000,000	10	10.42
		> Rp.5,000,000	33	34.38
Total			96	100

Source: SPSS Output (2021)

Table 3 Characteristics of respondents based on investment experience and number of stock transactions for one month

No.	Information	Description	Amount	Percentage (%)
1	Investment experience	< 6 months	20	20.83
		6 - 12 months	19	19.79
		> 1 years	57	59.38
Total			96	100
2	Number of stock transactions for one month	≤ 1 time	29	30.21
		2 - 4 times	35	36.46
		≥ 5 times	32	33.33
Total			96	100

Source: SPSS Output (2021)

Data Quality Test
Validity Test

Based on the results of the validity test on the variables of investment behavior, investment understanding, risk perception, income, and investment experience, it shows that all question items produce rcount greater than rtable, which is 0.344 which means that all question items are valid.

Reliability Test

The results of the reliability test on the variables of investment behavior, investment understanding, risk perception, income, and investment experience get a value exceeding Cronbach Alpha Min > 0.60, then all research questionnaire items are declared reliable.

Descriptive Statistical Analysis

Descriptive statistical analysis was conducted to describe the data collected from the respondents in accordance with the original state of the variables studied. Descriptive statistical analysis was processed based on the average total score obtained using SPSS for Windows software.

Table 5 Results of Descriptive Statistical Analysis

Variabble	N	Minimum	Maximum	Average	Std. Deviation
Investment Behavior (Y)	96	2.90	5.00	4.3229	0.44944
Investment Understanding (X_1)	96	2.57	5.00	4.0470	0.45414
Risk Perception (X_2)	96	1.71	5.00	3.2872	0.69295
Income (X_3)	96	3.00	5.00	4.4042	0.54674
Investment experience (X_4)	96	2.67	5.00	3.7423	0.53673
Valid N (listwise)	96				

Source: SPSS Output (2021)

Classic assumption test
Normality Test

The results of the normality test showed the results of Asymp. Sig. (2-tailed) of 0.200 has a value greater than (0.05) or 0.200 > 0.05. Then the research data used is declared normally distributed.

Multicollinearity Test

The multicollinearity test in this study showed that the tolerance value was > 0.10 and the VIF value was < 10. It can be concluded that the research data used did not have multicollinearity problems.

Heteroscedasticity Test

The heteroscedasticity test in this study resulted in a significance value > (0.05). So it can be concluded that the research data used does not have heteroscedasticity problems.

Multiple Linear Regression Analysis
Table 6. Multiple Regression Analysis Results

Variable	Regression Coefficient	t_{count}	Sig.
Investment Understanding (X1)	0,424	4,482	0,000
Risk Perception (X2)	-0,093	-1,620	0,109
Income (X3)	0,234	3,068	0,003
Investment experience (X4)	0,021	0,292	0,771
Konstanta	1,801	4,100	
R	0,605		
R *Square*	0,367		
Adjusted R Square	0,339		
F hitung	13,165		
F *sig.*	0,000		

Source: SPSS Output (2021)

Based on table 6, multiple regression equations can be arranged with the following formula:

$$Y = 1{,}801 + 0{,}424X_1 - 0{,}093X_2 + 0{,}234X_3 + 0{,}021X_4 + e$$

Model Feasibility Test (F Test)

F_{test} results show $F_{count} = 13.165 > F_{table} = 2.47$ with F sig. = 0.00 < (0.05), or it can also be concluded that H0 is rejected and Ha is accepted, which means that investment understanding, risk perception, income, and investment experience simultaneously influence investment behavior in the capital market of the people of Klaten Regency. Based on the feasibility of the model, it can be concluded that the regression model can be used.

Hypothesis Test (t Test)

a.) Hypothesis test: Investment understanding (X1) has a positive effect on investment behavior in the capital market

The test results obtained for the tcount value of 4.482, the regression coefficient value of 0.424, and the results of sig. t = 0.000. Judging from the test, it can be explained that tcount = 4.482 > ttable = 1.986 and the value of sig. t = 0.000 < 0.05, it can be concluded that the understanding of investment has a positive and significant effect on investment behavior in the capital market of the people of Klaten Regency.

    b.) Testing the Risk Perception hypothesis (X2) has a positive effect on investment behavior in the capital market

The test results obtained for the tcount value of -1.620, the regression coefficient value of -0.093, and the results of sig. t = 0.109. Judging from the test, it can be explained that tcount = -1,620 < ttable = 1,986 and the value of sig. t = 0.109 > 0.05, it can be concluded that the perception of risk has no significant effect on investment behavior in the capital market of the people of Klaten Regency.

    c.) Testing the income hypothesis (X3) has a positive effect on investment behavior in the capital market

The test results obtained for the tcount value of 3.068, the regression coefficient value of 0.234, and the results of sig. t = 0.003. Judging from the test, it can be explained that tcount = 3.068 > ttable = 1.986 and the value of sig. t = 0.003 <0.05, it can be concluded that income has a positive and significant effect on investment behavior in the capital market of the people of Klaten Regency.

    d.) Testing the investment experience hypothesis (X4) has a positive effect on investment behavior in the capital market

The test results obtained for the tcount value of 0.292, the regression coefficient value of 0.021, and the results of sig. t = 0.771. Judging from the test, it can be explained that tcount = 0.292 < ttable = 1.986 and the value of sig. t = 0.771 > 0.05. It can be concluded that investment experience has no significant effect on investment behavior in the capital market of the people of Klaten Regency.

Coefficient of Determination Test

Based on the Adjusted R Square value obtained is 0.367 or 36.70% and it can be concluded that the role of the independent variable used in this study is still low because the value obtained is still below 0.5 from a scale of 0-1. There are still 0.633 or 63.30% in the regression model that is explained by other variables outside the variables that have been studied.

Discussion

The Influence of Investment Understanding on Public Investment Behavior in the Capital Market

The results of the partial test conclude that understanding of investment has a significant positive effect on investment behavior in the capital market. This is also based on the regression coefficient value of 0.424 which indicates that the higher the influence of investment understanding, the higher the investment behavior.

Most of the people who invest have gained knowledge and understanding of investment from various sources such as social media, training and capital market seminars held both from the Indonesia Stock Exchange and the existing stock communities. Understanding of investment can be used as a provision for investors to invest in the capital market, especially stocks. The better the understanding of a person's investment, the better his investment behavior will be. The results of this study are in line with Agestina's research (2020) that understanding investment has a significant effect on investment interest.

The Influence of Risk Perception on Public Investment Behavior in the Capital Market

Based on the results of the t-test concluded that the perception of risk does not have a positive influence on investment behavior in the capital market. This is also based on the regression coefficient value of -0.093 which indicates that the higher the effect of risk perception, the lower the investment behavior.

The risk perception of each individual is different depending on the views of each individual in assessing the risk itself. The higher a person's risk perception, the more careful he or she will be in taking risk (risk averse). On the other hand, the lower a person's perception of risk, the more daring he will be in taking the risk (risk taker). In this case, people tend to be brave in taking investment risks (risk takers), especially stocks, which are basically stocks as investment instruments that have a fairly high level of risk.

The results of the study are supported by the research of Tandio & Widanaputra (2016) and Wulandari et al. (2017) which states that the perception of risk has no effect on student investment interest. In addition, it is also supported by the research of Purboyo et al. (2019) stated that the perception of risk had no significant effect on students' interest in investing in Islamic stocks.

The Effect of Income on Public Investment Behavior in the Capital Market

The results of the t-test conclude that income has a positive effect on investment behavior in the capital market. This is also based on the regression coefficient value of 0.234, indicating that the higher the income effect, the higher the investment behavior.

People who have high incomes tend to have invested their income due to excess funds that are not used, while people with low incomes tend to focus on meeting their basic needs. In addition, the greater a person's income, the more aware they will be of a decent future. In this study, almost all people who have invested in the capital market and have income will try to set aside some of their income to invest.

The results of this study are supported by research by Dewi & Purbawangsa (2018), Prasetyo & Manongga (2019), and research from Selviana et al. (2020) states that income has a positive and significant effect on investment decisions.

The Effect of Investment Experience on Public Investment Behavior in the Capital Market

The results of the t-test conclude that investment experience has no effect on investment behavior in the capital market. This is also based on the regression coefficient value of 0.021, indicating that the higher the influence of investment experience, the higher the investment behavior.

Most investors have more than one year of investment experience, but the number of transactions made is still relatively low, namely 0-4 trading transactions per month. According to Fachrudin & Fachrudin (2016), investors also continue to pay attention to other factors in making investment decisions even though they already have a lot of experience, this is done in order to minimize or avoid losses.

The results of this study are in line with research conducted by Putri and Isbanah (2020) and Fachrudin & Fachrudin (2016) which states that experience has no influence on investment decisions.

CONCLUSION

The conclusions from the results and discussion of research that have been carried out regarding the factors that influence investment behavior are as follows: 1) Understanding of investment has a positive effect on investment behavior of capital market investors in Klaten Regency, 2) Risk perception has no effect on investment behavior of market investors. capital in Klaten Regency, 3) Income has a positive effect on investment behavior of capital market investors in Klaten Regency, 4) Investment experience has no effect on investment behavior of capital market investors in Klaten Regency.

The implication of this research is that before investing, it is necessary to understand investment. because investors who have a good understanding of investment can easily and correctly make investment decisions, there needs to be a special room that discusses further about the capital market, especially stocks, so that investment skills will develop and more people will be interested in investing in stocks. The community has started to allocate income for investment, but it needs to be supported by good financial planning knowledge.

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