The impact of income on investment interest among millennials in capital market (the implementation of theory of planned behaviour)

O impacto da renda sobre o interesse de investimento entre os millennials no mercado de capitais (a implementação da teoria do comportamento planejado)

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ABSTRACT
One of the challenges of Millennials when starting an investment is income, because most Millennials have limited income. The purpose of this paper is to determine the impact of income on investment interest among Millennials in the capital market. The population in this paper is Millennials at Prof. Dr. H. Kadirun Yahya (Panca Budi) Foundation who have an interest in investment. This paper uses a quantitative approach, with sampling techniques using probability sampling methods with random sampling types. The number of samples in this study were 65 Millennials. The types of data in this study are primary data, obtained through questionnaires and secondary data, obtained from journals and Financial Services Authority official websites and Indonesia Stock Exchange. Based on data analysis and discussion, it can be concluded that income has a significant effect on investment interest among Millennials.

Keywords: income, investment interest, millennials.

RESUMO
Um dos desafios da geração do milênio ao iniciar um investimento é a renda, porque a maioria dos millennials tem renda limitada. O objetivo deste artigo é determinar o impacto da renda sobre o interesse de investimento entre a geração do milênio no mercado de capitais. A população deste estudo são os Millennials da Fundação Prof. Dr. H.
Kadirun Yahya (Panca Budi) que têm interesse em investimentos. Este trabalho usa uma abordagem quantitativa, com técnicas de amostragem que utilizam métodos de amostragem probabilística com tipos de amostragem aleatória. O número de amostras deste estudo foi de 65 millennials. Os tipos de dados deste estudo são dados primários, obtidos por meio de questionários, e dados secundários, obtidos de periódicos e dos sites oficiais da Financial Services Authority e da Bolsa de Valores da Indonésia. Com base na análise e discussão dos dados, pode-se concluir que a renda tem um efeito significativo sobre o interesse de investimento entre os Millennials.

**Palavras-chave:** renda, interesse de investimento, geração do milênio.

**1 INTRODUCTION**

Indonesia is occupied by 33.7% of Millennials, one the emerging base market based on the level of income earned. Emerging base market is a terminological economic condition of Indonesian society currently moving to a more advanced level. Also supported by KSEI (Indonesia Central Securities Depository) market information, the growth on investment levels in 20-30 years old was recorded 30.59%, highest among other age categories.

Nowadays, Millennials face challenges when starting to invest due to various factors, one of them is income. Data shows that most young people had limited salaries, often not covering daily needs, and for investment. Uncertain economic conditions and ever-increasing cost of living are main factors preventing the younger generation from starting to invest (Maksum et al., 2021). This causes financial priorities to focus on urgent daily needs such as education cost, monthly bills, and short-term financial planning.

Total of investors in Indonesia only reaches 1-2% of the total population (BEI, 2022). Compared with other countries such as Malaysia and Singapore. Malaysia has a higher level of participation investment in the capital market. The level of investor participation in Malaysia ranges from 10-20% of the total population. Singapore has a higher level of participation in capital market investment, because of its strong and more mature economic structure, around 30-40% or even more from the total population involved as investors in the capital market.
Based on data from KSEI (2022) regarding investor income in the capital market based on Single Investor Identification (SID), the demographics of capital market investors who have income 10-100 million is 48.55%, with income less than 10 million being 38.55%. This is in line with income data from the Central Statistics Agency, which shows that the average income of workers in Indonesia is in the 3-4 million rupiah, Because currently the most expense for workers is consumption. Income has a driving role for someone when starting investing, especially in the capital market. Ideally, 10% of income is used for investment. However the reality is the opposite because only less than 1% of people’s income is used for investment. The problem in this research is to find out whether there is an influence income for investment interest.

2 LITERATURE REVIEW

2.1 THEORY OF PLANNED BEHAVIOUR

The Theory of Planned Behavior (TPB) is a development of the Theory of Reasoned Action (TRA) previously proposed by Fishbein and Ajzen in 1975. TPB has been widely accepted as a tool for analyzing the differences between attitudes, intentions and behavior. Ajzen and Fishbein (1988) refined the Theory of Reasoned Action (TRA) and gave it the name TPB. TPB explains that behavior carried out by individuals arises because of the individual's intention to behave, and is caused by several internal and external factors of the individual. Furthermore, Sulistomo and Prastiwi (2011) individual attitudes towards behavior include beliefs about a behavior, evaluation of behavioral result, subjective norm, normative belief and motivation to comply.

Duha (2016) Theory of Planned Behavior, human tend to act in accordance with intention and perception control through certain behavior, intention are influence by
behavior, subjective norms, and behavioral control. Kusmawati (2011) Three things that
determine intention, behavior is the main point that is able to predict behavior. For
example, attending training and seminars on investment, accepting investment offers
well, and ultimately making an investment.

2.2 INCOME

In order to maintain life and develop their lives, humans must be able to fulfill all
their needs, whether in the form of primary, secondary or tertiary needs. In investment,
income is closely related to the potential investor source of investment funds. How
investors set aside money from their income for investment, how much percentage they
set aside and the source of their investment funds.

Income closely related to the potential investor source of investment funds. Hervey S. Rosen (2005) has his own definition of income, they call the Haig-Simon (H-S) definition (after its original originator, namely Robert Haig and Henry C. Simons, economists in the early 20th century) defined income as “The money value of the net increases to an individual power to consume during a period. Equal to the amount actually consumed during the period plus net additions to wealth.” In other words, income is defined as the money value of the increase in net individual spending capacity during a certain period which is equal to the amount of consumption during a certain period plus the increase in the amount of net wealth (savings). Savings are also for income because they represent a potential increase in consumption capacity. Types of income:

1. Basic income, the income is expected to be received every month, this from the main job.
2. Ide income, namely income obtained from work outside of the main job, so not everyone has side income.
3. Other income, originating from gifts from other parties, both in the form of goods and money, is not from business.
2.3 INVESTMENT INTEREST

2.3.1 Definition of interest

Interest can show the ability to provide stimuli that encourage attention to someone, an item, an activity, or something that can influence the experience that has been stimulated by the activity (Wardhani et al., 2022). Interest can be the cause of an activity and the results from participating in activity. Actions or activities carried out by a person are basically to fulfill desires for objects that are considered arouse interest.

2.3.2 Definition of investment

According to Eduardus Tandelilin, investment is a commitment of a certain amount of funds or other resources made at this time, with the aim of obtaining a certain amount of profit in the future. According to Jogiyanto (2012) investment is delaying current consumption to save in productive assets over a certain period of time. Given productive assets, postponing current consumption to invest in productive assets will increase total utility. Based on the opinion from the expert, it means that investment is the placement of a certain amount of funds with the hope of getting a return in the future.

2.3.3 Types of investment instrument

According to type, investment is divided into direct investment and indirect investment. Direct investment is investment in assets or production factors to conduct business. Direct investment is investment in the real sector or tangible asset, easy to see and measure its impact on the entire community. Indirect Investment (Indirect Investment). Indirect investment is investment not in assets or production factor, but in financial assets, such as deposits, investments in securities, such as shares, bonds, mutual funds.

The characteristics of someone who is interested in investing can be seen by how much effort they put into finding out about a type of investment, studying it and then practicing it. Kusmawati (2011) interest in investment is the desire to find out about type of investment from the advantages, weaknesses, investment performance and so on. Investment interest is a drive from within an individual towards interest and attention to know, learn and prove further how investment works.
2.3.4 Interest indicator

Based on the Plan Behavior theory by Ajzen, behavior is affected by three factors: attitudes towards behavior, subjective norms and control over behavior (perceived behavioral control). This can be seen from the Ajzen theory which states that: “It can be seen, with respect to a variety of different intentions, consideration of attitudes, subjective norms, and perceived behavioral control permitted highly accurate prediction. Al-Suqri,

Mohammed Nasser also discussed the Theory of Plan Behavior: Behavioral intentions are considered as direct events of behavior. These intentions are based on attitudes toward the behavior, subjective norms, and perceived behavioral control. Leslie R. Martin, M. Robin DiMatteo also discuss the Theory of Plan Behavior: The theory states that the intention os the best predictor of behavior and that intention is determined by attitude (one's positive or negative evaluation of a behavior), and subjective norms (social pressure and the influence of valued people in one's life), perceived behavioral control (person's belief about their ability to execute a behavior).

2.4 DEVELOPMENT HYPOTHESIS

2.4.1 The relation between income and investment interest

Income can be a financial resource that can be investment. Investment interest reflects an individual tendency to join in investment in the capital market based on certain factors. Income will be positively correlated with investment interest among Millennials in the capital market. Millennial with high income tends to have a greater interest in investing in the capital market. Higher income allows access to more investable resources. This can increase individual interest in looking for profitable investments. Based on the description above, the hypothesis can formulated:

Ha: Income affecting Millennial generation investment interest in the capital market

The following is the model used in this study:
3 METHOD

The population in this study is Millennials at Prof. Dr. H. Kadirun Yahya (Panca Budi) Foundation and interested in investment. The sampling technique uses a probability sampling method with a simple random sampling type. The number of samples in this study was 65 people from Millennial. Meanwhile, the type of data in this research is primary data, data obtained through questionnaires that have been distribute Millennials and secondary data, obtained from journals and the official websites of the Financial Services Authority and the Indonesia Stock Exchange.

In preparing this questionnaire the researcher used a Likert scale. The Likert scale is used for measuring the attitude, opinion and perception of a person or group of people about social phenomena, Sugiyono (2017). In the questionnaire used by researchers, each question consists of 5 (five) answer categories: Strongly agree (SS) = 5, Agree (S) = 4, Disagree (KS) = 3, Disagree (TS) = 2, Strongly Disagree (STS) = 1. In this paper used simple linear regression analysis, the method used to see the relationship between one independent variable and one dependent variable. Data analysis carried out with the help of the SPSS version 18 application program.

4 RESULT AND DISCUSSION

The questionnaires distributed in this research were 65 questionnaires to randomly selected samples with a return percentage of 100%. All of the questionnaires are suitable for use in this research. The average income score of 67.400 is greater than the standard deviation of 8.638, it can be concluded that there is a good distribution or there are no outliers. Meanwhile, average investment interest score is 73.723, is greater than the standard deviation of 8.337, there is a good distribution.

Before regression analysis, a data quality test has been carried out consisting of a validity test and reliable test and has passed all the tests. The simple linear regression equation for income level on investment interest of the millennial generation is as follows:

\[ Y = 52.875 + 0.309X \]
This means that without any treatment, the millennial generation has shown an interest in investing of 52.875. If the income rate (X) increases by 1%, the interest in investing will increase by 30.9%.

Based on Table 1, the results show that the correlation value is 0.320, meaning income has a strong relationship with Millennial investment interest. The simultaneous coefficient of determination is 0.103, indicating that the simultaneous effect of income level on student investment interest is 10.3%. Based on Table 1, a significance value of 0.009 obtained, which means that the level of income simultaneously has a significant effect on the investment interest of the millennial generation.

Based on Table 2 can be seen the T test results for the income variable obtained of 2.685 with a significance value of 0.009. The T value of 2.685 is greater than T table 1.998, indicating that it partially affects investment interest. The significance value of 0.009 is smaller than 0.05, indicating that the income level variable partially has a significant effect on investment interest. It can be concluded that Ha which states "income affects investment interest in the Millennials" is proved, Ha is accepted. This means there is an impact of income on Millennials' investment interest. Income has a significant effect on Millennial investment interest in the capital market by 32%.

5 CONCLUSION AND RECOMMENDATION

Based on the stages of research that has been done in analyzing the effect of income on investment interest among Millennials in capital market, it can be concluded that income has a significant effect on investment interest among Millennials, which
means high investment interest in Millennials at Yayasan Prof. Dr. H. Kadirun Yahya (Panca Budi) Foundation because it is influenced by income.

Based on the conclusions that have been described, the information that can be given to related institutions, namely IDX, FSA, and Millennials at Prof. Dr. H. Kadirun Yahya (Panca Budi) Foundation, that 1) Non-bank financial institutions need to conduct additional sustainable capital market education so that information about the capital market can be widely and evenly distributed, people can increase their knowledge and confidence about product and service in the capital market, 2) Millennials must be able to set aside income or increase income in order to invest which is good for the future, 3) For further researchers, it is recommended to conduct research with other variables that can affect investment interest.
REFERENCES


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