

FACTORS INFLUENCING THE INTENTION TO STOCK INVESTMENT AMONG MUSLIM INVESTORS IN LANGSA

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ABSTRACT - This study aims to examine the effect of knowledge, income and risk perceptions on the intention in stock investment among Muslim investors in the city of Langsa, Aceh, as of 2017. The primary data of study was derived from questionnaires, interviews, and observations. Using a random sampling technique, this study employed a sample of 100 respondents. The findings show that knowledge, income, and risk perceptions simultaneously influence the stock investment intention. In partial tests, only income and risk perceptions show a significant influence on the intention to stock investment, while knowledge does not show the same result. Thus, although have the knowledge on the stock investment, most respondents do not intend to invest in stock market. One of the reasons is the apprehension of the uncertainty due to inadequate income of respondents in Langsa city. In addition, the lack of understanding on risk has an implication in reducing the intention of respondents in stock investment in the capital market.

Keywords: Knowledge, Income, Risk Perception, Stock Investment, Intention

ABSTRAK - *Faktor-faktor yang Mempengaruhi Intensi terhadap Investasi Saham di Kalangan Investor Muslim di Langsa.* Penelitian ini bertujuan untuk menguji pengaruh pengetahuan, pendapatan dan persepsi risiko terhadap minat investasi saham pada masyarakat Muslim di Kota Langsa, Aceh, pada tahun 2017. Data yang digunakan dalam penelitian ini adalah primer yaitu data berasal dari kuesioner, wawancara dan observasi. Sebanyak 100 sampel dipilih dengan menggunakan teknik random sampling. Hasil penelitian menunjukkan bahwa pengetahuan investasi, pendapatan, dan persepsi risiko secara simultan mempengaruhi minat investasi saham di pasar modal. Secara parsial, hanya pengetahuan investasi yang tidak mempengaruhi minat investasi terhadap saham, sedangkan persepsi pendapatan dan risiko mempunyai pengaruh yang signifikan. Hal ini menunjukkan bahwa walaupun memiliki pengetahuan yang cukup, responden tetap kurang meminati investasi dalam saham. Salah satu alasan adalah adanya kekhawatiran akan hasil yang tidak akan mencukupi kebutuhan sehari-hari sedangkan pendapatan mereka sendiri masih tergolong rendah. Selain itu, rendahnya pemahaman responden tentang risiko berimplikasi terhadap menurunnya minat responden untuk berinvestasi saham di pasar modal.

Kata kunci: Pengetahuan Investasi, Pendapatan, Persepsi Risiko, Minat, Investasi Saham

INTRODUCTION

Investment is an essential aspect of the economy as economists recognize the strategic position of investment in improving the welfare of mankind. However, investment in Islam does not mean that every individual has an absolute freedom to enrich themselves or hoard wealth in any improper ways. Investment must be based on the right intention and managed in accordance with Islamic teachings (shariah). Investments relate to the accumulation of assets with the hope to improve the future economy. Investment is widely known by the community as investing in investment instruments. Among the ways to invest is by investing in monetary sector such as banks or capital markets. With this study, the researchers aimed to find out the factors affecting investors of Langsa in stock investment.

According to the Law of Republic of Indonesia, capital markets have an important role in the economic development of a country. It is reflected in the use of the capital market as an indicator of a country's economic development. Through capital markets investors and institutions can channel their excess funds and the issuers can get additional capital for activities or expand their business network. Capital markets are defined as a place for activities related to public offerings and securities trading, public companies related to securities issued, as well as institutions and professions related to securities. The capital market acts as a liaison between investors and companies or government institutions through long-term instruments trading such as stocks, bonds, and others.

Indonesia's capital market is one of targets of developed countries investors. It happens as capital markets in countries with emerging markets provide a higher risk premium than countries with developed markets, thus they can provide a higher expected return (Salomons, 2003). Since the existence of the Indonesian Stock Exchange (IDX) as the organizer of securities trading in the capital market of Indonesia, investing in stocks has become very easy for people to access. However, the people's enthusiasm for investing in stocks is still relatively low, especially among the people of Langsa. Indonesian capital market still has a great opportunity to develop. It is proven by the low percentage of Indonesian investors compared to the neighbouring countries with 0.15% Indonesians, 15% Malaysians, 30% Singaporeans, and 25% Australians (Daily, 2011). Generally, Indonesians still invest traditionally through purchasing gold, land, houses, gardens, rice fields and other physical properties. In fact, many Indonesians are also fooled by illegal investments that are widely circulating in the society, for examples, on June 18, 2019, Financial Services Authority (OJK) through the Investment Alert Task Force stopped 43 entities suspected of conducting business activities without permission from the authorities and potentially harmed the community. The types of business activities stopped by the Investment Alert Task Force are as



follows: 38 forex trading without permission, 2 money game investments without permission, 2 multi levels marketing without permission, 1 stock trading investment. Thus, the total business activities that are alleged to be illegal investments and terminated by the Investment Alert Task Force during 2019 are 163 entities as attached. Other cases, OJK managed to crack down on fraudulent investments under the guise of cooperatives over the past three years. The handling was obtained from victims' reports and a number of information circulating in the media. Therefore the public is encouraged not to easily trust people who offer large investment returns at the beginning. The Indonesia Stock Exchange (IDX) is one of the institutions that provide information for the convenience of people to invest in the capital market in Indonesia.

Several efforts have been done by IDX to increase the number of domestic investors such as by adding the Client Fund Account administrator banks, introducing the 'Yuk Nabung Saham' program with minimum investment as low as Rp 100,000, making android-based virtual game 'Nabung Saham Go' and educating the public through holding festivals, seminars, scientific article competitions as well as opening Investment Galleries in colleges and universities, and so on. IDX also places its representatives in every province to focus on capital market education which will increase the number of investors in the aggregate. IDX notes that stock investment in Aceh continues to increase. Currently, the number of investors in Aceh is 4,000. The investors are based across several regencies with the number of transactions up to June 2016 around Rp 600,000,000. However, compared to the total population, the number of investors is only 0.08% of the 5,000,000 Acehnese. Stock investors in Aceh are still dominated by residents of Banda Aceh with 1,500 investors, followed by Aceh Besar. This number is also dominated by young people who have entrepreneurial spirit.

Research conducted by Merawati and I Putu (2015) took students who had taken Investment Analysis and Portfolio Theory courses as their samples. They conclude that investment knowledge and income affect students' intention in investing in stocks. The materials given in the courses of Investment Analysis and Portfolio Theory have been able to provide a fundamental understanding about the types of investments, returns and risks that must be considered by students as potential investors. In addition to investment knowledge, the amount of income is also one of the students' considerations in investing. The greater the income, the more intention the students have in investing. An educational program carried out by the Exchange Corner of UNMAS Denpasar namely Capital Market Training has not been able to moderate the relationship between investment knowledge and income with intention in investing among students of the Faculty of Economics, UNMAS Denpasar. Therefore, the evaluation of educational materials and the implementation of Capital Market Training workshop



approach can be carried out by the Exchange Corner manager to develop more intentioning and interactive educational materials. Hence the Capital Market Training program can run more optimally in increasing students' intention in investing.

The research conducted by Raditya (2013) regarding the perception of risk in influencing one's intention in investing in stocks, finds that investing in the capital market requires sufficient knowledge, experience and business instincts. His sample was postgraduate students from the Faculty of Economics and Business, Udayana University. Another study conducted by Yuwono (2011) explains that there are two factors influencing a person's intention in investing in the capital market, namely the perception of the risk of stock investment and knowledge of investing in the capital market.

The researcher observed investment behavior of society in Langsa City, apparently many people in Langsa did not invest in stocks because of their lack of knowledge about stocks, both the definition and the mechanism of how to invest in stocks. In 2012, BNI Securities was opened in Langsa. However, due to the community's lack of intention toward stocks and the limited socialization from BNI Securities, it was then closed in February 2014. In 2016, Development Director of the IDX, Nicky Hogan inaugurated the Investment Gallery at IAIN Langsa in collaboration with MNC Securities. Approximately a year later the number of registered stock investors was still small, with 20 from the public and 132 students.

Prior to investing in any investment instruments, it goes without saying that investors must know and learn everything related to investments. There are many factors influencing people's intention in stock investment in the capital market such as investment knowledge needed to avoid losses when investing and obtain a maximum return on investment (Halim, 2005). Likewise, income is influential because someone who has a relatively low income tends to have no intention in investing. This statement is especially true for teenagers whose income comes from their parents. Other factor like risk perceptions is also important because attitudes toward risk will provide a fear of failing to invest in stocks, particularly for those who have no knowledge about stock investments. Based on the description, the researchers want to know whether knowledge, income and risk perceptions influence the stock investment intention.



LITERATURE REVIEW

Intention to Stock Investment

Intention is defined as a tendency towards a passion or desire. The extended definitions of intention according to Salim (1996) are:

- a. Intention is considered as an intermediary for rational factors that have an impact on behaviour.
- b. Intention shows how hard someone dares to try.
- c. Intention shows how much effort someone has planned.

A theory about attitudes namely Theory of Reasoned Action reveals that the desire to act is caused by the specific desire to behave. It means that intention to behave can reflect in someone's behaviour (Triwijayati, 2006). This also indicates that a person who has an intention in investing is more likely to take actions that can fulfil their desire to invest, for example, by participating in training and seminars on investment, receiving investment offers, and ultimately investing. Someone who is intentioned in investing will try to find out about an investment, its margin, weaknesses, performance and so forth. Additionally, they will try to make time to learn about the investment or immediately try to invest, even increasing the amount of their existing investment.

Factors Affecting the Intention to Stock Investment

Knowledge

The measure of financial understanding is a sensitive issue to be raised in the questionnaire survey, showing additional evidence of limited financial knowledge (Rooij, 2007). People who have an inadequate financial understanding tend not to invest in stocks in the capital market. Many evidences have found that investors are generally vulnerable to a biased-behaviour that is not optimal in individual investment decisions (Saneyoshi, 2001). Knowledge limitation on stock investments is common within the Acehnese society, especially in Langsa city as some of them invested in stocks without adequate understanding on finance and probability theory. This variable tries to describe the influence of knowledge on someone's intention to stock investment.



Income

The amount of income has a positive effect on share ownership in the capital market. The higher income earned, the lower its sensitivity to risk in the capital market; at the same time, the intention in stock investment will also surge (Main, 2011). Individuals with lower income levels will prefer low risk investment types (Benzoni, 2009). In general, Indonesian population consists of workers and professionals. Measuring income has been done by finding out the number of breadwinners in a family. It was found that the more working members a family has the greater income they earn. This would reduce the risk of household income and could increase the allocation of funds to invest (Cardak, 2009). Increasing income will increase the intention in investing in the capital market. This variable illustrates how income will affect the intention in stock investment.

Risk perception

One's investment choices are influenced by their perceptions toward the risks. The correlation of attitudes toward risk has a positive relationship with the decision to own stocks (Shum, 2005). Changes in environmental conditions tend to have a short-term effect on risk and do not permanently change risk perceptions (Yuwono, 2011). People are neutral about risk if the stake is relatively small (Arrow, 1971). The minimum amount of stock investment in Indonesia is currently Rp. 200,000- this amount is relatively small compared to other types of investment available. People tend to be less tolerant of risk as the money that hinders them from poverty is more meaningful than the amount of money that can make them rich. This variable attempts to describe the public's perception toward the risk of stock investment in order to explain the effect this perception on the intention to stock investment.

Development of Hypotheses

Investment knowledge including types, return and risk of stock investment makes it easy for someone to decide in the stock investment. In investing in the capital market, sufficient knowledge, experience and business instincts are needed to analyze which stocks should be purchased (Halim, 2005). When people decide to become stock investors, they need knowledge in order to buy and sell stocks. The securities should not be purchased just because the investors like the issuer, but they must observe how the share is performing. This is so that investors can get returns as expected.

Prospective investors who have higher income tend to have higher intention in stock investment as they are more secure in term of financial needs. As the monthly living cost and daily needs have been fulfilled, the excess fund can



be used to invest in stocks as an alternative in managing potential funds in addition to saving.

Risk perception is one of the factors that mostly influence the intention in stock investment. The fear that funds invested in the stock market will suffer from losses makes many prospective investors reluctant to invest in stocks. Basically, all investors want high returns, however, it eventually comes with the high risks and vice versa. The way an investor perceives the risk will affect their intention in buying the securities. This is in line with the research

Malik (2017) conducted research with the aim of analyzing the factors that influence investor intention through the UI SI investment gallery in the form of risk factors, income levels, motivation, knowledge, perceptions, and learning in investing in the Islamic capital market. The significant role is the risk variable, income and motivation that are important to pay attention to the respondents or investors in the BGIU (Bursa Galeri Investasi UI SI) compared to the others because the variable has a positive regression. Another study conducted by Yuwono (2011) found that there are two factors that influence the amount of intention in a person to invest stock in the capital market, namely the perception factor in stock investment risk, and knowledge of investment in the capital market, while age and income are not factors that influence a person to stock investment. Riyadi (2016) found that the investment benefit variable has a significant influence on investment intention variables of 0.283 or 28.3%, the investment capital variable has a minimum significant influence on investment intention variables of 0.275 or 27.5%, and the influential motivation variable has a significant influence on the investment intention variable of 0.239 or 23.9%. The return variable does not have a significant effect with a significance value of $0.648 > 0.05$, and the education variable does not have a significant effect with a significance value of $0.986 > 0.05$. Variable benefits of investment, minimal investment capital, motivation, return, and education simultaneously influence the intention variables of 32.7% and the remaining 67.3% is influenced by other variables that are not examined.

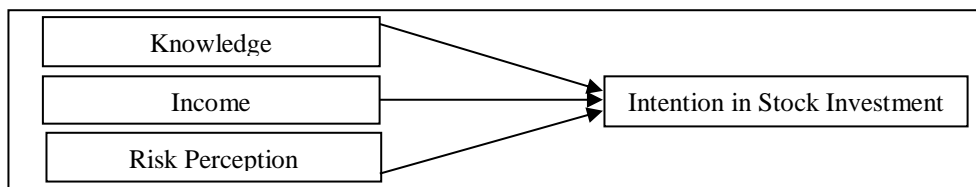


Figure 1. Conceptual Framework

Because there are still different results, this study is intended to examine the influence knowledge, income, and risk perception, on the intention to stock



investment to obtain a more convincing result. The relationship between these variables is presented in the Figure 1.

The following hypotheses are formulated based on the framework:

1. Knowledge, income and risk perception simultaneously influence the intention of Langsa Society in stock investment.
2. Knowledge affects intention of Langsa Society in stock investment.
3. Income affects intention of Langsa Society in stock investment.
4. Risk perception affects intention of Langsa Society in stock investment.

RESEARCH METHOD

Research Design

This study is categorized into a causality research as it aims to seek the roles of one or more factors in causing a problem. In specific, this study aims to analyze whether the independent variables have positive or negative influence on the intention in stock investment among Muslim investors in Langsa city.

The population of the study was residents of Langsa city and the samples were chosen by using a non-probability sampling method, which was the convenience sampling method. The reason for using this method is due to the limited resources available to represent the entire population in Langsa city. Convenience sampling is a method that searches for subjects easily and conveniently. In many cases, subjects/samples choose themselves voluntarily (Gujarati, 2006). This study employed 100 respondents as the sample of study. According to Hair (1998), the representative sample of 100-200 people is an adequate number for a quantitative study.

Operational Definition of Variables

The variables in this study were divided into two, namely dependent and independent variables. The dependent variable in this study is the intention in stock investment in the capital market. Independent variables are variables whose variation in value will affect the value of other variables. The independent variables used in this study are grouped into three as follows:

1. Knowledge

Investment knowledge is an understanding that a person must have regarding various aspects of investments, starting from the basic knowledge of investment assessment, the level of risk and the rate of



return (Pajar, 2017: 7). This variable is measured by a 5-point Likert Scale.

2. Income

Income is the total money received by a person and company in the form of salary, wages, interest rent, and profits, including various benefits, such as health benefits and pensions (Reksoprayitno, 2009). This variable is measured by a 5-point Likert scale.

3. Risk perception

Risk perception is a form of interpretation or assessment of a risky situation that is based on experience or beliefs (Slovic, 2000). This variable is measured by a 5-point Likert scale.

Data Collection Technique

This study obtained primary data collected through questionnaires. The questionnaire used in this study is a closed-ended type, so that respondents only answer from the choices that have been provided.

Data Analysis Technique

Validity Test

Validity test of the questionnaire aims to determine if the questions asked can represent the observed object. If the results are invalid, then the question must be deleted and not used during the testing phase. In this study the questionnaire consisted of 16 questions and sample of 100 respondents. For the level of validity a significant test is carried out that compares r-count with r-table. The r-table formula is taken as follows: $df = n - 2 = 100 - 2 = 98$

Reliability Test

Reliability refers to an understanding the instruments used in research to obtain the information used can be trusted as a data collection tool and are able to reveal the actual information in the field. In research, reliability is a measurement of the extent to which a test remains consistent after repeated repetition of the subject and under the same conditions. Research is considered reliable when providing consistent results for the same measurements. It cannot be relied upon if repeated measurements give different results.



Classical Assumption Test

1. Normality test

The normality test serves to test whether the confounding variable has a normal distribution in a regression model (Ghozali, 2009). In this study, the One Sample Kolmogorov-Smirnov test was employed using a significance level of 0.05. Data is declared to be normally distributed if the significance value is greater than 0.05.

2. Multicollinearity Test

The most common method used by researchers in detecting the presence or absence of multicollinearity problems in the regression model is through the value of Tolerance and VIF (Variance Inflation Factor). The recommended value showing the absence of multicollinearity problems is that the Tolerance must be > 0.10 and $VIF < 10$ (Hair, 1998).

3. Heteroscedasticity Test

According to Ghozali (2009), heteroscedasticity test is done to test whether in the regression model; there are similarities in residual variance from one observation to other observations. If residual variance of one observation is same as another observation, the condition is called homoschedatisity. However, if the residual variance changes from one observation to another observation, it is called heteroscedasticity. Heteroscedaticity test was done using the Glejser test with the help of SPSS and Scatterplot Graph.

Hypotheses Testing

Simple Linear Regression Analysis

Simple linear regression analysis is used to partially test the effect of respondents' knowledge, income and risk perceptions on the intention to stock investment. T-test was used to provide an overview about the significance level of the independent variables' partial effects on the dependent variable. In order to understand the significance, the value of t-test was compared to t-table. If the t-test value is greater than the t-table at the 5% significance level, it can be concluded that the independent variables have a significant effect on the dependent variable and vice versa.



Multiple Regression Analysis

This analysis is used to test the simultaneous effect of knowledge, income and risk perceptions on the intention to stock investment among the society of Langsa. The way to measure the significance is by comparing the value of F-test with F-table. If the F-test value is greater than the F-table at the 5% significance level, it can be concluded that the independent variables have a significant effect on the dependent variable and vice versa.

RESULT AND DISCUSSION

Validity Test

The value of r-table used for $df = 98$ is 0.1966. If r-count for each question (see the corrected item total correlation column) is greater than r-table, then the question is declared valid. The results of the validity test presented in Table 1 appear that all the questions used in the questionnaire are valid. Therefore, the data can be used for at the next testing stage.

Table 1. Test Results for Validity of Questionnaire Questions

Variable	Question Items	Corrected Item Total Correlation	r-Table	Explanation
Knowledge	Question No. 1	0,824	0,1966	Valid
	Question No. 2	0,797	0,1966	Valid
	Question No. 3	0,711	0,1966	Valid
	Question No. 4	0,769	0,1966	Valid
Income	Question No. 5	0,805	0,1966	Valid
	Question No. 6	0,728	0,1966	Valid
	Question No. 7	0,752	0,1966	Valid
	Question No. 8	0,741	0,1966	Valid
Risk Perception	Question No. 9	0,586	0,1966	Valid
	Question No. 10	0,708	0,1966	Valid
	Question No. 11	0,812	0,1966	Valid
	Question No. 12	0,738	0,1966	Valid
Stock Investment Intention	Question No. 13	0,813	0,1966	Valid
	Question No. 14	0,830	0,1966	Valid
	Question No. 15	0,842	0,1966	Valid
	Question No. 16	0,800	0,1966	Valid

Source: Data is processed by SPSS



Reliability Test

This statistical test aims to see whether the questionnaire in this study is reliable or not.

Table 2. Reliability Statistic

Cronbach's Alpha	N of Items
0.952	16

From the results of the reliability test in Table 2, it can be seen that the cronbach's alpha value is 0.952, meaning that the questionnaire in this study is reliable because the value is greater than 0.60.

Classical Assumption Test

Normality Test

In Table 3, the value of Asymp. Sig. (2-tailed) is 0.396 which is greater than 0.05. Therefore the standardized residual values in this study spread normally.

Table 3. One-Sample Kolmogorov-Smirnov Test

		Standardized Residual
N		100
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	.98473193
Most Extreme Differences	Absolute	.090
	Positive	.061
	Negative	-.090
Kolmogorov-Smirnov Z		.898
Asymp. Sig. (2-tailed)		.396

Source: Data is processed by SPSS

Multicollinearity Test

Multicollinearity test is used to determine whether there is a linear relationship between independent variables in the regression model (Priyatno, 2008). A good regression model should not have a correlation between the independent variables.



Table 4. Dependent Variable: Intention to Stock Investment

Model		Risk Perception	Income	Knowledge
Correlations	Risk Perception	1.000	-.433	-.493
	Income	-.433	1.000	-.256
	Knowledge	-.493	-.256	1.000
Covariances	Risk Perception	.009	-.003	-.003
	Income	-.003	.007	-.002
	Knowledge	-.003	-.002	.005
Source: Data is processed by SPSS				

Heteroscedasticity Test

The result of heteroscedasticity test is presented in Figure 2 that shows the standardized residual and regression curves form a bell-like picture which means that the data is normally distributed.

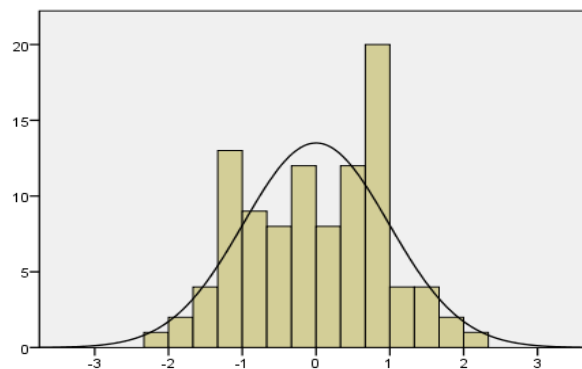


Figure 2. Histogram-Regression Standardized Residual

Meanwhile, Figure 3 shows that the data was distributed around the line. It means that the data in this study is normally distributed and the regression model has met the assumptions of normality.



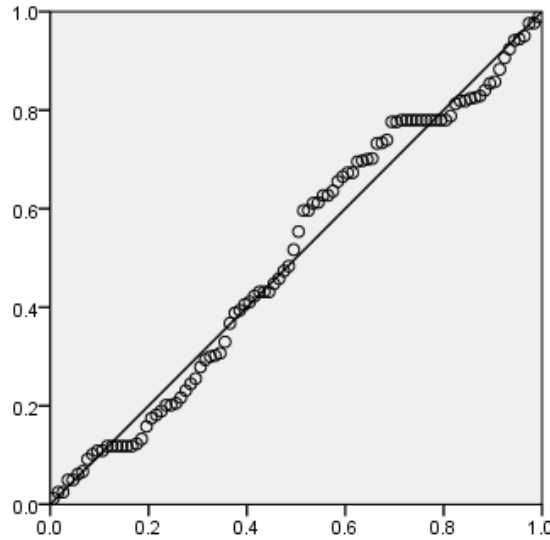


Figure 3. Normal P-P Plot of Regression Standardized Residual

Results of Hypotheses Testing

Table 5 shows that knowledge, income and risk perception simultaneously have significant influence on intention to stock investment as it is indicated by a significant value of 0.00001, which is smaller than 0.005. The values of coefficient of determination (R^2) and Adj. R^2 are 74.7% and 74%, respectively. The higher the values, the greater the ability of independent variables in explaining changes in the dependent variable.

Table 5. The Regression Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1188.859	3	396.286	94.687	.000 ^a
	Residual	401.781	96	4.185		
	Total	1590.640	99			

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.865 ^a	.747	.740	2.04578

Based on Table 5, the value of R^2 for intention in stock investment is 0.747. It indicates that 74.7% of changes in the investors' intention to stock investment can be explained by the independent variables simultaneously while the remaining 25.3% is influenced by other variables.



Table 6. The Regression Results of the Effect of Knowledge, Income and Risk Perceptions on intention to Stock Investment (t-Test)

	Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	-2.306	.772		-2.985	.004
	Knowledge	.103	.073	.104	1.419	.159
	Income	.662	.081	.582	8.194	.000
	Risk Perception	.326	.094	.273	3.453	.001

Based on Table 6, the regression model for intention to stock investment can be written as follows:

$$II = -2,306 + 0,103KN + 0,662IN + 0,326RP + e$$

Explanation:

II : Investment Intention

KN : Knowledge

RP : Risk Perception

e : error

Table 6 shows that the significant value of knowledge is 0.159, which means that knowledge of stock investment does not significantly influence the intention of Langsa Society in stock investment. Thus, the second null hypothesis (H_{02}) which states that knowledge does not affect the intention to stock investment is accepted and the H_2 is rejected.

The significant value of income presented in Table 6 is 0.00001, meaning it has a significant effect on the intention to stock investment among the Society in Langsa. Income has a regression coefficient of 0.662 or 62%. These results indicate that for every 1% increase in income, the intention in stock investment will increase by 66.2%. Thus, the third hypothesis (H_3) stating that income affects the intention of Langsa Society in stock investment is accepted.

Table 5 provides the significant value of risk perception as 0.001, which indicates that risk perception has a significant effect on the intention in stock investment. Risk perception has a regression coefficient of 0.326 or 32.6%. This means that every 1% increase in risk perceptions will increase the



intention in stock investment by 32.6%. Thus, the fourth hypothesis (H₄) which states that risk perception affects the intention of the Langsa Society in stock investment is accepted.

Based on the results of testing the hypothesis of the effect of knowledge, income and risk perceptions on the stock investment intention in Langsa society, it can be drawn some implications of the results of the study, the results of multiple linear regression found that investment knowledge has no effect on stock investment intention in Langsa society. Previous research conducted by Meawati and I Putu (2015) shows that investment knowledge has a significant influence on the intention in stock investment. Investing in stocks requires knowledge and understanding on how to invest in a good stock as it is expected to provide a positive stock return. In contrary, this study found that knowledge on stock investment has no influence on the intention on investing in stock for Langsa City's society. The customers of stock investment in Langsa do not have adequate knowledge on the investment, especially in the capital market. Most respondents do not know what was meant by stock investment and its mechanism. Respondents also do not know the convenience provided by regulators to invest stocks in the capital market.

According to respondents, stock investment is only for the rich ones and those that are familiar with technology. While the lower class society who work as construction workers, pedicab drivers, hawkers, consider stock investment is 'out of their league'. An interview with Head of the Indonesia Stock Exchange (IDX) Office of Aceh Representative, Thasrif Murhadi, revealed that the lack of public intention in investing in stock market due to the fact that the initial socialization has not been maximized. Consequently, many remote areas in Aceh are out of coverage. For this reason, the IDX has collaborated with universities throughout Indonesia. The form of cooperation with the higher education is with the establishment of the investment galleries. This program is expected to reach not only academicians such as students and lecturers, but also the surrounding society.

Another reason is that the society is more interesting in real investments such as purchasing gold jewelry, land, houses and other properties. Generally, society prefers investment in the form of savings in banks. The perpetrators of illegal investment are more intense in their implementation (Ibrahim & Kamri, 2013). Many people are victims and disappointed with investment and are ultimately reluctant to invest in stock in the capital market. Meanwhile, respondents who have investment knowledge still do not have the intention in stock investment. This could be caused by low income from the community which makes Langsa's society afraid to start investing in stocks. According a former employee of the Securities Company who once worked in the city of



Langsa, the low number of clients was caused by the lack of socialization about the stock investment. If continually given an understanding, the society will have the possibility that society to invest more on the stock markets. Based on her experience, limitations in socialization was caused by the scope was only for customers in certain banks. Thus, it can be concluded that if a prospective investor wants to invest in stocks, the risk perception must be balanced with good investment knowledge in order to eliminate investor concerns at the risk of poor stock returns.

The variable of income is analyzed through the hypothesis testing which finds that income influences the stock investment intention. Factors that influence investors are personality factors, one of that is the economic condition of investors (income level). Investment in principle is based on the theory of productivity limits (marginal productive) of the factors of production of capital (Asba, 2013). In this theory, the amount of capital to be invested in the production process is determined by its marginal productivity (company). So that investors will continue to increase their investment if the productivity limit of investment is still higher than the interest rate that will be received (Pratama, D.I., 2013). In relation, if the productivity of an open company or eminent increases and gets maximum results so as to increase the distribution of dividends to investors, indirectly investors' income will increase. Enhancement of the capital recipients' productivity (issuers) will increase the value of stock prices so that investors who like high risk to get a high return will increase the amount of investment to the issuer or public company. In relation to this, investors' income will have a significant positive relationship with intention in investing accompanied by an increase in the capital recipients' productivity for risk seeker investors. On the other hand, for investors, the risk averse and risk neutral may be different conditions. Income has an effect on investment intention, because in personal financial needs stated that investors calculate the expenses they have to make to realize an investment. Without income, it is impossible to calculate the expenditure.

For risk perception variables, it is found that the risk perception has a significant effect on stock investment intention. The findings in this study are respondents with a type of conservative investor; investors who do not dare to face risks and uncertainties. Respondents tended to choose safer investments and lower risk levels. As a consequence this type of investor gets a return that tends to be smaller. A person tends to define a risk situation if he experiences a loss due to a bad decision, especially if the loss has an impact on his financial situation. So investors tend to be afraid and need a lot of consideration when making investment decisions. Respondents who have a low understanding of risk have special implications that can reduce the intention of society to invest stocks in the capital market. Even if it is understood correctly, investment is always in line with risk, high risk high return means that the higher the return offered, and then the risk followed is



also followed by higher returns. Furthermore, society is more intentioned in investments that have very little risk and can even be said to be risk free, but society is trapped in illegal investments where these investments offer high returns and zero risk.

CONCLUSIONS

Based on data analysis and hypotheses testing, the following conclusions are drawn:

1. Knowledge, income and risk perception simultaneously influence the stock investment intention of Langsa society.
2. Knowledge does not affect the stock investment intention of Langsa society.
3. Income affects the stock investment intention of Langsa society.
4. Risk perception affects the stock investment intention of Langsa society.

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