# Investment Knowledge and Income on Investment Decisions of the Boyolali Community

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*Abstract.* Investment is an important thing in today's era. Many things influence investment decisions including knowledge about investment itself and a person's income. This study aims to determine the effect of Investment Knowledge and Income on Investment Decisions of the Boyolali Community. This study is a quantitative study. using multiple linear regression analysis, through the swimmer test, validity test, reliability test, classical assumption test and F test. The population in this study were residents of Boyolali, Central Java. The sample of this study was 60 samples. The results of this study indicate that investment knowledge and income both have a partial effect on investment decisions.
*Keywords:  Investment Knowledge, Income, Investment*

## INTRODUCTION

Money plays an important role in the modern economy because all economic activities cannot be separated from finance, money is something that is generally accepted as a means of paying for goods and services, paying debts, taxes, and so on (Budisantoso, 2014)..The influence of money is very strong on life. Money has a very strong influence on life.Considering the high level of poverty in Indonesia, it is best to start addressing it early.One way is to invest.

Interest in investment can be seen from several indicators, including the emergence of curiosity about the type of investment, interest in investing can be seen from several indicators, including the desire to find out about the type of investment, being willing to take the time to learn more about investment. and try or practice this method of investing (Kusmawati, 2021)..Interest in investing can be influenced by various things, including investment knowledge, income earned, and other supporting factors. One factor is the amount of income earned.The level of income earned by each person is different. When someone has good finances and can manage them well, then that person will think about other things that will support the finances they currently have.Income has a positive effect

on interest in investing.The higher the income, the higher a person's tendency to invest because more money can be allocated for investing, and vice versa.

Another supporting factor that can have an influence is investment knowledge. Knowledge of investment is an important factor in investing.Another factor that can influence is investment knowledge. Investment knowledge is a factor that has a big influence on interest in investing.If someone has an interest in investing, they tend to take actions so that someone's wishes can be achieved.In terms of a person's knowledge, it can be used to manage the investments they have so that the expected things can be achieved.The higher a person's knowledge in investing, the higher their interest in investing.

Boyolali Regency is one of the sub-districts in Central Java Regency, Indonesia. The location is very strategic. Boyolali Regency has a strategic location. Economic development in Boyolali is quite advanced, this can be seen from the progress of the trade, industry and service sectors which are the reason the economy is growing rapidly. With this, we can maximize labor absorption. With this, labor absorption can be maximized. This makes the level of community welfare also increase. The level of community welfare influences the level of income and literacy which will also influence the level of education and knowledge. People who have a good level of welfare will start to find out about ways to manage their finances consistently, which can later be used as savings in old age. Based on the background above, the author is interested in conducting research on this problem by taking the title, "The Influence of Investment Knowledge and Income on Investment Interest in Boyolali Regency".

## LITERATURE REVIEW

### Investment Interest

Investment interest is an intention that is formed due to the driving force in the form of investment knowledge and investment motivation that a person has (Yuliani, Usman and, 2020).. Meanwhile, investment is an investment activity that is based on principles, both investment in the financial sector and the real sector (Ryandono, 2009). So investment interest is an interest in investing based on principles. Investment also plays an important role in students' interest in the capital market. These benefits can be in the form of

financial benefits obtained from investment results, such as dividends and capital gains, as well as non-financial benefits such as increasing financial literacy. The indicators regarding investment interest are (Kusmawati, 2021):

a. There is a desire to find out about the type of investment.

b. Want to take the time to learn more about investing.

c. Try investing.

**Income**

According to Andrew and Linawati, (2014) Family or household income can be defined as the income of all household members obtained from several sources of income such as the husband's income combined with the wife's income, the higher a person's income, the more that person will try to gain understanding. how to utilize finances in a better way through financial knowledge. Income is a source of daily income and is important for a person's survival and livelihood.

Income can influence the number of goods consumed. With increasing income, the goods consumed will increase and the quality of goods becomes an aspect and selection of goods. On the other hand, the definition of income is the effort that has been made as compensation for services in the form of money or goods. So when someone does work on something, whether service work or something else, the worker will get income according to the work they do (Rosyidi, 2021). According to Bramastuti, (2009), several indicators of income are:

a. Income received monthly.

b. Work.

c. Family burden to bear.

**Investment Knowledge**

Investment knowledge is an understanding that must be generated by people regarding several points of view regarding investment, originating from the basic understanding of investment assessment, the level of risk, and the profits that will be obtained (Adiningtyas and Halim, 2022). Pritazahra and Sriwidodo, (2015) state that investment is financial preparation by sacrificing financial resources to meet desired needs in the hope of obtaining greater profits in the future.

When making an investment, you also need minimum capital which is the initial capital for making an investment. The minimum investment capital to be able to start investing in the capital market is certainly an important consideration for someone.

Investment knowledge is information that contains how to use some of the funds or resources owned with the aim of gaining profits in the future. This information can be obtained from learning received from various existing literature and has been absorbed by human memory Darmawan, et al, (2019). According to Merawati (2015), investment knowledge indicators include:

a. Basic knowledge of stock valuation.
b. Risk level.
c. Rate of return.

## METHODS

This research uses a quantitative approach. In this research data was collected using a questionnaire. The location chosen was Boyolali Regency. Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn Sugiyono (2011). In this study, the population taken was the people of Boyolali Regency who were of productive age. The sampling method in this research is Simple Random Sampling and the number of samples is according to Ferdinand (2014), where certain factors will be considered and adjusted to the research objectives and the number of indicators will be multiplied by 5–10. In this study, there are 2 variables X, namely investment knowledge and income. And the sample used in this research is 6 indicators multiplied by 10 which is 60 samples.

## RESULTS

Based on the results of the validity and reliability test, all questionnaire items are valid and reliable. Next, the classical assumption test is carried out as follows:
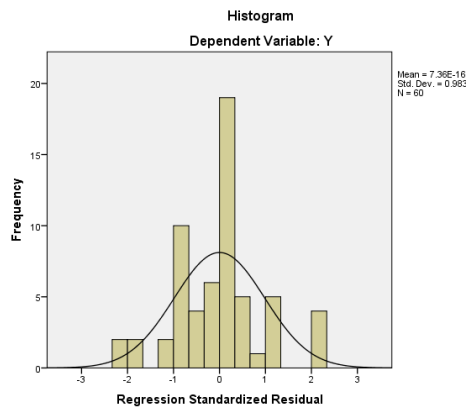
Figure 1. Histogram Normality Test Results.

Source: SPSS 23 data processing, 2024 The results of the normality test using a histogram graph show that the graph is in the shape of an inverted bell, this means that the data is normally distributed.

Table 1. Multicollinearity Test Results

**Coefficientsª**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 (Constant) | -6.936 | 4.270 | | -1.624 | .110 | | |
| x1 | 1.219 | .160 | .704 | 7.622 | .000 | .485 | 2.064 |
| x2 | .313 | .133 | .218 | 2.359 | .022 | .485 | 2.064 |

a. Dependent Variable: Y

Source: SPSS 23 data processing, 2024.

The Multicollinearity Test Results Table above shows that the Tolerance value for the Investment Knowledge and Income variables is greater than 0.1. Meanwhile, the Variance Inflation Factor (VIF) value for each variable also shows less than 10. Thus, there is no multicollinearity between the Investment Knowledge and Income variables.

Table 2. Heteroscedasticity Test Results

**Coefficientsª**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 (Constant) | 8.943 | 2.674 | | 3.345 | .001 | | |
| x1 | -.044 | .100 | -.078 | -.436 | .665 | .485 | 2.064 |
| x2 | -.126 | .083 | -.272 | -1.516 | .135 | .485 | 2.064 |

a. Dependent Variable: ABSRESID

Source: SPSS 23 data processing, 2024

The Heteroscedasticity Test Results table above shows that the sig value for Investment Knowledge and Income is more than 0.05. This shows that between the investment and income variables there is no heteroscedasticity.

Table 3. Run Test Autocorrelation Test Results

**Runs Test**

|  | Unstandardized Residual |
|---|---|
| Test Value[a] | .92197 |
| Cases < Test Value | 30 |
| Cases >= Test Value | 30 |
| Total Cases | 60 |
| Number of Runs | 31 |
| Z | .000 |
| Asymp. Sig. (2-tailed) | 1.000 |

a. Median

Source: SPSS 23 data processing, 2024

The test results with the Run Test above show an Asymp.sig of 1,000. This result, when compared with a probability of 0.05 or 5%, shows a greater result, so it can be concluded that this research data does not have autocorrelation.

Table 4. Multiple Linear Regression Test Results

**Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|
|  | B | Std. Error | Beta |  |  | Tolerance | VIF |
| 1 (Constant) | -6.936 | 4.270 |  | -1.624 | .110 |  |  |
| x1 | 1.219 | .160 | .704 | 7.622 | .000 | .485 | 2.064 |
| x2 | .313 | .133 | .218 | 2.359 | .022 | .485 | 2.064 |

a. Dependent Variable: Y

Source: SPSS 23 data processing, 2024

The multiple linear regression equation is as follows: $Y = (-6.936) + 1.219X1 + 0.313X2 + \varepsilon$

Table 5. F Test Results

**ANOVA[a]**

| Model | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| 1 Regression | 3824.790 | 2 | 1912.395 | 92.315 | .000[b] |
| Residual | 1180.810 | 57 | 20.716 |  |  |
| Total | 5005.600 | 59 |  |  |  |

a. Dependent Variable: Y
b. Predictors: (Constant), x2, x1

Source: SPSS 23 data processing, 2024

Based on the table, the F test results show a sig value of 0.000<0.05. It is concluded that the variables Investment Knowledge and income simultaneously influence

Investment Interest in Boyolali Regency, this also means that the regression model is good and suitable for use.

Table 6. t Test Results

**Coefficients$^a$**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | -6.936 | 4.270 | | -1.624 | .110 | | |
| | x1 | 1.219 | .160 | .704 | 7.622 | .000 | .485 | 2.064 |
| | x2 | .313 | .133 | .218 | 2.359 | .022 | .485 | 2.064 |

a. Dependent Variable: Y

Source: SPSS 23 data processing, 2024

Based on the t test results table to show the influence of each independent variable (X) on the dependent variable (Y), the results are as follows:

a. The p-value for the Investment Knowledge variable is $0.000 < 0.05$, which means Ha is accepted or influential. In this case, it shows that the Investment Knowledge variable has a significant effect on Investment Interest in Boyolali Regency.

b. The influence of the income variable on investment interest in Boyolali Regency. Based on the table above, the p-value for the Income variable is $0.022 < 0.05$, which means Ha is accepted or has an effect. In this case, it shows that the Income variable has a significant effect on Investment Interest in Boyolali Regency.

Table 7. Coefficient of Determination Test Results ($R^2$)

**Model Summary$^b$**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .874$^a$ | .764 | .756 | 4.55148 | .764 | 92.315 | 2 | 57 | .000 | 1.833 |

a. Predictors: (Constant), x2, x1

b. Dependent Variable: Y

Source: SPSS 23 data processing, 2024

Based on the Coefficient of Determination Test Results ($R^2$) table, it shows that the results of calculating the Adjust R Square ($R^2$) value show that the coefficient of determination is 0.756 or in the form of a percentage of 75.6%. This shows that the ability of the independent variables consisting of Investment Knowledge and income in explaining the dependent variable is 75.6% and the remainder, namely (100% - 75.6%) = 24.4% is influenced by other variables outside the model from the research conducted

**DISCUSSION**

**a. The influence of investment knowledge on investment interest**

There is an influence between the Investment Knowledge variable on Investment Interest in Boyolali Regency. Nowadays, people are getting smarter by thinking about their future welfare. They carry out efforts such as looking for information about how to prepare for the future, one of which is through investment. The Boyolali community in this research mostly studied investment products using the social media YouTube or Google.

Apart from that, most respondents also learned how to find out the risks and benefits of investing. Basic knowledge of investment such as risk, return, investment products, advantages and disadvantages of investment products can help someone decide to invest. Knowledge of other factors that can influence investment risk and return also needs to be studied, in order to be able to invest in.

**b. The Influence of Income on Investment Interest**

There is an influence between the Income variable on Investment Interest in Boyolali Regency. This is because someone who has a higher income usually has more funds to invest. People who have income tend to think about and manage their future welfare by investing. They also tend to learn about types of investments and choose the right investment products.

**CONCLUSION**

This research was conducted to determine the influence of investment knowledge and income on investment interest in Boyolali Regency. The research results show that the independent variables, namely Investment Knowledge and income, influence the dependent variable, in this case Investment in Boyolali Regency. Suggestions that researchers can convey, firstly, for further research, they can add other variables related to investment interest. So it can provide a broader picture of other factors influencing investment interest. Other factors of investment interest that can be added, such as the quality of human resources, financial stability and interest rates

## LIMITATION

The limitations of this research are that the model in this research is only limited to two variables, namely Investment Knowledge and income, where there are many other variable factors that influence Investment Interest, the number of samples used in this research is 60 respondents which is relatively small, the questionnaire is filled in by groups young so that there is less of an even distribution of respondents, and this questionnaire is closed, which means that respondents answer predetermined answer criteria, thus allowing respondents to answer randomly.

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