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Analysis of the Effect of Capital Market Understanding and Capital Market Socialization on Students' Investment Interest

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Abstrak

This study examines the effects of capital market understanding and capital market socialization on students' investment interest at the Faculty of Economics and Business, Universitas Cenderawasih. Primary data were collected through questionnaires from 145 students and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS. The results show that capital market understanding positively affects students' investment interest (path coefficient = 0.4265), while capital market socialization also has a positive effect (path coefficient = 0.4694). The R-Square value of 0.7224 indicates that the two exogenous constructs explain 72.24% of the variance in investment interest. The findings suggest that investment literacy should be strengthened together with continuous and practical socialization through investment galleries, training, seminars, and collaboration between universities and capital-market institutions.

Keywords: capital market understanding; capital market socialization; investment interest; students; PLS-SEM.

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INTRODUCTION

Equitable capital market literacy and inclusion are essential components of efforts to strengthen Indonesia's economic structure. Expanding access to the capital market in eastern Indonesia has become increasingly relevant, particularly through capital market education initiatives involving the Financial Services Authority (OJK), the Indonesia Stock Exchange (IDX), and other capital market supporting institutions. In the context of Papua, strengthening capital market literacy is not merely concerned with expanding access but also with enhancing the ability of individuals, including university students, to rationally understand the potential benefits and risks associated with investment.

The capital market plays a strategic role as both a mechanism for raising funds and an alternative investment avenue for the public (Tandelilin, 2010). University students represent a potential group of young investors because they are at a stage in which long-term financial behaviors and decision-making patterns are being developed. An adequate understanding of investment instruments, risk and return, and trading mechanisms can enhance individuals' readiness and ability to make informed investment decisions (Jogiyanto, 2017; Lusardi & Mitchell, 2014).

In addition to understanding, capital market socialization may contribute to the formation of investment interest by increasing exposure to relevant information, providing educational experiences, and strengthening individuals' perceptions of their ability to participate in investment activities. The Theory of Planned Behavior explains that behavioral intention is influenced by attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). Within this framework, capital market understanding may strengthen rational evaluations and perceived behavioral control, whereas capital market socialization may create an informational environment and social encouragement that support the development of investment intentions.

Previous studies have demonstrated a positive relationship between investment knowledge and students' investment interest. Putri and Ratnadi (2023), using Partial Least Squares Structural Equation Modeling (PLS-SEM), found that investment knowledge had a positive effect on students' interest in stock investment. Similarly, Gayatri and Gayatri (2022) reported that investment knowledge positively influenced students' interest in becoming young investors. In the Papua context, Yuliani, Usman, and Sudarwadi (2020) found that investment knowledge influenced the investment interest of students at the Faculty of Economics and Business, Universitas Papua. Regarding educational interventions, Aditama and Nurkhin (2020) demonstrated that capital market training influenced investment interest both directly and indirectly through investment knowledge and perceived investment benefits.

Although research on students' investment interest has continued to develop, empirical evidence specifically examining the effects of capital market understanding and capital market socialization among students at Universitas Cenderawasih remains limited. This context is particularly important because Universitas Cenderawasih has an Investment Gallery and is located in a region targeted for the expansion of capital market literacy and inclusion. Therefore, this study aims to analyze the effects of capital market understanding and capital market socialization on the investment interest of students at the Faculty of Economics and Business, Universitas Cenderawasih.

LITERATURE REVIEW

Theory of Planned Behavior

The Theory of Planned Behavior (TPB) identifies behavioral intention as a primary antecedent of actual behavior. According to TPB, intention is influenced by three main determinants: attitude toward the behavior, subjective norms, and perceived behavioral control (Ajzen, 1991). In the context of investment, an adequate understanding of the capital market may facilitate more rational evaluations of investment decisions and strengthen individuals' perceived ability to engage in investment activities. Meanwhile, capital market socialization may provide relevant information and environmental influences that reinforce positive attitudes and perceived behavioral control toward investment.

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Capital Market Understanding

Capital market understanding refers to an individual's ability to comprehend investment concepts, capital market instruments, risk and return, and transaction mechanisms. Financial literacy enables individuals to understand and effectively use financial information when making financial decisions (Lusardi & Mitchell, 2014). In the investment context, a higher level of investment knowledge may enable individuals to better evaluate investment opportunities, understand potential risks and returns, and make more informed investment decisions.

Empirical evidence indicates that investment knowledge is positively associated with students' investment interest. Previous studies have demonstrated that students with greater investment knowledge tend to exhibit stronger interest in participating in capital market activities (Gayatri & Gayatri, 2022; Putri & Ratnadi, 2023; Yuliani et al., 2020). From the perspective of TPB, greater capital market understanding may contribute to more favorable attitudes toward investment and strengthen perceived behavioral control by increasing students' confidence in their ability to make investment decisions. Based on these theoretical arguments and empirical findings, the following hypothesis is proposed:

H1: Capital market understanding has a positive effect on students' investment interest.

Capital Market Socialization

Capital market socialization refers to the process of providing education and disseminating capital market information through seminars, training programs, Investment Galleries, digital media, and educational initiatives conducted by capital market institutions. Such activities can increase students' exposure to investment-related information, reduce uncertainty, and enhance their familiarity with capital market activities. From the perspective of TPB, capital market socialization may contribute to the formation of favorable attitudes toward investment and strengthen perceived behavioral control by providing students with relevant knowledge and practical exposure to investment activities.

Empirically, Aditama and Nurkhin (2020) found that capital market training influenced students' investment interest while also improving their investment knowledge. This suggests that greater exposure to capital market education may increase students' familiarity with investment opportunities and encourage their willingness to participate in the capital market. Therefore, consistent and effective capital market socialization is expected to strengthen students' investment interest. Accordingly, the following hypothesis is proposed:

H2: Capital market socialization has a positive effect on students' investment interest.

RESEARCH METHODOLOGY

This study employed a quantitative approach with an explanatory research design. The study was conducted at the Faculty of Economics and Business, Universitas Cenderawasih. Primary data were collected using a structured, closedended questionnaire measured on a five-point Likert scale. Based on the completed questionnaires, a total of 145 valid responses were included in the final analysis.

The study examined three constructs: Capital Market Understanding (X1), Capital Market Socialization (X2), and Students' Investment Interest (Y). The measurement indicators for these constructs were developed based on the relevant literature on financial literacy and the Theory of Planned Behavior (Ajzen, 1991; Lusardi & Mitchell, 2014).

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS. The measurement model was evaluated by assessing outer loadings, Average Variance Extracted (AVE), Cronbach's alpha, composite reliability, and discriminant validity using the Heterotrait–Monotrait Ratio (HTMT). The structural model was evaluated based on path coefficients and the coefficient of determination (R^2), while the statistical significance of the hypothesized relationships was assessed through bootstrapping. PLS-SEM was considered appropriate for this study because it enables the simultaneous estimation and assessment of relationships among multiple latent constructs.

RESULTS AND DISCUSSION

Measurement Model Evaluation

The measurement model evaluation indicated that most indicators had outer loading values above the recommended threshold of 0.70. For the Capital Market Understanding construct, several indicators exhibited outer loadings ranging from approximately 0.614 to 0.643. These indicators were retained because the overall assessment of construct reliability and convergent validity met the criteria applied in this study. Therefore, their retention did not compromise the overall adequacy of the measurement model.

Discriminant validity was assessed using the Heterotrait–Monotrait Ratio (HTMT). The results showed that all HTMT values were below the threshold of 0.90, indicating adequate discriminant validity among the constructs. Taken together, the results of the reliability, convergent validity, and discriminant validity assessments confirmed that the measurement model met the required criteria and was therefore considered appropriate for subsequent structural model evaluation.

Effect of Capital Market Understanding on Students' Investment Interest

The structural model analysis showed a path coefficient of 0.4265 for the relationship between Capital Market Understanding and Students' Investment Interest. The positive coefficient indicates that a higher level of capital market understanding is associated with greater investment interest among students. In particular, students' understanding of investment instruments, transaction mechanisms, investment risks, and potential returns provides a cognitive foundation that enables them to evaluate investment opportunities more rationally and make more informed investment decisions.

This finding is theoretically consistent with the Theory of Planned Behavior (TPB) (Ajzen, 1991), particularly the role of behavioral beliefs and perceived behavioral control in shaping behavioral intentions. Adequate knowledge and understanding can reduce uncertainty surrounding investment activities and strengthen students' confidence in their ability to understand and manage investment decisions. Consequently, students who possess a stronger understanding of the capital market may perceive investment as a more manageable and accessible activity, thereby strengthening their intention to participate.

The finding is consistent with Putri and Ratnadi (2023), who employed PLS-SEM and reported that investment knowledge positively influenced students' interest in stock investment. It also supports Gayatri and Gayatri (2022), who used SmartPLS and demonstrated a positive relationship between investment knowledge and students' interest in becoming young investors. Importantly, contextual support is provided by Yuliani et al. (2020), who examined students at the Faculty of Economics and Business, Universitas Papua, and found that investment knowledge influenced students' investment interest. The similarity of the regional context strengthens the relevance of the present findings to the development of capital market literacy among university students in Papua.

From a practical perspective, increasing students' investment interest requires more than merely providing access to investment platforms and transaction facilities. Universities should ensure that students develop an adequate understanding of the risk–return relationship, the characteristics of different investment instruments, capital market trading mechanisms, and the principles underlying rational investment decision-making. Strengthening these competencies may enable students to move beyond general awareness of investment toward more informed and responsible participation in the capital market.

Effect of Capital Market Socialization on Students' Investment Interest

The structural model analysis showed a path coefficient of 0.4694 for the relationship between Capital Market Socialization and Students' Investment Interest. This coefficient is descriptively higher than that of Capital Market Understanding ($\beta = 0.4265$). Within the estimated model, this result indicates that exposure to capital market socialization has a relatively stronger association with students' investment interest than capital market understanding.

Capital market socialization can transform investment from an abstract concept into a more accessible and comprehensible activity through seminars, training programs, investment simulations, Investment Gallery activities, and digital educational media. Such activities provide students not only with information but also with practical exposure to how capital market investment operates. From the TPB perspective, these experiences may contribute to more favorable attitudes toward investment, strengthen supportive subjective norms, and enhance perceived behavioral control by increasing students' familiarity and confidence in participating in investment activities.

This finding is consistent with Aditama and Nurkhin (2020), who, using PLS-SEM, found that capital market training influenced students' investment interest and that investment knowledge mediated this relationship. Similarly, Putra and Muharam (2025) reported that capital market training and investment knowledge had positive and significant effects on students' investment interest. These consistent findings suggest that practically oriented socialization and educational programs can serve as an important bridge between theoretical knowledge and students' readiness to participate in the capital market.

For Universitas Cenderawasih, these findings reinforce the importance of optimizing the role of its Investment Gallery as an educational platform rather than merely as a facility for accessing capital market services. Programs may include Capital Market Schools, investment transaction simulations, introductory fundamental and technical analysis training, regular investment discussions, and guidance on the use of legally authorized investment platforms. Furthermore, capital market socialization should be conducted continuously to ensure that its impact extends beyond increasing awareness toward developing adequate understanding, confidence, and readiness to make informed investment decisions.

Explanatory Power of the Model

The R-Square (R^2) value for Students' Investment Interest was 0.7224, indicating that Capital Market Understanding and Capital Market Socialization jointly explained 72.24% of the variance in Students' Investment Interest within the estimated model. The remaining 27.76% of the variance may be attributable to other factors not included in the present model.

The relatively high R^2 value indicates that the combination of cognitive and educational factors provides substantial explanatory power for students' investment interest in the context of the study sample. Nevertheless, this result should not be interpreted as suggesting that other determinants of investment interest are unimportant. Previous studies have indicated that factors such as self-efficacy, perceived risk, minimum investment capital, students' financial resources or allowances, investment motivation, and expected returns may also be associated with investment interest (Gayatri & Gayatri, 2022; Putri & Ratnadi, 2023).

Accordingly, future research could extend the present model by incorporating these psychological and financial factors to provide a more comprehensive explanation of students' investment interest. Future studies may also examine potential mediating or moderating mechanisms to determine how capital market understanding and socialization interact with individual characteristics and financial considerations in shaping students' investment intentions.

CONCLUSION

This study examined the effects of Capital Market Understanding and Capital Market Socialization on Students' Investment Interest at the Faculty of Economics and Business, Universitas Cenderawasih. The findings indicate that Capital Market Understanding has a positive relationship with Students' Investment Interest, with a path coefficient of 0.4265, while Capital Market Socialization also demonstrates a positive relationship, with a path coefficient of 0.4694. The R^2 value of 0.7224 indicates that the two exogenous constructs jointly explain 72.24% of the variance in Students' Investment Interest. Overall, these findings highlight the importance of combining stronger capital market understanding with practical and continuous educational outreach to foster students' interest in capital market investment.

Practical Implications

The findings provide practical implications for Universitas Cenderawasih and institutions involved in capital market education. Universitas Cenderawasih is encouraged to optimize its Investment Gallery as a practice-oriented learning center by providing regular training programs, investment simulations, seminars, and collaborative activities with the Indonesia Stock Exchange (IDX), the Financial Services Authority (OJK), and other relevant capital market institutions. Capital market and investment topics could also be more systematically integrated into the curriculum to ensure that students acquire not only conceptual knowledge but also practical experience in evaluating investment opportunities, understanding risks and returns, and making informed investment decisions. Such initiatives may help bridge the gap between capital market literacy and students' actual readiness to participate in investment activities.

Limitations and Future Research

This study has several limitations. First, the sample was limited to students at the Faculty of Economics and Business, Universitas Cenderawasih; therefore, the findings should be generalized to other student populations with caution. Second, the study employed a cross-sectional design and relied on respondents' self-reported perceptions, which limits the ability to establish causal relationships and capture changes in investment interest over time. Third, the research model included only two exogenous constructs—Capital Market Understanding and Capital Market Socialization—while students' investment interest may also be influenced by various psychological, social, and financial factors.

Future research is therefore encouraged to involve students from other universities in Papua or different regions of Indonesia to enhance the external validity of the findings. Further studies could also incorporate additional variables, such as investment self-efficacy, investment motivation, perceived risk, minimum investment capital, financial condition, peer influence, and prior investment experience. Longitudinal or comparative research designs may also provide a more comprehensive understanding of how students' investment interest develops over time and across different educational and socioeconomic contexts.

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