

## Education on Stock Investment in the Capital Market for Students to Achieve Financial Freedom

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### Abstract

Students must be able to independently manage finances well and be responsible for financial decisions made. In addition, students are individuals who tend to face financial problems as a result of having income and are still dependent on their parents. Based on initial observations with several groups of students, they stated that they had not carried out investment activities with various causes including a lack of basic knowledge related to investment, limited funds, and even avoiding risk. It is necessary to determine solutions to the problems that occur in the understanding of stock investment by students in the form of stock education to students in the form of socialization activities and share investment assistance during service activities. This activity will consist of socializing the importance of investing early on, starting with a small but consistent amount of funds that is adjusted to the funds that can be set aside by students. The goal is that students can be motivated to invest in an affordable way. The results of the service can provide an understanding of the importance of investing in stocks from an early age and provide an understanding that stock investment is not difficult, does not have to have a large capital, and the amount of risk can adjust to the perception of each investor. Students as participants in service activities felt that they got a new understanding of stock investment and some of them began to realize the importance of investing from an early age.

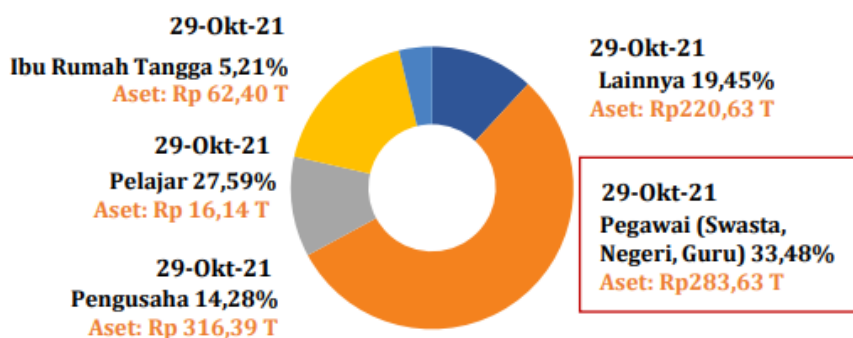
**Key words:** Stock Investment; Capital market; Financial Freedom

### INTRODUCTION

Students are individuals who will face problems that may be encountered during the lecture period which for some students is carried out without parental supervision and support. Students tend to be given the freedom to face various problems that occur as a form of future learning. Students must be able to independently manage finances well and be responsible for financial decisions made. In addition, students are individuals who tend to face financial problems as a result of having income and are still dependent on their parents. Consumptive behavior is also a problem that is often faced by students.

Abdurachman Saleh Situbondo University students with various financial and financial management backgrounds need to be given an understanding of financial management, especially starting to shift from excessive consumptive behavior to investment behavior. Investment is the placement of a number of funds in the present with the hope that it will generate profits in the future. In carrying out investments, investors need information that can be used as a basis for making decisions to be able to choose the best investment among the various investment alternatives available (Mahastanti, 2011).

## Pekerjaan



**Figure 1.** Demographics of Investors in the Indonesia Stock Exchange by Occupation, Source: Indonesian Central Securities Depository (2021)

Figure 1 shows the demographics of investors on the Indonesia Stock Exchange by occupation at the end of October 2021. The figure shows that investors with student jobs, which include students, are only 27.59% of the total investors. Students who invest in the stock market are still minimal, including students from the Abdurachman Saleh University Situbondo.

Abdurachman Saleh University Situbondo students are still few who apply investment behavior. Based on initial observations with several groups of students, they stated that they had not carried out investment activities with various causes including a lack of basic knowledge related to investment, limited funds, and even avoiding risk. According to (Primastiwi et al., 2021) financial knowledge is the biggest motivation in growing investment interest. The thing that can increase this knowledge is by conducting education about investment.

One alternative investment that students can choose is stock investment in the capital market. According to (Hartati, 2021) shares are the value of financial instruments which refers to the ownership share of a company. Stock investment is an investment that students can choose in preparing for financial freedom in the future. The amount of funds invested varies depending on the share price of each company. Students need to understand that stock investments can be matched with funds that can be allocated to investment activities.

These community service activities are in line with efforts to raise student awareness as a young generation of the importance of investing in stocks in the capital market. The Indonesia Stock Exchange invites all Indonesian people, including students, to invest in the capital market. Literacy on the capital market has not been given much in the teaching and learning process. Some students in the faculties at Abdurachman Saleh Situbondo University apart from the economics faculty have never even received material related to the capital market in the teaching and learning process.

With this stock investment education, students are expected to know and understand about stock investment. The purpose of this community service activity is to provide education in the form of socialization and assistance during community service activities. According to (Alamsyah et al., 2021) an early age such as the age of a student is a time when someone will look for information to be used as a trusted value. At that age, it is necessary to provide a clear picture of the management activities of something owned, including finance. Students also need to be equipped with knowledge related to stock investment because it can be a step to achieve financial freedom for students and can support the country's economic stability.

Financial freedom is the independence of fulfilling the necessities of life from passive income, free from debt, financially protected from all risks, and financial condition that is not disturbed even though you have to spend money to have fun. Passive income as a step towards financial freedom can be achieved through stock investment.

Based on the analysis of the situation above, it can be formulated that the problems that occur with partners are limited learning related to stock investment, especially in faculties other

than the economics faculty. Learning related to stock investment at the economics faculty is also limited, there is only one investment course that studies various investment alternatives, not only focusing on stock investment. 7th semester students of the Faculty of Economics with a concentration of finance who should have taken most of the courses, based on the results of initial observations, most of them do not have adequate knowledge regarding stock investment. Most students have the perception that stock investment is a complicated thing, seems to require large funds, and has a high risk. This stock investment education aims to provide students with additional knowledge about stock investment with that perception.

Currently, securities companies have facilitated investors to invest easily, equipped with applications and features with information that can make it easier for investors, especially novice investors, to make stock investment decisions (Septiani et al., 2020). Information on basic fundamental analysis in making investment decisions, technical stock price movement charts, and a lot of financial and non-financial information is also provided by securities companies.

Fundamental analysis in stock investment is an assessment of the company's intrinsic value in terms of the fairness of stock prices. Conducting an evaluation of the economy, company management, products, financial condition, and other related information can be useful in selecting stocks that will provide the expected returns. Some aspects of fundamental analysis that are considered to be used in making stock investment decisions are financial analysis in predicting stock returns in the form of financial ratios (Farooq & Sajid, 2015).

In addition to fundamental analysis, stock investment decision making by investors can also use technical analysis. According to (Jakpar et al., 2018) technical analysis is used by investors in making investment decisions in the form of when is the right time to buy or sell shares. Both of these analyzes are used by investors in calculating the current stock value and predicting stock performance in the future. Students need to be educated that the perception that stock investment is complicated is not entirely true. The level of investment complexity can be determined by each investor and there are several sources of information that can help investors make investment decisions.

Since January 6, 2014, the Indonesia Stock Exchange has changed the number of lots from 500 shares to 100 shares in one lot. This can also be a good signal for investors with limited funds. Investors can buy shares from 500 shares to 100 shares. The price per share and the price per lot of shares that are affordable for students also need to be understood by students. Public companies periodically conduct stock splits to attract investors. (Amalia & Pertiwi, 2021) revealed that the stock split is a company policy by splitting the outstanding shares so that the number of outstanding shares becomes more at a lower price per share. The company conducts a stock split with the aim that the company's shares can be affordable by all investors and can attract investors to buy the company's shares.

The level of risk is an option that investors can choose based on their investment objectives, type of investor, and the level of expected profit. Students as novice investors can choose company stocks with low risk first, such as bluechip stocks or based on certain indexes in the capital market. Students can also invest in stocks with small funds first as a learning process to understand the pattern of stock investment in the capital market.

This community service is carried out to provide stock investment education to provide additional knowledge for students and encourage investment patterns from an early age to be able to achieve financial freedom in the future. Students will be involved in determining priority issues that will be agreed upon during service activities. The proposer with students as partners in this activity will be asked to provide input regarding issues related to stock investment which are a priority to be resolved during the service activity.

## METHOD

Abdrachman Saleh Situbondo University (UNARS) is a higher education institution under the Abdurachman Saleh Situbondo Education Foundation. Educational activities are located in 2 (two) places located on Jalan PB. Sudirman Number 7, Patokan Village, Situbondo District, and Baluran Street Number 1 Sumber Kolak Village, Panarukan District, Situbondo Regency, East Java Province, Republic of Indonesia. UNARS' vision is to become a pioneer university for

entrepreneurship based on science, technology, and cultural arts accompanied by the development of moral character and performance. One of the Tridharma Higher Education activities is community service activities. Through this community service activity, it is hoped that UNARS can contribute to the progress of society.

The service activities that will be carried out are related to investment education in the form of socialization activities, discussions, and mentoring of stock investment in the capital market to provide an understanding of how to invest in shares in the capital market and how to start investing on the Indonesia Stock Exchange. The method of implementing this community service is Socialization and Discussion and Mentoring.

Stock investment education carried out at this stage is socialization and discussion related to stock investment which includes an overview of investment material, the objectives and benefits of investing, investment risks, the amount of funds needed in stock investment to provide an understanding that stock investment can be affordable by students, procedures start investing, make investments, and several other technical matters related to the implementation of investments, the right time to invest to encourage investment interest from an early age; and ease of investment. At this stage, discussions and sharing sessions related to stock investment were also held between participants and with service implementers.

After the socialization and discussion activities related to stock investment are carried out, during the service program there will also be a mentoring room in the form of education regarding what beginner investors need to pay attention to in stock investment. Student service participants are likely to face obstacles in the early stages of investment, such as difficulties in opening a stock account, making investment decisions, and being motivated to set aside funds as well as growing a commitment to investing in stocks on an ongoing basis.

This service activity in the form of stock investment education is an activity that requires active participation from service participants as partners in this activity. Students can pay more attention to this activity considering that stock investment can be one step in achieving financial freedom in the future. Evaluation of the implementation of the service program in the form of socialization and discussion can be carried out in mentoring activities. Additional knowledge, understanding, and student perceptions of stock investment activities can be reflected during mentoring activities. Mentoring activities can also complement and improve deficiencies that arise in socialization and discussion. Evaluation of program implementation in the form of mentoring can be carried out during the mentoring process based on feedback from students as service partners and can also be directly refined in the process. After the service activities are completed, the provision of education related to stock investment can also be continued, followed by adjustments to the possible steps to be carried out.

## **RESULTS**

Socialization of Stock Investment in the Capital Market for Abdurachman Saleh Situbondo University Students was held in Room 13 of the Economics Faculty of Abdurachman Saleh Situbondo University on Friday, December 3, 2021, at 08.00 WIB. The participants of this activity were students from Abdurachman Saleh Situbondo University as many as 22 students. Information regarding socialization activities was conveyed through several social media of Abdurachman Saleh Situbondo University.

This activity is carried out to provide students with an understanding of the importance of investing from an early age to achieve financial freedom in the future, especially investing in stocks in the capital market. In this activity, participants are given an overview of the importance of investing, the financial freedom that will be achieved by investing, the steps in starting an investment, illustration examples, and investment risks.

## **DISCUSSION**

### **Socialization of Stock Investment in the Capital Market**

An important investment for students to make from an early age to be able to achieve financial freedom in the future. Financial freedom is the independence of fulfilling the necessities

of life from passive income, free from debt, financially protected from all risks, and financial condition that is not disturbed even though you have to spend money to have fun. Passive income as a step towards financial freedom can be achieved through stock investment.

Stock investment in the capital market is carried out with the aim of obtaining capital gains and/or dividends. Capital gain is the profit obtained by investors because they sell their shares at a higher selling price than the purchase price. The difference between the selling price and the purchase price becomes an advantage for investors in the form of capital gains (Aladini & Nurulrahmatia, 2021). Capital gains can be directly received by investors after making sales transactions with a selling price above the purchase price by the difference between the selling price and the purchase price. Capital gain is one of the motivations of investors in carrying out stock investments in the capital market.

Dividends are profits from stock investments in addition to capital gains. Dividends are the rights of ordinary shareholders as part of the company's profits (Andani, 2021). One of the objectives of stock investment is that if the company whose shares are purchased experiences a profit, then the shareholders will get a share of the profit. If the company decides to distribute dividends, all common shareholders will receive dividends of the same amount for each share owned by the shareholders. In this socialization activity, participants were given illustrations of examples of the amount of capital gains and dividends earned within a certain period of time.

In addition to the benefits that will be obtained, participants are also given an understanding of how to register with a securities company as the first step in investing in shares. First, potential investors can choose one of the securities companies listed on the Indonesia Stock Exchange, the list of securities companies is available on the Indonesia Stock Exchange website. The second step, prospective investors can seek further information regarding the selected securities company on the website of each securities company with the website address listed on the Indonesia Stock Exchange. Then potential investors can directly register online and complete online registration data on the securities company website, and need to wait for the registration to be processed by the securities company. In this socialization activity, participants were presented with direct illustrations related to the registration process at the securities company.

Participants are also given an understanding of the capital required and the risks that may be experienced in investing in shares. In this activity, examples of company shares with affordable prices are displayed but still include second-line shares on the Indonesia Stock Exchange. Participants are also given an understanding of the risks involved in investing in stocks. According to (Suputra, 2021) high risk will be balanced with high returns. Risk is an event that is detrimental to investors or the results obtained deviate from what is expected. Investors need to know the risks before making investment decisions.

During the activity, the participants were enthusiastic in receiving new knowledge related to stock investment. Participants are also given the opportunity to carry out active discussions related to stock investment. Some of the things discussed in this activity are how to choose the shares to be purchased, the obstacles faced, as well as some macro and micro economic activities that have recently occurred and have an impact on stock prices.

#### **Stock Investment Assistance in the Capital Market**

After the socialization activity was completed, participants were given the opportunity to share as widely as possible regarding stock investment in the capital market. Some of the things discussed in this mentoring activity include the obstacles experienced by participants in registering with securities companies. This obstacle was experienced by one of the activity participants in the form of not being able to login to the stock application provided by the selected securities company after completing the registration process and the stock account has been confirmed to be usable. Some participants also experienced problems when the securities registration process was not declared ready for use.

In addition, mentoring activities also motivate participants as novice investors to remain consistent in a sustainable manner in investing in shares in the capital market by adjusting the funds they have. Students can set aside pocket money obtained from parents in each period to be allocated to stock investments. For some participants who have income other than pocket

money from the government such as owning a business and others, they can also set aside part of the income for stock investment.

### CONCLUSIONS AND RECOMMENDATIONS

This activity is an educational activity for stock investment in the capital market in the form of socialization and assistance for Abdurachman Saleh Situbondo University students. Students with various backgrounds in finance and financial management need to be given an understanding of financial management, especially starting to shift from excessive consumptive behavior to investment behavior. The minimum number of students who have made investments, especially stock investments in the capital market, is also one of the causes of the difficulty of achieving financial freedom in the future for students as the younger generation.

This activity is carried out to provide students with an understanding of the importance of investing from an early age to achieve financial freedom in the future, especially investing in stocks in the capital market. In this activity, participants are given an overview of the importance of investing, the financial freedom that will be achieved by investing, the steps in starting an investment, illustration examples, and investment risks.

### ACKNOWLEDGMENTS

Thank you to Abdurachman Saleh Situbondo University for funding this service activity.

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**APPENDIX**



**Figure 1.** Socialization of Stock Investment in the Capital Market



**Figure 2.** Questions From Participants



**Figure 3.** Group Photo With Participants