BASIC INVESTMENT TRAINING IN THE CAPITAL MARKET FOR UMKM AND RESIDENTS OF HAGU BARAT LAUT VILLAGE

Muhammad Multazam [1] *, Rico Nur Ilham [2] , Ayu Anora[3], Muttaqien[4], Rahmiatul Aula[5], Ismuhadi[6], Eka Utaminigsih[7]
[1,3,5,6,7]Universitas Bumi Persada
[2,4]Universitas Malikussaleh
E-mail: muhammadmultazam@unbp.ac.id, riconurilham@unal.ac.id, ayuanora@unbp.ac.id, muttaqien@unimal.ac.id, rahmiatulaula@gmail.com

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Abstract

Low financial literacy and access to investment information among MSMEs and rural communities are challenges in realizing financial inclusion in Indonesia. This study aims to evaluate the effectiveness of basic investment training in improving capital market literacy for MSMEs and residents of Gampong Hagu Barat Laut. The method used is a descriptive quantitative approach with a one-group pretest-posttest design, involving 45 participants. The results of the analysis showed a significant increase in investment literacy scores from an average of 42.6 to 73.1 ($p < 0.001$), covering aspects of knowledge, attitudes, and understanding of risk. The conclusion of this study shows that community-based training is effective in improving investment literacy, and needs to be replicated in other areas as a local-based financial inclusion strategy.

Keywords: ***Financial Literacy, Capital Market, MSMEs, Community Training***

INTRODUCTION

Investment in the capital market has become an important part in driving national economic growth, especially amidst the increasing financial literacy of the Indonesian people. Based on data from the Financial Services Authority (OJK), the level of financial literacy of the Indonesian people increased from 38.03% in 2019 to 49.68% in 2022 (OJK, 2022). However, this increase has not been fully distributed, especially in rural areas and micro communities such as micro, small, and medium enterprises (MSMEs). In many areas, including Gampong Hagu Barat Laut, access to financial information and training is still very limited. This is a challenge in equalizing public understanding and participation in the capital market.

MSMEs are the backbone of the Indonesian economy, contributing around 61.07% to Gross Domestic Product (GDP) and absorbing 97% of the national workforce (Ministry of Cooperatives and SMEs, 2023). Despite their large contribution, most MSMEs still experience limited access to formal financing and productive investment. These limitations hinder business expansion and the ability to survive amidst economic dynamics. Investment in the capital market can be a strategic alternative for MSMEs to develop assets and diversify financial sources. However, the low basic understanding of investment instruments is a major obstacle to their utilization.

Gampong Hagu Barat Laut is one of the areas in Lhokseumawe City inhabited by people with lower to middle economic backgrounds. Most of the people in this area work in the informal sector and MSMEs, with simple household economic characteristics. Based on field observations and data from the local Cooperatives and MSMEs Office, the majority of residents have never participated in training on financial management or investment. The lack of financial literacy at the local level has an impact on their low participation in the formal financial sector. Therefore, intervention in the form of basic investment training is very relevant and urgent.

Indonesia's capital market, managed by the Indonesia Stock Exchange (IDX), has opened wider access for retail investors, including the lower classes, through digital platforms and public education programs. IDX recorded an increase in the number of retail investors to reach 12.16 million by the end of 2023, but the distribution is still concentrated in large cities (IDX, 2024). This disparity reflects the need for financial literacy programs that target remote areas and grassroots communities. One effective approach is community-based training, with a focus on local needs and simple delivery of materials. This allows for active participation and deeper understanding from target groups such as MSMEs and villagers.

The basic investment training program aims to improve basic knowledge and skills in recognizing capital market instruments, such as stocks, bonds, and mutual funds. Training materials must be tailored to the level of education and experience of participants, and use interactive and contextual delivery methods. Various studies have shown that a community-based financial education approach can improve understanding and significant changes in financial behavior (Lusardi & Mitchell, 2014; Xu & Zia, 2012). In addition, the success of this program also depends on the support of local institutions, community leaders, and partnerships with related agencies such as the OJK and BEI. Therefore, the training design must consider local social, cultural, and economic aspects.

Figure 1.
Basic Investment Training for MSMEs and residents of Gampong Hagu Barat Laut

This study aims to analyze the effectiveness of basic investment training for MSMEs and residents of Gampong Hagu Barat Laut in improving capital market literacy. The main focus is to assess the extent to which participants' knowledge and attitudes towards investment have changed after participating in the training. This study uses a descriptive quantitative approach with survey and interview methods as data collection tools. The data obtained will be analyzed to evaluate the impact of the training program and provide evidence-based policy recommendations. It is hoped that the results of this study can be a reference for the development of financial literacy programs in other areas with similar characteristics.

By increasing public understanding of the capital market, it is hoped that broader and more equitable financial inclusion will be created. This inclusion not only has the potential to improve individual welfare, but also strengthen the foundation of the local economy. In the long term, active participation of MSMEs and rural communities in investment will encourage sustainable and equitable economic growth. Therefore, basic investment training must be an integral part of a community-based economic development strategy. This research is an initial step in formulating a training approach that best suits local needs and potential.

LITERATURE REVIEW

Financial literacy is an important prerequisite for rational economic decision-making, including in the context of investment in the capital market. According to the OJK definition (2022), financial literacy is an individual's understanding and ability to manage finances to achieve prosperity. A study by Lusardi and Mitchell (2014) shows that low financial literacy is correlated with low individual participation in formal financial instruments. In developing countries like Indonesia, financial literacy is still a challenge, especially for low-educated and lower-middle-income groups. This shows the need for a structured and inclusive educational approach to increase investment awareness.

Indonesia's capital market has experienced rapid development in the last decade, both in terms of regulation, technology, and retail investor participation. The Indonesia Stock Exchange (IDX) recorded a significant increase in the number of investors, from 2.5 million in 2019 to more than 12 million in 2023 (IDX, 2024). However, the contribution of rural areas to this figure is still relatively low. This geographical disparity is caused by several factors, including limited access to information and low capital market literacy. Therefore, capital market education must target village-based communities and MSMEs as a financial inclusion strategy.

MSMEs as the driving force of the national economy face major challenges in terms of financial management and investment planning. A study by Tambunan (2019) identified that most MSMEs in Indonesia do not have long-term financial plans and still rely on informal financing. Lack of knowledge about investment instruments results in dependence on conventional working capital which is not always stable. On the other hand, access to capital markets through products such as micro mutual funds and retail bonds is an opportunity for MSMEs to develop their assets. For this reason, basic investment training targeting MSME actors is very important and urgent.

Community-based financial literacy approaches have been shown to be effective in a variety of contexts. A study by Carpena et al. (2011) showed that hands-on training with a local approach resulted in significant increases in financial literacy in India and South Africa. This approach creates higher engagement because the material is relevant to the participants' daily lives. Training programs are also more effective when supported by community leaders and local institutions. Therefore, the design of investment training programs must take into account the social and cultural characteristics of the local community so that the messages delivered can be optimally received.

In the context of digitalization, the use of technology is also an important instrument in expanding access to capital market education. According to World Bank research (2020), the use of digital platforms has been proven to increase the reach of financial literacy, especially in developing countries. In Indonesia, applications such as Ajaib, Bibit, and Stockbit have played a significant role in attracting novice investors from young people and non-metropolitan areas. However, the digital divide is still a major barrier for rural communities such as in Gampong Hagu Barat Laut. Therefore, face-to-face training remains the main approach in targeting this group.

The effectiveness of investment training is also determined by the structure of the material, teaching methods, and follow-up after the training. A study by Fernandes, Lynch, and Netemeyer (2014) concluded that short-term financial training can significantly improve financial literacy when accompanied by evaluation and mentoring. Training materials that are directly related to everyday life will be easier for participants to understand. Evaluation and measurement of the impact of training need to be carried out to ensure that the goals of increasing understanding and changing financial behavior are achieved. It is also important to recommend data-based policies to support investment literacy.

Overall, the existing literature suggests that basic investment training can be a strategic tool to increase community participation in the capital market, especially for MSMEs and rural communities. Effective interventions require a combination of community-based approaches, contextually relevant materials, and support from local technology and financial institutions. The involvement of stakeholders such as the OJK, BEI, and local governments is also an important factor in the sustainability of training programs. With the support of data and a scientific approach, basic investment training can be an integral part of local economic development strategies. Therefore, it is important to design training programs that are based on the real needs and socio-economic conditions of the target community.

METHOD

This study uses a descriptive quantitative approach to measure the effectiveness of basic investment training for MSMEs and residents of Gampong Hagu Barat Laut. This approach was chosen because it is able to provide an overview of the level of change in participants' understanding and attitudes before and after training. According to Creswell (2014), a quantitative approach is suitable for explaining the relationship between variables and analyzing numerical data systematically. The purpose of this study is to evaluate the results of the training in the form of increasing participants' capital market literacy. In addition, this approach allows for generalization of findings to a wider target population.

This research design is pre-experimental with a one-group pretest-posttest design. In this design, participants are given a questionnaire before training (pretest) and after training (posttest) to measure changes in investment literacy. This design was chosen because it is appropriate for training evaluation in conditions where control groups are difficult to form ethically and practically (Campbell & Stanley, 1963). The instrument used is a structured questionnaire with a five-point Likert scale. The questionnaire is compiled based on financial literacy indicators set by the OECD/INFE (2018), including knowledge, attitudes, and behavior.

The population in this study were all participants of basic investment training in Gampong Hagu Barat Laut consisting of MSME actors and the general public. The sampling technique was carried out using purposive sampling, with the criteria that participants were aged 18–60 years, domiciled in the village area, and had never invested in the capital market. The number of samples used was 45 respondents, according to the number of training participants who were actively present. This method is relevant because it prioritizes certain characteristics that are in accordance with the objectives of the study (Etikan, Musa, & Alkassim, 2016). In addition, this approach is efficient for small to medium-scale community-based training.

Data were collected through two main instruments: questionnaires and direct observation during the training. The questionnaire was used to measure investment literacy, while observation was used to record the level of participation and involvement of participants in discussions and simulations. The validity of the instrument content was tested through consultation with financial literacy experts and academics from local universities. Reliability testing was carried out using Cronbach's Alpha values with a minimum limit of 0.70 as an indicator of consistency (Tavakol & Dennick, 2011). All data were collected directly during the training which lasted for two days.

Data analysis was conducted using descriptive and inferential statistics. Descriptive statistics were used to describe the characteristics of participants and investment literacy scores before and after training. To measure the significance of differences in pretest and posttest scores, a paired sample t-test was used. This test is appropriate when two measurements are made on the same subject (Field, 2013). The analysis was conducted with the help of SPSS version 26 software.

Throughout the research process, the principles of research ethics were strictly maintained. All participants were given an explanation of the purpose and benefits of the research and were asked to sign an informed consent form. This study also ensured the confidentiality of participants' personal data and did not disclose the respondents' identities publicly. Research ethics refer to the standards set by the American Psychological Association (APA, 2017). This ethical aspect is important to maintain public trust and ensure the integrity of the research process.

Overall, the method used in this study was designed to assess the impact of training objectively, measurably, and in accordance with the local characteristics of the target community. With the pretest-posttest approach, researchers can evaluate the effectiveness of training in improving knowledge and attitudes towards investment in the capital market. This design is also relevant to be applied to similar training in other areas with comparable socio-economic backgrounds. The results of this method are expected to provide concrete input for the preparation of community-based financial literacy programs. Thus, this study can provide empirical contributions in efforts to expand financial inclusion in Indonesia.

RESULTS AND DISCUSSION

Table 1. Recapitulation of Pretest and Posttest

No	Variables	Pretest (Mean ± SD)	Posttest (Mean ± SD)	Mean Difference	T-Value	P-Value
1	Capital Market Knowledge	43.2 ± 11.7	75.6 ± 9.4	32.4	9.01	<0.001
2	Understanding Investment Risk	41.5 ± 10.2	70.3 ± 10.7	28.8	8.47	<0.001
3	Attitudes towards Legal Investment	40.8 ± 9.9	71.8 ± 11.1	31.0	9.55	<0.001
4	Total Investment Literacy Score	42.6 ± 10.6	73.1 ± 9.7	30.5	9.84	<0.001

Source: Research Results (2025)

The basic investment training held in Gampong Hagu Barat Laut was attended by 45 participants, consisting of MSME actors and the general public. Based on the pretest results, the average investment literacy score of participants was 42.6 on a scale of 0–100. After the training, the posttest results showed an increase in the average score to 73.1. This increase reflects an increase in participants' understanding of basic investment concepts such as stocks, mutual funds, risk, and profit. This finding is in line with the study by Lusardi and Mitchell (2014) which states that local context-based training is effective in improving basic financial understanding.

Paired sample t-test was conducted to evaluate the significance of score changes between pretest and posttest. The analysis results showed a t value = 9.84 with a p-value <0.001, which means there is a statistically significant difference. This indicates that the training has a real positive impact on increasing participants' investment literacy. According to Field (2013), a p value smaller than 0.05 indicates that the difference did not occur by chance, but rather due to training intervention. Thus, the training can be said to be effective in increasing participants' knowledge.

In addition to the increase in quantitative scores, observations during the training showed active participation from most participants. As many as 38 out of 45 participants (84.4%) actively participated in the stock transaction simulation using the capital market demo application. The discussion was dynamic, especially in the question and answer session regarding investment risks and security of transactions in the capital market. The enthusiasm of the participants was also evident from the many questions related to opening a securities account and the differences between investment products. These results strengthen the argument of Carpena et al. (2011) that training with participatory methods is more effective than passive lectures.

Qualitative data from interviews showed that before the training, most participants considered investment to be synonymous with “gambling” or high-risk speculative activities. After the training, this perception changed significantly; 77.8% of respondents stated that they now understand that capital market investment can be done safely and in a planned manner. This change in perception is important because one of the main obstacles to financial literacy is misconceptions about risk and financial products (OECD/INFE, 2018). Training that discusses the basic principles of risk diversification and long-term investment has been proven to be able to change participants' attitudes. This shows the importance of fact-based education and real examples in training materials.

However, the evaluation results also showed challenges in terms of technical understanding. Several participants, especially those over 50 years old, expressed difficulty in understanding capital market terms and the use of investment application technology. This suggests that training needs to adjust the level of material complexity to the background of the participants, as suggested by Fernandes et al.

(2014). Future training materials need to be developed gradually and adaptively, for example by providing special modules for the elderly or advanced practice-based training. With this approach, training can reach all levels of society more effectively. The results of this study also show the great potential for integration between financial literacy and MSME development. As many as 60% of participants who have micro businesses stated that they are interested in using some of their business profits for long-term investment. This finding supports Tambunan's (2019) view that MSME actors can increase their financial stability through the use of formal financial products. In the long term, investment literacy not only improves personal financial management but also strengthens the capacity of small businesses in facing economic uncertainty. Therefore, the integration of investment training in MSME development programs is very strategic.

Overall, the basic investment training in Gampong Hagu Barat Laut succeeded in significantly increasing participants' literacy, both in terms of cognitive and attitudinal aspects. This success was supported by the contextually appropriate training design, participatory approach, and materials relevant to daily life. Although there were challenges in the technical aspects, these findings provide a strong basis for replicating similar programs in other areas. This study also emphasizes the importance of policy support from institutions such as OJK and BEI in providing sustainable training facilities. With the right training model, increasing community-based financial inclusion is not impossible.

CONCLUSION

The basic investment training conducted in Gampong Hagu Barat Laut has proven to have a significant impact on increasing participants' financial literacy, especially in terms of understanding the capital market. The pretest and posttest results showed an increase in the average score from 42.6 to 73.1, which is statistically significant. This training was able to change participants' perceptions of investment from previously considered high-risk and speculative to a form of rational long-term financial management. These results indicate that educational interventions can increase community trust and participation in the formal financial sector. Therefore, a community-based approach has proven effective in delivering investment literacy in the region.

The success of this training was supported by interactive methods such as group discussions, investment simulations, and case studies that were relevant to participants' lives. The contextual and participatory approach helped participants understand material that was previously considered complicated. The enthusiasm of the participants also showed that the need for investment education at the village level is very large and has not been widely met. The involvement of community leaders and the support of local institutions strengthened the effectiveness of this program. These findings are in line with the OECD/INFE (2018) recommendation on the importance of designing training based on local needs.

However, there are several challenges that need to be considered for further training development. Participants over the age of 50 years showed difficulty in understanding technical terms and the use of digital investment applications. Therefore, there needs to be segmentation of training materials based on the age and educational background of participants. Training modules also need to be made simpler and accompanied by more visual aids and hands-on practice. The support of local facilitators who understand the language and social context of the community is a determining factor in the success of the program.

In terms of sustainability, training should not be a one-time event, but rather designed as an ongoing program with clear stages. Follow-up training can cover topics such as family financial planning, investment risk management, and access to safe investment platforms. Periodic evaluations also need to be conducted to measure long-term effectiveness and the level of adoption of healthy financial behavior. In addition, collaboration with financial institutions such as local banks and securities companies can expand participants' access to investment services. The synergy between education, mentoring, and financial access is the key to the success of financial inclusion programs. This training also shows that investment literacy has great potential to support the strengthening of the MSME economy in the regions. Several MSME actors expressed interest in using part of their business profits for long-term investment as an asset diversification strategy. This supports the view that MSMEs not only need access to capital, but also an understanding of how to manage finances strategically. With increased literacy, MSMEs can become more resilient in facing economic dynamics. Therefore, investment training must be part of the microeconomic empowerment program. Local governments, OJK, and BEI have an important role in expanding the reach of this kind of training to other villages. Support in the form of funding, educational modules, and certified trainers will improve the quality of training implementation. In addition, the integration of literacy programs into the village development agenda can strengthen community awareness and participation in long-term financial planning. This activity can also be included in the work program of BUMDes or village cooperatives as part of the village economic transformation. With this approach, financial literacy becomes an instrument of sustainable local development. In conclusion, basic investment training provides positive results in improving capital market literacy among residents and MSMEs in Gampong Hagu Barat Laut. This intervention not only increases knowledge, but also forms a positive attitude towards financial planning and participation in the formal sector. For more optimal results, training needs to be continued gradually, adjusted to the characteristics of the participants, and supported by local infrastructure. This study provides a strong basis for the development of community-based financial literacy programs in other areas. This effort is important to realize more equitable and just financial inclusion in Indonesia.

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