

# Knowledge of Aceh Entrepreneurs about Capital Market

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**Abstract:** This study aims to analyze the knowledge of Aceh entrepreneurs about the capital market and the factors that influence the increase in understanding of entrepreneurs about the capital market. This study is analyzed using a quantitative descriptive approach. This research sample is 120 Acehnese entrepreneurs. The sampling technique used is Judgment sampling. The results of the study show that the knowledge of Aceh entrepreneurs about the capital market is still low. Acehnese entrepreneurs do not understand the capital market so they are not interested in investing in the capital market. Seminars, stock game simulations and socialization of the capital market increase the knowledge of entrepreneurs and the understanding of the capital market. As a result, the desire of entrepreneurs to invest in the capital market also increases. The results of this study provide empirical evidence to policymakers about the need for capital market socialization for Aceh entrepreneurs and investment products in the capital market.

**Keyword:** Knowledge, Entrepreneur, Capital Market

## 1. Introduction

The capital market trades debt securities and shares for the long-term (Candra, 2009). Today, the capital market has become a nerve center for economic finance in various countries (Muklis, 2016). Therefore, the capital market is important for the economy of states because of its function as a means of funding for companies and a free of charge public investment in financial instruments (Spaseska, et al, 2016 ; Nasution, 2015).

The interest of investing in Indonesian society in the capital market is still low, only about 0.5% of the total population (Tarigan, 2013). Whereas, the growth of the middle-class society in Indonesia is fast, but this growth is not in line with the increase of public interest to invest in the capital market. This happens because the growth of the middle class society is not supported by adequate knowledge about the procedures for investing in the capital market (Muklis, 2016). As a result, people prefer short-term investments such as saving at a bank compared to investing in long-term financial assets. For this reason, it is necessary to provide sustainable education for the public about capital market investment (Tarigan, 2013). (Supriadi & Hariyanto, 2017) on their research shows that Indonesian investor knowledge about capital markets is still low. Therefore, this study was conducted to determine the level of knowledge of Aceh entrepreneurs and their understanding of the capital market and investment in the capital market. Aceh is suspected that its entrepreneurs do not have a good understanding of the capital market because it is located in the westernmost tip of Indonesia. As a consequence, they do not want to invest their funds in the capital market.