

**THE INFLUENCE OF RISK PERCEPTION, RISK TOLERANCE,
OVERCONFIDENCE, AND FINANCIAL LITERACY ON SMES
INVESTMENT DECISIONS**

(An Empirical Studies In Yogyakarta And Surabaya)

***PENGARUH RISIKO PERSEPSI, RISIKO TOLERANSI, KEPERCAYAAN
DIRI, LITERASI KEUANGAN TERHADAP KEPUTUSAN INVESTASI
DALAM UMKM***

(Studi Empiris Kota Yogyakarta Dan Surabaya)

Student Thesis Research



By:

AMELIA PUTRI

20200420016

INTERNATIONAL PROGRAM OF ACCOUNTING

FACULTY OF ECONOMIC AND BUSINESS

UNIVERSITAS MUHAMMADIYAH YOGYAKARTA

2024

**THE INFLUENCE OF RISK PERCEPTION, RISK TOLERANCE,
OVERCONFIDENCE, AND FINANCIAL LITERACY ON SMES
INVESTMENT DECISIONS**

(An Empirical Studies In Yogyakarta And Surabaya)

UNDERGRADUATE THESIS

Submitted as a partial fulfilment of the requirement of the attainment of the Bachelor Degree of Accounting in The International Program of Accounting Faculty of Economic and Business, Universitas Muhammadiyah Yogyakarta



By:

AMELIA PUTRI

20200420016

INTERNATIONAL PROGRAM OF ACCOUNTING

FACULTY OF ECONOMIC AND BUSINESS

UNIVERSITAS MUHAMMADIYAH YOGYAKARTA

2024

DECLARATION PAGE

Written by,

Name : Amelia Putri

Student Number : 20200420016

I certify that this undergraduate thesis with the title "The Influence Of Risk Perception, Risk Tolerance, Overconfidence, And Financial Literacy On Smes Investment Decisions (An Empirical Studies In Yogyakarta And Surabaya)" is the result of my own original work in fulfillment of the requirements for a degree in Accounting from the Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta. No previous studies and submitted research for bachelor's degrees at higher education institutions have the same content as this research except the reference studies included in the Bibliography. If there is a violation of scientific ethics, I am willing to accept academic sanctions.

Yogyakarta, 17 July 2024



Amelia Putri

MOTTO

“The beauty of life is in the unexpected. Cherish each day as a new chapter in your extraordinary story.”
(Author)

“Live as if you were to die tomorrow. Learn as if you were to live forever.”
(Mahatma Gandhi)

“To live is the rarest thing in the world. Most people exist, that is all.”
(Oscar Wilde)

DEDICATION PAGE

I dedicate this thesis to the special people who have supported me and made this journey possible.

1. I am grateful to Allah SWT for His favor and mercy in enabling me to complete my thesis. I am overjoyed to express my gratitude to everyone who helped me with this thesis arrangement, encouraged me, prayed for me, and even offered consolation.
2. To my parents, alm. Papa and mom : Your endless sacrifices, encouragement, and belief in me have been the foundation of my academic journey. I wouldn't be here without your love and support. Thank you for everything.
3. To my family, Mas Wid, Mas Wan, Mas Dim, and Mas Inu: : Your patience, understanding, and encouragement have given me strength throughout this journey. Your love and support mean everything to me.
4. To my beloved and endless friends, Farra, Ita, Femmy, Ewcak, Nabs, Dips, Hendra, Hendy : Your friendship, laughter, and constant support have brightened even the uni toughest days. Thank you for standing by me and making this journey memorable.
5. To my supervisor, Mrs. Peni Nugraheni, S.E., M.Si., Ak., CA.: Your guidance, wisdom, and feedback have been crucial in shaping this thesis. I appreciate your support and belief in my abilities.

6. To myself, Amel: This thesis is a reflection of your hard work, determination, and growth. Celebrate this achievement—you've proven that with dedication and belief in yourself, anything is possible.
7. To everyone who has been part of this journey, your presence and support have made it meaningful. This thesis is a tribute to our collective effort and the impact you've had on my life and studies.

To the countless hours spent studying, researching, and writing, I acknowledge the hard work and dedication that have brought me to this moment. There were times of doubt, frustration, and fatigue, but through it all, I remained committed to my goals and to the pursuit of knowledge.

In dedicating this work to the people i love and myself, I recognize the importance of self-belief and the power of perseverance. This thesis is a testament to my journey, my hard work, and my unwavering commitment to achieving my dreams. Thank you, for believing in yourself and for never giving up.

PREFACE

Alhamdulillahilalamin, praise be to Allah, the most merciful and gracious who has given me the strength, blessings, and grace to accomplish my undergraduate thesis with the title "The Influence Of Risk Perception, Risk Tolerance, Overconfidence, And Financial Literacy On Smes Investment Decisions (An Empirical Studies In Yogyakarta And Surabaya)" at the International Program of Accounting, Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta. I would not have been able to finish this undergraduate thesis without the help of many people. Several people have helped support me mentally, financially, and academically. Without the help of these people, it would be very difficult for me to complete this undergraduate study. Through this thesis I would like to express my gratitude to the following parties:

1. To Prof. Dr. Ir. Gunawan Budiyanto, M.P., IPM., ASEAN.Eng., as Rector of Universitas Muhammadiyah Yogyakarta.
2. To Prof. Rizal Yaya, S.E., M.Sc., Ph.D., Ak., CA., CRP. as Dean of the Faculty of Economics and Business.
3. The Mrs. Dr. Dyah Ekaari Sekar J, S.E., M.Sc., QIA., Ak., CA, as Head of Accounting Department for all of the supports, advices, and guidance.
4. The Ms. Fitri Wahyuni, S.E, M.Sc as Director of International Program of Accounting for all of the priceless helps, support, advice, guidance, pray, all materials and non-materials dedications.Thank you for giving me a chance to start my early career in 6th semester as a international affairs full-time staff in IPAcc.

5. To Mrs. Peni Nugraheni, S.E., M.Si., Ak., CA. as my thesis supervisor.
Thank you for your knowledge and time to guide me to finish the study.
6. This thesis is dedicated to my parents, whose unwavering support has been the foundation of my academic journey. To my father, who is no longer with us. Thank for always taking care of me your wisdom, strength, and love continue to guide me every day. Your belief in me and the values you taught have been my compass through every challenge. I miss you deeply, and I hope this work stands as a testament to your enduring legacy and the dreams you had for me. To my mother, your endless patience, encouragement, and sacrifices have been the bedrock of my success. Your strength and resilience have inspired me to reach heights I never thought possible. Your love and faith in me have been my greatest motivation. I will make you all proud! i swear. Pah, please keep looking me from Heaven.
7. To my four older brothers, your encouragement, humor, and steadfast belief in me have been my anchors through every challenge. as a youngest kid and the only daughter in this family, being beyond grateful to have brothers like you guys. Growing up together, we shared countless moments of laughter, learning, and love, each of which has shaped me into who I am today.
8. To my best friends since first semester, Difa, Nabila, Farra, Ita, Andien, and Sarwah. Thank you for your constant encouragement and belief in me have been my pillars of strength. Whether we were celebrating milestones

9. or facing challenges together, your friendship has been a source of endless joy and inspiration. Having supportive friends from the beginning of my university journey until now the end of it still remains the same nothing change.
10. To my Internship MBKM fellows, Ninda, Elica, Debby, Nando, Duta, Rafi, our mentor mas Feb, and others. Meeting you all during one of the lowest points in my journey was a blessing I never anticipated. Your support and friendship during our time together were nothing short of extraordinary. Whether we were tackling complex projects, sharing late-night brainstorming sessions, or simply enjoying a laugh over coffee, you all made every day brighter and more meaningful.
11. To IPAcc staffs, Dini Larasati. Asyarf Rayhan, Aprilia Budhi Setiawan, and A.Difa Nadiah Rahman, who always become a home for me, never expected having a really supportive environment not just as a colleagues but also as a family. Having unlimited support is a cure for the hecticness on work.
12. To my medical friends, Fira, Kiki, and Dhana. who always making me laughs, and always listening my stories, Thank you so much.
13. To my IPAcc 2020 classmates, Nabila, Ita, Farra, Sarwah, Andien, Difa, Hendy, Hendra, Serly, Zaima, Khadiva, Fitra, Jaw, Ruth, Okta, Fiya, Regita, Intan, Paza. Thank you for making my uni life easier and please stay as same as before.

14. To other colleagues from other departments and units, Thank you so much for always supporting me and giving me advice to keep on my track and never lose myself.
15. To my KKN Internasional 01 and 02, Thank you for making our KKN journey full of enjoyment, happiness, and also after the rollercoaster ride we still be good friends.
16. To my highschool friends, who are still there on my side and never left. Thank you.
17. To my other friends, knowing you guys is another blessing from Allah because I learn a lot from you, especially KOMAPRES. unexpected journey chosen as one of the most outstanding students from FEB UMY.
18. To myself, Thank you for always having a

May all the forms of assistance that have been given to researchers get the pleasure of Allah SWT. The researcher realizes that this thesis is still far from perfection, but it is hoped that it can be useful for those in need. Therefore, constructive criticism and suggestions are highly expected.

Yogyakarta, 21 June 2024



Amelia Putri

TABLE OF CONTENTS

CHAPTER I.....	1
INTRODUCTION.....	1
A. Background.....	1
B. Research Questions.....	9
C. Research Objectives.....	9
D. Research Benefit.....	10
CHAPTER II.....	13
LITERATURE REVIEW.....	13
A. Theoretical Review.....	13
1. Theory of Planned Behavior (TPB).....	13
2. Prospect Theory.....	15
3. Overview of Small and Medium Enterprises.....	16
4. SMEs in Yogyakarta.....	19
5. SMEs in Surabaya.....	22
6. Investment Decisions in SMEs.....	23
7. Risk Perception.....	26
8. Risk Tolerance.....	27
9. Overconfidence.....	28
10. Financial literacy.....	29
B. Previous Research.....	30
C. Hypothesis Developments.....	32
1. Risk perception on investment decision.....	32
2. Risk tolerance on investment decision.....	34
3. Overconfidence on investment decision.....	35
4. Financial literacy tolerance on investment decision.....	36
CHAPTER III:.....	40
RESEARCH METHODOLOGY.....	40
A. Research Object and Subject.....	40
1. Research Subject.....	40
2. Research Location.....	41
3. Research Object.....	42
B. Data Method Collection.....	42
C. Data Type.....	43
D. Data Collection Technique.....	43

E. Operational Definitions and Variable Indicators.....	44
F. Data Instrument Test.....	46
1. Descriptive Statistics.....	46
2. Instrument Quality Test.....	47
2.1 Validity Test.....	48
2.2 Reliability Test.....	48
2.3 Classic Assumption Test.....	49
2.3.1 Normality Test.....	49
2.3.2 Multicollinearity Test.....	50
2.3.3 Heteroscedasticity Test.....	50
G. Hypothesis Test and Data Analysis.....	51
1. Test coefficient of determination (R ²).....	52
2. Individual Parameter Significance Test (Statistical Test t).....	52
3. Model feasibility test (F test).....	53
BAB IV.....	54
RESULT AND DISCUSSION.....	54
A. Research Object/Subject Description.....	54
1. Respondent Characteristics Analysis.....	55
1.1 Gender.....	55
1.2 Age.....	56
1.3 Position in SMEs.....	56
1.4 Industries of Business.....	57
1.5 SMEs Establishment.....	58
2. Descriptive Statistic Test.....	59
2.1 Risk Perception.....	60
2.2 Risk Tolerance.....	60
2.3 Overconfidence.....	60
2.4 Financial Literacy.....	61
2.5 Investment Decision on SMEs.....	61
B. Instrument and Data Quality Test.....	61
1. Validity Test.....	61
2. Reliability Test.....	66
3. Classic Assumption Test.....	67
3.1. Normality Test.....	67
3.2. Multicollinearity Test.....	68
3.3. Heteroskedasticity Test.....	69
C. Hypothesis Test and Data Analysis.....	70
1. Determinant Coefficient Regression Test (Adjusted R Square).....	70

2. Simultaneous Coefficient Test (F -Test).....	71
3. Partial Coefficient Test (t – Test).....	72
D. Discussion.....	74
1. The Risk Perception Has Positive Effect on The Investment Decision in SMEs.....	74
2. The Risk Tolerance Has Negative Effect on The Investment Decision in SME.....	76
3. The Overconfidence Has Positive Effect on The Investment Decision in SME.....	77
4. The Financial Literacy Has Positive Effect on The Investment Decision in SME.....	79
CHAPTER V.....	81
CONCLUSION, LIMITATION, AND SUGGESTION.....	81
A. Conclusion.....	81
B. Implication.....	81
C. Limitations.....	82
D. Suggestions.....	82
REFERENCES.....	84

LIST OF TABLES

Table 3.6 Variable Indicators.....	45
Table 4. 1. Questionnaires Deployment.....	56
Table 4. 2. Respondent Based on Gender.....	57
Table 4. 3. Respondent Based on Age.....	58
Table 4. 4. Respondent Based on Position.....	59
Table 4. 5. Respondent Based on Industries of Business.....	59
Table 4. 6. Respondent Based on SMEs Establishment.....	61
Table 4.8 Risk Perception Validity Test Results.....	64
Table 4.9 Risk Tolerance Validity Test Results.....	65
Table 4.10 Overconfidence Validity Test Results.....	66
Table 4.11 Financial Literacy Validity Test Results.....	66
Table 4.12 Investment Decision Validity Test Results.....	67
Table 4.13 Results of Investment Decision Validity Test.....	69
Table 4.14 Normality Test Result.....	69
Table 4.15 Multicollinearity Test Result.....	70
Table 4.16 Heteroskedasticity Test Result.....	71
Table 4. 17. Determinant Coefficient Test (R2) Result.....	73
Table 4. 18. F – Test Result.....	73
Table 4. 19. t – Test Result.....	74

LIST OF FIGURES

Figure 2.1 Research Model.....	39
--------------------------------	----