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FACTORS AFFECTING INTEREST IN ISLAMIC VENTURE CAPITAL FINANCING IN INDONESIA

Ilham Basrian Jasuma Putra^{1*}, Aulia Nur Azizah² and Lili Purnama³

¹UIN Sunan Kalijaga, Yogyakarta; ilhamjon7@gmail.com

²UIN Sunan Kalijaga, Yogyakarta; auliaazizah573@gmail.com

³UIN Sunan Kalijaga, Yogyakarta; lili123purnama@gmail.com

*Correspondence ilhamjon7@gmail.com

Abstract: This study aims to examine the influence of the factors that influence interest in Islamic venture capital financing. This type of research is descriptive quantitative research data collection using questionnaires distributed directly to respondents. The sampling method uses Hair et al. (2010) where the indicator is multiplied by 5 and obtained as many as 130 respondents, this study shows that cultural factors have a positive and insignificant effect on interest in using Islamic venture capital financing, social factors have a significant positive effect on interest in using Islamic venture capital financing, individual factors have a significant positive effect on interest in using Islamic venture capital financing, each factor that affects interest in Islamic venture capital financing and psychological factors have a positive and insignificant effect on interest in using Islamic venture capital financing. These results are expected to be utilized by parties interested in becoming a source of information and policy-making.

Keywords: Cultural, Social, Individual, Psychological, Interests

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1. Introduction

The slow development of MSMEs in Indonesia is due to the limitations of small businesses and small and medium enterprises in obtaining additional capital for business expansion/development is still constrained by the difficulty of accessing the banking world (Adawiyah, 2011). As an intermediary institution, a more flexible and moderate funding institution than banks with a higher level of risk was created, known as a financing institution. One of the most viable forms of financing institutions for businesses is venture capital (Fitra, 2021).

Venture funds are basically a pool of capital managed by professional investors and provide financing in the form of capital participation in a private company as a business partner for a certain period of time (Fitra, 2021). Funds invested in venture capital are high-risk and long-term investments. However, investors are still attracted to this investment because it is managed professionally and has a tendency for high returns.

The development of venture capital companies in Indonesia changes every year. In 2014, the number of entities was 69, while in December 2021, the total number of companies was only 60, with four of them being Sharia venture capital companies, namely PT Permodalan BMT Ventura, PT PNM Ventura Syariah, PT Amanah Ventura Syariah, and PT Persada Ventura Syariah (Lestari & Imamah, 2021). However, as the community began to pay more attention to the Islamic economy as a whole, the need for Islamic financing also increased, and the development of assets owned by the company experienced significant growth. Within five years, the total assets increased from 1.11 billion Rupiah to 3.27 billion Rupiah, equivalent to 15.4% of the total assets of venture fund companies in Indonesia (OJK, 2021).

Consumer interest determines the decision to take an action that comes from instructions on a product so that it determines the increase in market share of venture capital companies (Huljannah, 2018). The market share of Islamic venture capital companies, which is only 15.4%, is caused by consumer decisions in determining Islamic venture capital as a financing institution is influenced by several factors, one of which is public interest which comes from several determining factors, including cultural factors, social factors, individual factors, and psychological factors (Kotler & Keller, 2009).

Previous research conducted by Hatim & Muba (2020) With the title Preferences of Consumers in Choosing Sharia Banking Services (Case Study 4 University in Ternate. The results of the study show that the biggest reason customers choose Islamic banks is because they are influenced by religious factors, then influenced by encouragement, knowledge of information, and choice of interest in using Islamic bank services. The reason customers do not choose Islamic banks is that the differences in principles and operational applications carried out by Islamic banks are not understood by customers. Other research has been conducted by Adiyanto, Sumarwan, & Saptono (2017) With the title Consumer Behavior Analysis in Choosing Conventional or Sharia Mortgage Product in Indonesia the results of the study showed that the biggest reason people choose Islamic mortgages is religious reasons and freedom from usury, while the reason for not selecting Islamic mortgages is because conventional financing provides more guarantees of high risk. The thing that makes the difference in the results of these studies is that there are differences in terms of the objects studied, the time of observation of the research, and the theory used. So the research aims to analyze the factors influencing the interest in Islamic venture capital financing in Indonesia.

2. Results

2.1 Instrument Test

Table 1. Validity test

Variable	Indicator	r_{count}	r_{table}	Result
Culture (X1)	X1.1	0,541	0,1438	Valid
	X1.2	0,647		Valid
	X1.3	0,656		Valid
	X1.4	0,702		Valid
	X1.5	0,696		Valid
	X1.6	0,490		Valid
	X1.7	0,599		Valid
	X1.8	0,517		Valid
Social (X2)	X2.1	0,673	0,1438	Valid
	X2.2	0,699		Valid
	X2.3	0,755		Valid
	X2.4	0,736		Valid
	X2.5	0,676		Valid

Individuals (X3)	X3.1	0,661	0,1438	Valid
	X3.2	0,668		Valid
	X3.3	0,713		Valid
	X3.4	0,627		Valid
	X3.5	0,727		Valid
	X3.6	0,618		Valid
Psychological (X4)	X4.1	0,687	0,1438	Valid
	X4.2	0,683		Valid
	X4.3	0,789		Valid
	X4.4	0,674		Valid
Interests (Y)	X5.1	0,757	0,1438	Valid
	X5.2	0,791		Valid
	X5.3	0,805		Valid

Source: Processed primary data, 2022

Based on Table 1 above, each of the statement items has $r_{count} > r_{table}$; thus, the items of the question are declared valid.

2.2 Reliability Test

Table 2. Reliability Test Results

Variabel	N of Item	Cronbach's Alpha	Result
Culture (X1)	8	0,755	Reliable
Social (X2)	6	0,751	Reliable
Individuals (X3)	5	0,753	Reliable
Psychological (X4)	4	0, 671	Reliable
Interests (Y)	3	0,688	Reliable

Source: Processed primary data, 2022

Table 2 above shows that each variable has Cronbach's $\alpha > 0.60$, so cultural, social, individual psychological, and interest variables can be said to be reliable.

2.3 Classical Assumption Test

Normality Test

Table 3. Normality Test Results
One-Sample Kolmogrov-Smirnov Test

		Unstandardized Residual
N		130
Normal parameters ^{a, b}	Mean	.0000000
	Std. Deviation	1.10268390
Most Extreme Differences	Absolute	.088
	Positive	.048
	Negative	-.088
Test Statistic		.088
Asymp. Sig. (2-tailed)		.016 ^c

Monte Carlo Sig. (2-tailed)	Sig.	.257 ^d
	99% Confidence Interval	.245
	Lower Bound	
	Upper Bound	.265

Source: Processed primary data, 2022

Based on Table 3 above, the One-Sample Kolmogorov-Smirnov test using the Monte Carlo method shows that the Monte Carlo Sig value is $0.257 > 0.05$, meaning that it is normally distributed and has fulfilled the normality assumption.

Multicollinearity Test

Table 4. Multicollinearity Test Results

Model	Coefficients				Sig.	Collinearity Tolerance	Statistics VIF
	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t			
(Constant)	.879	2.019		.435	.664		
Total_X1	.094	.033	.222	2.806	.006	.963	1.038
Total_X2	.137	.047	.228	2.893	.004	.974	1.026
Total_X3	.149	.042	.227	3.563	.001	.996	1.004
Total_X4	.132	.058	.179	2.284	.024	.985	1.015

Source: Processed primary data, 2022

Based on Table 4 above, it can be seen that the tolerance value of each independent variable > 0.10 and the VIF value of each independent variable < 10 , it can be concluded that there are no multicollinearity symptoms in the regression model.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results

Model	Coefficients				Sig.
	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	
(Constant)	4.428	1.089		4.065	.000
Total_X1	-.033	.018	-.161	-1.847	.067
Total_X2	-.037	.026	-.125	-1.441	.152
Total_X3	-.033	.023	-.124	-1.444	.151
Total_X4	-.035	.031	-.098	-1.134	.259

Source: Processed primary data, 2022

Based on Table 5 above, it is known that the results of the heteroscedasticity test show the significance value of each dependent variable > 0.05 , so it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

2.4 Multiple Linear Regression

Table 6. Multiple Linear Regression Analysis Results

Model	Coefficients				Sig.
	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	
(Constant)	.879	2.019		.435	.664
Total_X1	.094	.033	.222	2.806	.006
Total_X2	.137	.047	.228	2.893	.004

Total_X3	.042	.042	.277	3.563	.001
Total_X4	.132	.058	.179	2.284	.024

Source: Processed primary data, 2022

The regression equation is bellow and can be explained as follows:

$$Y = 0,879 + 0,222X1 + 0,228X2 + 0,277X3 + 0,179X4 + e$$

- The constant is 0.879, meaning that if the independent variable (cultural, social, individual, and psychological) is 0, then the independent variable (interest) is 0.879.
- The regression coefficient of the Culture variable (X1) is 0.094, meaning that if the independent variable is constant and culture increases by 1%, interest (Y) will increase by 0.094.
- The regression coefficient of the Social variable (X2) is 0.137, meaning that if the independent variable is constant and social has increased by 1%, interest (Y) has increased by 0.137.
- The regression coefficient of the Individual variable (X3) is 0.149, meaning that if the independent variable is constant and the individual increases by 1%, the interest (Y) will increase by 0.149.
- The regression coefficient of the Psychological variable (X4) is 0.132, meaning that if the independent variable is constant and the psychological value increases by 1%, interest (Y) will increase by 0.132.

2.5 Hypothesis Test

Determinant Test (R^2)

Table 7. Determinant Test Results

Model	R	R Squared	Adjusted R Square	Std. Error Of The Estimate
1	.496 ^a	.246	.222	1.120

Source: Processed primary data, 2022

Table 7 above shows that the coefficient of determination is 0.222, which means that the effect of the independent variables in this study on the dependent is 22.2%, meaning that the magnitude of the influence of the dependent variable (cultural, social, individual, and psychological) on the dependent variable (interest) is 22.2% while the remaining 77.8% is explained by other variables outside of the regression model.

Partial Test (t)

Table 8. Partial Test Results (t)

Model	Coefficients				
	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	.879	2.019		.435	.664
Total_X1	.094	.033	.222	2.806	.006
Total_X2	.137	.047	.228	2.893	.004
Total_X3	.042	.042	.277	3.563	.001
Total_X4	.132	.058	.179	2.284	.024

Source: Processed primary data, 2022

Based on table 8 above, it can be seen that:

- Culture gets a t value of 2.806, and its significance is 0.06. If $t_{count} 2.806 > t_{table} 1.656$ and significance $0.06 > 0.05$, then H_0 is accepted, meaning that culture has a positive and insignificant effect on interest.

- b. Social gets a t value of 2.893 and a significance of 0.04 where $t_{\text{count}} 2.893 > t_{\text{table}} 1.656$ and significance $0.04 < 0.05$, then H_0 is accepted, meaning that social has a positive and significant effect on interest.
- c. The individual gets the t value of 3.563, and the significance is 0.01, where the count is $3.563 > t_{\text{table}} 1.656$ and the significance is $0.01 < 0.05$, so H_0 is accepted, meaning that individuals have a positive and significant effect on interest.
- d. Psychological gets the t value of 2.284, and the significance is 0.24 where the count is $t_{\text{count}} 2.284 > t_{\text{table}} 1.656$, and the significance is $0.24 > 0.05$, then H_0 is accepted, meaning that social has a positive and insignificant effect on interest.

Simultaneous Test (F)

Table 9. Simultaneous Test Results (F)

ANOVA					
Model	Sum Of Squared	df	Mean Square	F	Sig
Regression	51.217	4	12.804	10.204	.000 ^b
Residual	156.853	125	1.255		
Total	208.069	129			

Source: Processed primary data, 2022

Based on Table 9, the calculated F value is 10.204, while the F table value is obtained from $(k; n-k) = (4; 130-4) = (4; 126)$, which is 2.44. So if $F_{\text{count}} 10.204 > F_{\text{table}} 2.44$, then H_0 is accepted, meaning that cultural, social, individual, and psychological factors together affect the interest in financing Islamic venture capital.

3. Discussion

The Influence of Culture on Interest in Islamic Venture Capital Financing

Based on the test results, it is known that culture has a positive effect on interest in Islamic venture capital financing, meaning that an increase in cultural factors which include values, perceptions, preferences, nationality, religion, racial groups, geographical areas, social class will increase interest in Islamic venture capital financing. The results of this study support research that has been conducted by Komariyah & Akmal (2021) who found that cultural factors have a positive and insignificant effect on interest.

Social Influence on Islamic Venture Capital Financing Interest

Based on the test results, it is known that social has a positive effect on interest in Islamic venture capital financing, meaning that an increase in social factors, which include attitudes, behavior, habits, close relatives, and parents, will increase interest in Islamic venture capital financing. This research supports research that has been conducted by Rizka Zulas, Sari, & Syifa Fadrizha Nanda (2019) who found that social factors have a significant influence on interest.

Individual Influence on Islamic Venture Capital Financing Interest

Based on the test results, it is known that individuals have a positive effect on interest in Islamic venture capital financing, meaning that an increase in individual factors, including taste, material needs, consumption, confidence, dominance, and activity, will increase interest in Islamic venture capital financing. The results of this study support research that has been conducted by Asnawi & Augustinah (2015) who found that individual factors have a significant positive effect on interest.

The Effect of Psychology on Interest in Islamic Venture Capital Financing

Based on the test results, it is known that Psychology has a positive effect on interest in Islamic venture capital financing, meaning that an increase in individual factors, including needs, beliefs, and organization experience, will increase interest in Islamic venture capital financing. The results of this study support research that has been conducted by Suryadi (2018) who found the result that psychological factors have an insignificant effect on interest.

4. Materials and Methods

This research uses a descriptive method with a quantitative approach. The descriptive method is a type of research used to analyze data by describing or describing the data that has been collected as it is. The data sources used in this research are using primary and secondary data. Primary data is data obtained from the results of distributing questionnaires. At the same time, secondary data is obtained and collected from literature sources. This study uses 4 independent variables (cultural, social, individual, and psychological) and 1 dependent variable, namely interest.

The population in this study is the Indonesian people, totalling 273 million people. The sample collection technique uses purposive sampling. Purposive sampling is a sampling technique with certain considerations. Then the researcher determines the research sample using the theory Hair, Black, Babin, & Anderson (2010). The number of indicators in this study amounted to $26 \times 5 = 130$, so the sample used was 130 respondents. The sample criteria used in this study were: 1. Indonesian people aged 20-50, 2. Indonesian people who know and have done conventional venture capital financing, and 3. Indonesian people who are interested in financing Islamic venture capital.

The data collection technique in this study used a questionnaire distribution technique. The scale used in preparing this research questionnaire is a Likert scale. The research variables measured and described with this scale will become variable indicators. Then the indicator will be used as a guideline for compiling statement instrument items from the questionnaire. The following is a Likert scale measurement in this study, which is as follows

Table 10. Likert Scale

Assessment	Score
Strongly Agree (SS)	5
Agree (S)	4
neutral (N)	3
Disagree (TS)	2
Strongly Disagree (STS)	1

The data analysis technique uses the help of SPSS (Statistical Product and Service Solution) Version 26 as an estimation tool. There are several rarities in determining research results. First determine descriptive analysis, Second Instrument test (validity and reliability test), Third classical assumption test (normality test, multicollinearity test, heteroscedasticity test), Fourth hypothesis testing (determinant test (R²), partial test (t), simultaneous test (F)).

$$Y = a + bX_1 + bX_2 + bX_3 + bX_4 + e$$

Y = Interests

a = constant

b = Coefficient

X₁ = Culture

X₂ = Social

X₃ = Individuals

X₄ = Psychological

5. Conclusions

Based on the results of the research and discussion, it can be concluded as follows:

- Culture has a positive and insignificant effect on interest in Islamic venture capital financing in Indonesia.
- Social positively and significantly affects interest in Islamic venture capital financing in Indonesia.
- Individuals positively and significantly affect interest in Islamic venture capital financing in Indonesia.
- Psychological has a positive and insignificant effect on the interest in Islamic venture capital financing in Indonesia.

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