THE INFLUENCE OF CAPITAL, ASSETS, LENGTH OF BUSINESS, ON INVESTMENT DECISIONS WITH FINANCIAL LITERACY AS AN INTERVENING VARIABLE IN THE MSME SECTOR OF MEDAN CITY

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ABSTRACT

This study aims to analyze and determine the effect of Capital, Assets, and Length of Business on Investment Decisions in Medan City MSME players. This study uses intervening variables in the testing. The independent variables in this study are capital, assets, and length of business. The dependent variable is investment decisions, and the intervening variable is financial literacy. The population in this study were MSME players in Medan City whose data were taken from the Office of Cooperatives and SMEs in Medan City, the total of population is 1,825 MSMEs. The research sample was 329 MSMEs. Testing and data processing using E Views 12 software. The data analysis techniques used in the study were multiple linear regression analysis methods and Moderated Regression Analysis (MRA). The test results using the multiple linear regression analysis method show that capital and assets do not have a significant effect on investment decisions, while the length of business has a significant effect on investment decisions. The test results of the Moderated Regression Analysis (MRA) method show that the financial literacy variable successfully acts as an intervening variable and affects the relationship between capital and assets, and length of business on investment decisions.

Keywords: Capital, Assets, Length of Business, Financial Literacy, Investment Decision