Accounting Analysis Journal

https://journal.unnes.ac.id/sju/index.php/aaj

The Influence of Socio-Economic and Psychological Factors on Millennial Generation's Stock Investment Decisions

Ni Made Dwi Ratnadi [1]✉

[1]*Department of Accounting, Faculty of Economics and Business, Universitas Udayana, Indonesia*

ARTICLE INFO

Article History:
Submitted March 13th, 2023
Revised May 29th, 2023
Accepted October 5th, 2023
Published November 21st, 2023

Keywords:
Expected Return; Self Efficacy; Risk Perception; Investment Decision

ABSTRACT

Purpose : Increasing investment awareness among the public, especially among millennials, is crucial for the development of the stock market and overall financial growth. As a significant potential force, millennials can play a vital role in increasing stock investment decisions and fostering economic progress. This study aims to develop an integrated model of the influence of socioeconomic and psychological factors, namely return expectations, self-efficacy, and risk perception, on millennial stock investment decision-making behavior.
Method : The research population was millennial stock investors. Non-probability sampling technique was used to obtain 336 respondents. Data were collected through the survey method using a questionnaire. Data were analyzed using the partial least square (PLS) technique.
Findings : Based on the analysis, socioeconomic factors influence investment decisions, return expectations, self-efficacy, and risk perception. Socioeconomic factors influence investment decisions through return expectations, self-efficacy, and risk perception. However, risk perception does not directly affect millennial stock investment decisions. The results of this study can be used as a reference to motivate young people to invest intelligently in the stock market.
Novelty : The research was conducted on the millennial generation, who have an important role in stock investment decisions, considering that the millennial generation is the generation that has an important role in increasing stock investment

INTRODUCTION

The number of capital market investors continues to grow. As of May 2023, the number of investors reflected in the single investor identification (SID) kept at the Indonesian Central Securities Depository has reached 11 million or 11,062,050, to be exact. That number shot up 7.28% compared to the end of 2022, with 10.3 million investors. The jump in the number of capital market investors was mainly supported by the growth in mutual fund investors, which shot up 7.71% to 10.34 million investors in May 2023 compared to the end of 2022 of 9.6 million. The number of mutual fund investors has exceeded 10 million since March 2023. Compared to 2020, or about two years ago, which had 3.17 million investors, the number of mutual fund investors has increased by around three times.

Similarly, the number of investors in shares and other securities also shot up 7.12% from 4.43 million in 2022 to 4.75 million in May 2023. The number of investors in shares and other securities also increased almost three times compared to 2020, which was only 1.69 million investors. Currently, the government is seriously trying to develop the capital market industry in Indonesia. This is evidenced by the program held by the Indonesia Stock Exchange (IDX) through the "yuk nabung saham" campaign to encourage the public to start investing in the capital market, starting with increasing public awareness of the importance of investing in stocks, which can subsequently increase the number of local investors and improve the economy of the Indonesian society.

Various educational programs are also carried out in collaboration with academic institutions that aim to make the public, especially the younger generation, know more about the capital market, understand the importance of investing, recognize stocks as an ideal investment tool, understand the constraints as well as attract public interest as potential investors to invest in the Indonesian capital market. The generation that is familiar and comfortable

* *E-mail: dwiratnadi@unud.ac.id*
Address: Jln. P.B. Sudirman, Dangin Puri Klod, Kec. Denpasar Tim., Kota Denpasar, Bali 80112, Indonesia

DOI 10.15294/aaj.v12i2.67039 p-ISSN 2252-6765 e-ISSN 2502-6216

with computer technology, the digital world, and the internet is the millennial generation. This generation is always connected to the outside world, consumes all types of digital and communication technologies simultaneously, and makes personal purchases according to the lifestyle that reflects them (Singh et al., 2019). One of the biggest advantages of the millennial generation is that at a young age, they have much time to start investing. The millennial generation must be literate in investing because investment can encourage job creation.

There are several research gaps related to this research, namely the discovery of differences in the research results by Ladamay et al. (2021). Handayani & Kurnianingsih (2021) state that social media has a significant influence on investment decisions, while research by Rohani & Pamungkas (2023) states that social media has an insignificant influence on investment decisions. Investments that promise high income with a high level of risk are investments in shares (Auruma S & Sudana, 2016). High returns will also align with high risks (high risk, high returns), which can raise investors' doubts about investing (Kiyosaki, 2015). Investment Decision is the process of selecting alternatives that should consider the risks and returns that can be anticipated. The stock market is known for its high volatility and uncertainty due to various factors affecting market prospects. Investor behavior can also affect stock prices.

Psychological factors are very important in making investment decisions because psychological phenomena can influence a person's behavior (Tang et al., 2019). Investors confident that they will successfully invest in stocks will decide to invest in the capital market. Confidence is very important in investing because confidence is the initial stage in taking action. The individual's belief that he will succeed in mastering the skills needed to complete certain tasks is called self-efficacy (Bandura, 1997).

This research is an extension of the findings of Mandala & Wiagustini (2017), Ratnadi et al. (2020) and Seni & Ratnadi (2017) found that socioeconomics positively affected financial literacy. The development of this research is that socioeconomic factors do not only directly affect investment decisions but also influence psychological factors.

Ratnadi et al. (2020) and Seni & Ratnadi (2017) found that psychological variables according to planned behavior theory, which consisted of attitudes toward behavior, subjective norms, and perceived behavioral control, positively affected investment intentions. This research aims to test other psychological variables according to planned behavior theory as a determinant of Investment Decisions, not just investment intentions because investment intentions do not yet reflect real activity in behaving. Psychological factors also act as mediating variables for socioeconomic influences on Investment Decisions.

This research was conducted on the millennial generation, considering that the millennial generation has a significant role in stock investment. The 2020 Population Census recorded the millennial generation in second place with the most dominant population, reaching 25.87 percent of the population. The characteristics of the millennial generation, who are literate in technology, and the ease of investing in the capital market make the position of the millennial generation relatively dominant in the Indonesian capital market. This was stated in the Indonesian Central Securities Depository (KSEI) publication. In the investor demographics as of September 2021, KSEI recorded the dominance of millennial investors, namely 59.23 percent of the total investors in Indonesia. This study empirically examines socio-economic conditions' effect on stock Investment Decisions, Expected return, self-efficacy, and Risk Perception. In addition, this study also aims to empirically examine the effect of Expected return and Risk Perception on stock Investment Decisions, as well as the effect of self-efficacy on stock Investment Decisions. The question in this research is whether socioeconomic conditions can influence stock investment decisions. Expected return, self-efficacy, and risk perception? Can expected returns, safety efficacy, and risk perception influence investment decisions?

To answer the questions in this study using the theory of planned behavior. The essence of the theory of planned behavior includes three things (Ajzen, 1985), namely, beliefs about possible outcomes and evaluations of these behaviors (behavioral beliefs), belief in the expected norms, and motivation to meet the desired expectations (normative beliefs), and beliefs about a factor that can support or hinder behavior and awareness of the strength of these factors (control beliefs). The expected return is related to behavioral beliefs; normative beliefs can explain risk perception, and self-efficacy is a concept close to control beliefs (Ajzen, 1991). Another theory used in this study, namely the expectancy theory, shows that an action taken by a person depends on the strength of an expectation that the attractiveness of the result follows the action. The key variables in the expectancy theory are effort, income, and expectations. Christanti & Mahastanti (2011) state that personal financial needs are one of the factors that inves- tors consider when investing.

Socio-economic status includes 3 (three) factors: work, education, and income. From this opinion, socioeconomic status is a person's ability to place himself in his environment to determine attitudes based on what he has and the ability to run a business and fulfill it successfully. An investment carried out will certainly see the situation and conditions of the capital market. If the capital market shows fresh air, investment can also provide coolness for investors and investment agencies/businesses. If the capital market is experiencing a decline, investors can think twice about making investment decisions (Susanti et al., 2022).

Socioeconomic is a measure to determine a person's position based on work, income, and membership in social associations (Prasastianta, 2011). Socioeconomic conditions are a mirror of stratification that leads to certain social groups. Certain social groups will tend to have different behaviors in response to certain stimuli and reflect the expectations of a community. Socioeconomic conditions influence investment decision-making. This departs

from the opinion put forward by Halim (2005) wherein when making an Investment Decision, three factors are most considered, namely: (1) the expected rate of return (expected rate of return), (2) the level of risk, and (3) the availability of the number of funds to be invested. The expected return is the return expected to be obtained by investors in the future or the form of return expected to be obtained by investors in the future. Based on this description, the research hypothesis is as follows.

Prasastianta (2011) revealed that socioeconomic status determines a person's position based on work, income, and membership in social associations. Socioeconomics implies everything related to economic action in fulfilling community needs, such as clothing, food, and shelter. Xiao & Wu (2006) suggested that several factors influence the actual behavior of an individual. Widayat (2010) found that socioeconomic factors significantly positively affected psychological factors. This condition shows that increasing a person's socioecono- mic condition will increase self-confidence. Self-efficacy is an individual's self-belief or belief in their ability to do something, produce something, organize, achieve their goals, and implement actions to realize certain skills. The high socioeconomic level of a person can be seen from income, education, and years of service, so a person feels confident to behave.

Research shows that demographic and personality variables are important risk perception factors in financial decisions (Shabgou & Mousavi, 2016). Demographics is the most basic factor of Risk Perception. Barber and Odean identified that compared to women, men tend to take greater risks, and compared to those who are married, single men also tend to take greater risks (Barber & Odean, 2001). Other studies also reveal that risk perception and finan- cial literacy influence individual investment preferences (Aren & Zengin, 2016).

The expected or expected return is an important calculation in securities valuation. The basic principle of the calculation is to add the risk-free rate and risk premium. This equation means that the expected return from a cash flow consists of two components. Everyone wants results from the efforts made; investors are no exception. One of the results that investors always want is return, especially high returns. In the research by (Christanti & Mahastanti, 2011), it was explained that personal financial needs are one of the factors that investors consider when investing. One of the ingredients in these factors that support the study for this return is the consideration of investors regarding their investment targets. One of the objects that may become investors' investment targets is profit, which, in this case, can mean gain or return. The main reason people invest is to make a profit. In investment management, the rate of return on investment is referred to as return. It is very natural for investors to demand a certain rate of return on the funds they have invested. The return investors expect from their investments is compensation for opportunity costs and the risk of decreasing purchasing power due to the influence of inflation.

Self-efficacy is more commonly used to predict entrepreneurial interest, even though, according to (Elfahmi et al., 2020), someone with high self-efficacy can help achieve positive financial behavior and overcome any challenges, especially regarding financial problems. Husein et al. (2023) also stated that financial self-efficacy (FSE) is a statistically significant predictor of interest in stock market investment and financial information seeking. So, the effect of self-efficacy on investment intention still needs to be studied further.

Risk Perception in every investor is based on the fact that investors tend to be careful in decision-making. Investors dare to choose the type of investment with a higher risk in making investment decisions if they have a high level of risk tolerance (Aren & Zengin, 2016). Conversely, investors will be more careful and choose low-risk investment products, such as banking products, if risk tolerance is low. Different tolerances for risk are caused by the following factors: differences in age, career, gender, educational background, socioeconomic, income, and wealth. Based on this, the first hypothesis is as follows. Mandala & Wiagustini (2017) found that socioeconomic conditions positively affected investment decisions. This condition explains that the higher a person's socio-economic condition, which can be seen from income and years of service, the higher the investment decision made by that person.

If the capital market is experiencing a decline, investors may think twice about making investment decisions (Akbar et al., 2016). Based on this, hypothesis one is as follows. Mandala & Wiagustini (2017) found that socioecono-mic conditions positively influence investment decisions. This condition explains that the higher a person's socio- economic condition, which can be seen from income and years of work, the higher the investment decisions made by that person.

H_1: Socioeconomic conditions influence stock investment decisions

Halim (2005) and Prasastianta (2011) stated that in making investment decisions, three factors are most considered: the expected rate of return, the level of risk, and the availability of the amount of funds to be invested. Based on this description, the research hypothesis is as follows.

H_2: Socioeconomic conditions influence return expectations

Ahmad & Shah (2022); Xiao & Wu (2006) suggest that several factors influence an individual's behavior. Akhtar & Das (2019) found that socioeconomic factors significantly positively affect psycho- logical factors. The higher a person's socio-economic status, which can be seen from income, education, and years of work, means that they feel confident in their behavior. Based on this description, the research hypothesis is as follows.

H_3: Socioeconomic conditions influence self-efficacy

Research shows that demographic and personality variables are important risk perception factors in financial

decision-making (Barber & Odean, 2001; Shabgou & Mousavi, 2016). Other research also reveals that risk perception and financial literacy influence individual investment preferences (Aren & Zengin, 2016). Based on this description, the research hypothesis is as follows.

H_4: Socioeconomic conditions influence risk perception

In research by Ady & Hidayat (2019); Christanti & Mahastanti (2011), it is explained that personal financial needs are one of the factors that investors consider when investing. The return investors expect from their investments is compensation for opportunity costs and the risk of decreasing purchasing power due to the influence of inflation.

H_5: Expected returns influence stock investment decisions

Self-efficacy is more commonly used as a predictor of interest in entrepreneurship, even though, according to Ali & Tariq (2013); Elfahmi et al. (2020), someone who has high self-efficacy can help them achieve positive financial behavior and overcome any challenges, especially in terms of financial problems. Husein et al. (2023) also stated that financial self-efficacy (FSE) is a statistically significant predictor of stock market investment interest and search for financial information. So, the influence of self-efficacy on investment interest still needs to be researched further.

H_6: Self-efficacy influences stock investment decisions

The risk perception of each investor is based on the fact that investors tend to be careful in the decision-making process (Anggraini & Mulyani, 2022). Investors dare to choose types of investments with higher risks in making investment decisions if they have a high level of risk tolerance (Aren & Zengin, 2016).

H_7: Perception of risk influences stock investment decisions

RESEARCH METHODS

This research was conducted in the Province of Bali, especially the millennial generation who invest in stocks. The sample was determined using a non-probability method with a convenience sampling technique, which is a sampling method by selecting samples from population elements (people or events) whose data are easily obtained by the researcher or the researcher has the freedom to choose the fastest and cheapest sample. In multivariate research (including multiple regression analysis) sample size should be several times the number of variables, at least ten times or greater than the number of variables in the study. Generally, the recommended sample size is a ratio of 10:1 or 20-1 cases for each variable (Hair Jr et al., 2006, pp. 98–99).

The dependent variable in this study is the stock investment decision (Y), an individual's decision to put some of their funds into buying stocks. Stock Investment Decision indicators are indicators of (1) motivation to invest in self-motivation, environment, and profit, (2) offers are offered benefits to be obtained, and (3) obstacles in Investment Decisions.

Socio-economic condition is the position or position of a person in a community group, which is determined by the type of economic activity, education, and income. Indicators of socio-economic factors in this study are: (1) Income is the perception of the amount of income received or earned by respondents. (2) Tenure of work is the perception of how long the respondent has worked in a company/place of work or his own business. (3) Education is formal education and investment training taken by respondents.

Self-efficacy is the millennial generation has belief in their ability to organize and carry out actions and make decisions in stock investment activities in the capital market. Self-efficacy can be measured by three indicators as follows: (1) magnitude, which is a problem related to the degree of difficulty of the situation faced by an individual;

(2) strength of belief, which is related to the strength of an individual's belief in his ability, and (3) generality, which is related to a wide range of areas of behavior where individuals feel confident about their abilities.

Expected return describes a person's income expectations for the return he receives after investing in stocks in the capital market to meet his needs in the future. So that the appropriate indicators are used to measure Expected returns from research conducted by Khoirunnisa & Priatinah (2017), the expected return can be measured by three indicators as follows: (1) interest in the resulting returns, (2) high returns, and (3) unlimited returns. Perception of stock investment risk is one's view of the potential risks in stock investment in the Capital Market. Perception of risk can be measured by three indicators as follows: (1) there is a certain risk, (2) experiencing losses, and (3) thinking that investing is indeed risky.

The population is the millennial generation in Bali province investing in stocks. The sample was determined using the non-probability method with the convenience sampling technique, which is a sampling method by selecting samples from population elements (people or events) whose data are easily obtained by the researcher or the researcher has the freedom to choose the fastest and cheapest sample. In multivariate research (including multiple regression analysis) sample size should be several times the number of variables, at least ten times or greater than the number of variables in the study. Generally, the recommended sample size is a ratio of 10:1 or 20-1 cases for each variable (Hair Jr et al., 2006, pp. 98–99).

Table 1. Validity Test Results

No	Variable	Question	Coefficient	Information
1	Investation decision (Y)	Y1	0.428	Valid
		Y2	0.725	Valid
		Y3	0.684	Valid
		Y3.2	0.517	Valid
		Y3.3	0.420	Valid
2	Economic Conditions (X_1)	X1.1.1	0.747	Valid
		X1.1.2	0.512	Valid
		X.1.2.1	0.548	Valid
		X1.2.2	0.578	Valid
		X1.3.1	0.707	Valid
		X1.3.2	0.506	Valid
3	Return Expectations (X_2)	X.2.1.1	0.750	Valid
		X.2.1.2	0.618	Valid
		X2.1.3	0.781	Valid
		X.2.2.1	0.729	Valid
		X.2.2.2	0.630	Valid
		X2.2.3	0.745	Valid
		X2.3.1	0.793	Valid
		X2.3.2	0.822	Valid
		X2.3.3	0.809	Valid
4	Self-Efficacy (X_3)	X3.1.1	0.720	Valid
		X3.1.2	0.807	Valid
		X3.1.3	0.698	Valid
		X3.2.1	0.664	Valid
		X3.2.2	0.789	Valid
		X3.2.3	0.820	Valid
		X3.3.1	0.591	Valid
		X3.3.2	0.684	Valid
5	Perception of Risk (X_4)	X4.1.1	0.612	Valid
		X4.1.2	0.552	Valid
		X4.2.1	0.767	Valid
		X4.2.2	0.743	Valid
		X4.3.1	0.761	Valid
		X4.3.2	0.842	Valid
		X4.1.1	0.612	Valid

Source: Data Analyzed. 2022

The data used in this research is quantitative. Quantitative data is from respondents' answers, quantified using a 5-point Likert scale. The Likert scale measures are "1' to strongly disagree, '2' to disagree, '3' to be neutral, '4' to agree, and strongly disagree. The source of research data is primary data. Primary data is directly obtained from the source, namely the answers of millennial generation respondents who have invested in shares obtained through questionnaires and interview results. The data collection method used was a survey, namely collecting data by distributing questionnaires through social media in a Google form or directly given to respondents. Besides that, interviews were also conducted with millennial generation investors to get the right answers and assess their behavior.

The research instrument in the form of a questionnaire is used to collect data. The questionnaire was formulated through focus group discussion. The research questionnaire was first tested for the validity and reliability of the questions before being distributed to the real respondents. A validity test determines the reliability of questions to reveal information. The validity test is done by using product moment correlation.

The reliability test measures a question, which is an indicator of a variable or construct and is trusted, reliable, and accurate. Reliability testing uses Cronbach's alpha coefficient. The instrument is called reliable if the Cronbach's alpha value exceeds 0.06. Data analysis in this study uses partial least squares (PLS). Researchers use this analysis technique because it is not based on many assumptions, the data does not have to be normally distributed, and the sample can be small. The steps for the PLS analysis technique are: (1) designing a measurement model and (2) designing a structural model. The structural model describes the relationship between latent variables based on substantive theory (Ghozali & Latan, 2016, p. 73). the number of samples used in this study was 335 people. The sample was selected based on the ratio used in the study, with a ratio of 20:1 for each variable. The sample was chosen free from the population because the sampling technique used in this study was convenience sampling. The model evaluation stage in SmartPLS 3.0 is the measurement model analysis and the structural model analysis.

RESULTS AND DISCUSSIONS

Table 2. Reliability Test Results

No.	Variable	Cronbach's Alpha	Information
1	Investation decision (Y)	0.808	Reliabel
2	Economic Conditions (X_1)	0.628	Reliabel
3	Return Expectations (X_2)	0.899	Reliabel
4	Self Efficacy (X_3)	0.867	Reliabel
5	Perception of Risk (X_4)	0.800	Reliabel

Sumber: Data dianalisis. 2022

Table 3. AVE value

Variable	AVE	Description
Investment Decision (Y)	0.516	Valid
Economic Conditions (X_1)	0.665	Valid
Expected return (X_2)	0.608	Valid
Self Efficacy (X_3)	0.555	Valid
Risk Perception (X_4)	0.661	Valid

Source: Data Analyzed. 2022

Measurement model analysis aims to ensure that the indicators used are feasible to be used as measurements (valid and reliable). Tests in the measurement model analysis are shown by table 1. The statement items in the questionnaire, which are research instruments for measuring investment decisions, economic conditions, return expectations, self-efficacy, and risk perception, have an r value greater than 0.3. This means that all statement items in the research instrument are valid and suitable for use as research instruments. Table 2 shows that the research instrument has a Cronbach's alpha value greater than 0.6. This means that all statements of each variable used in this study have fulfilled the reliability requirements so that they are suitable for conducting research.

Based on Table 3, Investment Decisions, Economic Conditions, Expected return, self-efficacy, and Risk Perception have fulfilled the second convergent validity test because they have an AVE value greater than 0.5. After the convergent validity test is completed, it is continued with the discriminant validity test, which aims to explain whether the two variables are sufficiently different. The discriminant validity test can be fulfilled if the correlation value of the variable to the variable itself is greater than the correlation value of all other variables. In addition, another way to fulfil the discriminant validity test can be seen in the cross-loading value; if the cross-loading value of each variable indicator to the variable itself is greater than the correlation value of the indicator to other variables, then

Table 4. Discriminant Validity Test

	X1	X2	X3	X4	Y
X1.1.1	**0.842**	0.581	0.372	0.271	-0.075
X1.2.1	**0.789**	0.516	0.423	0.303	-0.077
X1.3.1	**0.814**	0.597	0.402	0.311	-0.033
X2.1.1	0.684	**0.844**	0.556	0.448	-0.245
X2.1.2	0.571	**0.795**	0.546	0.461	-0.166
X2.2.1	0.501	**0.826**	0.518	0.368	-0.220
X2.2.2	0.506	**0.821**	0.475	0.365	-0.275
X2.2.3	0.459	**0.799**	0.509	0.376	-0.247
X2.3.1	0.473	**0.768**	0.421	0.329	-0.394
X2.3.2	0.574	**0.596**	0.300	0.172	-0.092
X3.1.2	0.231	0.402	**0.714**	0.342	0.027
X3.1.3	0.284	0.439	**0.731**	0.354	0.036
X3.2.2	0.480	0.573	**0.801**	0.678	0.062
X3.2.3	0.356	0.378	**0.878**	0.706	0.011
X3.3.2	0.431	0.479	**0.769**	0.569	0.012
X4.1.1	0.347	0.450	0.515	**0.637**	0.065
X4.2.1	0.253	0.363	0.583	**0.848**	-0.074
X4.2.2	0.356	0.378	0.706	**0.878**	0.011
X4.3.1	0.266	0.369	0.615	**0.875**	0.009
X4.3.2	0.272	0.379	0.598	**0.887**	-0.018
Y1.1	0.010	-0.161	0.093	0.050	**0.490**
Y1.4	0.062	-0.093	-0.015	-0.055	**0.383**
Y2.3	-0.173	-0.334	-0.050	-0.062	**0.834**
Y3.1	-0.034	-0.246	0.055	0.037	**0.855**
Y3.2	-0.052	-0.203	0.071	0.004	**0.876**

Source: Data Analyzed. 2022

Table: 5. Cronbach's Alpha Value and Composite Reliability

Variable	Cronbach's Alpha Value	Composite Reliability Value
Investment Decision (Y)	0.830	0.743
Economic Conditions (X1)	0.856	0.748
Expected return (X2)	0.915	0.890
Self Efficacy (X3)	0.862	0.800
Risk Perception (X4)	0.904	0.861

Source: Data Analyzed, 2022

the discriminant validity test is fulfilled.

The validity test aims to measure the extent to which a measuring instrument can measure what should be measured. Two stages of validity testing are carried out, namely, the convergent and discriminant validity tests. The convergent validity test aims to prove that each indicator for each variable in this study can be understood by the respondents in the same way as intended by the researchers. Convergent validity can be fulfilled if it has a loading factor value greater than 0.7 and an average variance extracted (AVE) value greater than 0.5 (Budhiasa, 2016).

Based on Table 4 shows that Investment Decision, Economic Conditions, Expected return, self-efficacy, and Risk Perception have fulfilled the convergent validity test and have fulfilled the first discriminant validity test becau- se the correlation value of the variable to the variable itself is greater when compared to the correlation value of the variable to the other variable. It has also fulfilled the second discriminant validity test because the correlation value of each variable indicator to the variable itself is greater when compared to the correlation value of the variable indicator to other variables.

The reliability test aims to measure how reliable or consistent the indicators used in the research are. Two stages of reliability testing are carried out, namely the composite reliability test and Cronbach's alpha. It is reliable if it has a composite reliability value greater than 0.7 (Nunnally & Bernstein, 1994) and a Cronbach's alpha value greater than 0.7 (Eisingerich & Rubera, 2010). Composite reliability test results and Cronbach's alpha values for all samples are presented in Table 5. Table 5 shows that the Investment Decision, Economic Conditions, Expected return, self-efficacy, and Risk Perception variables have fulfilled the reliability test because they have a Cronbach's alpha value and composite reliability greater than 0.7.

The R-squared value in this study was 0.194. This value indicates that 19.4 percent of the Economic Conditions, expected return, self-efficacy, and Risk Perception variables in the Investment Decision variable and the rest are influenced by other variables outside the model in this study. This value also indicates that the model in this study is included in the weak criteria.

Path coefficients and T statistics are used to test the hypotheses in this study. Path coefficients are values that indicate the direction of the variable relationship. Suppose the path coefficient value is greater than 0. In that case, the direction of the variable relationship is positive, but if the path coefficient value is less than 0, then the variable relationship's direction is negative. The path coefficient values are presented in Table 6 and Figure 1.

Table 6 and Figure 1 show that the path coefficients of all variables are greater than 0. These values indicate that Economic Conditions, expected returns, self-efficacy and Risk Perception positively affect Investment Decisions. The t-test is performed to produce estimated values for the path relationships in the structural model. If the statistical T value is greater than 1.96 (5 percent significance), then the independent variable is considered to have a significant effect on the dependent variable, and vice versa. Based on Table 4 shows that the statistical T value of all variables is greater than 1.96.

Predictive relevance is a value that indicates how well the model and its parameter estimates generate the observed values. If the predictive relevance value exceeds 0, it is considered a good observation, and vice versa. The predictive value of relevance in this study is 0.51. This value is greater than 0, so the model is considered to have

Table 6. Path Coefficients values

	Original Sample (O)	T Statistik (| O/STDEV |)	P Values
Economic Conditions (X_1)	0.218	3.136	0.002
Expected return (X_2)	-0.668	7.971	0.000
Self Efficacy (X_3)	0.412	5.101	0.000
Risk Perception (X_4)	-0.087	1.188	0.235
X_1 -> X_2	0.693	28.553	0.000
X_1 -> X_3	0.489	11.026	0.000
X_1 -> X_4	0.362	7.199	0.000

Source: Data Analyzed. 2022

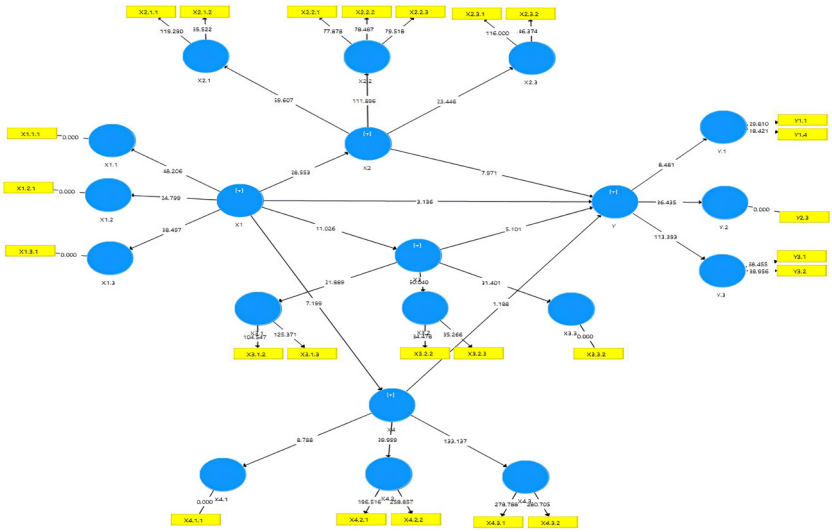

Figure 1. Data analysis results

good observations.

Model fit is a statistical model that describes how well it fits a set of observations. The model built is considered good or fit if it has a normal fit index (NFI) value close to 1 (Bentler & Bonett, 1980). The normal fit index (NFI) value in this study was 0.84. This value is close to 1, so the model is considered good or fit.

Hypothesis 1 states that socioeconomic conditions affect investment decisions. The analysis results show that Economic Conditions affect Investment Decisions on stocks in the capital market. These results indicate that the better the socioeconomic conditions of the melineal generation, the higher the Investment Decision will be. Socioeconomic conditions are the position or position of a person in a community group, which is determined by the type of economic activity, education and income. The investment decision made by the melineal generation is influenced by the amount of income received or earned by the respondent, the length of time the respondent has worked in a company/place of work or his own business, and the formal education and investment training the respondent has attended. The analysis results support the research of (Mandala & Wiagustini, 2017), who found that socioeconomic conditions positively affect investment decisions.

The magnitude of the millennial generation produces the largest socioeconomic conditions. This is also shown by 60 percent of response income between Rp. 5,000,000 to less than Rp. 10,000,000. The average income between Rp. 3,500,000 to Rp. 5,000,000 is 30 percent, and respondents' income is above Rp. 10,000,000 is 15 percent. The average education taken by respondents is undergraduate, equal to 60 percent. While those with diploma education are 20 percent, and 15 percent have postgraduate education.

Hypothesis 2 states that socioeconomic conditions affect Expected return. The results of the analysis show that socio-economic conditions have a positive effect on Expected return. That is, the better the socio-economic conditions cause the expected return to increase. These results indicate that the millennial generation, which has sufficient income, has higher education, has completed formal education and has attended capital market training, causing higher interest in the returns generated. The millennial generation also expects high returns and unlimited returns are increasing.

Hypothesis 3 states that socioeconomic conditions affect self-efficacy. The results of the analysis show that socioeconomic conditions have a positive effect on self-efficacy. Income earned by the millennial generation, long working years and formal education and training can increase the millennial generation has confidence in their ability to organize and carry out actions and make decisions in stock investment activities in the capital market. So, the better the socio-economic conditions of the millennial generation, the higher the self-efficacy.

Hypothesis 4 states that socioeconomic conditions affect risk perception. The results of the analysis show that socioeconomic conditions affect Risk Perception. These results indicate that the better the socio-economic con- ditions of the millennial generation, the better one's view of the potential risks of investing in stocks in the Capital Market. Millennials with good socio-economic conditions will increase their perception of certain risks in investing, understand that investing suffers losses, and increase the thought that investing in stocks in the capital market is risky.

Risk Perception can be defined as a subjective assessment of the uncertainty of possible events/events that may occur and how concerned we are with the consequences. Everyone views risk differently, and no two or more people always view the same risk similarly. How people perceive risk can be related to the skills available to the individual, motivational factors, experience and so on.

Hypothesis 5 states that Expected return affects stock investment decisions. The analysis results show that Expected return has a negative effect on Investment Decisions. These results indicate that the higher the expected return, the lower the mellineal generation decision. Conversely, the lower the expected return, the higher the Invest-

ment Decision the millennial generation takes. This result is in line with the expectancy theory, which shows that the actions taken by a person depend on the strength of an expectation that the attractiveness of the results of these actions follows the action. Stock prices in the capital market always fluctuate. This can be seen from the always fluctuating stock prices as evidenced by the ever-changing value of the Jakarta Composite Index (IHSG). It is possible that millennials still see stock investment as having low yields. If your instrument can capture the perceptions of the millennial generation about knowledge of returns from stock investment, then serve it. You can do an additional one-sample ks analysis if the perceived return on investment stock is lower than 3 (cut-off value < three because three is neutral).

Expected return describes a person's income expectations for the return he receives after investing in stocks in the capital market to meet his needs in the future. These results indicate that more interest in the returns generated, the hope of getting high returns, and the hope of getting unlimited returns leads to lower stock investment decisions made by millennials. Expected return is the rate of return or profit expected by investors in the future. This is, of course, the main objective of investment, which is to place funds in an investment instrument to become productive funds to gain future profits.

Hypothesis 6 states that self-efficacy influences investment decisions. The results of the analysis show that self-efficacy has a positive effect on investment decisions. This means that the higher the confidence the millennial generation has about their ability to organize and make investments and make decisions in stock investment activities in the capital market, the more investment decisions the millennial generation takes. The difficulty in investing, the higher the strength of an individual's belief in his ability, and the better things are related to the broad range of behavioural areas where individuals feel confident in their abilities, leading to an increase in the Investment Decision taken.

Bandura (1997) states self-efficacy is the main source of human action (human agency). The concept of belief in self-ability in social cognitive theory explains the ability of individual knowledge to play a role in self-regulation (Bandura, 1997). Self-efficacy is an individual's belief about the ability of his knowledge to influence events that affect his life. This belief is based on individual feelings that they have the cognitive abilities, resources, and motivation to complete a job (Ghasarma et al., 2017).

This research is supported by previous research from Farrell et al. (2016), Herawati (2017), Ramalho & Forte and (2019) show that self-efficacy can foster a person's self-confidence in financial management, so in the end, it has a real influence on his financial results.

Hypothesis 7 states that Risk Perception affects Investment Decisions. The analysis results show that Risk Perception does not affect Investment Decisions. Perception of stock investment risk is one's view of the potential risks in stock investment in the Capital Market. The analysis results indicate that the millennial generation needs to pay more attention to certain risks, experiences losses in investing, and thinks that investing is risky.

Risk perception is a person's assessment of a risky situation that depends on the psychological characteristics and circumstances of the person (Aren & Zengin, 2016; Wulandari & Iramani, 2014) argues that risk perception affects individual investment preferences. The analysis results are not from the behavioural finance theory, which states that decision-making is based on psychology and irrational attitudes (Waweru et al., 2008). The descriptive results of the respondents' answers show respondents' risk Perception level in the medium category with a mean score of 2.8. This means that respondents have a perception of risk at a moderate level. Even though the level of risk perception behaviour in respondents is in the moderate category, the risk perception behaviour does not affect the investment decision-making of millennial generation stocks. This is because the respondents in this study were not careful and tended to be brave in investing, had optimistic thoughts and did not consider the risks involved.

CONCLUSIONS

The discussion that has been carried out shows that socio-economic conditions influence the investment decisions made by the millennial generation. The expected return has a negative effect on Millennial stock investment decisions. This means that when the millennial generation expects the income or return they receive after investing in stocks in the capital market to meet their needs in the future, it will get bigger, causing the decision to invest in stocks to get lower. Self-efficacy has a positive effect on Investment Decisions. Risk Perception does not affect Investment Decisions. The results of this study can conclude that socioeconomic conditions, return expectations, and self-efficacy majorly contribute to the millennial generation's investment decisions. This condition is because there is a goal to profit when investing. In addition, socio-economic conditions affect the perspective of the millennial generation towards investment. Socioeconomic conditions are a consideration for investing because millennials are very sensitive to the conditions around them. The analysis results also show that the socio-economic conditions of the millennial generation have an effect on Expected returns, self-efficacy and Risk Perception and, in turn, influence the decision to invest in stocks in the capital market made by the millennial generation. The limitations of this study are that it only uses specific indicators such as salary, education and years of service. Research is limited to one generation; it would be better to compare between generations.

This research uses perceptions of income, perceptions of years of service and perceptions of education to measure socio-economic factors. Future research is expected to use the amount of salary, level of education completed,

and actual working time to measure socio-economic conditions.

REFERENCES

Ady, S. U., & Hidayat, A. (2019). Do young surabaya's investors make rational investment decisions. International Journal of Scientific and Technology Research, 8(7), 319–322.

Ahmad, M., & Shah, S. Z. A. (2022). Overconfidence heuristic-driven bias in investment decision-making and performance: mediating effects of risk perception and moderating effects of financial literacy. Journal of Economic and Administrative Sciences, 38(1), 60–90. https://doi.org/10.1108/jeas-07-2020-0116

Ajzen, I. (1985). From Intentions to Actions: A Theory of Planned Behavior. In Action Control (Springer S). Springer. https://doi.org/10.1007/978-3-642-69746-3_2

Ajzen, I. (1991). The theory of planned behavior. Organizational Behavior and Human Decision Processes, 50(2), 179–211. https://doi.org/10.1016/0749-5978(91)90020-T

Akbar, M., Salman, A., Mughal, K. S., Mehmood, F., Makarevic, N., & Campus, I. (2016). Factors Affecting the Individual Decision Making: a Case Study of Islamabad Stock Exchange. European Journal of Economic Studies, 15(1), 242–258. https://doi.org/10.13187/es.2016.15.242

Akhtar, F., & Das, N. (2019). Predictors of investment intention in Indian stock markets: Extending the theory of planned behaviour. International Journal of Bank Marketing, 37(1), 97–119. https://doi.org/10.1108/IJBM-08-2017-0167

Ali, I., & Tariq, A. (2013). Factors Affecting Individual Equity Investor's Decision Making in Pakistan. International Journal of Business and Social Science, 1(November), 17–31.

Anggraini, F., & Mulyani, E. (2022). Pengaruh Informasi Akuntansi, Persepsi Risiko dan Citra Perusahaan dalam Pengambilan Keputusan Investasi di Masa Pandemi Covid-19. Jurnal Eksplorasi Akuntansi, 4(1), 25–39. https://doi.org/10.24036/jea.v4i1.486

Aren, S., & Zengin, A. N. (2016). Influence of Financial Literacy and Risk Perception on Choice of Investment. Procedia - Social and Behavioral Sciences, 235(October), 656–663. https://doi.org/10.1016/j.sbspro.2016.11.047

Auruma S, T., & Sudana, I. M. (2016). Diversifikasi Investasi Saham: Perbandingan Risiko Total Portofolio Melalui Diversifikasi Domestik Dan Internasional. Jurnal Manajemen Teori Dan Terapan, 6(1), 24–39. https://doi.org/10.20473/jmtt.v6i1.2657

Bandura, A. (1997). Self-Efficacy: The Exercise of Control. New York: W. H. Freeman and Company.

Barber, B. M., & Odean, T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. Quarterly Journal of Economics, 116, 261–292. https://doi.org/10.1162/003355301556400

Bentler, P. M., & Bonett, D. G. (1980). Significance tests and goodness of fit in the analysis of covariance structures. Psychological Bulletin, 88, 588–606. https://doi.org/10.1037/0033-2909.88.3.588

Budhiasa, I. G. S. (2016). Analisis Statistik Multivariate Dengan Aplikasi SEM PLS SMARTPLS 3.2.6. Udayana University Press.

Christanti, N., & Mahastanti, L. A. (2011). Faktor-Faktor Yang Dipertimbangkan Investor Dalam Melakukan Investasi. Jurnal Manajemen Teori Dan Terapan, 4(3), 37–51. https://doi.org/10.20473/jmtt.v4i3.2424

Eisingerich, A. B., & Rubera, G. (2010). Drivers of brand commitment: A cross-national investigation. Journal of International Marketing, 18(2), 64–79. https://doi.org/10.1509/jimk.18.2.64

Elfahmi, R., Ikin Solikin, & Nugraha. (2020). Model Of Student Investment Intention With Financial Knowledge As A Predictor That Moderated By Financial Selfefficacy And Perceived Risk. Dinasti International Journal of Economics, Finance & Accounting, 1(1), 165–175. https://doi.org/10.38035/dijefa.v1i1.232

Farrell, L., Fry, T. R. L., & Risse, L. (2016). The significance of financial self-efficacy in explaining women's personal finance behaviour. Journal of Economic Psychology, 54(June), 85–99. https://doi.org/10.1016/j.joep.2015.07.001

Ghasarma, R., Putri, L., & Adam, M. (2017). Financial Literacy; Strategies and Concepts in Understanding the Financial Planning With Self-Efficacy Theory and Goal Setting Theory of Motivation Approach. International Journal of Economics and Financial Issues, 7(4), 182–188.

Ghozali, I., & Latan, H. (2016). Partial Least Squares Konsep, Teknik dan Aplikasi Menggunakan Program SmartPLS 3.0. Semarang: Badan Penerbit Universitas Diponegoro.

Hair Jr, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2006). Multivariate Data Analysis (6th ed). Pearson Prentice Hall.

Halim, A. (2005). Analisis investasi (Edisi 2). Salemba Empat.

Handayani, U. N., & Kurnianingsih, H. (2021). Pengaruh Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen, Terhadap Nilai Perusahaan. Business Management Analysis Journal (BMAJ), 4(1), 1–19. https://doi.org/10.24176/bmaj.v4i1.5999

Herawati, N. T. (2017). Tingkat Literasi Keuangan Mahasiswa serta Faktor-Faktor yang Mempengaruhinya. Seminar Nasional Riset Inovatif 2017, 5(1), 131–137.

Husein, H., Saleh, P. A., Kriaswantini, D., & Bonara, R. S. . (2023). Deteksi Manipulasi Laporan Keuangan Menggunakan Model Beneish M-Score pada BUMN yang Terdaftar di Pasar Modal. Jurnal Akuntansi, 18(1), 1–10. https://doi.org/10.37058/jak.v18i1.5609

Khoirunnisa, & Priatinah, D. (2017). Pengaruh Norma Subjektif, Return Ekspektasian dan Modal Investasi Minimal Terhadap Minat Investasi Saham Mahasiswa Akuntansi Fakultas Ekonomi Universitas Negeri Yogyakarta. Jurnal Profita, 5(8).

Kiyosaki, R. T. (2015). Rich Dad Poor Dad. PT Gramedia Pustaka Utama.

Ladamay, A. Z. F., Supriyanto, T., & Nugraheni, S. (2021). Pengaruh Media Sosial, Literasi Keuangan, Risiko, Imbal Hasil, dan Religiusitas Terhadap Minat Berinvestasi Sukuk Generasi Z di Jakarta. Islamic Economics Journal, 7(2), 161. https://doi.org/10.21111/iej.v7i2.6552

Mandala, I. G. N. N., & Wiagustini, L. P. (2017). Pengaruh Variabel Sosial Ekonomi, Demografi, dan IPK Terhadap Financial Literacy. E-Jurnal Ekonomi Dan Bisnis, 6(12), 4225–4254.

Nunnally, J. C., & Bernstein, I. H. (1994). Psychometric Theory. McGraw-Hill Inc.

Prasastianta, D. E. (2011). The Influence of Interest in Economics Lessons, Parents' Socio-Economic Status, Economic Knowledge and Economic Rationality on Economic Behavior. UNM.

Ramalho, T. B., & Forte, D. (2019). Financial literacy in Brazil – do knowledge and self-confidence relate with behavior? RAUSP Management Journal, 54(1), 77–95. https://doi.org/10.1108/RAUSP-04-2018-0008

Ratnadi, N. M. D., Widanaputra, A. A. G. P., & Putra, I. N. W. A. (2020). Behavioral factors influencing investment decision-making by college student: An empirical study in Bali Province, Indonesia. International Journal of Scientific and Technology Research, 9(2), 1358–1368.

Rohani, R., & Pamungkas, A. S. (2023). Pengaruh Financial Literacy, Risk Perception dan Experienced Regret terhadap Investment Decision. Jurnal Manajerial Dan Kewirausahaan, 5(3), 732–741. https://doi.org/10.24912/jmk.v5i3.25425

Seni, N. N. A., & Ratnadi, N. M. D. (2017). Theory Of Planned Behavior Untuk Memprediksi Niat Berinvestasi. E-Jurnal Ekonomi Dan Bisnis Universitas Udayana, 6(2), 4043–4064. https://doi.org/10.24843/eeb.2017.v06.i12.p01

Shabgou, M., & Mousavi, A. (2016). Behavioral Finance : Behavioral Factors Influencing Investors ' Decisions Making. Advanced Social Humanities and Management, 3(1), 1–6.

Singh, D., Barreda, A. A., Kageyama, Y., & Singh, N. (2019). The Mediating Effect of Financial Self-Efficacy on the Financial Literacy-Behavior Relationship: A Case of Generation Y Professionals. The Economics and Finance Letters, 6(2), 120–133. https://doi.org/10.18488/journal.29.2019.62.120.133

Susanti, A., Bakhtiar, M. R., & Trimiati, K. E. (2022). Pengaruh Struktur Modal, Profitabilitas Dan Ukuran Perusahaan Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2015-2017). E-Jurnal Riset Manajemen, 7(5), 53–66.

Tang, S., Huang, S., Zhu, J., Huang, R., Tang, Z., & Hu, J. (2019). Financial self-efficacy and disposition effect in investors: The mediating role of versatile cognitive style. Frontiers in Psychology, 9(Jan), 1–6. https://doi.org/10.3389/fpsyg.2018.02705

Waweru, N. M., Munyoki, E., & Uliana, E. (2008). The effects of behavioural factors in investment decision-making: a survey of institutional investors operating at the Nairobi Stock Exchange. International Journal of Business and Emerging Markets, 1(1), 24–41. https://doi.org/10.1504/ijbem.2008.019243

Widayat. (2010). Penentu Perilaku Berinvestasi. Ekonomika-Bisnis, 1(2), 111 – 128.

Wulandari, D. A., & Iramani, R. (2014). Studi Experienced Regret, Risk Tolerance, Overconfidance Dan Risk Perception Pada Pengambilan Keputusan Investasi Dosen Ekonomi. Journal of Business and Banking, 4(1), 55–66.

Xiao, J. J., & Wu, J. (2006). Applying the Theory of Planned Behavior to Retain Credit Counseling Clients. SSRN Electronic Journal, September, 1–17. https://doi.org/10.2139/ssrn.939437