


**DETERMINING FACTORS FOR YOUNG INVESTORS TO INVEST IN THE CAPITAL MARKET**

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ARTICLE INFO	ABSTRACT
<p><b>Article history:</b></p> <p><b>Received</b> 20 February 2023</p> <p><b>Accepted</b> 08 May 2023</p>	<p><b>Purpose:</b> To find out the determinants of young investors in investing in the Capital Market.</p>
<p><b>Keywords:</b></p> <p>Financial literacy; Motivation; Personal Interest; Environment; Investment Behavior; Investment Decision.</p>	<p><b>Theoretical framework:</b> Financial Literacy, Motivation, Personal Interests, Environment, and Investment Behavior. This topic was adopted from several theoretical studies and previous research which was put together as a single factor that influences the decisions of young investors in investing in the capital market.</p>
	<p><b>Design/methodology/approach:</b> This study used a quantitative approach with an explanatory design using a survey method. The sample in this study is young investors aged 18-25 years who invest in stocks on the Stock Exchange with a total sample of 110 samples. This study uses a 5-point Likert scale to collect research data.</p> <p><b>Findings:</b> The results show that 1) The independent variables of financial literacy, motivation, personal interest, environment and investment behavior simultaneously have a positive and significant effect on investment decisions with a large influence of 98%, while the remaining 2% are other factors not included in this model ; 2) The variables of financial literacy, motivation, personal interest, environment and investment behavior have a positive and significant partial effect on investment decisions; 3) the motivational variable is the dominant determining factor while the minimum is financial literacy.</p> <p><b>Research, Practical &amp; Social implications:</b> We recommend a future research agenda related to investment diversification and investor retention as a result of investment decisions to become a unified role model.</p> <p><b>Originality/value:</b> Most of the previous studies have only partially used variables and none have broken down investors by age. However, a thorough and complete analysis of these factors along with the specifications of investors, especially young investors, is the target of the importance of our research.</p> <p>Doi: <a href="https://doi.org/10.26668/businessreview/2023.v8i5.1964">https://doi.org/10.26668/businessreview/2023.v8i5.1964</a></p>

**FATORES DETERMINANTES PARA JOVENS INVESTIDORES INVESTIR NO MERCADO DE CAPITAIS**

**RESUMO**

**Objetivo:** Conhecer os determinantes dos jovens investidores para investir no Mercado de Capitais.

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**Enquadramento teórico:** Literacia Financeira, Motivação, Interesses Pessoais, Ambiente e Comportamento de Investimento. Este tema foi adotado a partir de vários estudos teóricos e pesquisas anteriores que foram reunidos como um único fator que influencia as decisões de jovens investidores em investir no mercado de capitais.

**Desenho/metodologia/abordagem:** Este estudo utilizou uma abordagem quantitativa com um desenho explicativo usando um método de pesquisa. A amostra deste estudo é de jovens investidores de 18 a 25 anos que investem em ações na Bolsa de Valores com uma amostra total de 110 amostras. Este estudo usa uma escala Likert de 5 pontos para coletar dados de pesquisa.

**Resultados:** Os resultados mostram que 1) As variáveis independentes de alfabetização financeira, motivação, interesse pessoal, ambiente e comportamento de investimento simultaneamente têm um efeito positivo e significativo nas decisões de investimento com uma grande influência de 98%, enquanto os 2% restantes são outros fatores não incluído neste modelo; 2) As variáveis literacia financeira, motivação, interesse pessoal, ambiente e comportamento de investimento têm um efeito parcial positivo e significativo nas decisões de investimento; 3) a variável motivacional é o determinante dominante enquanto o mínimo é a alfabetização financeira.

**Pesquisa, implicações práticas e sociais:** Recomendamos uma agenda de pesquisa futura relacionada à diversificação de investimentos e retenção de investidores como resultado de decisões de investimento para se tornar um modelo unificado.

**Originalidade/valor:** a maioria dos estudos anteriores usou variáveis apenas parcialmente e nenhum dividiu os investidores por idade. No entanto, uma análise criteriosa e completa desses fatores juntamente com as especificações dos investidores, principalmente os investidores jovens, é alvo da importância de nossa pesquisa.

**Palavras-chave:** Letramento Financeiro, Motivação, Interesse Pessoal, Ambiente, Comportamento de Investimento, Decisão de Investimento.

## DETERMINANTES PARA QUE LOS JÓVENES INVERSORES INVIERTAN EN LOS MERCADOS DE CAPITAL

### RESUMEN

**Objetivo:** Conocer los determinantes de los jóvenes inversionistas para invertir en el Mercado de Capitales.

**Marco teórico:** Alfabetización Financiera, Motivación, Intereses Personales, Ambiente de Inversión y Comportamiento. Este tema fue adoptado de varios estudios teóricos e investigaciones previas que se reunieron como un factor único que influye en las decisiones de los jóvenes inversores para invertir en el mercado de capitales.

**Diseño/metodología/enfoque:** Este estudio utilizó un enfoque cuantitativo con un diseño explicativo utilizando un método de encuesta. La muestra de este estudio está formada por jóvenes inversores de 18 a 25 años que invierten en acciones de la Bolsa de Valores, con una muestra total de 110 muestras. Este estudio utiliza una escala de Likert de 5 puntos para recopilar datos de la encuesta.

**Resultados:** Los resultados muestran que 1) Las variables independientes educación financiera, motivación, interés personal, ambiente y comportamiento inversor simultáneamente tienen un efecto positivo y significativo en las decisiones de inversión con una gran influencia del 98%, mientras que el 2% restante son otros factores no incluido en este modelo; 2) Las variables educación financiera, motivación, interés personal, ambiente y comportamiento inversor tienen un efecto parcial positivo y significativo en las decisiones de inversión; 3) la variable motivacional es el determinante dominante mientras que el mínimo es la educación financiera.

**Implicaciones sociales, prácticas y de investigación:** Recomendamos una futura agenda de investigación relacionada con la diversificación de inversiones y la retención de inversores como resultado de las decisiones de inversión para convertirse en un modelo unificado.

**Originalidad/Valor:** la mayoría de los estudios anteriores utilizaron variables solo parcialmente y ninguno desglosó a los inversores por edad. Sin embargo, un análisis cuidadoso y completo de estos factores junto con las especificaciones de los inversores, principalmente inversores jóvenes, es el objetivo de la importancia de nuestra investigación.

**Palabras clave:** Alfabetización financiera, Motivación, Interés Personal, Entorno, Comportamiento Inversor, Decisión de Inversión.

## INTRODUCTION

In today's modern era, one of the efforts of each individual to avoid the risk of uncertainty is by investing (Azzahra, 2020). Self-investment, namely investing a certain amount of funds or capital at this time to get greater returns in the future come. Or it can also be said that investment is a process of saving that is oriented towards certain goals and how to achieve these goals. In addition, investment has advantages in a higher level of profitability and a more diverse choice of instruments compared to savings (Septyanto, 2013).

In general, investment is divided into two forms, namely real investment and financial investment. Real investment, namely investment made in tangible assets such as land, buildings, shop houses, and those that are permanently attached to the land (Fariqi, 2020). While financial investments are investments made in securities both in the money market (money market) such as deposits, as well as securities in the capital market (capital market) such as stocks, bonds and various other forms of capital market securities. One of the goals of investment is financial freedom, where a person is considered to be able to get passive income to meet life's needs in the long term. For those who work, passive income is income outside of the salary received every month from where they work. In other words, financial freedom can be obtained when their life needs can be met even if someone decides not to work anymore (Rakhmatulloh & Asandimitra, 2019).

As a means of investment, the capital market is very beneficial for investors and the business world in general. The capital market acts as a liaison between investors and companies and government agencies through trading in long-term instruments such as bonds, stocks and others. The capital market acts as a long-term source of funds, an alternative investment for restructuring company capital, and a medium for divestment. The benefit of the capital market for investors is that it provides opportunities or rights for the community to own companies that are healthy and have good prospects in the future and are alternative investments that provide potential profits with calculated risks (Maldini, 2014).

Based on data from the Financial Services Authority (2020) all transactions in Indonesia are carried out by domestic investors with a proportion of 61.69% compared to foreign investors, namely 48.31%. These domestic investors carried out share buying and selling transactions with a total transaction value of IDR 1.55 billion, this amount increased from previous years where the total domestic investor transactions only reached 59.42% of the total transactions of IDR 1.4 billion. The data shows that the decision to invest in the capital market for the Indonesian people is quite high and increasing from year to year. The sector that is the

main commodity in the choice of capital market investment is the financial sector with a market capitalization of 37.30%, followed by the consumption industry sector of 13.34% and the agriculture, property and real estate sector occupying the last position (Otoritas Jasa Keuangan, 2021).

This increase in investment activity is supported by advances in technology that make it easier for investors to carry out and supervise transactions carried out easily by utilizing online and offline investment facilities. Beginner investors used to think that investing in the capital market was safer when done directly through the Stock Exchange, but this is starting to change with the emergence of a wide selection of safe investment applications that have comprehensively offered various types of investment. Seeing this, investors can invest only by relying on their mobile phones without the need to go to the stock exchange directly. What's more, nowadays almost all investment applications also provide investment insights and instructions for beginners so that they already have an understanding of investment systematics before doing this (Azzahra, 2020).

As a result of this ease of investment, it also encourages the domination of millennials or young investors in the capital market. The Indonesia Stock Exchange (IDX) revealed that young investors will dominate the number of investors in the capital market starting in 2020. The main reason for this phenomenon is because the lives of the younger generation are closer to using technology and are starting to understand the importance of financial planning. It was noted that the number of investors aged between 26-39 years reached 1.91 million people or 78.4 percent of the total investors of around 2.4 million people in June 2021. Meanwhile, specifically for young investors aged 18-25 years, the number was 375 thousand or 47.4 percent of total new investors in 2021 (CNN Indonesia, 2021). This is also supported by the findings of The Harris Poll in 2018 in Onasie and Widodoatmodjo, that 92% of millennials already like saving and have implemented financial management with investment (Onasie & Widodoatmodjo, 2020).

With an increasing number of young investors in the capital market, automatically more investment decisions will be made. This will be in the spotlight whether investors have made an investment decision in accordance with the basics of investment decisions. Investment decisions are individual and depend entirely on independent individuals (Widyaningrum, 2015). But unfortunately, many young investors are still too hasty in making investment decisions and choices. The basic mistake of young investors when starting an investment is to follow feelings or emotions too much. This is based on the fact that fear and greed dominate

the market, sometimes making investors often take the wrong steps in their investment activities. Yet these young investors should not let fear or greed control their decisions. Instead, they must focus on knowledge and careful investment planning by considering various factors that will encourage profitable investment decisions (Sitinjak, 2013).

Investment decisions for an investor regarding the future, which means it contains an element of risk for investors. A rational investor, before making an investment decision, must consider two things, namely, the expected return and risk contained in the alternative investments he makes. This is done to prevent the occurrence of wrong decisions mainly as a result of using the wrong indication of an unfounded perspective. Before arriving at an investment decision, it is hoped that it has gone through a lot of careful consideration. there are several internal and external factors that influence investment decisions, internal factors from the rational side and external factors from the investor side (Hati & Harefa, 2019).

Apart from financial literacy, investment decisions are also heavily influenced by their motivation. Investor motivation is a situation within a person's personality that encourages the individual's desire to carry out activities to achieve a goal. With motivation in a person will show a behavior that is directed at a goal to achieve satisfaction goals (Putri & Simanjuntak, 2020). The purpose of a motivation is to be able to move or spur investors so that the desire and willingness to invest can arise and increase the number of investors investing in Islamic stocks so that the objectives of the securities company are achieved, as expected and on target (Virlics, 2013).

In addition, personal interest or individual interest also influences the investment decisions of investors. Personal interest or self-interest is a feeling of liking someone for a particular object from an event or thing. Personal interest or interest is something important that drives someone to do something. Personal interest in investing affects a person's personality to encourage individual desires to carry out certain activities to make investments (Perdana, 2019).

Next is environmental or environmental factors on investment decisions as measured by politics and economics indicating that political and economic policies in the country influence investors in making their investments. Environmental factors are important factors in determining investment awareness that come from external sources that influence an individual in making an investment. The influence of investors' environmental factors needs to be considered, because they affect investment awareness, investors often involve more than one individual (Susilawaty et al., 2018). Environmental factors are often measured by the country's political, social and economic conditions and the influence of the surrounding environment

such as recommendations from friends, co-workers and family (Perdana, 2019). The research results of Al-Mahdi and Faisal (2023) report that there are many challenges such as administrative barriers, routines, many decision makers, administrative and financial corruption, difficulty obtaining investment permits, poor coordination between relevant authorities, weak five-year economic development planning, and disturbance. Mohamed et al. (2023) argues that the government can certainly recommend and encourage good policies to attract foreign direct investment.

The last factor that is indicated to influence investment decisions is investment behavior. Attitudes or habits of investors will influence investment choices to be made in the future. Wijayanthi (2015) says that investors' decision making will definitely involve their emotions and behavior. The involvement of psychological aspects in decision making causes investors to become irrational. Irrational investors only make investments based on instinct, not accustomed to analyzing the situation in the business sector.

Based on some of the results of previous research regarding the factors that influence investment decisions in investors both in the form of external and internal factors, it is possible for researchers to conduct more in-depth research by elaborating on these factors. What's more, seeing the phenomenon where investors, especially young investors, often make mistakes in making investment decisions due to only relying on investment analysis that is still very shallow and based solely on emotions, thus ignoring important aspects that should be considered.

## **LITERATURE REVIEW**

### **Behavior Finance Theory**

Financial behavior is a behavior of how a person manages his finances as a whole. Financial behavior theory becomes a scientific discipline in which the interaction of various scientific disciplines is inherent and continuously integrated so that the discussion is not carried out in isolation (Iosco & Oecd, 2018). The concept of behavioral finance takes into account the different types of investors in view of the risks associated with investment decisions. These groups are divided into several categories, namely risk takers which consist of groups of adventurers (adventurers) and celebrities risk averse which consist of groups of individualists and guardians and groups that cannot be included in one of the four groups (straight arrows) (Ahyaruddin et al., 2017).



### **Behavior Motivation Theory**

Investments are made based on a commitment to bind assets in the present to obtain returns in the future by compensating for the sacrifices made by investors. Investments can be divided into two types, namely real assets and financial assets. In investing, investors need information which is important factors as a basis for investment decisions. Where is the attitude of investors in investing to maximize investor wealth by avoiding risks (economic factors) and investment decisions based on investor psychology (behavioral motivations) (Ahyaruddin et al., 2017).

### **Social Learning Theory**

Social learning theory according to Bandura (1969) in Septarini (2015) says human behavior emerges as a result of observation and experience. This theory assumes that behavior is a function of consequences and recognizes the existence of learning through observation and the importance of perception in learning. Individuals respond to how they perceive and define consequences, not to the objective consequences themselves.

### **Investment**

Investment is an activity carried out by utilizing cash at the present time, with the aim of producing goods in the future. Investment is also a sacrifice made at this time in order to expect profits in the future. According to Aziz in Lisa and Napratilora Investment is generally a term with several meanings related to finance and the economy, to use (money) make more money out of something that is expected to increase in value, meaning that investment can be interpreted as spending aimed at increasing or maintain stocks of capital goods (Lisa & Napratilora, 2020). Investment can also be interpreted as the second component of aggregate spending after consumption (Komara & Wardani, 2018).

### **Capital Market**

The capital market is a means or forum for bringing together sellers (parties who need funds) and buyers (parties who have excess funds), sellers and buyers here are sellers and buyers of financial instruments within the investment framework. According to Capital Law No. 8 of 1995, capital markets are activities concerned with public offerings and securities trading, public companies related to the securities they issue, as well as institutions and professions related to securities. Own securities, namely securities, promissory notes,

commercial paper, stocks, bonds, proof of debt, collective investment units, futures contracts on securities, and every derivative and securities (Azzahra, 2020).

### **Investation Decision**

The investment decision is one of the decisions that must be made by the financial manager to allocate existing funds in order to generate profits in the future. Investment can come from within or outside the company. Investments originating from within the company include cash, securities, trade receivables, inventories, prepaid expenses (prepaid rent), and other short-term investments.

### **Financial Literachy**

Financial literacy is the ability and confidence to make responsible financial decisions. Capability usually refers to knowledge, then increases to the skills needed to carry out financial decisions (which have been taken) responsibly. Confidence refers to the ability to make decisions, based on an adequate set of financial decision-making skills, even when social norms, peer pressure, and financial practitioners suggest making other decisions (Permata, 2021). Responsible financial decisions refer to decisions that are consistent with maintaining or enhancing the financial integrity of the decision maker.

### **Motivation**

Motivation comes from the Latin "Mavere" which means encouragement or driving force. According to Harold Koontz "Motivation refers to the drive and effort to satisfy a want or goal", that is, motivation refers to encouragement and effort to satisfy a need or a goal. According to the Big Indonesian Dictionary (KBBI), motivation is an impulse that arises in a person consciously or not to take an action with a specific purpose (KBBI, 2009).

### **Personal Interest**

Personal interest or personal interest or oneself is a feeling of liking someone for a particular object from an event or object. Measurement of this aspect of interest can be done by registering a number of questions. Personal interest is considered to be an intermediary of several factors that have a certain impact which shows how hard a person tries and shows how hard he tries to achieve something. Personal interest develops as a result of an activity and will be a cause for reuse in the same activity (Ekatama, 2021).



## Environment

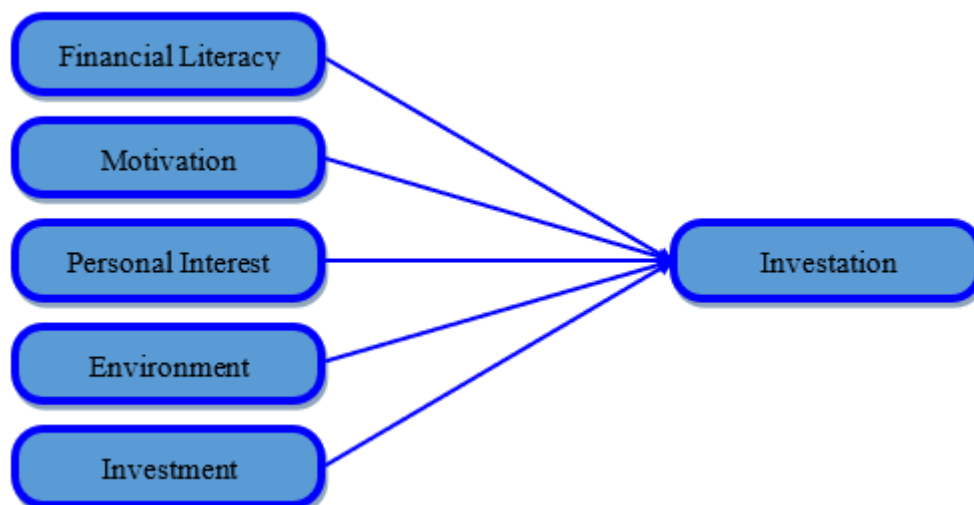
These environmental factors play an important role in determining investment awareness. The influence of investors' environmental factors needs to be considered, because in making investment decisions, investors often involve more than one individual. Individuals who have different knowledge, expertise and experience can be involved throughout the investment process, from planning, monitoring, to coordinating investment plans (Widyaningrum, 2015).

## Hypothesis

Based on the literature and research results, a research hypothesis is formulated which is divided into four categories based on the research theoretical framework (Figure 1) and a comparative study of Iranian and Turkish companies as follows:

- H1. Financial literacy, motivation, personal interest, environment and investment behavior simultaneously influence investment decisions.*
- H2. Financial literacy has a positive and significant effect on investment decisions.*
- H3. Motivation has a positive and significant effect on investment decisions.*
- H4. Personal interest has a positive and significant effect on investment decisions.*
- H5. The environment has a positive and significant effect on investment decisions.*
- H6. Investment behavior has a positive and significant effect on investment decisions.*

Figure 2. Research theoretical framework



Source: Prepare by Author (2023)

## **METHODOLOGY**

This research uses quantitative methods to find explanations for the influence between variables (Creswell, 2002). Using a cross-sectional survey design, descriptive analysis and multiple regression were applied to assess the demographic profile of young investors and the influence of the variables. The validity test was carried out using the corrected item total correlation and the internal consistency of the scale was tested using the Cronbach's alpha coefficient (see Table 1). The population in this study are young investors aged 18-25 years, where the number is 375 thousand or 47.4% of the total new investors in 2021 (CNN Indonesia, 2021). To measure the sample size, it is calculated between  $(5-10) \times$  number of indicators. There are 22 research indicators in this study, so the sample research results are obtained as follows. Number of samples =  $5 \times 22 = 110$  samples. Based on these references, the authors took a sample of 110 samples.

In this study, researchers used primary data, with the method used to collect primary data, namely a questionnaire. The financial literacy variable is measured by general personal finance indicators, saving and borrowing, insurance, and investment (Arifin, 2017). Variable motivation is measured by indicators of self-image/firm image, social relevance, advocate recommendation, and personal financial need (Nuryasman, 2021). For personal interest using indicators that are measured through cognition, conation, and emotion (Widyaningrum, 2015). Environmental variables are measured using indicators of the influence of friends, social political conditions, and economic conditions (Perdana, 2019). Investor behavior is measured by indicators of overconfidence, herding, risk tolerance and risk perception (Simon, 2011). Investment decision making is measured by indicators of investment security, investment risk, income from investment, value for money and return (Septyanto & Adhikara, 2013). All indicators are measured using a 5-point Likert scale (1 = strongly disagree, to 5 = strongly agree). Data analysis and processing in this study used multiple linear regression analysis using SPSS version 25 for Windows.

## **RESULTS**

### **Validity and Reliability**

Testing the validity of using the corrected item total correlation method by comparing the value of  $r$  count  $>$  from  $r$  table, the item can be said to be valid. In this study, there were 110 respondents ( $n$ ) and a  $df$  value of 108 with a two-way significance level ( $\alpha = 0.05$ ), so that an  $r$  table value of 0.187 was obtained. The validity results are described as follows:

Table 1. Validity and reliability test results

No.	Variable	Item	r-count > r-table (0.187)	Decision	$\alpha$	Decision
1	Financial Literacy	X1.1	0.961	Valid	0.896	Reliable
		X1.2	0.961	Valid		
		X1.3	0.961	Valid		
		X1.4	0.626	Valid		
2	Motivation	X2.1	0.822	Valid	0.851	Reliable
		X2.2	0.838	Valid		
		X2.3	0.825	Valid		
		X2.4	0.840	Valid		
3	Personal Interest	X3.1	0.781	Valid	0.698	Reliable
		X3.2	0.765	Valid		
		X3.3	0.822	Valid		
4	Environment	X4.1	0.825	Valid	0.702	Reliable
		X4.2	0.783	Valid		
		X4.3	0.766	Valid		
5	Investment Behavior	X5.1	0.659	Valid	0.682	Reliable
		X5.2	0.714	Valid		
		X5.3	0.804	Valid		
		X5.4	0.719	Valid		
6	Investation decision	Y1.1	0.961	Valid	0.816	Reliable
		Y1.2	0.961	Valid		
		Y1.3	0.961	Valid		
		Y1.4	0.626	Valid		

Source: Prepare by Author (2023)

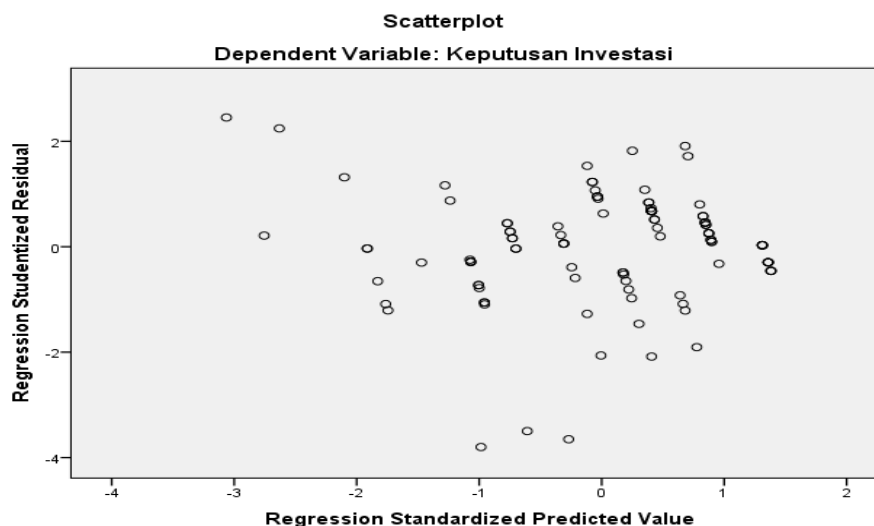
From the results of the data contained in the table above, each variable produces an r-count value that is greater than the r-table value (0.187), so it can be concluded that each item can be declared valid. In addition, the results of the reliability test in the table above also show that all statement items for each variable are reliable with a Cronbach's alpha value greater than 0.60.

### Assumption Test

The analysis begins with testing the data normality assumption with reference to the Exact Sig value. 2 tailed, it was found that the data were normally distributed ( $p = 0.178 > 0.05$ ). Furthermore, the results of the multicollinearity test with reference to the tolerance value ( $> 0.10$ ) and the Inflation Variance Inflation Factor value ( $VIF < 10.00$ ) indicate that all study variables have fulfilled the predetermined parameters, so that it can be said that there are no symptoms of multicollinearity. In addition, a heteroscedasticity test was also carried out using the scatterplot method (Figure 2) to see whether the residual variance from one observation to another occurs in the regression model. Then, the results of the autocorrelation test using the Durbin-Watson method showed that there was no data autocorrelation. The results of the Durbin-Watson statistical calculations (see Table 2) for the regression model are 1.910, while

for the Durbin-Watson table with a significant value of 0.05 and the number of samples ( $n$ ) is 110 with a  $K$  value of 5, a  $dU$  value of 1.785 and  $dL$  is obtained. 1.595. So it can be concluded that  $dU < DW < 4-dU$  ( $1.785 < 1.910 < 2.215$ ) so it can be concluded that there is no autocorrelation, and  $DW > dL$  ( $1.910 > 1.595$ ) it can be concluded that autocorrelation is negative.

Figure 2. Heteroscedasticity test results



Source: Prepare by Author (2023)

Based on the picture above it can be seen that based on the output above it is known that the distribution of residual values spreads above and below the number 0 or the Y axis and does not form a specific pattern. With these results it can be concluded that there is no heteroscedasticity.

### Hypothesis Test

After testing the assumptions, then proceed with testing the hypothesis (Table 2). The results of hypothesis testing show that financial literacy, motivation, personal interest, environment and investment behavior simultaneously influence investment decisions ( $F = 998.789$ ;  $p < 0.000$ ) so that the first hypothesis is accepted. Then the results of the study also found that there was an effect of financial literacy on investment decisions ( $B = 0.069$ ;  $t = 7.795$ ;  $p < 0.000$ ), so the second hypothesis was accepted. Furthermore, the results of the study also found that there was a motivational influence on investment decisions ( $B = 0.538$ ;  $t = 4.821$ ;  $p < 0.000$ ), so the third hypothesis was accepted. Furthermore, the results of this study also report that there is an influence of personal interest on investment decisions ( $B = 0.150$ ;  $t = 3.540$ ;  $p = 0.001$ ;  $H_4$  is accepted), there is an influence of the environment on investment decisions ( $B$

= 0.160;  $t = 2.196$ ;  $p = 0.030$ ; H5 is accepted), and there is an influence of investment behavior on investment decisions ( $B = 0.335$ ;  $t = 2.550$ ;  $p = 0.012$ ; H6 is accepted). From this study, it was found that the multiple linear regression model in this study has an R square value of 0.980 or 98% of investment decisions can be explained by the variables of financial literacy, motivation, personal interest, environment and investment behavior. However, the other 2% is influenced by other variables. Thus, this study produces a multiple regression equation as follows:

Equation 1:

$$\text{Investation decision} = 1.018 + 0.069X_1 + 0.538X_2 + 0.150X_3 + 0.160X_4 + 0.335X_5 + e$$

Table 2. Results of hypothesis testing

Path	B	SE	t	p	Tolerance	VIF
Intercept	1.018	0.927	0.748	0.456		
Financial Literacy → Investation Decision	0.069	0.088	7.795	0.000	0.425	2.354
Motivation → Investation Decision	0.538	0.095	4.821	0.000	0.310	3.224
Personal Interest → Investation Decision	0.150	0.113	3.540	0.001	0.329	3.035
Environment → Investation Decision	0.160	0.131	2.196	0.030	0.284	3.517
Investment Behavior → Investation Decision	0.335	0.100	2.550	0.012	0.294	3.397
Kolmogorov-Smirnov	0.178					
Durbin-Watson	1.910					
R	0.990					
R <sup>2</sup>	0.980					
F	998.789					
p	0.000					

Source: Prepare by Author (2023)

## DISCUSSION

From the results of tests that have been carried out by researchers, the researchers argue that financial literacy, motivation, personal interest, environment and investment behavior have an important role in influencing someone to invest in the capital market, especially young investors in the city of Makassar. Thus it can be concluded that a person can be influenced to invest in the capital market due to several factors, including strong financial literacy, self-motivation or motivation from the surrounding environment, it can also be due to personal interest factors related to investing in the capital market or the environment and investment behavior. In line with the results of research conducted by Darmawan et al. (2019), who found that investment knowledge, investment motivation, and financial literacy simultaneously had a significant effect on student investment interest. In addition, the family environment is able to influence the development of students in developing an interest in investment. In addition, the

results of Perdana's research (2019) report that financial literacy, personal interest, and environmental factors simultaneously have a significant effect on making investment awareness.

The results of other studies found that financial literacy influences investment decisions, where financial literacy provides understanding and choices for investing. Knowledge that someone has about finance will have an impact on better investment decisions, because they already understand the forms of investment that will be chosen. Our findings are supported by the results of Welly's research (2016) which found that financial literacy can develop individual abilities to make effective financial decisions. Financial literacy helps individuals avoid financial problems, especially those that occur as a result of financial mismanagement. Financial literacy for individuals is not just science or theory, but is expected to make individuals wiser and smarter in managing their assets so that they can provide beneficial feedback in supporting individual finances both in the short and long term. Tarora and Juwita (2016) suggest that general knowledge of personal finance influences individual investment decisions. Then Robb and Woodyard (2011) argued that theoretically financial literacy is a part of financial knowledge regarding how financial markets operate should produce individuals who make decisions more effectively. Jagongo and Mustwenje (2014) found that most of the respondents did not understand basic financial concepts, especially those related to stocks, bonds, mutual funds and the concept of compound finance. So that people often fail in concluding and making decisions.

Our research also reports that investment motivation can drive individual desires to carry out certain activities in investing. Uno (2017) suggests that motivation is the basic drive that moves a person to behave. This urge is in a person who moves to do something according to encouragement from within him. In the view of researchers who have done that motivation has a positive and significant impact on the investment decisions of young investors in the city of Makassar due to the encouragement in a person to carry out activities related to investment. The motivation needed by an investor in investing is the desire to change and learn new things that will give encouragement from within. The encouragement and change that is obtained is to provide a good life and gain some benefits in the future by making changes at this time. The results of this study are in line with research conducted by Kusstik (2013) who found that motivation has a significant positive effect on investment decisions.

In the opinion of the researchers, the results of the research found indicate that there is a positive influence between personal interest on the investment decisions of young investors



in the city of Makassar. This means that the greater the personal interest factor, the higher the investment decision, and vice versa, the smaller the personal interest of young investors, the lower the investment decision. Sukardi (1994) suggests that personal interest is one of the personality elements that plays an important role in making future decisions. Personal interest directs individuals towards an object on the basis of pleasure or displeasure. Feelings of pleasure or displeasure are the basis of a personal interest. This understanding gives the meaning that interest is a desire for an object and of course after interest arises, someone will carry out activities. Actions or activities carried out by a person are basically to fulfill desires for objects that are considered to generate personal interest, such as the desire to find out about a type of investment, the willingness to take the time to learn more about investments and try investments. This is in line with the attitude theory, namely the Theory of Reasoned Action developed by Triwijayati and Koesworo (2006), which explains the desire to act because of a specific willingness to behave. This shows that the intention to behave can show the behavior that will be carried out by individuals. This also means that individuals who have a personal interest in investing are more likely to take actions that can achieve their desire to invest, such as attending training and seminars on investing, accepting investment offers well, and ultimately investing. The results of research on personal interest in this study are in line with research conducted by Sakdiyah et al. (2018) which states that personal interest has a positive and significant effect on investment decisions.

Based on the opinion of individual researchers, they will usually invest if people in the environment also invest, similar to the results of research conducted by researchers where the environment is able to have a positive impact on individuals to make investment decisions. This social environment can usually change our mindset because we know a lot of information and lifestyle from them regarding investment decisions. Usually our social environment has the same type of investment that we have. Individuals who invest in stocks usually have friends who invest in stocks as well. This is because there is information that is usually shared together, besides that we will usually also be interested in something that is done by individuals around us. In addition, different things were found from research conducted by Bhattacharjee and Singh (2011) which reported that important determinants of equity awareness as measured by environmental, socio-economic and political factors had a relationship. Research conducted by Bashir et al (2013) stated that most of their research respondents agreed that the influence of friends' recommendations and also for savings or improving the financial condition of investors can influence their investment decisions. Respondents considered that both of them would

affect the emotional and cognitive condition of the individual. If this individual emotionally trusts a friend who recommends investing, the tendency to invest will be carried out without showing rational behavior. Meanwhile, respondents considered that the investment was made for the reason of guaranteeing their sense of security and financial security in the future. Research conducted by Merikas et al (2004) also found that the reason investors make investments is based on friends' recommendations and to improve financial conditions. So that investors by understanding the conditions of the surrounding environmental factors are able to develop a sense of investment awareness and make the right investments in accordance with environmental conditions at that time.

The results of our research found that investment behavior plays a very important role in making investment decisions. Investment decision making will be greatly influenced by the information obtained and investors' knowledge about investment. Meanwhile, each investor has a different level of ability and knowledge. Investment decision making is influenced by the extent to which investment decisions can maximize wealth and behavioral motivation, investment decisions are based on psychological aspects of investors. Behavioral financial theory can be interpreted as the application of psychology in the financial discipline. Financial behavior is an investment analysis that uses psychology and finance, which is an approach that explains how humans (investors) make investments or deal with finances influenced by psychological factors. Financial behavior intends to understand investor behavior in making investment decisions and acting in the capital market which will affect mock performance (Qawi, 2010; Wendy, 2010; Ali et al., 2013). According to Davenow and Welch (1996), individual behavior in their daily lives will certainly influence every decision or action they take in various ways. Likewise with investment behavior, this behavior will affect every decision taken. The results of this study are in line with research conducted by Sakdiyah et al. (2018) which states that behavior has a positive effect on investment decisions. Ritter (2003) argues that financial behavior is a behavior based on psychology that influences decision processes that are subject to some cognitive illusions. The same thing was also expressed by other researchers, namely Tilson (2005), who reported that financial behavior is a theory based on psychology that seeks to understand how emotions and cognitive deviations affect investor behavior.

## CONCLUSION

Based on the research results obtained, it can be concluded that (1) Financial literacy, motivation, personal interest, environment, and investment behavior have a positive and significant effect simultaneously on investment decisions. This means that when financial literacy, motivation, personal interest, environment, and investment behavior increase together, it will be followed by an increase in investment decisions by young investors, and vice versa; (2) Financial literacy has a positive and significant effect on investment decisions by young investors. This means that the level of investor financial literacy will be followed by an increase and decrease in investment decisions; (3) Motivation has a positive and significant effect on investment decisions by young investors. This means that the high or low motivation of young investors in investing will be followed by the high or low decision to invest in the capital market; (4) Personal interest has a positive and significant effect on young investors' decisions in investing. This means that the highs and lows of the personal interest of young investors will be followed by the highs and lows in their decision to invest; (5) The environment has a positive and significant effect on young investors' decisions in investing. This means that the high or low environmental influence of young investors will be followed by high or low in their decision to invest; and (6) Investment behavior has a positive and significant effect on young investors' decisions in investing. This means that good or bad investment behavior by young investors will be followed by highs and lows in their investment decisions. This research can certainly be a reference for future researchers who will conduct research on the same topic.

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