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What are The Factors that Influence The Investment Intentions of Generation Z in Yogyakarta?

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ABSTRACT

This study analyzes the factors influencing investment intentions among Generation Z in Yogyakarta by applying the Theory of Planned Behavior (TPB). The variables examined include past behavior and subjective norms toward investment intention. A quantitative approach was employed, with data collected through online questionnaires distributed to 149 Generation Z respondents. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results show that past behavior has a positive and significant effect on investment intention, with a coefficient of 0,480 (p-value 0,001). Similarly, subjective norms also have a positive and significant effect on investment intention, with a coefficient of 0,451 (p-value 0,002). These findings highlight the importance of prior investment experience and social environment in shaping Generation Z's investment intentions.

INTRODUCTION

Investment in the era of globalization has become a crucial activity in the economy and business. Many people choose to invest their funds, where investment is defined as a form of postponing current consumption for future consumption (Amaliah dan Nuryana, 2022). This indicates that investment is a capital investment aimed at generating wealth and providing benefits both now and in the future (Sawitri, Sudiyani dan Putri, 2023).

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However, although many people are interested in investing, many still do not understand how to invest properly. This makes them vulnerable to fraud, especially with the abundance of information circulating on social media about investments offering unreasonable returns (Yanti, Anita dan Ismadharliani, 2023). Investment decision-making is inseparable from individual intentions, which are influenced by several factors. One of these is Theory of Planned Behavioral Behaviour (TPB) explains that intention is a key component in predicting behavior (Ajzen, 2005). According to this theory, investment intention is an individual's drive to invest in a company with the hope of making a profit (Raut, 2020).

In addition, past behavior is also an important indicator, previous experience in investing can shape attitudes and intentions to invest in the future (Raut, 2020). Research on the influence of past behavior on investment intentions states that past behavior influences investment intentions (Ardiyan *et al.*, 2022). However, other studies state that past behavior influences investment intentions if mediated by attitudes (Nurmelia *et al.,* 2022).

Subjective norms can influence investment intentions, especially among Generation Z who tend to be more influenced by their peers and social environment (Fishbein dan Ajzen, 1975). However, other studies state that subjective norms do not influence investment intentions (Salisa, 2020). Against this backdrop, this study explores the factors influencing Generation Z's investment intentions in Yogyakarta. This study will further examine the use of mediating variables to further examine investment intentions across several variables.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Theory of Planned Behvaior (TPB)

Theory of Planned Theory of Behavior (TPB) explains that intention is the main component used to predict behavior (Ajzen, 2005). Because the Theory of Behavior of Planned Behavioral Decision Making (TPB) shows that individual behavioral decision making is a new field, so it makes sense to apply the TPB model in measuring intentions towards the investment decision making process (Raut, 2020).

Past Behavior

Past behavior is one factor that will influence intention investment (Sjahruddin *et al.,* 2023). In a way general past behavior is action somebody in respond events that have happened happened in the past (Kurniawan, Malelak dan Astuti, 2020). Past behavior considered as factor strong addition for form intention in *Theory of Planned Behavior.* Behavior investment previously can become strong indicators for intention investing in the future, understanding behavior This can help in designing more interventions effective for increase intention investment among Generation Z (Ajzen, 2020).

H*$_1$*: Past behavior influential positive to intention investment.

Subjective Norms

Subjective norms, including influences from the social environment, such as family, friends, and community, will also be analyzed. This research shows that social pressure can motivate or inhibit investment intentions (Ajzen, 1991). Subjective Norms refer to income or view somebody about other people's perspectives, which determine whether he want to follow as well as in ongoing activities discussed or no (Prajawati, Ainiyah dan Yuliana, 2023). Therefore

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that, the more tall somebody perceive that references social recommend for do something (Wirawan, Mildawati dan Suryono, 2022).

As for research that discusses subjective norm guide to intention investment state that subjective norms influential to intention investment (Jacob, 2019). Other research also discusses the same thing, that subjective norms also have an influence to intention investment (Hidayati dan Destiana, 2023). Based on description above, then the proposed hypothesis is:

***H_2**: Subjective norms influential positive to intention investment.*

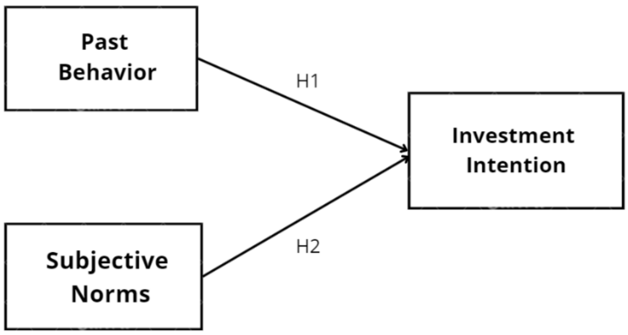

Figure 1. Research Framework

Source: Raut (2020)

RESEARCH METHODS

Collection techniques and instrument development, as well as analysis techniques used. Research This use approach quantitative with descriptive. Design This chosen for understand and analyze factors that influence intention investment Generation Z in Yogyakarta. With use questionnaire as the main instrument, the data collected will analyzed for find connection between variables studied.

This study uses primary data obtained through answers to questionnaires distributed to generation Z via Google form links. The population in this study is unknown, so determining the sample size depends on the number of indicator items multiplied by 5. (Hair J. F et al., 2017). There are 24 indicators in this study , and if multiplied by 5, the minimum sample size is 120. However, to avoid errors, the researcher increased the sample size and obtained 149 samples. Study this use measurement scale likert with points from:

1 : Absolutely not agree
2 : Disagree
3 : Neutral
4 : Agree
5 : Strongly agree

The variables used are in research, this attached in table 1 as following:

Table 1. Variable Indicators

No	Variables	Indicator	Source
1	Past Behavior (X1)	1. Information 2. Experience	(Raut, 2020)
2	Subjective Norm (X2)	1. Descriptive Norms 2. Injunctive Norms	(Ajzen, 2020)

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No	Variables	Indicator	Source
3	Intention (Y)	1. Strength Intention 2. Intention Influence Social 3. Temporal Intention	(Ajzen, 2020)

The data analysis method used is outer model and inner model analysis. The outer model is often also called (outer model) A relation or measurement model defines how each indicator block relates to its latent variable. The measurement model (outer model) is used to assess the validity and reliability of the model. The test performed on the outer model is convergent validity. The convergent validity value can be seen through the loading value. factors on latent variables with indicators. Loading value factor >0,7 is said to be ideal (Ghozali dan Latan, 2015).

Discriminant validity is by looking at the cross- value loading. The value for each variable must be greater than 0,70. In PLS-SEM, in addition to validity testing, reliability testing is also carried out (Hamid dan Anwar, 2019). Reliability testing is used to prove the accuracy, consistency, and accuracy of the instrument in measuring the construct. To assess reliability construct is a Composite value Reliability must be greater than 0,70 (Ghozali dan Latan, 2015).

The second stage in model evaluation is inner model analysis. Several item components serve as criteria for assessing the inner model, namely the R-square value and significance (Hamid dan Anwar, 2019). R-square values of 0,75; 0,50; and 0,25 indicate a strong, moderate, and weak model, respectively. Furthermore, the significance criteria used are t-values of 1,65 (10% significance level), 1,96 (5% significance level), and 2,58 (1% significance level) (Ghozali dan Latan, 2015).

DATA ANALYSIS RESULTS & DISCUSSION

Outer Model

Tabel 2. Validity and Reliability

Indicator	Validity Testing		Reliability Testing	
	Factor Loading	Conclusion	Composite Reliability	Conclusion
PB1	0,862	Valid		
PB2	0,888	Valid		
PB3	0,851	Valid	0,895	Reliable
PB4	0,861	Valid		
PB5	0,805	Valid		
SN1	0,835	Valid		
SN2	0,962	Valid	0,958	Reliable
SN3	0,918	Valid		
IN1	0,835	Valid		
IN2	0,962	Valid	0,975	Reliable
IN3	0,918	Valid		

Source: Data Analysis Results (2025)

Based on the results of data management, all statement indicators from each variable have met the convergent validity criteria. Then, it can be seen that all cronbach's values. The alpha for each construct is above the recommended minimum threshold of 0,70. This value indicates that the reliability of each construct is relatively strong.

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Inner Model

Table 3. R-Square

Indicator	R-Square	Conclusion
N	0,887	Strong

Source: Data Analysis Results (2025)

Based on the results of data management, it is known that the R-square value for the intention variable is 0,887. This indicates that 88,7% of the variation in investment intentions can be explained by independent variables in the model such as past behavior, subjective norms.

Tabel 4. Hypothesis Test Results

	Original Sample	T-Statistics	P-Values
PB -> IN	0,480	3,367	0,001
SN -> IN	0,451	3,080	0,002

Source: Data Analysis Results (2025)

The influence of Past Behavior (PB) on Investment Intention (IN) was also significant, with a coefficient of 0,480; a t-statistic of 3,367; and a p-value of 0,001. This indicates that previous investment experience or habits contribute to increased future investment intentions. This means that even though a person feels in control of their investment behavior, this does not directly increase their investment intentions in this study.

The Past Behavior (PB) → Attitude (AT) → Investment intention (IN) pathway shows a coefficient of 0,113 with a t-statistic of 1,003 and a p-value of 0,317. Subjective Norms (SN) on Investment Intention (IN) shows a positive and significant effect, with a coefficient of 0,451; a T-statistic of 3,080; and a p-value of 0,002. This indicates that the stronger the social pressure or encouragement from the surrounding environment, the greater a person's intention to invest.

Discussion

These findings indicate that previous investment behavior is a consistent factor influencing investment intention, in line with the findings of Kurniawan, Malelak dan Astuti (2020) that past experience can improve financial behavior and financial management intentions. However, the insignificant role of attitude as a mediator supports the research of Ardiyan *et al.* (2022) which states that attitudes are not entirely shaped by previous experience, but rather are determined more by financial literacy and behavioral control.

Meanwhile, the positive influence of Subjective Norms on investment intention supports the findings of Yanti, Anita dan Ismadharliani (2023) that motivation and social encouragement can foster positive perceptions and investment interest despite the risk of fraudulent investment cases. Thus, established investment habits and social support play a greater role in shaping investment intention than attitudes influenced by past experience.

CONCLUSION

Past behavior was shown to influence investment intentions, meaning that previous investment experiences or actions can be significant in shaping intentions to invest in the future. However, past behavior did not influence investment intentions through attitude, so that experience plays a more direct role. Subjective norms influenced investment intentions, indicating that encouragement or views from the social environment are important in encouraging Generation Z to intend to invest.

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Based on these findings, future researchers should explore other potentially relevant variables. Because this study was quantitative, future researchers could employ a qualitative or mixed-methods approach to dig deeper into Generation Z's perceived motivations and perceived barriers to investing. Future researchers could expand the scope or use samples with more diverse educational, occupational, or cultural backgrounds to make the results more generalizable.

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