

INVESTMENT DECISION, RISK INVESTMENT, AND STOCK RETURN ON STOCK PURCHASE DECISION AT MILLENIAL GENERATION IN SURABAYA

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Abstract

This research was conducted on the Millennial generation in Surabaya. This study was motivated by the aim to test and find out Investment Decision, Risk Investment, And Stock Return On Stock Purchase Decision at Millennial Generation in Surabaya. The sample in this study is the Millennial Generation in Surabaya. This research method uses quantitative. The sample size is 39 with an unknown population. Testing is done using Smart-PLS with outer model test analysis and inner model test. The results showed that Investment Decision has a significant influence on Investment Behavior and Investment Decision has an influence on Stock Purchase Decision. Other variable relationships show insignificant results on Stock Purchase Decision.

Keywords: *Investment Decision, Risk Investment, Stock Return, Stock Purchase Decision*

INTRODUCTION

Investment is the investment of capital in a certain period to get more payment in the future as a profit for investors (Tambunan, 2020). Investment consists of two forms, namely financial real asset investment and financial asset investment (Matiin et al., 2018). One form of financial asset investment is stocks.

Stock investors are increasing every year. Shares are an investment instrument that many investors choose because shares are able to provide attractive returns. Stock investors are dominated by gen Z and millennials (under 30 years old) at 57.26% with an asset value of IDR 50.08 T (Mentari Puspadini, 2023). The Indonesia Stock Exchange (IDX) has 29 offices and 800 investment galleries in universities, schools and other institutions that make stock purchases more accessible. This convenience is one of the triggers for the increase in the number of investors from generation Z and millennials. In addition, stocks have low capital so that they can be reached by people who have low salaries (Erika Kurnia, 2023).

Stock purchase decisions are influenced by investment decisions, where investment decisions will have an impact on financial performance (Widiastoeti et al., 2021). Referring to research conducted (Rinendy et al., 2023), stock investment decisions are influenced by income level, financial literacy and risk tolerance. The higher the income level, the higher the investment decision. Investment decisions are decisions that involve the allocation of funds from outside and funds from within the organization for future profits. The value of gen Z and millennial stock assets is low, inversely proportional to the number of investors. This means that investors from gen Z and millennials still have low income levels. Thus, there is a gap between the first research and reality.

Stock investment is profit-oriented. In research (Badollahi Ismail et al., 2020), stock purchases are influenced by profit sharing (dividends). Profits in stocks (stock return) consist of two components, namely dividends and capital gains (Carlo, 2014). Stock return is the profit that investors enjoy on their stock investment. Investment returns are influenced by the length of time invested, the level of financial inflation and future uncertainty (Tambunan, 2020). Stock returns are influenced by ROA, ROE, and other financial ratios (Carlo, 2014). Thus, investors must be able to read financial reports well in order to get maximum profit or use consulting services.

Uncertainty in stock investment results in risk. In research (Matiin et al., 2018), it is written that, risk strategies significantly affect financial performance. This means that investors are expected to have a strategy in stock investment as a risk preventive. The low income level of gen Z and millennial investors means that their job position is still at a low level where their abilities are still at a moderate level. Investment decisions are also influenced by investor habits. Therefore, this study aims to determine the effect of investment decision, risk investment, and stock return on stock purchase decision at millennial generation in Surabaya.

LITERATURE REVIEW

Financial Management

Financial management is all organizational activities starting from planning, budgeting, examining, managing, controlling, and storing funds effectively and efficiently in accordance with predetermined goals (Putu Ari Aryawati et al., n.d.).

Stock

Stocks are a sign of participation or ownership of a person or entity in a company or limited liability company (Umar & Savitri, 2020).

Behavioral Finance

Behavioral finance is a science that studies how humans take an action in the decision-making process in investing in response to the information they get (Manajemen et al., n.d.). In addition, investors do not always behave rationally and do not deviate and can be modeled quantitatively.

Investment Decision

Investor decisions are subjective depending on expected costs, knowledge of strategies and risk perception (Virlics, 2013). Investors need to understand the opportunities available and not make hasty decisions. Wrong investment decisions can lead to bankruptcy.

Risk Investment

Risk is something that is inherent in all investment options in the form of losing the funds that have been invested (Sachse et al., 2012).

Stock Return

Stock returns are influenced by sectoral characteristics, such as book-to-market ratio, dividend yield, price-earnings ratio and trading volume (Phan et al., 2015).

Stock Purchase Decision

Purchasing decisions are influenced by rational considerations to achieve the highest utility expectations (Dardana & Elgeka, 2023).

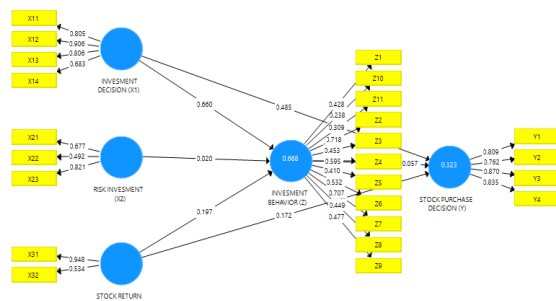
METHODOLOGY

The method used in this research is quantitative method with literature review. In analyzing the theory or relationship of each variable, researchers conduct tests through measuring research variables with numbers and analyzing data with statistical procedures. Quantitative research method is a research approach based on analyzing certain populations or samples, with data collection using instruments and data analysis is quantitative or statistical. This research was conducted on millennials around the Surabaya area with a total of 39 respondents. The information collected includes data on age, gender, and share ownership of each respondent.

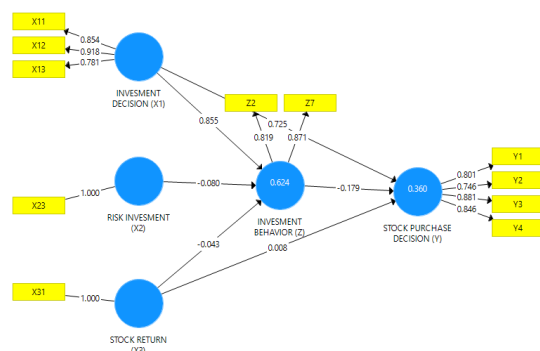
RESULT AND DISCUSSION

Validity and Reliability Test

The results of the Validity and Reliability Test can be seen in the Outer Model test with the following figure:



Initial Outer Model Test Image



Outer Model Test Picture

Data processing using Smart-PLS 3.0 validity and reliability tests which can be presented in 3 ways, namely Cronbach's Alpha, rho_A, composite reliability and Average Variance Extracted (AVE). The data is presented in the table as follows:

Validity and Reliability Test Table

Variable	Cronbach's Alpha	rho_A	Reliabilitas Komposit	Rata-rata Varians Diekstrak (AVE)
Investment Behavior (Z)	0,604	0,614	0,834	0,715
Investment Decision (X1)	0,813	0,833	0,888	0,727

Risk Investment (X2)	1,000	1,000	1,000	1,000
Stock Purchase Decision (Y)	0,838	0,875	0,891	0,672
Stock Return (X3)	1,000	1,000	1,000	1,000

Source: Processed with Smart-PLS 3.0

Discriminant Validity

Discriminant validity can be determined through the method by looking at the average variance extracted (AVE) value for each indicator required with a value > 0.5 as a good model, shown in the table below:

Validity Discriminant Table

Variable	Average Variance Extracted (AVE)
Investment Behavior (Z)	0,715
Investment Decision (X1)	0,727
Risk Investment (X2)	1,000
Stock Purchase Decision (Y)	0,672
Stock Return (X3)	1,000

Source: Processed with Smart-PLS 3.0

Based on the data presented in the table, it can be seen that the AVE value of all variables shows a value > 0.5, thus it can be stated that each variable has good discriminant validity.

Composite Reliability

Variables can be declared to meet composite reliability if the variable has a composite reliability value with a value > 0.6. The test results are shown in the table below:

Composite Reliability Table

Variable	Composite Reliability
Investment Behavior (Z)	0,834
Investment Decision (X1)	0,888
Risk Investment (X2)	1,000

Stock Purchase Decision (Y)	0,891
Stock Return (X3)	1,000

Source: Processed with Smart-PLS 3.0

Based on the test results, it can be seen that the composite reliability value of all research variables is > 0.6 with these results indicating that each variable has met the composite reliability so that it can be concluded that all variables have a high level of reliability.

Cronbach's Alpha

The reliability test in this study was carried out by looking at the Cronbach's Alpha value. A research instrument is said to be reliable if the Cronbach's Alpha value is > 0.60 (Ghozali, 2016). Therefore, the decision-making criteria in the reliability test are as follows:

- If the Cronbach's Alpha value is > 0.60 , then the question items in the questionnaire are reliable.
- If the Cronbach's Alpha value < 0.60 , then the question items in the questionnaire are not reliable.

The test results are shown in the table below:

Tabel Cronbach's Alpha

Variable	Cronbach's Alpha
Investment Behavior (Z)	0,604
Investment Decision (X1)	0,813
Risk Investment (X2)	1,000
Stock Purchase Decision (Y)	0,838
Stock Return (X3)	1,000

Source: Processed with Smart-PLS 3.0

Based on the test results according to the table above, all variables have a value > 0.6 , it can be concluded that all variables in this study have a high level of reliability.

Hypothesis Test

Path Coefficient Test

Path coefficient evaluation is used to show how strong the effect or influence of the independent variable is on the dependent variable. The inner model scheme that has been displayed in the figure above shows that the largest path coefficient value is shown by the effect of Investment Behavior on Investment Decisions with a value of 0.863. The weakest influence is shown by the effect of Investment Behavior on Investment Decisions of 0.037.

The results of the test above show that all variables in this model have a path coefficient with a positive number, this indicates that the greater the path coefficient value on one variable on another variable, the stronger the influence between the variables.

R-Square Test

Based on the results of the data test that has been carried out, the R - Square value is obtained which is explained in the table below:

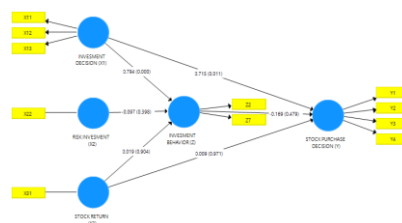
R-Square Table

Variable	R-Square
Investment Behavior (Z)	0,624
Investment Decision (X1)	0,360

Source: Processed with Smart-PLS 3.0

The value in the table above shows that the R - Square value for the Investment Decision variable with the result of 0.360. The R - Square value of the Investment Behavior variable with the result of 0.624 is in accordance with the table above. This value can explain that the percentage of the value of Investment Behavior can be explained by investment decision variables, investment risk, stock returns, stock purchase decisions.

Hypothesis Test



Hypothesis testing in this study was carried out by looking at the T - Statistics value and the P - Values value. The hypothesis in this study can be declared accepted if the P - Values value < 0.05 . The test results in this study are shown in the table below:

Hypothesis Test

Variable	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P - Values	Ket.
Z>Y	-0,169	-0,180	0,238	0,708	0,479	Not significant
X1>Z	0,794	0,815	0,121	6,571	0,000	Not significant
X1>Y	0,715	0,750	0,279	2,563	0,011	Not significant
X2>Z	0,097	-0,076	0,114	0,845	0,398	Not significant
X3>Z	0,019	-0,012	0,160	0,121	0,904	Not significant
X3>Y	0,009	0,008	0,255	0,037	0,971	Not significant

Source: Processed with Smart-PLS 3.0

Mediation Hypothesis Test

Variable	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P - Values	Ket.
X3>Z>Y	-0,003	-0,004	0,044	0,074	0,941	Not significant
X2>Z>Y	0,016	0,019	0,042	0,391	0,696	Not significant
X1>Z>Y	-0,134	-0,147	0,196	0,682	0,496	Not significant

						significant
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Source: Processed with Smart-PLS 3.0

Based on the test results in the table above, it can be seen that of the 10 hypotheses proposed in the study, none is accepted because it has a P - Values value < 0.05 . While the hypothesis is rejected because it has an effect indicated by the value of P - Values > 0.05 so it can be concluded that 10 hypotheses are rejected.

The test results in the table can be seen that the original sample value (O) is - 0.169 with P - Values 0.479 above 0.05 and the T - Statistic value of $0.708 < 1.962$ (smaller than 1.96). These results indicate that the effect of investment decisions on Investment Behavior is not accepted and is not significant.

The test results in the table can be seen that the original sample value (O) is 0.794 with P - Values 0.000 below 0.05 and a T - Statistic value of $6.571 < 1.962$ (smaller than 1.96). These results indicate that the effect of investment decisions on Investment Behavior is accepted and significant.

The test results in the table can be seen that the original sample value (O) is 0.715 with P - Values of 0.011 below 0.05 and a T - Statistic value of $2.563 < 1.962$ (smaller than 1.96). These results indicate that the effect of investment decisions on Investment Behavior is accepted and significant.

The test results in the table can be seen that the original sample value (O) is 0.097 with P - Values 0.398 above 0.05 and a T - Statistic value of $0.845 < 1.962$ (smaller than 1.96). These results indicate that the effect of investment decisions on Investment Behavior is not accepted and is not significant.

The test results in the table can be seen that the original sample value (O) is 0.019 with P - Values 0.904 above 0.05 and a T - Statistic value of $0.121 < 1.962$ (smaller than 1.96). These results indicate that the effect of investment decisions on Investment Behavior is not accepted and is not significant.

The test results in the table can be seen that the original sample value (O) is 0.009 with P - Values 0.971 above 0.05 and the T - Statistic value of $0.037 < 1.962$ (smaller than 1.96). These results indicate that the effect of investment decisions on Investment Behavior is not accepted and is not significant.

CONCLUSION

Based on the results of the data analysis described above, the following conclusions can be drawn:

1. Investment Behavior does not have a significant effect on Stock Purchase Decision on Millennial Generation in Surabaya. The results of this study are in line with Rinendy et al., 2023.
2. Investment Decision has a significant effect on Investment Behavior in the Millennial Generation in Surabaya. The results of this study are in line with Widiastoeti et al., 2021.
3. Investment Decision has a significant effect on Stock Purchase Decision among Millennial Generation in Surabaya. The results of this study are in line with Joyianto, et al., 2023.
4. Stock Return has no significant effect on Investment Behavior in the Millennial Generation in Surabaya. The results of this study are in line with Matin et al., 2018
5. Stock Return has no significant effect on Stock Purchase Decision for Millennial Generation in Surabaya. The results of this study are not in line with Badollahi Ismail et al., 2020.

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