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The Influence of Investment Motivation, Risk Perception, and Financial Efficacy on People's Investment Decisions in The Capital Market

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ABSTRACT

The rise of online lending and online gambling among the public, as well as the lack of understanding of investment, has an impact on the negative image of the investment world. This phenomenon encourages the need for research to examine the factors that influence people's investment decisions. The purpose of this study is to analyze the influence of investment motivation, risk perception, and financial efficacy on the investment decisions of the people of Sukabumi City. This study uses a quantitative descriptive approach with primary data from questionnaires. The population of this study is the millennial community of Sukabumi City who have made an investment of 3,455 people. Meanwhile, the sample was taken using a web raosoft.com sample size calculator with a distribution rate of 50%, an error rate of 10% and a confidence level of 90%, so that a sample of 100 respondents was obtained. Data was collected through the distribution of questionnaires to respondents to measure investment motivation, risk perception, financial efficacy, and investment decisions. The results of the study explained that investment motivation, risk perception and financial efficacy had a positive and significant effect on investment decisions with a contribution of 62.3%, while the remaining 37.7% were influenced by other variables outside the study. The benefit of this research is that it can be used as a reference by the government and financial industry players in designing the right investment education program. In addition, these findings help people understand the factors that influence investment decisions, so they can avoid risky financial practices such as illegal online loans and online gambling.

INTRODUCTION

Indonesia is one of the most prosperous countries because most of its population saves or makes short-term investments. Unlike developed countries, they choose for investment or the long term. People know how to manage their finances so that they can set aside a share of their income for investment. As a result, to encourage people to switch from saving to investing in the capital market, education for the wider community must be provided consistently and sustainably.

Investment in financial institutions is starting to be preferred by investors. In today's money and capital markets there are many financial influences. The money market consists of deposits and term savings, while the capital market consists of stocks and bonds of the government and companies. Capital market financial instruments not only have the greatest profits, but also have the greatest risks. With 658 companies going public on the IDX on November 11, 2018, potential investors may be motivated to make capital market investments in stocks or securities. Investing to meet many future needs and generate additional income in addition to work is very important. The

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people of Indonesia have gradually become more sensitive to the importance of investment. Investors in Indonesia have many investment options, and each investment must have its drawbacks and advantages. where the investment is made to get the results that investors want. The curiosity to invest has increased as a result of the various conveniences available to invest in this day and age (Seni & Ratnadi, 2017). If a person has good financial knowledge, they can become more interested in investing. In contrast, people who do not have good financial knowledge will not be interested in investing (Aminnudin et al., 2020). Some people do not have the courage to start investing. This is due to poor financial results. Individuals need a sense of confidence or confidence in their ability to allocate their money so that it can encourage them to do what is referred to as self-efficacy in spending (Farrell et al., 2016).

According to the Financial Services Authority (OJK), financial literacy is an effort to increase the trust, ability, and knowledge of potential investors so that they can manage their finances properly. In addition, potential investors should understand the different financial products and institutions that provide financial services, so that they can gain financial well-being by changing the way they manage their current finances. According to the understanding given by Mitchell (1999), Risk perception is a tool that is considered strong in investing. This is because most investors would rather withstand risk than maximize the profits they can earn. According to Kempson et al. (2005), financial efficacy also refers to a person's attitude, beliefs, and confidence. Therefore, financial efficacy can be defined as an encouragement to manage finances in a efektif and improve the way investors manage their finances so that they are more efficient and more likely to make more informed investment decisions. Investing in the capital market has become a popular choice for investors since the opening of the Indonesia Stock Exchange. Millennials love investing in the capital markets. Indonesia's capital market is filled with investor enthusiasm. According to data collected by KSEI, the largest group of individual investors or single investor identification (SID) in the stock exchange market is the millennial group. The number of investors listed in the capital market in December 2020 reached 3.88 million investors. From the description and problems above, this study aims to analyze and explain the influence of investment motivation, risk perception, and financial efficacy on people's investment decisions.

RESEARCH METHODS

Types and Objects of Research

This study uses a quantitative method with a type of causal associative relationship, which is a research that aims to reveal problems that are causal relationships between two or more variables (Sugiyono, 2019). The type of research used is descriptive, which is research that aims to decrypt or explain something as it is or an overview of a situation (Arikunto, 2013). The objects of this research are investment motivation (X1), risk perception (X2), financial efficacy (X3), and investment decisions (Y). The location of this research is the Community in Sukabumi City.

Types and Data Sources

This study uses primary data, namely data from the distribution of questions or questionnaires related to investment motivation, risk perception, financial efficacy and investment decisions. The primary data of this study was sent to the respondents, namely the community in the Sukabumi City Area.

Population and Sample

The population of this study is the people of Sukabumi city as many as 353,455 people. Samples were taken using the web raosoft.com sample size calculator with a data accuracy rate of

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90% and a margin of error of 10%. So there were respondents who could be used as a sample of 100 people.

Data Analysis Techniques

Statistical data analysis is carried out in stages, namely first conducting data feasibility tests (validity and reliability tests), then conducting classical assumption tests, namely normality tests, heterokedasticity tests, and multicollinearity tests. Meanwhile, the analysis techniques used are multiple linear regression, determination coefficient test, and hypothesis test. For multiple linear regression it can be formulated as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e$$

RESULTS AND DISCUSSION

Classical Assumption Test

Normality Test

The normality test determines whether the residual values are well distributed or not. Having regularly distributed residual values is an effective regression technique (Ghozali, 2016). In the normality test *of one sample Kolgomorov-Smirnov,* the value of p = 0.070 > 0.05, which indicates that the data is normally distributed. It can be seen in table 1 below:

Table 1. Results of the normality test
One Sample Kolgomorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters [a,b]	Mean	.0000000
	Std. Deviation	1.84003833
Most Extreme Differences	Absolute	.296
	Positive	.204
	Negative	-.226
Test Statistic		.296
Asymp. Sig. (2-tailed)		.070c

Source: processed data (Researcher, 2025)

Multicollinearity Test

The method used to detect multicollinearity is to look at VIF and *tolerance* with testing criteria if VIF < 10 with a tolerance number > 0.1, then multicollinearity does not occur (Ghozali, 2016). It can be seen in the following table 2:

Table 2: Multicollinearity Test

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.887	1.690		.525	0.041		
	Investment							
	Motivation	.134	.080	.115	2.789	0.006	.935	1.069
	Risk Perception	.999	.080	.807	12.520	0.000	.935	1.069

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	Financial Efficacy	.107	.076	.091	1.405	0.003	.935	1.069

Dependent Variable: Investment_Decision
Source: processed data (Researher, 2024)

Based on table 2 above, it can be explained that the tolerance value is 935 and the VIF (Variance Inflation Factor) value is 1,069. Thus, the value of tolerance is 0.935 > 0.10 and the VIF value is 1,069 < 10. It can be concluded that H_0 is rejected, which means that the results of the multicollinearity test show that there is no multicol between independent variables (investment motivation, risk perception, financial efficiency) in the regression model.

Heterokedasticity Test

The Heteroscedasticity test aims to test whether in the regression model there is an unevenness in *variance* from *the residual* of one observation to another. If the *variance* from *the residual* of one observation to another is fixed, it is called homoscedasticity and if it is different, it is called heteroscedasticity. A good regression model is one that is homoscedasticity or heteroscedasticity does not occur (Ghozali, 2016). The plot graph between the projected values of the dependent variable and its residuals can be used to find out whether there is heteroscedasticity between independent variables. From figure 2, the scatterplot below shows the spreading point with an irregular pattern, which means that there is no heteroscedasticity problem.

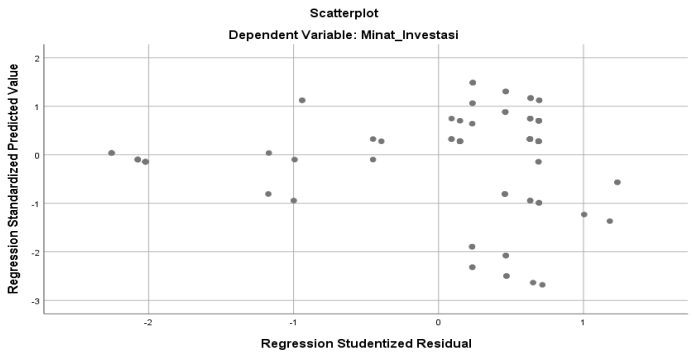

Figure 2. Heterokedastisitas Scatterplot Test

Hypothesis Test Results

Hypothesis testing was carried out using a multiple linear regression analysis model, which aims to determine the direction of the relationship between independent variables and dependent variables whether each of the independent variables is positively or negatively related and to predict the value of the dependent variables, if the independent variables increase or decrease.

Table 3: Multiple Linear Regression Analysis

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.887	1.690		.525	.041		
	Investment Motivation	.134	.080	.115	2.789	0.006	.935	1.069
	Risk Perception	.999	.080	.807	12.520	0.000	.935	1.069

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	Financial Efficacy	.107	.076	.091	1.405	.003	.935	1.069

Dependent Variable: Investment_Decision
Source: Data processed (Researcher, 2025)

Based on the results of the calculation as in the table above, the multiple regression equation is as follows:

$$Y = 0{,}887 + 0.134X_1 + 0.999X_2 + 0{,}107X_3 + e$$

Explanation:

Y: Investment Decision

X_1: Investment Motivation

X_2: Risk Perception

X_3: Financial Efficacy

e: epsilon/error

From the results of the multiple linear regression, it can be explained that:

A constant value of 0.887 means that if investment motivation (X1), risk perception (X2), and financial efficacy (X3) are 0, then the investment decision is 0.887. The value of the regression coefficient of investment motivation is 0.134 and is marked positive, which means that investment motivation has an influence on investment decisions with an increase of 0.134. The risk perception value of the coefficient is 0.999 and is marked positive, meaning that there is a positive influence of risk perception on investment decisions with an increase of 0.999. The financial efficacy value of the coefficient is 0.107 and is positive, meaning that there is a positive influence of financial efficacy on investment decisions.

Partial Test (Uji t)

The t-test is used to test the significance of the influence of investment motivation, risk perception, and partial financial efficacy, namely to test how each independent variable affects its bound variable (investment decision). The t-test can be done by comparing the tcount with the ttable or by looking at the significance column on each tcal. The test criteria of the significant test level (α) = 5% : 2 = 2.25% (0.025) and tested on two sides, with the degree of freedom (df) n-2 or 100-2-1 = 97, then the value of the table is 1.985.

Based on the results of the SPSS calculation contained in table 3 above, namely:

1. Testing the investment motivation hypothesis (X1) against the investment decision (Y) from the results of the calculation of tcount (2.789) > ttable (1.985) or sig t (0.006) < 0.05 thus H0 = rejected and H1 = accepted. So it can be interpreted at the level of a significant test of 0.05, stating that there is a significant influence between investment motivation and investment decisions.
2. Testing the risk perception hypothesis (X2) on the investment decision (Y) from the results of the calculation of tcount (12,520) > ttable (1,985), or sig t (0.000) < 0.05, thus H0 = rejected H1 = accepted. So it can be interpreted at the level of a significant test of 0.05, stating that there is a significant influence between risk perception and investment decisions.
3. Testing the financial efficacy hypothesis (X3) against the investment decision (Y) from the calculation results of tcount (1.405) < t_{table} (1.985), or sig t (0.003) < 0.05, thus H0 = accepted H1

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= rejected. Therefore, it can be interpreted at the level of a significant test of 0.05, stating that there is no significant influence between financial efficiency and investment decisions.

Simultaneous Test (Test F)

The F test is used to test the significance of investment motivation, risk perception and financial efficacy together on investment decisions. The test criteria of the test level is significant = 0.05 with df = n-k-1 then the value of Ftable = 2.70.

Table 4. Simultaneous Tests

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	553.322	2	276.661	80.063	.000[b]
	Residual	335.188	97	3.456		
	Total	888.510	99			

a. Dependent Variable: Investment_Decision
b. Predictors: (Constant), X_1, X_2, X_3

Source: processed data (researcher, 2025)

From the results of the calculation of table 4 above, it shows that Fcal (80,063) > Ftabel (2.70) and the significance of 0.000 < 0.05, thus H0 = rejected and H1 = accepted. It can be stated that at the significance test level of 0.05 there is a significant influence between investment motivation, risk perception and financial efficacy on investment decisions.

Coefficient Determination Analysis

The determination coefficient (R2) test aims to measure the extent to which the independent variable can explain the variation of the bound variable, either partially or simultaneously. The value of this determination coefficient is between zero to one (0 < R2 < 1). A small R2 value means that the ability of the independent variable to explain the variation of the bound variable. where the closer to 1 (one) means that the model can be said to be good because the closer the relationship between the independent variable and the dependent variable, and vice versa (Ghozali, 2016). The results of the calculation of the determination coefficient analysis are as follows:

Table. 5 Coefficient of Determination (R^2)

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.789a	.623	.615	1.85891

a. Predictor: (Constant), X1, X2, X3
b. Dependent Variable: Investment_Decision

Source: Data processed (Researcher, 2025)

Based on table 5 above, it is stated that the determination coefficient is 0.623 or 62.3%, which means that the variation in changes in investment decisions is influenced by investment motivation, risk perception, and financial efficacy by 62.3% while the remaining 37.7% is influenced by other factors other than those researched by the author.

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Discussion

Investment Motivation Against Investment Decisions

Based on the results of the statistical test, it is stated that there is a significant influence of investment motivation on investment decisions, this is evidenced by the significance value of 0.006 < 0.05 and the value of the t-calculation coefficient of 2.789 > 1.985 from the t table. With the right investment motivation, the people of Sukabumi City can choose and determine the right investment.

Risk Perception Towards Investment Decisions

The results of the statistical test stated that there was a significant influence of risk perception on investment decisions, as evidenced by the significance value of 0.000 < 0.05 and the t-coefficient value of 12.520 > 1.985. Risk perception is one of the important strategies to improve investment decisions. The existence of risk perception among the community can help in improving investment decisions.

Financial Efficacy Towards Investment Decisions

The results of the statistical test stated that there was no significant influence of financial efficiency on investment decisions, as evidenced by the significance value of 0.003 < 0.05 and the t-coefficient value of 1.405 < 1.985.

CONCLUSION

The results of the study show that investment motivation, risk perception, and financial efficacy have a significant influence on people's investment decisions. People who have a good knowledge and understanding of investment instruments, capital markets, and risk management tend to make better investment decisions. Those with high financial performance tend to be more confident in making investment decisions and more actively manage their portfolios. Overall, a combination of investment motivation, risk perception, and financial efficacy influences people's investment decisions in the capital market. Improving financial literacy and efficacy can help people make better and more informed investment decisions, while understanding motivation and risk perception can help in designing investment strategies that suit the investor's profile. It is hoped that this research will be useful for other researchers who conduct similar research, as well as to be able to add other variables regarding investment so that the benefits produced will be wider. And it is expected to add samples outside Sukabumi City, so that respondents will be more complex.

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