

Factors Influencing Students Investment Decisions in the Capital Market

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Abstract. *This study aims to analyze the influence of risk perception, risk tolerance, initial capital, environment, and social media on students' investment decisions in the capital market. The research uses a quantitative approach with a survey method through the distribution of questionnaires to 90 selected student respondents using purposive sampling techniques. Data analysis was carried out using Structural Equation Modeling based on Partial Least Square (SEM-PLS). The results of the study showed that risk perception, risk tolerance, initial capital, and environment did not have a significant effect on students' investment decisions. On the other hand, social media has a positive and significant influence and is a dominant factor that influences investment decisions. These findings show that in the digital era, information and influence obtained through social media determine student investment behavior more than traditional psychological and economic factors. The novelty of this research lies in the simultaneous testing of psychological, economic, social, and digital factors in explaining students' investment decisions in Indonesia. The results of the research are expected to contribute to the development of digital media-based investment literacy and education among students.*

Keywords: Risk perception, Risk tolerance, Initial capital, Environment, Social Media, Investment Decisions

INTRODUCTION

The capital market is one of the investment instruments that has great potential for the younger generation, including students. Students are a potential group of investors because they have wide access to information and a high level of technological adaptation. However, the investment participation rate of students is still relatively low, so an understanding of the factors that influence their investment decisions is needed. Risk perception can be measured by indicators such as the presence of certain risks, the thought that an action is risky, and the possibility of experiencing losses. (Syaiah & Rachman Rika, 2022) and (Palash Bairagi & Chakraborty, 2021) It found that the greater the risk perception that an investor has, the quality of making investment decisions also improves. Instead, research by (Githa Widyastuti & Murtanto, 2024) and (Khadijah et al., 2024) mentioned that financial literacy and risk perception do not show a significant influence on investment decisions, possibly due to the influence of other variables such as market conditions.

Risk tolerance indicates the level of willingness of an individual to accept risk from the investment decisions made. The choice of type of investment is made reflecting a person's level of risk tolerance. Investors with a high risk tolerance tend to choose investments with high potential returns but also high risk, and vice versa (Gunawan & Wiyanto, 2023) and (Nur Indah Sari et al., 2024) declare *Financial literacy* and *loss aversion bias* has a positive effect on investment decisions, while *Risk tolerance* has no effect on investment decisions. While (Yulianis & Sulistyowati, 2021) and (Baihaqqi, 2022) It shows that risk tolerance does not directly affect investment decisions, but is more influenced by factors such as overconfidence and loss aversion.

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Initial capital is the funds that an individual has at the time of starting an investment. The size of the initial capital can affect investment decisions. The amount of funds needed to start a business, both in the form of cash and assets that can be used for business activities. (Fauzianti & Retnosari, 2022) and (Lupita & Zoraya, 2023) mentioned that the availability of initial capital triggered the interest of students to start investing, while (Ayu Wahyuningtias & Rahman Pakaya, 2024) and (Pramesti & Andayani, 2023) found that capital constraints had no effect on students' investment decisions.

The environment is a social interaction between individuals who have similarities such as age or status. (Slavin, 2008). Social interaction allows individuals to receive information and encouragement to invest. In the context of the social environment, (Safiq, 2022) and (Maysah et al., 2024) highlight the negative influence of the environment on investment interest, while (Dang, 2024) and (Putri & Hudaya Robith, 2024) stating that a supportive environment can drive better investment decisions.

Social media serves as a source of information and education for the capital market that is easy to access. Through many platforms, young investors get education about investing, stock analysis that helps them to make investment decisions. The education gained from social media is very useful to increase the understanding of young investors to participate in the capital market. (Hulu, 2024) and (Angraini et al., 2024) stating that content from social media influencers can influence investment behavior and stock investment decisions, (Andana, 2023) and (Saputri et al., 2024) argues that social media has no direct effect on investment decisions and information from influencers is only used as an additional reference. Based on the background description above, the author chose the title "Factors Influencing Students' Investment Decisions in the Capital Market" Where students are a potential group in the capital market, but investment interest needs to be increased. This study aims to identify what influences students' investment decisions such as risk perception, risk tolerance, initial capital, environment, and social media.

LITERATURE REVIEW

This research is based on various theories that are relevant to the variables studied, such as risk perception, risk tolerance, initial capital, environment, and social media, this theoretical study is prepared to provide a strong conceptual foundation and become a basis for formulating a research framework. Signal Theory (*Signaling Theory*) explains that investment decisions made by investors serve as an indication to the market about the future prospects and performance of the company. Investment is an effort to invest capital by a person or company in the hope of getting profits in the future. (Harton, 2022) Investment is a delay in current consumption with the aim of utilizing these funds for more efficient production within a certain period of time. (Graham, 2022) stated in his book on investment theory including:

1. *Risk and Return*, a measurement of the risk and desired return of an investment instrument. Investment risk arises when market prices deviate from their true intrinsic value. Therefore, the returns an investor earns depend on how much effort, time, and ability the investor invests in the investment process.
2. *Margin of Safety*, buying an asset at a price lower than its intrinsic value to reduce the risk of misvaluation and minimize potential losses.

Investment decisions are the policy of allocating funds to place funds in one or several investment instruments that are expected to provide profits in the future. This process involves selecting the most profitable investment alternatives by assessing the risks and potential benefits. Investors not only look at the financial data presented, but also pay attention to how management manages the company's assets to generate profits. (Diva Mahira Azzahra & Ansisa Amalia Mulya, 2025). Investment decisions are the individual process of determining the best way to allocate funds to various financial instruments that are expected to provide profits in the future. Referring to research conducted by (Fadhiilah, 2025) The indicators of investment decisions are as follows:

1. Financial Literacy, the insight possessed by investors in understanding various investment instruments, recognizing related risks, and managing finances effectively.
2. Minimum Investment Capital, the minimum amount of funds that need to be provided as initial capital before starting investment activities.
3. Investment Return, the profit target to be achieved from the investment results made.

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Based on the above theories, it can be concluded that investment decisions are an individual process in determining the best way to allocate funds to various financial instruments that are expected to provide profits in the future.

Risk perception is the individual's subjective consideration of the probability of loss from a decision. (Gitman, 2015). Risk perception is influenced by a person's psychological and experience, as well as the situational conditions faced. Risk perception exposes investors' uncertainty to the opportunity for losses that can occur due to investment decisions. The standard indicators used to measure risk perception are:

- a. There are certain risks that are felt.
- b. Experience of losses received.
- c. The confidence of an investment is risky.
- d. Uncertainty in the future is related to investment returns.

According to *Prospect Theory*, investors with high risk perceptions are likely to be more careful and think about information thoroughly before making decisions, while investors with low risk perceptions are likely to make bolder and less careful decisions.

Risk tolerance is how willing the investor is to accept the probability of loss from the investment made (Gitman, 2015). A person's ability to be ready to be acquired when deciding to invest is the definition of risk tolerance according to (Nadhifah & Anwar, 2021). Risk tolerance can be measured using the Likert scale with several indicators, namely:

- a. Unsecured Loans
- b. Use of income for investment
- c. The purchase of assets is for business and is not well considered.

Risk tolerance describes the extent to which an individual is willing to accept possible losses in an investment. Risk tolerance has to do with how comfortable an individual is in dealing with uncertainty in investing.

Capital is the funds that individuals have to start investing. According to (Sukirno, 2006) Capital is a tool created by a person that is used to produce goods and services. In his book (Kasmir, 2010) Defining capital is the funds used to start and run the company's operational activities. Initial capital indicators include:

1. Current assets
2. Current Debt
3. Difference between assets and debt

The initial capital objectives examined by (Selfia, 2022) Includes:

1. Investor's financial sensitivity
2. Drive broader investment engagement
3. Provides a solid foundation for well-planned investment decision-making

It can be concluded that initial capital is not only about the amount of funds you have at the beginning of the investment, but also about the availability of funds that can be accessed flexibly to start investing.

The social environment is all individuals or groups that affect a person either directly or indirectly. This environment includes family and friends who are the main media in shaping a person's behavior and personality (Purwanto, 2009). According to (Dewantara, 2004) The social environment is divided into three, namely the family environment, the community environment and the school environment. In this regard, family and friends have an important role in shaping character. There are several theories about the environment that include the influence of friends and family, namely:

1. According to *Social Environment Theory*, the role of family and friends is an important part of the social environment that shapes individual attitudes, behaviors, and development. Family provides values, norms, and emotional support, while friends become a significant social influence. These two environments complement each other in shaping individual social identities and interactions.

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2. Symbolic *Interactionism* theory, social interaction with family and friends shapes a person's meaning and identity.

The environment has a big role in determining investment decisions. Encouragement, information, and behavior from the surrounding environment can influence an individual's beliefs and motivation to start investing.

Social media is a communication platform that facilitates the rapid exchange of information without territorial restrictions, plays an important role in shaping public opinion, and supports social dynamics in today's society (Rahma et al., 2024). From the research conducted (Sulistyono, 2022), social media uses three main dimensions to measure its activities, namely:

1. *Consumption*, accessing content such as viewing, reading, clicking on various content or posts and paying attention to the activities of other users.
2. *Contribution*, actively participate by liking, writing comments, posting content by yourself or other users.
3. *Creation*, creating content, such as writing, uploading photos or videos, or creating content related to a specific topic.

The research conducted (Aangelina Yohanes et al., 2025) Summarizing some of the theories underlying social media, namely:

1. Media Convergence Theory, explains how social media integrates various forms of communication into one interactive platform. Social media allows for user-to-user interaction, user-to-system interaction, and user-to-document interaction.
2. Interactivity theory, there are three main categories, namely: interaction between users, user interaction with the system, and user interaction with documents. This theory emphasizes the importance of dialogue and active user engagement as the main differentiating factor of social media compared to traditional media.

It can be concluded that social media is very useful as the main channel in disseminating information today. Social media allows users to share, access and create content, this can influence perception, understanding, and also individual decisions in investing.

METHODS

This study uses a qualitative approach. (Ghozali, 2016) A qualitative approach is a research method used to gain a deep understanding of a phenomenon through non-numerical data, such as observation or documentation results, which are analyzed in their original context to explore the meaning thoroughly. Data is collected through the *purposive sampling* by distributing surveys to students in Jakarta. The data collected was analyzed using statistical methods through the SPSS application. This study involves dependent and independent variables, where students' investment decisions as dependent variables are influenced by five independent variables: risk perception, risk tolerance, initial capital, environment, and social media.

The sampling procedure was carried out by distributing questionnaires to 90 respondents. The samplers were considered the most appropriate and represented the research problem being studied, consisting of 63 men and 27 women. It was concluded that the majority of the respondents were men. The respondent population is students with different educational backgrounds. In this study, the investment experience category is divided into two, namely yes and no.

Respondent Characteristics

Table 1 Respondent Profile Description

No.	Variable		Frequency	Introduce yourself
1	Gender	Male	63	70%
		Women	27	30%
2	Have invested in the capital market	Yes	58	64,4%
		No	32	35,6%
	Quantity		90	100%

Source : Data Processed 2025

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From table 1 above, there are 58 respondents who have investment experience and 32 people who do not have experience. It can be concluded that the majority of the study respondents are those who have investment experience in the capital market.

This study uses a questionnaire as an instrument consisting of a number of statements to be answered by respondents. The instruments are carried out as follows:

a. Validity Test

To assess the extent to which an instrument is really able to measure the variables referred to in the study (Ghozali, 2016). An instrument is said to be valid if each question in the questionnaire accurately reflects and captures information from the variables being studied. The validity test in this study used correlation *Product Moment* to see the relationship between each question item and the total score of the questionnaire. The goal is to assess the extent to which each item is relevant and actually measure the concepts being researched.

According to (Ghozali, 2016), here's the formula used

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{\{n\sum x^2 - (\sum x)^2\}\{n\sum y^2 - (\sum y)^2\}}}$$

Description :

r = correlation coefficient

X = item score

Y = total score

n – Number of respondents

b. Reliability Test

Reliability tests are used to evaluate the level of consistency of a measuring instrument in assessing a particular construct (Ghozali, 2016). An instrument is considered reliable if it can provide stable and consistent results even when used in different times and conditions. The greater the Cronbach alpha value, the greater the reliability of the measurement instrument, and this indicates that the instrument is reliable in measuring the desired concept. The formula used is:

$$r = \left(\frac{k}{k-1}\right)\left(1 - \frac{\sum \alpha_i^2}{\alpha_{total}^2}\right)$$

Description:

α = Cronbach's Alpha value

k = number of items

α_i^2 = variance of each item

α_{total}^2 = Total variance

Table 2 Alpha Cronbach Classification

Alpha Cronbach Values	Interpretation
>0.70	Reliable
0,60--0,70	Enough
<0.60	Less reliable

Source : Ghozali 2016

This research consists of two variables, namely:

1. Independent variable (X)

Independent variables are variables that act as causative factors or that influence changes in other variables (Ghozali, 2016). Independent variables in this study:

- Risk Perception (x1)
- Risk Tolerance (X2)
- Initial Capital (X3)
- Environment (X4)
- Social Media (X5)

2. Dependent variable (Y) is the Student Investment Decision

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The object of the study is students (aged 18-25 years) who are investors in the Indonesian capital market, focusing on the factors that influence their investment decisions.

Data Collection Methods

a. Data types

The types of data used in this study are primary and secondary data. In this study, primary data was obtained from students as respondents, through statements related to risk perception, risk tolerance, initial capital, environment, and the influence of social media on students' investment decisions. Secondary data is used as a background support, theoretical foundation, and general capital market information.

b. Data Sources and Data Collection Methods

The source of data for this research is sourced from questionnaires. Questionnaire is a form of data collection instrument that is compiled in the form of a list of statements (Ghozali, 2016). Questionnaires were distributed to students to obtain valid data, so that this research was useful.

This study uses the Likert scale as a tool to assess each statement, and is supported by a documentation method as an additional approach in collecting data. This scale usually contains several statements that measure the extent to which respondents agree or disagree on the matter.

In this study, the population consists of several students in Jakarta. The sample collection process was carried out by distributing questionnaires to 90 respondents. This study uses a questionnaire as an instrument consisting of a number of statements to be answered by respondents. The instruments are carried out as follows:

a. Validity Test

The validity test in this study used *product moment correlation* to see the relationship between each question item and the total questionnaire score. The goal is to assess the extent to which each item is relevant and actually measure the concepts being researched.

b. Reliability Test

Reliability tests are used to evaluate the level of consistency of a measuring instrument in assessing a particular construct (Ghozali, 2016).

The classical assumption test is carried out to ensure that the constructed linear regression model meets the basic requirements so that the estimated parameters are valid, unbiased, and efficient (Ghozali, 2016). The types of classical assumption tests are:

- a. Normality Test
- b. Multicollinearity Test
- c. Heterokedasticity Test
- d. Autocorrelation Test

Multiple Linear Regression Analysis is used to measure the influence of more than one independent variable on one bound variable, as for the formula applied in the study:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \varepsilon$$

Description :

Y = dependent variable

X₁, X₂, ..., X_n + independent variables

α = constant

β₁, β₂, ..., β_n = regression coefficient for each independent variable

ε = error (residual)

Hypothesis analysis in multiple linear regression is used to measure the influence between independent variables on bound variables. Hypothesis tests are usually carried out with a t-test and an F test.

Coefficient of Determination

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The Determination Coefficient is used to assess the extent to which independent variables affect dependent variables in the percentage in the research regression model.

The formula used in finding the value of the determination coefficient is:

$$KD = (r_{xy})^2 \times 100\%$$

Description :

KD = Cophysis of Determination

r_{xy} = the correlation value of *the person product moment* of the X and Y variables

Data Analysis Using SmartPLS

In statistical analysis of the data, the SEM-PLS method is used. The analysis techniques of the PLS method:

1. *Analysis outer model*, according to (Ghozali & Hengky, 2015) The outer model is used to measure the relationship between indicators and constructs (latent variables). There are several calculations in this analysis, namely:
 - a. *Convergent Validity*, indicating the extent to which the indicators used actually measure the same latent concept, is indicated by the high correlation between the indicators in a single construct. The assessment criteria if *the loading factor* of each indicator is >0.70 .
 - b. *Discriminant validity*, tests whether a construct is really different from another. The indicator must have the highest loading of the construct it is measuring compared to other constructs,
 - c. *Composite reliability*, used to evaluate the internal consistency of indicators in measuring latent constructs. Construct is considered reliable if *the Composite reliability value* is >0.70 .
 - d. *Average Variance Extracted (AVE)*, which is the value of the average variance. An AVE value of >0.50 indicates that the construct can explain more than half of the variance of the indicator.
 - e. *Cronbach alpha*, measures the internal stability and consistency of a construct. The minimum amount is 0.60.
2. *Internal model analysis*, to test the relationship between latent constructs. Some of the calculations in this analysis are:
 - a. *R-Square*, is used to measure how much influence a free variable has on a bound variable.
 - b. *Effect size (F-square)*, to determine the merits of the model.

RESULTS AND DISCUSSION

Descriptive Characteristics

Table 3 Respondent Profile Description

No.	Variable		Frequency	Introduce yourself
1	Gender	Male	63	70%
		Women	27	30%
2	Have invested in the capital market	Yes	58	64,4%
		No	32	35,6%
	Quantity		90	100%

Source : Data Processed 2025

From table 3, it is concluded that the majority of respondents are those who have experience investing in the capital market.

Validity Test

Table 4 Validity Test

Variable	Question No.	Pearsons' Correlations	r table 5% (90-2=88)	Criteria
Risk Perception (x1)	1	0,820	0,196	Valid

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	2	0,872	0,196	Valid
Risk Tolerance (X2)	1	0,884	0,196	Valid
	2	0,814	0,196	Valid
Initial Capital(X3)	1	0,866	0,196	Valid
	2	0,879	0,196	Valid
Environment (X4)	1	0,766	0,196	Valid
	2	0,697	0,196	Valid
	3	0,711	0,196	Valid
	4	0,676	0,196	Valid
	5	0,694	0,196	Valid
Social Media (X5)	1	0,769	0,196	Valid
	2	0,653	0,196	Valid
	3	0,733	0,196	Valid
	4	0,771	0,196	Valid
	5	0,722	0,196	Valid
Investment Decision (Y)	1	0,657	0,196	Valid
	2	0,743	0,196	Valid
	3	0,730	0,196	Valid
	4	0,678	0,196	Valid
	5	0,735	0,196	Valid

Source : Data Processed 2025

From table 4, it can be seen that all the calculated values of the questionnaire indicators are greater than the t_{of} of the table , so that based on decision-making all indicators are declared valid

Reliability Test

Table 5 Reliability Test

Variable	Cronbach's Alpha Values	N of Items	Conclusion
X1	0,602	2	Reliable
X2	0,608	2	Reliable
X3	0,686	2	Reliable
X4	0,749	5	Reliable
X5	0,777	5	Reliable
Y	0,737	5	Reliable

Source : Data Processed 2025

From table of 5 values *Cronbach's Alpha* >0.60, according to (Ghozali, 2016) that a construct is declared reliable if it reaches a value of >0.60.

Normality Test

Table 6 Test One Sample Kolmogorov Smirnov

N		90
Normal Parameters ^{a,b}	Red	.0000000
	Std. Deviation	2.27329412
Most Extreme Differences	Absolute	.078
	Positive	.078
	Negative	-.056
Test Statistic		.078
Asymp. Sig. (2-tailed) ^c		.200d

Source : SPSS Processed Data

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From table 6 the Asymp values. Sig. (2-tailed) is 0.200, where >0.05 , is interpreted as normal distributed data.

Multicollinearity Test

Table 7 Multicollinearity Test

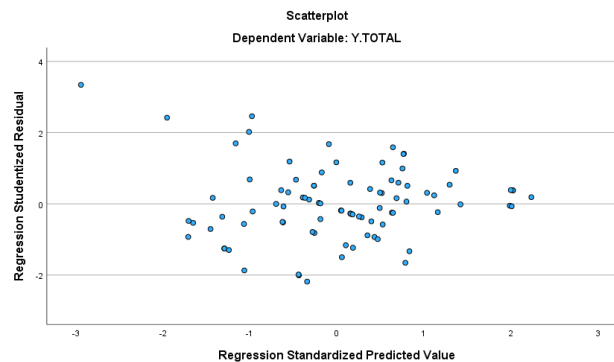
Models	Unstandardized Coefficients		Standardized Coefficients		Sig.	Collinearity Statistics	
	B	Std. Error	Beta	t		Tolerance	VIF
1 (Constant)	8.412	2.186		3.848	.000		
X1. TOTAL	.106	.164	.062	.648	.519	.775	1.290
X2. TOTAL	.347	.214	.178	1.620	.109	.583	1.714
X3. TOTAL	-.173	.142	-.113	-1.221	.226	.817	1.223
X4. TOTAL	.181	.089	.220	2.024	.046	.591	1.693
X5. TOTAL	.338	.109	.347	3.098	.003	.558	1.791

Source : SPSS Processed Data

From table 7, it can be seen that the VIF value is less than 10 and the tolerance value is greater than 0.10, it is concluded that there is no multicollinearity in the data.

Heterokedasticity test

Figure 1 Scatterplot



Source : SPSS Processed Data

From figure 1 it can be seen that there is no clear pattern, the dots spread above and below the number 0 on the Y axis, it can be concluded that there is no heterokedasticity in the data.

Autocorrelation Test

Table 8 Autocorrelation Test

Models	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.642a	.412	.377		2.33997	1.960

Based on the SPSS output in table 6, it shows a Durbin-Watson stat value of 1.960.

N	DL	FROM	DW	4-DU	4-DW
90	1.542	1.778	1.960	2.222	2.040

Source : SPSS Processed Data

Based on the calculation results, the DW value was higher than DL and DU and below 4-DU and 4-DL for a total of 90 data, it was concluded that there was no autocorrelation in the data.

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Multiple Linear Regression Test

From table 5 above, the regression equation is obtained as follows:

$$Y = 8.412 + 0.106X_1 + 0.347X_2 - 0.173X_3 + 0.181X_4 + 0.338X_5$$

From the regression equation above, the following conclusions can be drawn:

1. The constant (α) of 8.412 positive indicates that if all independent variables, namely risk perception, risk tolerance, initial capital, environment, and social media are in a fixed condition, then the value of student investment decisions is estimated at 8.412.
2. The value of the X_1 coefficient of 0.106 is positive, which means that any increase in risk perception will encourage an increase in student investment decisions by 0.106 points.
3. The value of the X_2 coefficient of 0.347 is positive, which means that the higher the risk tolerance, the higher the student's investment decision, the more the student's investment decision will also increase by 0.347.
4. The value of the X_3 coefficient is 0.173 negative, meaning that the increase in initial capital is followed by a decrease in student investment decisions by 0.173.
5. The value of the X_4 coefficient of 0.181 is positive, meaning that any increase in environmental factors will contribute to an increase in student investment decisions by 0.181.
6. The value of the X_5 coefficient was 0.338 positive. This means that the greater the influence of social media, the student's investment decision will increase by 0.338.

T Test

From table 8, it can be seen that the value of sig. at X_4 and X_5 below 0.05, it can be concluded that the environment and social media have a significant influence on students' investment decisions (Y), while the value of sig. variables X_1 , X_2 , and X_3 above the value of 0.05, it can be concluded that risk perception, risk tolerance, and initial capital do not have a significant effect on student investment decisions (Y).

Test F

Table 9 Test F

Models	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	322.060	5	64.412	11.764	.000b
Residual	459.940	84	5.475		
Total	782.000	89			

Source : SPSS Processed Data

From table 9, it can be seen that the significance value (Sig.) is $<0.001 < 0.05$, and the value of $F_{\text{calculated}} > F_{\text{table}}$ ($11.764 > 2.71$) then H_a is accepted, it can be concluded that the variables of Risk Perception, Risk Tolerance, Initial Capital, Environment, and Social Media together have a significant effect on Student Investment Decisions (Y).

Coefficient of Determination

Table 10 Model Summary

Models	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642a	.412	.377	2.33997

Source : SPSS Processed Data

From table 10, an R Square of 0.642 or 64.2% was obtained, meaning that the combination of variables Risk Perception, Risk Tolerance, Initial Capital, Environment, and Social Media was able to explain 64.2% of the variation that occurred in Student Investment Decisions (Y) in this regression model. While the remaining 35.8% is the contribution of other factors outside the variables studied in this study.

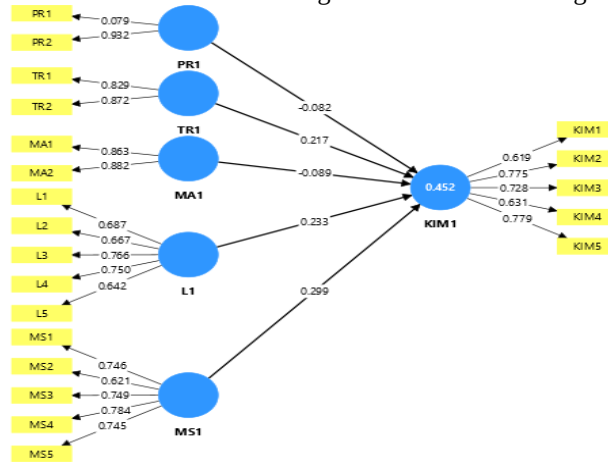
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Convergent Validity

Figure 2 Outer and Inner Channel Diagram of the Model Using SmartPLS



Source : SmartPLS Processed Data

In figure 2, it can be seen that PR2, the risk perception variable, has a loading factor above 0.7, this indicator is valid and reliable. PR1 has a loading factor value below 0.1, is considered invalid and unreliable. The risk tolerance and initial capital, showing a loading factor of more than 0.7, means that all indicators meet the validity criteria. The environment has a loading factor above 0.7 and some above 0.6; Both are still acceptable according to the convergent validity standard. Social media has a loading factor above 0.7 and one indicator is above 0.6, all of which still meet the requirements for validity and reliability.

Discriminant validity

Table 11 Cross Landing on Discriminant Validity

	Investment Decision	Risk Perception	Risk Tolerance	Initial Capital	Environment	Social Media
Investment Decision	0.710					
Risk Perception	-0.261	0.661		0.300	-0.134	-0.397
Risk Tolerance	0.533	-0.137	0.850	-0.096	0.541	0.570
Initial Capital	-0.175			0.872	0.007	
Environment	0.530				0.704	
Social Media	0.592			-0.142	0.570	0.731

Source : SmartPLS Processed Data

From table 11, it is concluded that the validity of the discriminant is fulfilled because each indicator has a stronger relationship with its own construct compared to other constructs.

Table 12 Construct Validity and Reliability

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Risk Perception	0.607	-1.863	0.437
Risk Tolerance	0.618	0.626	0.723
Initial Capital	0.687	0.689	0.761
Environment	0.753	0.760	0.495
Social Media	0.781	0.782	0.535
Investment Decision	0.755	0.777	0.503

Source : SmartPLS Processed Data

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From table 12, it can be seen that the variables of social media, environment, and student investment decisions show a composite reliability value above 0.7, meaning that the three variables are classified as reliable, on the contrary, at risk tolerance, risk perception, and initial capital is below 0.7, the reliability is considered inadequate.

Construct validity and reliability, risk tolerance variables, initial capital, social media, and student investment decisions each had an AVE value of 0.723; 0.535; 0.761; and 0.503. All of them exceeded the minimum limit of 0.5, so the convergent validity of the four variables was relatively good, but the risk and environmental perception had AVE values of 0.437 and 0.495, which means that the convergent validity of these two variables was still less than optimal. If the AVE is below 0.5, then it is likely that the indicators contain a higher error than the variance described by the construct.

Cronbach's alpha above 0.6, it can be concluded that all variables already meet the reliability requirements.

The inner model produced was nilai R-Square of 0.67 categorized as a strong influence (substantial), 0.33 as a moderate influence, and 0.19 as a weak influence.

Table 13 R-Square Values

	R-Square	R-Square Adjusted
Investment Decision	0.452	0.420

Source : SmartPLS Processed Data

From table 13 of the R-Square value of 0.452, the variables of Risk Perception, Risk Tolerance, Initial Capital, Environment and Social Media can only explain the variant of Student Investment Decision of approximately 45.2%, the rest (54.8%) is influenced by other factors that are not discussed in this study, indicating that these influences have moderate or moderate values.

Value effect size (F-Square)

Table 14 F-Square

	Investment Decision
Risk Perception	0.059
Risk Tolerance	0.013
Initial Capital	0.087
Environment	0.010
Social Media	0.052

Source : Data Processed 2025

From table 14, the F-Square value of Risk Perception of $0.059 > 0.02$ has a moderate or moderate influence. The environment is $0.0010 < 0.02$ has little influence. The Risk Tolerance of $0.013 < 0.002$ has little influence. Social Media of $0.052 > 0.02$, it can be concluded that this variable has a moderate or moderate influence. Initial Capital of $0.087 > 0.02$ can be concluded that this variable has a moderate or moderate influence.

Using the t-statistical value for alpha 5% and the t-statistical value used is 1.96. So the criteria for acceptance or rejection if the t-statistical value > 1.96 . If using probability, the p-value < 0.05 then H_a is accepted and H_o is subtracted

Based on the explanation above, the hypothesis test produced is as follows:

- Risk perception does not have a meaningful impact on a student's decision to start investing. This change does not necessarily make students more interested or unwilling to invest. In line with the research of Katarina Widyastuti Githa and Murtanto (2024), but different from Abdul Rachman and Syaiah (2022), Pradip Bairagi and Anirban Chakraborty (2021), and Sitti Khadijah et al. (2024). These differences may be influenced by variations in respondents' characteristics, level of investment experience, and the context of the market that is the object of the research.
- The level of risk tolerance has not been shown to play an important role in influencing investment decisions among students. Neither an increase nor a decrease in risk tolerance makes a difference in

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- students' interest in investing. In line with Nur Yulianis and Erna (2021) and Idhofi Khusna Baihaqqi (2022), but different from the research of Kelvin and Hendra (2023) and Tri Nur Indah Sari et al. (2024)
- The initial capital owned by students is not a determining factor in making investment decisions. Fluctuations in initial capital are not directly proportional to students' interest or reluctance to invest. In line with Ajeng Tisa Pramesti and Sari Andayani (2023) and Putri Ayu Wahyuningtias et al. (2024), but different from Anastasya Fauzianti and Retnosari (2022) and Riska Lupita and Indah Zoraya (2023)
 - The environment around students is also not the main factor that affects students' decisions in investing. Neither positive nor negative changes in environmental factors cause changes in student investment interests. In line with Phuong Giang (2024) and Indah Amelia (2024), but different in line with the research of Ika Indriasari et al. (2024) and Moh Rizal and As Safiq (2022)
 - Social media has proven to have a considerable role in influencing student investment decisions. The increase in the influence of social media can encourage students to be more interested in investing, and vice versa. In line with the research of Muhammad Syarif Hulu (2022), Anggi Angraini et al. (2024), however, it is different from the research of Nur Halizah Sabilillah Putri Andana (2023) and Melisa et al. (2024)

CONCLUSIONS

- a. Risk perception does not have an impact on students' decisions to invest. It is indicated by the significance value that exceeds the specified limit, so that risk perception is not a necessary factor in investment decision-making.
- b. Risk tolerance does not have a significant effect. Although students have different levels of risk acceptance, they are not strong enough to influence students' choices in making investments.
- c. Initial capital shows a negative but not significant relationship to investment decisions. The amount of capital that students have when starting an investment does not directly encourage them to make investment decisions.
- d. The social environment has a positive and significant influence, the support and influence of the people around can encourage students to start investing.
- e. Social media is the most influential variable. Information, recommendations and promotions spread across various platforms have proven to greatly influence students' decisions in investing.

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