ANTECEDENT AND CONSEQUENCE ANALYSIS OF INVESTOR BEHAVIOR VARIABLES IN RETAIL SHARES ON THE INDONESIAN STOCK EXCHANGE

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Abstract:

Background: The Indonesia Stock Exchange (IDX) over the last four years (2019-2022) shows an average increase in the number of investors of 60.91%. However, this did not significantly impact market capitalization, which grew 9.86%, and the average growth of the Jakarta Composite Index, which was only 3.03% over the last four years. The data is very interesting to analyze further regarding investor behavior in investing in the stock market.

Purpose: This research aims to analyze the influence of financial knowledge, investment experience, information media, and social interaction on retail investor behavior and the influence of retail investor behavior on investment decisions.

Design/methodology/approach: Research data was taken from 292 stock investors, using a purposive sampling technique. Data processing and analysis use Structural Equation Modeling (SEM) with Smart PLS 3.2.9.

Finding/Result: The research results show that financial knowledge and information media do not have a significant effect on retail investor behavior. Investment experience and social interaction have a positive and significant effect on retail investor behavior. Retail investor behavior has a significant influence on investment decisions. Other findings show that investor behavior cannot mediate the relationship between the variables of financial knowledge, investment experience, information media, and social interaction on investment decisions.

Conclusion: Financial knowledge and media information are no longer the basis of investor behavior, both of which have been replaced by more subjective factors, namely investment experience and social interaction. Investor behavior is also unable to mediate the relationship between the four variables and investment decisions.

Originality/value (State of the art): This study is to investigates the relationship between fundamental aspects and subjective aspects on retail investor behavior and the influence of investor behavior on investment decisions, so that the authors develop new models in research. Fundamental aspects are no longer something interesting for investors because of less credible information, so they prefer to use experience and social interaction. The role of company managers is to provide more credible information through financial reports, and the need for information media management in encourage investors to invest.

Keywords: investment decision, retail investor behavior, financial knowledge, investment experience, media information, social interaction

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INTRODUCTION

Investing is one of the ways of managing finances by placing money in the capital market and is expected to gain benefits in the future (Candy & Guseriwan, 2020; Hartanto et al. 2022). Before investors decide to invest in a company, some guidelines will be used to ensure that the targeted stocks are stocks that can provide benefits (Oktavia et al. 2021). From the beginning of the pandemic at the end of 2019 to the end of 2020, although the number of investors experienced a significant increase of 56.2% from 2,484,354 in 2019 to 3,880,753 investors in 2020 (KSEI, 2022), but the IDX Composite experienced a decrease fluctuation, where at the closing 2019 amounting to 6,299.53 to 5,979.07 at the end of 2020 (Sembiring & Sidik, 2020). Along with the increase in the number of investors in 2022, which reached more than 10 million investors (KSEI, 2022), this IDX Composite increased at the end of 2021 to 6,581.4, and strengthened again at the end of 2022 to 6,850.6 (Wulandhari, 2022). On the other hand, although the number of investors has increased to more than 10 million investors, in terms of percentage of the total population, Indonesia's position is still below Malaysia (32.4%) and Japan (48.3%) (Lubis & Kusuma, 2022).

Several variables that influence retail investor behavior have also been researched, such as the influence of financial knowledge on retail investor behavior by Talwar et al. (2021), Santini et al. (2019), Putri & Hanggraeni, (2022), Poeteri et al. (2021), the influence of information media on retail investor behavior by Usmani, (2012), Tauni, Fang, et al. (2017), Gill et al. (2018), Glaser & Risius, (2016), Haritha & Uchil, (2020), Azizi & Sanaji, (2018), the influence of investment experience on retail investor behavior by Aren & Hamamci, (2020), Raut, (2020), Suprihati & Pradanawati, (2020), Nugraha & Rahadi, (2021), Glaser & Risius, (2016), and the influence of social interaction on retail investor behavior by Aren & Hamamci, (2020), Usmani, (2012), Putri & Hanggraeni, (2022), Yang et al. (2021), Haritha & Uchil, (2020), Akhtar et al. (2017), Natsir & Arifin, (2021). The variables in the study were analyzed separately, so that the author in this study tested the variables simultaneously in a new research model, and at the same time tested the relationship between retail investor behavior and investment decisions. Novelty of research in Table 1.

To solve the problem in this study, where the increase in the number of investors does not have a significant effect on the IDX Composite Stock Price Index, the researcher uses the behavioral finance approach. Behavioral finance research focuses on the psychological aspects of investors because when investors have made a decision, their final decision will be influenced by factors that change their behavior, for example, through social interactions, which will change investors from rational to irrational, and can suffer losses (Akbar et al. 2016). Behavioral finance theory explains the anomalous conditions of the stock market using a biased psychological approach, because basically, investors and market results are influenced by the information structure and characteristics of market players (Mubarak & Elsheikh, 2017). This research aims to analyze the influence of financial knowledge, investment experience, information media, and social interaction on retail investor behavior and the influence of retail investor behavior on investment decisions.

METHODS

The data used in the study is primary data, through the distribution of questionnaires to respondents' investors via social media or email, such as WhatsApp investor groups, or directly to known individuals. The data collection technique uses the purposive sampling method where retail investors have been registered on the KSEI website (https://www.ksei.co.id) as stock investors, both retail investors who are members of the stock community or not and are at least 18 years old, investors who are quite active in investing every day, and also investors who are quite passive in investing only a few times a year. The number of samples uses the "10-times rule" approach, where for every 1 indicator, the number of samples required is 10 (Barclay et al. 1995). This is also confirmed by the research results of Roscoe (1975) in the books Sekaran (2006), Sugiyono (2017), and Kock & Hadaya (2018). Because there are 28 statements, the ideal sample size required is at least 280 samples, and in this research, 292 respondents were collected.

Table 1. Novelty of research

Author	Financial knowledge	Information Media	Investment Experience	Social interaction	Investor behavior	Investment decision
Talwar et al. (2021)	v				v	
Santini et al. (2019)	v				v	
Putri & Hanggraeni (2022)	v				v	
Poeteri et al. (2021)	v				v	
Usmani (2012)		v			v	
Tauni, Fang, et al. (2017)		v			v	
Gill et al. (2018)		v			v	
Glaser & Risius (2016)		v			v	
Haritha & Uchil (2020)		v			v	
Azizi & Sanaji (2018)		v			v	
Aren & Hamamci (2020)			v		v	
Raut (2020)			v		v	
Suprihati & Pradanawati (2020)			v		v	
Nugraha & Rahadi (2021)			v		v	
Glaser & Risius (2016)			v		v	
Aren & Hamamci (2020)				v	v	
Usmanis (2012)				v	v	
Putri & Hanggraeni (2022)				v	v	
Yang et al. (2021)				v	v	
Haritha & Uchil, (2020)				v	v	
Akhtar et al. (2017)				v	v	
Natsir & Arifin (2021)				v	v	
Putri & Hanggraeni (2022)					v	v
Seetharaman et al. (2017)					v	v
Septyanto & Adhikara, (2013)					v	v
Mahardhika & Zakiyah (2020)					v	v
Kumari et al. (2022)					v	v
Nugraha & Rahadi (2021)					v	v
The author of this research	v	v	v	v	v	v

The questionnaire assessment uses a Likert scale with a 5-point scale. The financial knowledge variable was measured through a questionnaire with 5 questions adopted from Yang et al. (2021) and Raut (2020). The information media variable was measured through a questionnaire with 4 questions adopted from Gill et al. (2018). The investment experience variable is measured through a questionnaire with 5 questions adopted from Raut (2020). The social interaction variable was measured with 5 questions adopted from Yang et al. (2021). Investor behavior variables are measured through a questionnaire with 5 questions adopted from Metawa et al. (2019), and the investment intention variable was measured through a questionnaire with 4 questions adopted from Yang et al. (2021).

In this research, all sample data that have been collected are processed and analyzed using Structural Equation Modeling (SEM) analysis techniques via Smart PLS 3.2.9 software. Data analysis that will be carried out using Smart PLS 3.2.9 includes outer model testing, inner model testing, and hypothesis testing.

Hypothesis

Financial knowledge has a significant impact on retail investor behavior (Santini et al. 2019) and can be defined as an individual's ability to understand financial concepts (Akhtar & Das, 2018; Fox et al. 2005). There are still differences of opinion regarding the influence of financial knowledge on financial behavior, which according to Gosal et al. (2022) concludes that financial knowledge in the form of financial knowledge

competency has no impact on financial behavior without being accompanied by self-confidence in understanding that knowledge, and Yang et al. (2021) concludes different research results were obtained where financial knowledge did not have a significant influence on retail investor behavior. However, Raut (2020), Nadeem et al. (2020), Talwar et al. (2021), and Shehata et al. (2021), the results of the study showed a significant positive relationship between financial knowledge and retail investor behavior. Good financial behavior is often associated with higher levels of financial knowledge.

H_1. Financial knowledge has a positive effect on retail investor behavior.

Information media are a source or tool used to transmit messages from the source to the recipient and play a very significant role in decision-making (Lin, 2002). Information media has a significant effect on retail investor behavior by Tauni et al. (2017), Gill et al. (2018), Haritha & Uchil (2020), and Azizi & Sanaji (2018), especially financial news helps investors to minimize the risks. Strauß et al. (2018) observed that media can influence emotions related to the stock market, although it is still found that media information is not significantly related to investment decisions because credible information is more hardly available (Khattak & Siddiqui, 2021). Other research also finds that information media can be used as a reference to reduce uncertainty in investing in the capital market (Tetlock, 2007), Antweiler & Frank (2004), and Kleinnijenhuis et al. (2015).

H_2. Information media have a positive effect on retail investor behavior.

The influence of investment experience on retail investor behavior can increase the level of investment accuracy (Aren & Hamamci, 2020), with experience, both success and failure, influencing future investment (Ikhsan et al. 2024). Raut (2020) concluded that experience is a person's action or reaction in response to any past stimuli due to performance or activities that were often carried out in similar situations in the past, so that the resulting mental representations and actions are automatically activated by environmental cues. The investment experience gained by investors is knowledge about products that have been used, which will form a better perception in making investment decisions with more confidence and minimal risk (Natsir & Arifin, 2021). With the influence of this experience, each individual will uniquely maintain this

behavior according to past stimuli. High experience will increase investors' self-confidence and influence investment decisions (Ismiyanti & Mahadwartha, 2020). However, experience is not a factor considered in predicting investment growth (D & R, 2022), and each person has different experiences (Raut, 2020), and investors cannot take lessons from their past investment experiences (Ikhsan et al. 2024).

H_3. Investing experience has a positive effect on retail investor behavior.

Social interaction plays an important role in influencing social behavior on each individual or group that is part of it (Natsir & Arifin, 2021), and forms subjective norms, which are a person's tendency to believe due to the influence of the environment they live in (Mintardjo et al. 2016). According to Yang et al. (2021), the influence of social behavior refers to a person's perception of other individuals on a target behavior and whether they expect others to perform that behavior. The influence of social interaction on retail investor behavior has been studied by researchers such as Aren & Hamamci (2020a), Usmani (2012), Putri & Hanggraeni (2022), Haritha & Uchil (2020), and Akhtar et al. (2017). Social contact also occurs on social media, where the results have a significantly positive relationship with investor behavior due to the quality of information and efficiency using social media (Junaidi & Nurhidayah, 2023). Social interaction is not significantly related to investment decisions (Khattak & Siddiqui, 2021), investors' social contact with different individuals or groups is not needed in investment decisions. This research tries to create a new research model that will examine in more depth what would happen if all the variables studied were carried out at once.

H_4. Social interaction has a positive effect on retail investor behavior.

Seetharaman et al. (2017) stated that the theory based on behavioral aspects shows that psychology and emotions influence investors in making investment decisions and are interrelated in the investor's cognitive scheme. The relationship between rational attitudes and behavior in determining investment decisions. Studies that analyze and test the relationship between retail investor behavior and the investment decison in the capital market include Seetharaman et al. (2017), Akhtar & Das (2020), Khurshid et al. (2021), Metawa et al. (2018), Phan & Zhou (2014), Azizi & Sanaji (2018), and Ibrahim & Arshad (2017) the results show a significant positive relationship between retail

investor behavior and the investment decision in the capital market.

H$_5$. Retail investor behavior has a positive effect on investment decisions.

Based on the hypothesis above, the research framework in this study can be seen in Figure 1.

RESULTS

Demography Result

Demographic data of the respondents who participated in this research can be seen in the table below. In the table, the total number of respondents who participated in this questionnaire was 292 investors. In this study, the majority of respondents were male at 68.2% compared to females at 31.8%, so males are more dominant in pursuing the profession as retail stock investors. The age of the majority of investors is under 30 years old (39.7%) indicating that the millennial age group dominates the profession of retail stock investors in Indonesia, and the majority of education levels are diploma/bachelor's graduates (58.6%) which means they already have sufficient basic knowledge and think critically analytically. Income as a majority investor (59.2%) is still below 10 million rupiah, which is possible because the majority's experience is only

1-3 years. The frequency of investment is mostly daily (43.8%), and 75% are active on investor social media.

Test the outer model

This test is to determine the validity of each indicator, which, as seen in Table 2, shows that the loading factor value of all indicator variables is > 0.600, and if it is below 0.6, it must be removed from the model. So, if we refer to the research results from Hair et al. (1998) & Chin (1998), it can be said that the indicators used are valid for measuring the construct.

This is also reinforced by the value of the Average Variance Extracted (AVE) in Table 3 which shows a value of > 0.500 and the value of the Fornell-Larcker Criterion in Table 4 shows a value of > 0.700, so it can indicate that all of these constructs are unique and able to explain the phenomenon being measured.

The results of the reliability test, which refer to the values of Cronbach's Alpha and Composite Reliability as seen in Table 3, show that Cronbach's Alpha and Composite Reliability values for all constructs each have a value of > 0.700. This shows that all answers to all questionnaire questions show consistency over time, so it can be said that all constructs are included in the reliable criteria.
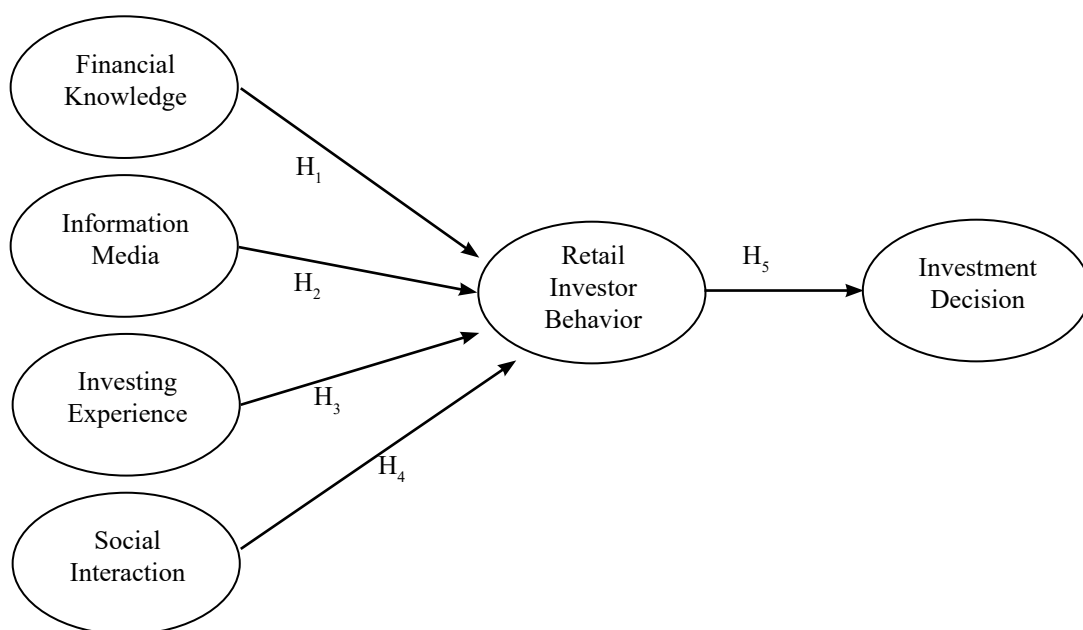

Figure 1. Research framework

Table 2. Loading Factor

Code	Social interaction (SI)	Investment Decision (ID)	Information Media (IM)	Investment Experience (IE)	Financial Knowledge (FK)	Retail Investor Behavior (RIB)
SI1	0.744					
SI2	0.795					
SI3	0.826					
SI4	0.765					
SI5	0.774					
ID1		0.866				
ID2		0.755				
ID3		0.873				
ID4		0.782				
IM1			0.793			
IM2			0.869			
IM3			0.876			
IM4			0.829			
IE1				0.803		
IE2				0.849		
IE5				0.750		
FK2					0.684	
FK3					0.728	
FK4					0.768	
FK5					0.767	
RIB3						0.781
RIB4						0.882
RIB5						0.806

Table 3. Construct Reliability and Validity

Variables	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Social interaction	0.843	0.852	0.887	0.611
Investment decision	0.837	0.844	0.891	0.673
Information Media	0.870	0.912	0.907	0.710
Investment Experience	0.721	0.725	0.844	0.643
Financial Knowledge	0.759	0.804	0.827	0.544
Retail Investor Behavior	0.771	0.833	0.864	0.679

Table 4. Fornell-Larcker Criterion

Variables	SI	ID	IM	IE	FK	RIB
Social Interaction (S1)	0.781					
Investment Decision (ID)	0.506	0.821				
Information Media (IM)	0.256	0.210	0.843			
Investment Experience (IE)	0.384	0.517	0.569	0.802		
Financial Knowledge (FK)	0.295	0.244	0.621	0.530	0.738	
Retail Investor Behavior (RIB)	0.260	0.362	0.274	0.340	0.252	0.824

Test the Inner Model

Inner model analysis in this research can be seen in Table 5 and Table 6. The results of the inner model analysis of the questionnaire data using Smart PLS 3.2.9 obtained the R Square value for each construct, where the R Square value of the construct of investment intention was 0.419, which means that the variability of investment desire can be explained by the variables financial knowledge, information media, investment experience, and social interaction through retail investor behavior variables in the model is 41.9% and according to Chin (1998) is included in the moderate category. This also shows that there is 58.1% of the influence is explained by other variables outside the variables discussed in this research.

Meanwhile, the R Square value for the retail investor behavior construct is 0.144, which means that the variability in retail investor behavior which can be explained by the variables of financial knowledge, information media, investment experience, and social interaction in the model is 14.4% and according to Chin (1998) included in the weak category. This also shows that 85.6% of the influence is explained by other variables outside the variables discussed in this research.

The results of the inner model analysis using the Q-Square test show that the Q-Square value for the investment desire variable is > 0, namely 0.268, so it can be concluded that the investment desire variable can predict the model well. Apart from that, the Q-Square

value for the retail investor behavior variable shows a value > 0, namely 0.083, so it can be concluded that the retail investor behavior variable can predict the model well.

Hypothesis Testing

The results of the analysis of this research hypothesis test can be seen in Tables 7 and 8. Meanwhile, the indirect relationship (mediation) between the independent variables, namely financial knowledge, the information media, the investment experience variable, and the social interaction on investment decisions mediated by retail investor behavior, can be seen in Table 8.

Financial knowledge has played an increasingly minimal role in influencing overall investment behavior. Retail investors have largely moved on from relying on company financial reports as the basis for their end decisions. Similarly, investors are less inclined to place a great degree of confidence in the conclusiveness of a company's current financial position as a reliable predictor of prospects. Financial knowledge is no longer the foundation of retail investor behavior that it once was, as argued by Abdi et al. (2023), as it has been swiftly replaced by a more subjective variety of factors unique to the individual and their social circle such as experience, attitude and emotions (Aren & Hamamci, 2020). Subjective financial knowledge was found to be particularly useful to individuals who measured highly on the self-esteem scale and were thus more confident in the knowledge that they had acquired over the years (Gosal et al. 2022).

Table 5. R-Square

Variables	R Square	R Square Adjusted
Investment intention	0.419	0.409
Retail Investor Behavior	0.144	0.132

Table 6. Construct Cross-Validated Redundancy

Variables	SSO	SSE	Q^2 (=1-SSE/SSO)
Social interaction	1460.000	1460.000	
Investment decision	1168.000	854.429	0.268
Information Media	1168.000	1168.000	
Investment Experience	876.000	876.000	
Financial Knowledge	1168.000	1168.000	
Retail Investor Behavior	876.000	803.301	0.083

Table 7. Path coefficients hypothesis test results

Hypothesis	Original Sample (O)	T Statistics	P Values	Conclusion
H1. Financial Knowledge → Retail Investor Behavior	0.041	0.511	0.610	Rejected
H2. Information Media → Retail Investor Behavior	0.092	0.859	0.390	Rejected
H3 Investing Experience → Retail Investor Behavior	0.211	2,212	0.027	Accepted
H4. Social interaction → Retail Investor Behavior	0.143	2,403	0.016	Accepted
H5. Retail Investor Behavior → Investment decision	0.177	3,400	0.001	Accepted

Table 8. Indirect Relationship Analysis (Mediation)

Indirect Effect (Mediation)	Original Sample (O)	T Stat	P-Values	Conclusion	Mediation Status
Social interaction → retail investor behavior → investment intention	0.021	1.711	0.087	Insignificant	No mediation
Information media → retail investor behavior → investment intention	0.016	0.845	0.398	Insignificant	No mediation
Investing experience → retail investor behavior → investing intention	0.033	1.752	0.080	Insignificant	No mediation
Financial knowledge → retail investor behavior → investment intention	0.020	1.473	0.141	Insignificant	No mediation

Hypothesis testing revealed the lack of any significant effect of information media on subsequent investor behavior. Whether that investor aversion to such media can be attributed to past cases or events that broke investor trust in mainstream financial media cannot be categorically decided. It is certain, however, that retail investors no longer consult information media as the main basis for their subsequent investment decisions. Somewhat dissenting from this viewpoint, financial media that takes on a more biased, speculative format can, however, have a significant influence on retail investor behavior. In particular, information media that present information with either negative or positive connotations for a company did raise alarm bells among retail investors and factor heavily in their subsequent behavior or investor decision-making process. However, according to our findings, information obtained by retail investors through newspapers, online media, and brochures was not observed to weigh heavily in the mind of investors and therefore in their investment portfolio. Information obtained by retail investors through newspapers, online media, and brochures has become largely irrelevant as a reliable forecast of retail investors' corresponding investment choices. Retail investors have a characteristic tendency to act on impulse and immediately invest upon receiving positive news regarding a stock, with little thought and due diligence regarding the credibility and validity of that information. The results of this research conflict with the results of research conducted by Tauni et al. (2017)1989, Haritha & Uchil (2020), media factor,

advocate recommendation and social interactionand Gill et al. (2018). According to the researchers, information media have a significant positive effect on retail investor behavior and investment intentions.

Information derived from financial reports, company status, and company profit reports serves a significant and beneficial purpose with retail investors, aiding investors in their subsequent investment decisions. Additionally, financial media can also help retail investors in mitigating their risk profile in an efficient manner, which can lead to potentially significant uncertainty reduction for stock market investors (Lin, 2002). Diverging from this view, information media does not lead to any impact on investor behavior because much of the information in circulation cannot be independently verified for its credibility, creating a situation where it is difficult to find reliable and trustworthy information (Khattak & Siddiqui, 2021). This is ever more of a pertinent issue given the dramatic rise of internet usage among the global population, leading to a wide array of views, claims and personal opinions being spread in various online news and social media, with little time and resources on the part of the average retail investor to verify those claims. It thus becomes reasonable for the retail investor to take the more cautious approach and dismiss those claims in their entirety, preferring instead to rely on personal experience, opinions, and the views of others within his or her social circle as vastly superior to the opinions of online news and social media.

Investment experience variable has a significant positive effect on the detail investor behavior variable. Investment experience has a significant positive impact on investor awareness of stock price fluctuations and consequently their ability to take advantage of undervalued stocks. Retail investors are thus vividly aware of the substantial capital gains to be enjoyed by buying potentially undervalued stocks. Accordingly, retail investors who have considerable experience with investing will have a better understanding of the condition of shares, the suitability of the shares for investment and the likelihood of providing returns that outweigh the associated risks. The results of this study are partially in line with that of previous research conducted by Glaser & Risius (2016) and Raut (2020) which showed a positive relationship between those investors with a higher level of trading experience and activity in the past and their future performance, thus showing that investment experience was found to have a significant positive influence on retail investor behavior and investment intentions. However, their research also provides more nuance, namely that while public traders armed with investment experience did perform better with every concurrent trading period, they also drove their followers to align their investment portfolio with that of the "public" trader, ignoring the potential risks and downsides of such an alignment.

The results of our hypothesis testing analysis show that the social interaction variable has a significant positive effect on the retail investor behavior variable. This result echoes the results of previous research conducted by Yang et al. (2021), and Natsir & Arifin (2021) which found that social interaction has a significant positive influence on retail investor behavior,many of their investment decisions to that of their peers within the investor community, showing the significant influence that society and community have on investment behavior. The existence of social interaction between fellow investors imposes a significant impact on retail investors' investment behavior. With heightened social interaction, retail investors may receive what they perceive as more accurate information about stock price fluctuations before finalizing their decision on whether a given stock is a viable investment option.

The results of the hypothesis testing analysis show that the retail investor behavior variable has a significantly positive effect on the investment intention variable. These conclusions are consistent with those of previous

research conducted by Akhtar & Das (2020), Khurshid et al. (2021), and Metawa et al. (2018), where the behavior of retail investors was demonstrated to have a significant positive influence on investment decisions. Similarly, according to the research results of Metawa et al. (2018), the mood, optimistic feelings, and feelings of retail investors influence the behavior of retail investors in terms of finalizing their decision regarding the viability of a given stock purchase.

In the end, the discussion in this article, this analysis shows that the retail investor behavior variable does not mediate the relationship between the financial knowledge, the information media, the investment experience variable, and the social interaction variable towards investment intention. This is proven by the t-statistic value < t-value, 1.96 and p-values > 0.05.

Managerial Implications

Firms should design financial literacy programs that go beyond technical aspects, such as financial statement analysis, by integrating psychological, emotional, and social dimensions that influence the development of investors' subjective financial knowledge and sentiment analysis in investment decision-making. To strengthen these managerial implications, securities companies are advised to formulate marketing strategies aligned with investor profiles, experience levels, confidence, and engagement within investment communities. Furthermore, financial media outlets should refrain from providing merely speculative data or opinions and instead focus on delivering contextual and transparent information to enhance investor trust. The effectiveness of investment platforms should also be improved by fostering interactive environments that facilitate social interaction among investors, thereby promoting more rational and community-driven investment behavior.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The results of this study indicate that the variables of financial knowledge and information media do not have a significant influence on retail investor behavior. In contrast, the variables of investment experience and social interaction show a significant positive effect on retail investor behavior. Furthermore, a significant

positive relationship was found between retail investor behavior and investment decisions on the Indonesia Stock Exchange (IDX). In addition to examining direct relationships, this study also explored the mediating role of retail investor behavior. However, the findings reveal that retail investor behavior does not significantly mediate the relationship between the independent variables and investment intention. These results suggest that respondents tend to place greater emphasis on social interaction and investment experience when making investment decisions.

Recommendations

The benefits of this research for investors are instilling self-confidence through investment experience and social interaction, Retail investors can obtain clear and precise references regarding stock characteristics and stock trends to be invested. Future research is strongly encouraged to explore the role of psychological variables such as emotional states, self-esteem, peer influence, and investors' experiential backgrounds in shaping their investment decisions.

CONFLICTS OF INTEREST: The author declares no conflict of interest.

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