

The Millennial Generation's Intention to Invest: A Modified Model of the Theory of Planned Behavior

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ABSTRACT

This study investigates the factors influencing the Intention to Invest among the millennial generation, extending the Theory of Planned Behaviour (TPB) by incorporating Hedonism Lifestyle and examining the moderating role of Financial Literacy. A quantitative approach using Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed on data collected from millennial respondents. The findings reveal that Subjective Norm and Perceived Behavioral Control significantly and positively influence Intention to Invest. Crucially, Hedonism Lifestyle was found to have the strongest positive and significant influence on Intention to Invest, suggesting that the pursuit of pleasure and material enjoyment paradoxically drives investment intention among this generation. Conversely, Attitude did not show did not act as a moderator for the relationship between Attitude, Subjective Norm, Perceived Behavioral Control, or Hedonism Lifestyle and Intention to Invest. These results highlight the need for a nuanced understanding of millennial investment behaviour, where social influence, self-efficacy, and even lifestyle choices play a more dominant role than mere attitude. The study contributes to the literature by providing empirical evidence for the modified TPB model in the context of emerging market investors.

INTRODUCTION

Investment is a rational economic act of allocating funds into assets or instruments to gain future returns and value appreciation [16]. In the modern economy, investment is a vital instrument for long term financial planning, especially for the younger generation [17]. The millennial generation (born 1981 – 1996) represents a significant demographic cohort with unique financial behaviours shaped by digital access and a distinct lifestyle [4]. Despite the ease of access to various financial instruments, the participation rate of millennial in the capital market remains lower than its potential, prompting a need to explore the underlying factors influencing their Intention to Invest.

The Theory of Planned Behavior, proposed by Ajzen [2], is a robust framework for predicting behavioral intention based on three constructs: Attitude toward the behavior, Subjective Norm, and Perceived Behavioral Control. In the context of investment, Attitude reflects an individual's positive or negative evaluation of investing, Subjective Norm represents the perceived social pressure to invest, and Perceived Behavioral Control relates to the individual's self-efficacy and perceived ease or difficulty of performing the investment [21] [25].

However, the traditional TPB model may not fully capture the complexities of modern financial behavior, particularly among millennials. This generation is often associated with a Hedonism Lifestyle (HL), characterized by prioritizing immediate pleasure, comfort, and material enjoyment [19]. This lifestyle is often perceived as a barrier to long-term financial planning, as it can lead to excessive consumption and reduced savings [10] [24]. The contradictory role of HL – whether it hinders or, perhaps, drives investment intention as a means to sustain a desired lifestyle – presents a significant research gap.

Furthermore, the role of Financial Literacy (FL) is paramount. FL, defined as the knowledge and understanding of financial concepts, is essential for sound financial management and investment decision-making [18] [20]. While FL is widely accepted as a direct predictor of investment behavior, its role as a moderator – influencing the strength of the relationship between psychological factors (ATT, SN, PBC, HL) and ITI – remains inconsistent in the literature [1] [9] [12].

Based on these considerations and the existing contradictions in prior studies [16] [23], this research aims to:

1. Analyze the direct influence of Attitude, Subjective Norm, Perceived Behavioral Control, and Hedonism Lifestyle on the Intention to Invest among the millennial generation.
2. Examine the moderating role of Financial Literacy on the relationships between Attitude, Subjective Norm, Perceived Behavioral Control, and Hedonism Lifestyle with the Intention to Invest.

The findings of this study are expected to provide a modified TPB model that is more relevant to the millennial context, offering valuable insights for financial institutions and policymakers to design effective strategies for increasing investment participation.

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LITERATURE REVIEW

Theory of Planned Behavior (TPB) and Intention to Invest

The TPB posits that an individual's intention to perform a given behavior is the immediate antecedent of that behavior [2].

- Attitude (ATT) and ITI: ATT refers to the degree to which a person has a favorable or unfavorable evaluation of the behavior in question [2]. A positive attitude towards investment, such as viewing it as beneficial and rewarding, is expected to increase the intention to invest [22]. *Hypothesis 1 (H1): Attitude has a positive and significant effect on Intention to Invest.*
- Subjective Norm (SN) and ITI: SN is the perceived social pressure to engage or not to engage in a behavior [2]. For millennials, the opinions and behaviors of family, friends, and social media influencers regarding investment can significantly shape their own intentions [15]. *Hypothesis 2 (H2): Subjective Norm has a positive and significant effect on Intention to Invest.*
- Perceived Behavioral Control (PBC) and ITI: PBC reflects the perceived ease or difficulty of performing the behavior and is assumed to reflect past experience as well as anticipated impediments and obstacles [2]. In investment, PBC relates to an individual's confidence in their ability to manage risk, select instruments, and allocate funds [21]. *Hypothesis 3 (H3): Perceived Behavioral Control has a positive and significant effect on Intention to Invest.*

Hedonism Lifestyle (HL) and Intention to Invest

Hedonism Lifestyle is the tendency to prioritize pleasure, comfort, and immediate gratification [19]. While traditionally seen as detrimental to long-term financial goals, a counter-argument suggests that the desire to maintain or upgrade a hedonistic lifestyle requires greater financial resources, which can only be achieved through high-return investments [7]. Thus, investment may be viewed as a necessary means to sustain a desired quality of life. *Hypothesis 4 (H4): Hedonism Lifestyle has a positive and significant effect on Intention to Invest.*

Financial Literacy (FL) as a Moderator

Financial Literacy is the knowledge and understanding of financial concepts, which enables individuals to make informed financial decisions [18]. As a moderator, FL is hypothesized to strengthen the positive relationships between the psychological and lifestyle factors (ATT, SN, PBC, HL) and ITI. Higher FL should allow individuals to better translate their positive attitudes, social support, self-efficacy, and lifestyle motivations into concrete investment intentions by reducing perceived risk and increasing confidence [1] [11].

- Hypothesis 5 (H5): Financial Literacy moderates the positive effect of Attitude on Intention to Invest.

- Hypothesis 6 (H6): Financial Literacy moderates the positive effect of Subjective Norm on Intention to Invest.
- Hypothesis 7 (H7): Financial Literacy moderates the positive effect of Perceived Behavioral Control on Intention to Invest.
- Hypothesis 8 (H8): Financial Literacy moderates the effect of Hedonism Lifestyle on Intention to Invest.

METHODOLOGY

Research Design and Sample

This study employed a quantitative research design using a survey method. The population of the study was the millennial generation in Indonesia. A non-probability sampling technique, specifically purposive sampling, was used to select the respondents. The sample size was determined based on the requirements for Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis.

Measurement and Operationalization of Variables

The study utilized a set of established indicators for each variable, measured on a Likert scale (1=Strongly Disagree to 5=Strongly Agree).

Table 1.

Variable	Construct	Measurement Indicators (Examples)	Source
Intention to Invest (ITI)	Dependent	Intention to start investing in order to improve financial conditions in the future.	[25]
Attitude (ATT)	Independent	Interested in investing; Have a positive outlook if you haven't benefited.	[22]
Subjective Norm (SN)	Independent	The closest people (family/friends) supported me in investing.	[15]
Perceived Behavioral Control (PBC)	Independent	I am confident that I can choose the appropriate investment instrument; I have enough knowledge.	[21]
Hedonism Lifestyle (HL)	Independent	It is important for me to enjoy every moment; Recognition of others for a classy lifestyle.	[19]
Financial Literacy (FL)	Moderator	Understanding of market interest rates; Understand about inflation; Understanding of risk diversification.	[12]

Data Analysis Technique

The data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the SmartPLS software. PLS-SEM was

chosen due to its suitability for complex models involving moderation and its ability to handle non-normal data distributions. The analysis proceeded in two stages:

1. Evaluation of the Measurement Model (Outer Model): Assessing the validity (Convergent and Discriminant) and reliability (Composite Reliability and Cronbach's Alpha) of the constructs.
2. Evaluation of the Structural Model (Inner Model): Testing the hypotheses by examining the path coefficients, T-statistics, and P-values. The moderating effect was tested using the interaction term approach.

RESEARCH RESULT

Descriptive Statistics

The descriptive analysis showed that the respondents generally exhibited a high level of positive attitude toward investment (mean score for "Saya tertarik untuk berinvestasi" was 4.21, categorized as very high). This indicates a strong initial interest in investment activities among the millennial sample.

Structural Model and Hypothesis Testing

The structural model evaluation confirmed the model's fit (SRMR = 0.056, NFI = 0.834), indicating a good fit for the data. The hypothesis testing results, based on the direct effect path coefficients and P-values, are summarized in Table 2.

Table 2. Direct Effect / Path Coefficients

Path	Original Sample (O)	P-values	T-statistics	Result
ATT -> ITI	0.117	0.071	1.807	H1 Rejected (Not Significant)
SN -> ITI	0.121	0.018	2.372	H2 Supported (Positive & Significant)
PBC -> ITI	0.173	0.002	3.118	H3 Supported (Positive & Significant)
HL -> ITI	0.407	0.000	7.300	H4 Supported (Positive & Significant)
FL -> ITI	0.173	0.000	3.559	Supported (Direct Effect)

Note: Significance is determined at P-value < 0.05.

The results of the direct effect analysis show the following:

1. H1 (ATT -> ITI) is rejected (P-value = 0.071 > 0.05). Attitude toward investment does not have a significant direct influence on the intention to invest.
2. H2 (SN -> ITI) is supported (P-value = 0.018 < 0.05). Subjective Norm has a positive and significant influence on ITI.

3. H3 (PBC -> ITI) is supported (P-value = 0.002 < 0.05). Perceived Behavioral Control has a positive and significant influence on ITI.
4. H4 (HL -> ITI) is supported (P-value = 0.000 < 0.05). Hedonism Lifestyle has a positive and significant influence on ITI, with the largest path coefficient (0.407).
5. Financial Literacy (FL) also shows a positive and significant direct effect on ITI (Path Coefficient = 0.173, P-value = 0.000).

Moderation Effect Testing

The moderation effect of Financial Literacy (FL) was tested using interaction terms. The results are presented in Table 3.

Table 1. Moderation Effect of Financial Literacy (FL)

Path	Original Sample (O)	P-values	Result
FL x ATT -> ITI	-0.047	0.353	H5 Rejected (Not Significant)
FL x HL -> ITI	0.022	0.726	H8 Rejected (Not Significant)
FL x PBC -> ITI	0.008	0.872	H7 Rejected (Not Significant)
FL x SN -> ITI	0.013	0.795	H6 Rejected (Not Significant)

The results indicate that all moderation hypotheses (H5, H6, H7, H8) are rejected. Financial Literacy does not significantly moderate the relationship between Attitude, Subjective Norm, Perceived Behavioral Control, or Hedonism Lifestyle and the Intention to Invest.

DISCUSSION

Interpretation of Findings

The findings of this study offer several critical insights into the investment intentions of the millennial generation, particularly in the context of a modified TPB model.

First, the rejection of H1 (ATT -> ITI) contradicts the fundamental premise of TPB and several previous studies [22] [23]. This suggests that while millennials may hold a generally positive view of investment (as indicated by the high descriptive mean), this personal attitude alone is insufficient to translate into a strong intention to act. In a highly social and rapidly changing financial environment, personal conviction might be overshadowed by external factors.

Second, the support for H2 (SN -> ITI) and H3 (PBC -> ITI) aligns with the established TPB framework [2] [25]. The significant influence of Subjective Norm (H2) confirms that social influence, such as the support and behavior of peers and family, is a powerful driver for millennials' investment intentions [15]. This is particularly relevant in emerging markets where social proof and trust play a large role in financial decisions. The strong effect of Perceived Behavioral Control

(H3) emphasizes that self-efficacy—the belief in one's ability to manage investment risks and select appropriate instruments—is a key prerequisite for forming an investment intention [21].

Third, the most striking finding is the strong positive and significant influence of Hedonism Lifestyle (HL) on ITI (H4), with the largest path coefficient (0.407). This result challenges the conventional view that hedonism is purely detrimental to financial planning [10]. Instead, it supports the notion that for millennials, investment is not merely about long-term security but is actively pursued as a means to sustain or enhance a desired, pleasure-seeking lifestyle [7]. Investment is seen as a tool to generate the necessary capital for continuous consumption and enjoyment, rather than a sacrifice of present pleasure for future gain. This perspective is crucial for understanding the motivational shift in this generation.

Finally, while Financial Literacy (FL) was found to have a significant positive direct effect on ITI, its role as a moderator (H5-H8) was rejected. This suggests that while financial knowledge is important for increasing the intention to invest, it does not significantly alter how the psychological and lifestyle factors (ATT, SN, PBC, HL) influence that intention. In other words, FL acts as an independent enabler of investment intention, but it does not change the underlying psychological mechanisms or the motivational power of hedonism. This finding is consistent with some studies that find FL's moderating role to be limited or non-existent [1] [9].

Theoretical and Practical Implications

Theoretical Implications: This study successfully modifies the TPB model by integrating Hedonism Lifestyle, demonstrating its superior predictive power over Attitude in explaining millennial ITI. The model provides a more contemporary and culturally relevant framework for analyzing financial intentions in a generation characterized by digital connectivity and a focus on lifestyle. The findings contribute to the ongoing debate regarding the boundary conditions of the TPB, suggesting that in certain contexts (e.g., high-consumption, digitally-native generations), external lifestyle factors can supersede internal attitudes.

Practical Implications:

1. **Financial Institutions and Regulators:** Marketing campaigns should shift focus from appealing to traditional attitudes (e.g., "saving for retirement") to leveraging social influence and self-efficacy. Campaigns should emphasize the ease and control of the investment process (PBC) and highlight the social acceptance and trendiness of investing (SN).
2. **Investment Products:** Products should be positioned as tools for achieving lifestyle goals (e.g., "Invest to fund your next travel experience" or "Grow your capital to maintain your desired lifestyle"), directly appealing to the HL motivation.
3. **Financial Education:** While FL has a direct positive effect, educational programs should focus not only on knowledge but also on building Perceived

Behavioral Control by providing practical, easy-to-use tools and simulations that increase self-efficacy in managing risk and selecting instruments.

CONCLUSIONS AND RECOMMENDATIONS

This research aimed to analyze the factors influencing the Intention to Invest (ITI) among the millennial generation using a modified Theory of Planned Behavior (TPB) model, incorporating Hedonism Lifestyle (HL) and Financial Literacy (FL). The study concludes that:

1. Subjective Norm (SN) and Perceived Behavioral Control (PBC) are significant positive predictors of ITI.
2. Hedonism Lifestyle (HL) is the strongest positive and significant predictor of ITI, suggesting that the desire to maintain a high-quality, pleasure-seeking lifestyle is a primary motivation for investment among millennials.
3. Attitude (ATT) toward investment does not significantly influence ITI.
4. Financial Literacy (FL) has a significant positive direct effect on ITI but does not act as a moderator for the relationships between ATT, SN, PBC, or HL and ITI.

Future research should explore the mediating mechanisms through which Hedonism Lifestyle influences investment intention, perhaps through variables like financial goals or risk tolerance. Additionally, comparative studies across different generational cohorts (e.g., Gen Z vs. Millennials) could further clarify the generational-specific drivers of investment behavior.

ADVANCED RESEARCH

Each study has limitations; thus, you can describe it here and briefly provide suggestions for further research.

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This section gives you the opportunity to thank your colleagues who provided suggestions for your paper. You can also express your appreciation for the financial assistance you received, in completing this research.

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