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THE INFLUENCE OF INVESTMENT KNOWLEDGE, SOCIODEMOGRAPHIC CHARACTERISTICS, AND RISK PROPENSITY ON SHARIA STOCK INVESTMENT DECISIONS

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Abstract

This study aims to analyze the influence of investment knowledge, sociodemographic characteristics, and risk propensity on investment decisions in Islamic stocks. The novelty of this research lies in integrating investment knowledge, sociodemographic characteristics, and risk propensity into a single analytical model, with a specific focus on Generation Z Muslim investors in the Solo Raya region within the context of sharia stock investment decisions. This study employs a quantitative approach. Primary data were collected through questionnaires distributed to 180 Generation Z Muslim investors in Solo Raya. Data analysis was conducted using SPSS version 25, including validity tests, reliability tests, classical assumption tests, multiple linear regression analysis, t-tests, F-tests, and the coefficient of determination (R^2) test. The results indicate a positive and significant relationship between investment knowledge, sociodemographic characteristics, and risk propensity and investment decisions in Islamic stocks. These variables play a significant role in shaping investment decision-making among Generation Z Muslim investors. This study is limited to Generation Z Muslim investors in the Solo Raya region, so the findings cannot be broadly generalized. However, the results provide useful insights for practitioners and academics in understanding the factors that influence investment decisions in Islamic stocks.

Keywords: Investment Knowledge; Sociodemographic Characteristics; Risk Propensity; Investment Decisions

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INTRODUCTION

Investing is a popular activity because it not only serves as a means to achieve financial independence but also plays a crucial role in driving economic growth and real sector development (Markonah & Kusnadi, 2024). Various financial institutions, both Islamic and non-Islamic, offer a variety of investment instruments, including deposits, gold savings, and capital market instruments (Syakira, 2022).

The Islamic capital market is a market that operates based on principles based on Islamic teachings. The main principles of the Islamic capital market are the prohibition of riba (interest), gharar (uncertainty), and investment in sectors that conflict with Islamic moral values, such as the alcohol industry, gambling, and other haram products (Judijanto et al., 2025). All transaction activities in the Islamic capital market are regulated by the Fatwa of the National Sharia Council-Indonesian Ulema Council (DSN-MUI), thus ensuring that investment activities are carried out according to sharia requirements (Rais et al., 2023). Various investment instruments available in the Islamic capital market include sharia stocks, sharia mutual funds, and sharia bonds. Among these instruments, sharia stocks are the product most sought after by investors (Munawiroh & Rumawi, 2022).

Based on data from the Financial Services Authority (OJK) (2025), the number of sharia-compliant stocks on the Sharia Securities List (DES) continues to increase. In 2020, there were 436 sharia-compliant stocks, and this number continued to increase to 668 stocks in 2025, representing a growth of approximately 53.2%. The number of investors also increased by 142%, from 85,891 in 2020 to 207,800 in 2025. OJK data from 2025 shows that of the 20.3 million investors in the capital market, approximately 79% are under the age group of 30, dominated by Generation Z, which accounts for 27.94% of the total population, or 270.20 million people, based on the 2025 population census. The increase in investors is also reflected at the regional level, particularly in the Greater Solo area. The number of investors in this sector has increased by 4.26% over the past year, according to the latest report from the Indonesia Stock Exchange (IDX). It is projected that there will be an average addition of 4,000 to 5,000 new investors per month by 2025. Thus, generation Z investors can help the growth of the sharia capital market in Indonesia.

Despite positive growth in the development of Islamic stocks and the number of investors, investment decision-making remains relatively low (Hasanah & Kurniawati, 2024) . This is partly due to low investment knowledge.

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The 2025 National Survey on Financial Literacy and Inclusion (SNLIK) demonstrated a widening gap between Islamic financial literacy and conventional financial literacy. Islamic financial literacy was recorded at 43.42%, with an inclusion rate of 13.41%, significantly lagging behind conventional financial literacy, which reached 66.46% and an inclusion rate of 80.51%. This low level of understanding indicates that the public does not fully understand Islamic investment products and mechanisms. Consequently, some individuals still perceive stock investing as a difficult, expensive, and high-risk activity (Adiguna, 2018) . However, understanding basic investment concepts is crucial for investment decision-making (Sun & Lestari, 2022). Research by Ardhelia et al. (2023) shows that investment knowledge positively influences investment decisions. However, research by Markonah & Kusnaidi (Markonah & Kusnadi, 2024) showed that investment knowledge does not influence investment decisions.

Sociodemographic characteristics can also play a role in influencing an individual's investment decisions. Sociodemographics is a field that examines the conditions and structure of populations in a particular region (Danila et al., 2019). In the context of financial behavior, aspects such as age, gender, occupation, and income level can influence how individuals understand financial information and assess risk (Triwijayati & Wijayanti, 2020). A good understanding of sociodemographic characteristics can improve investment knowledge (Ningrum et al., 2025) . Research by Ningrum et al. (2025) proves that sociodemographic factors have a positive effect on investment decisions. Meanwhile, research by Humairo & Sartika (2021) shows that sociodemographic factors have no effect on investment decisions.

In addition to sociodemographic characteristics, risk propensity can also influence investment decisions. Risk propensity refers to the notion of objective risk from an investor's allocation tendencies, namely the trade-off between risk and perceived return. Lestari & Iramani (2013) define risk propensity as an individual's tendency to make decisions to take or avoid risk. Research by Kusuma & Kairupan (2021) demonstrates that risk propensity has a positive effect on investment decision-making. Meanwhile, research by Lestari et al. (Lestari & Iramani, 2013) demonstrates that risk propensity negatively influences investment decisions.

Based on the background description above, a research gap exists in studies examining the influence of investment knowledge, sociodemographic characteristics, and risk propensity on investment decisions. To date, research specifically examining the relationship between these three factors within a single

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analytical model is relatively limited. This study was conducted on Generation Z Muslim investors in the Solo Raya region, given that this age group has interesting behavioral characteristics to study in investment decision-making. Therefore, this study aims to analyze the influence of investment knowledge, sociodemographic characteristics, and risk propensity on investment decisions in Islamic stocks. The results of this study are expected to provide practical implications for investors in understanding the factors influencing Islamic stock investment decisions.

LITERATURE REVIEW

1. *Theory of Planned Behavior (TPB)*

The Theory of Planned Behavior (TPB), according to Ajzen (1991), is a development of *the Theory of Reasoned Action (TRA)*. According to this theory, considerations influenced by attitudes, social norms, and perceived behavioral control can be used to predict human behavior. A person's behavior arises from beliefs about the consequences of their actions, expectations or social pressure from others, and obstacles that may arise from various external factors. In a financial context, in the investment decision-making process, investors consider risks and benefits. Thus, the TPB is one such theory.

2. Investment Decisions

An investment decision involves investing in one or more assets to generate future profits (Fathmaningrum & Utami, 2022). It is crucial for investors to understand how expected returns and risk correlate, as they are inversely related and typically carry a higher level of risk. Therefore, investors must consider not only the potential returns but also the magnitude of the potential risks involved in an investment (Inrawan, 2022).

3. Sharia Capital Market

The capital market is a financial system that connects those with funds (investors) with those needing funds (issuers) to conduct the buying and selling of securities or long-term instruments (Tandelilin, 2010). Various financial instruments are traded in the capital market, such as bonds or debentures, ownership instruments like shares, collective investment products like mutual funds, and various other financial instruments that help businesses raise funds (Astuti et al., 2022).

The Islamic capital market refers to all activities and transactions carried out in accordance with Islamic provisions and values, so that every investment

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instrument and mechanism must be free from practices that conflict with Islamic principles (Financial Services Authority (OJK), 2017).

4. Sharia Stocks

Shares are financial instruments that represent ownership or equity participation in a company. This ownership entitles shareholders to a share of the company's profits. The concept of equity participation and profit sharing does not conflict with Sharia principles, as Islamic economics recognizes a form of business cooperation known as musharaka or syirkah (Financial Services Authority (OJK), 2023). Sharia-compliant shares are issued by issuers whose business activities and management do not conflict with Sharia principles (Shear & Ashraf, 2022).

Stock prices can fluctuate, both up and down, during daily trading. Many factors, such as business performance, interest rates, and inflation, as well as non-economic factors such as social and political conditions, influence these fluctuations (Tiblola et al., 2025). Therefore, some of the benefits of stock ownership include:

a. Dividends are a portion of a company's profits that are distributed to shareholders from the profits generated by the issuer.
b. Rights, are the rights given to shareholders to buy new securities first before offering them to other parties.
c. Capital gain is the profit obtained from the difference between the selling price and the purchase price of shares on the capital market (Tandelilin, 2010).

5. Investment Knowledge

Investment knowledge refers to a person's level of understanding of concepts, mechanisms, objectives, and the various considerations that need to be considered before engaging in investment activities (Setiawan et al., 2023). Investment knowledge is the knowledge a person must possess about various aspects of investing. This includes basic investment knowledge, understanding risks, and understanding potential returns (Sulistyawati et al., 2023). Therefore, sound investment knowledge enables a person to make wiser and more informed decisions in the financial markets (Hikmah & Rustam, 2020).

Previous research discussing investment knowledge and investment decisions by Ardhelia (Ardhelia et al., 2023); Rehmat & Magada (2025); and Siregar (2024) showed that investment knowledge influences investment decisions. However, other studies have shown different results. Markonah & Kusnadi (Markonah & Kusnadi, 2024) found that investment knowledge had no effect on investment decisions.

6. Sociodemographic Characteristics

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In the study of financial behavior, specifically how various sociodemographic conditions influence individual investment decisions. Sociodemography itself is a field of study that examines the characteristics of a population in a given area, particularly with regard to its size, composition, and changes over time. Employment status, marital status, income level, type of job, age, gender, experience, and education level are some sociodemographic variables (Hartina et al., 2022).

Previous research by Ningrum et al. (2025); Hartina et al. (2022); Maulana et al. (2023); and Rahmah (2025) indicates that sociodemographic characteristics influence investment decisions. However, there is a discrepancy with the research by Humairo & Sartika (2021), which states that sociodemographic factors do not influence investment decisions.

7. Risk Propensity

Risk propensity is an individual's attitude toward risk, reflecting the extent to which a person is willing to make or avoid decisions that potentially create uncertainty (Islam et al., 2024). An individual's level of readiness to take investment risks encompasses uncertainty, potential losses, and a preference for higher *return opportunities* (Solihat et al., 2022).

Previous research by Kusuma & Kairupan (2021) showed that risk propensity influences investment decisions. However, this differs from the research by Lestari & Iramani (2013), which stated that risk propensity has no effect on investment decisions.

RESEARCH METHOD

The research method used in this study is a quantitative approach with primary data collection through distributing questionnaires to respondents. The research instrument uses a five-level Likert scale, namely Strongly Disagree (STS), Disagree (TS), Neutral (N), Agree (S), and Strongly Agree (SS) to measure respondents' perceptions of the research variables. The population in this study is Muslim Generation Z investors in the Solo Raya area, which is defined as individuals who have certain characteristics so that they can be used as research objects to draw conclusions (Sugiyono, 2019). The sample determination was carried out using a purposive sampling technique, namely selecting samples based on certain criteria relevant to the research objectives (Soesana et al., 2023). The respondent criteria include: (1) individuals belonging to Generation Z born in 1997–2012, (2) domiciled in the Solo Raya area, and (3) have or are currently investing in the sharia capital market, especially in sharia stock instruments.

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The sample size was determined using the formula proposed by Hair et al., which states that the sample size for an unknown population can be calculated by multiplying the number of indicators by 5 to 10 (Hair et al., 2010). This study used 18 indicators, resulting in a sample size of 18 × 10 = 180 respondents. The variables studied included investment knowledge, sociodemographic characteristics, risk propensity, and investment decisions, measured using a Likert scale. Investment knowledge encompasses an understanding of capital market instruments, risk, and potential returns (Sulistyawati et al., 2023; Nurfadilah et al., 2022). Sociodemographic characteristics include age, gender, education, income, and occupation (Hartina et al., 2022; Triwijayati & Wijayanti, 2020). Meanwhile, risk propensity reflects an individual's readiness to face investment uncertainty (Grable & Lytton, 1999; Solihat et al., 2022). Data analysis in this study was carried out using the SPSS version 25 program to test the relationship between research variables.

RESULTS AND DISCUSSION

Based on the description of respondents from 180 respondents, based on gender, the majority of respondents were female, namely 150 people (83.3%), while male respondents numbered 30 people (16.7%). Based on age, the majority of respondents were in the age range of 20-24 years, namely 160 people (88.9%), followed by 19 people aged <20 years (10.6%) and 1 person aged 25-29 years (0.6%). Viewed from domicile, the most respondents came from Surakarta as many as 35 people (19.4%), followed by Klaten 31 people (17.2%), Boyolali 28 people (15.6%), Sragen and Sukoharjo each 23 people (12.8%), Wonogiri 22 people (12.2%), and Karanganyar 18 people (10.0%). Based on occupation, the majority of respondents were students as many as 163 people (90.6%).

Table 1.
Validity Test

Variables	R Count	R table	Information
Investment Knowledge (X1)	0.681	0.1463	Valid
	0.656	0.1463	Valid
	0.693	0.1463	Valid
	0.635	0.1463	Valid
	0.492	0.1463	Valid
	0.653	0.1463	Valid
	0.584	0.1463	Valid
	0.648	0.1463	Valid

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Sociodemographic Characteristics (X2)	0.590	0.1463	Valid
	0.690	0.1463	Valid
Risk Propensity (X3)	0.638	0.1463	Valid
	0.727	0.1463	Valid
	0.746	0.1463	Valid
	0.726	0.1463	Valid
	0.786	0.1463	Valid
Investment Decision (Y)	0.718	0.1463	Valid
	0.640	0.1463	Valid
	0.765	0.1463	Valid
	0.472	0.1463	Valid
	0.646	0.1463	Valid

Source: processed by SPSS 25 (2026)

As seen in Table 1, the research instrument is declared valid if the calculated r value is higher than the table r value at a significance level of 0.05 (Ghozali, 2021). Each question item related to investment knowledge, sociodemographic characteristics, and risk propensity is declared valid. According to the validity test results shown in the table above, the calculated r value for each item is greater than the table r value.

Table 2.
Reliability Test

No	Variables	Cronbach's Alpha	Alpha Value	Results
1	Investment Knowledge (X1)	0.625	0.60	Reliable
2	Sociodemographic Characteristics (X2)	0.616	0.60	Reliable
3	Risk Propensity (X3)	0, 773	0.60	Reliable
4	Investment Decision (Y)	0, 658	0.60	Reliable

Source: processed by SPSS 25 (2026)

A Cronbach's Alpha value greater than 0.6 indicates that the research instrument is considered to have an adequate level of reliability according to reliability testing (Ghozali, 2021). Therefore, based on the table above, all *Cronbach's Alpha values* are above the *Alpha value*, indicating that the questionnaire items related to investment knowledge, sociodemographic characteristics, and risk propensity are considered reliable.

The normality test is used to determine whether the residual variables of the regression mode have a normal distribution (Ghozali, 2021). The table above

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shows that the results of the normality test indicate that the data are normally distributed with *an Asymp.sig.(2-tailed)* of 0.200 or greater than 0.5.

In the multicollinearity test, the independent variable is declared free from multicollinearity if ***the VIF (Variance Inflation Factor) value* is ≤ 10.** And **tolerance > 0.10 (Ghozali, 2021).** The table above shows that the investment knowledge, sociodemographic characteristics, and risk propensity variables do not exhibit multicollinearity, as the VIF value is less than 10.

Table 3.
Heteroscedasticity Test

Variables	Sig.	Limit.
Investment Knowledge (X1)	0.341	>0.05
Sociodemographic Characteristics (X2)	0.491	>0.05
Risk Propensity (X3)	0.094	>0.05

Source: processed by SPSS 25 (2026)

The heteroscedasticity test is a condition where the residual variance in a regression model is not constant. Data are declared free of heteroscedasticity if the significance value of the independent variable is ≥ 0.05 (Ghozali, 2021). The table above, using the Glejser test, shows that the value for each variable is greater than 0.05. This indicates that the variables investment knowledge, sociodemographic characteristics, and risk propensity do not exhibit heteroscedasticity.

Table 4.
Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,305	1,155		2,863	,005
	Investment Knowledge (X1)	,227	,070	,203	3,225	,002
	Sociodemographic Characteristics (X2)	,267	,062	,280	4,337	,000
	Risk Propensity (X3)	,356	,059	,413	6,020	,000

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a. Dependent Variable: Investment Decision (Y)

Source: processed by SPSS 25 (2026)

Based on the data presented in the table above, the multiple linear regression equation in this study can be formulated as follows:

$$Y = \mathrm{a} + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$
$$Y = 3{,}305 + 0{,}227\, X_1 + 0{,}267\, X_2 + 0{,}356\, X_3 + e$$

Based on the regression equation above, statistically, the constant value (a) can be explained as 3.305. This value indicates that if the investment knowledge, sociodemographic characteristics, and risk propensity variables are assumed to be 0, then the decision to invest in Islamic stocks has a value of 3.305.

a. The investment knowledge variable (X1) has a regression coefficient of 0.227, indicating a positive regression coefficient. This means that every one-unit increase in the investment knowledge variable will increase investment decisions by 0.227, assuming other variables remain constant.
b. The sociodemographic characteristics variable (X2) has a regression coefficient of 0.267, indicating a positive regression coefficient. This means that every one-unit increase in the sociodemographic characteristics variable will increase investment decisions by 0.267, assuming other variables remain constant.
c. The risk propensity variable (X3) has a regression coefficient of 0.356, indicating a positive regression coefficient. This means that every one-unit increase in the risk propensity variable will increase investment decisions by 0.356, assuming other variables remain constant.

According to Ghozali (Ghozali, 2021), the F test is used to determine the influence of independent variables on the dependent variable simultaneously by comparing the calculated F value and the F table at a significance level of 5% (α = 0.05). In the table above, the calculated F value of 95.075 is greater than the F table value of 2.66, and the significance level obtained is 0.000 <0.05. Thus, the investment decision on sharia stocks (Y) is positively and significantly influenced by the variables of investment knowledge (X1), sociodemographic characteristics (X2), and Risk Propensity (X3). These variables function simultaneously.

Table 5.
Test of the Coefficient of Determination (R^2)

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Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	,786 [a]	,618	,612	1,538

a. Predictors: (Constant), Risk Propensity (X3), Investment Knowledge (X1), Sociodemographic Characteristics (X2)

Source: processed by SPSS 25 (2026)

Based on the table above, the Adjusted R Square value is 0.612. This means that the variables Investment Knowledge, Sociodemographic Characteristics, and Risk Propensity collectively influence Decision (Y) by 61.2%, while the remaining 38.8% is influenced by other factors.

Table 6.
T-test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,305	1,155		2,863	,005
	Investment Knowledge (X1)	,227	,070	,203	3,225	,002
	Sociodemographic Characteristics (X2)	,267	,062	,280	4,337	,000
	Risk Propensity (X3)	,356	,059	,413	6,020	,000

a. Dependent Variable: Investment Decision (Y)

Source: processed by SPSS 25 (2026)

According to Ghozali (2021), the T-test is used to determine the extent to which each independent variable individually explains the dependent variable. Independent and dependent variables are considered significant if the Sig value in the t-test is <0.05.

a. Testing the first hypothesis (H1)

Based on the test results, it is known that the significance value of variable X1 on variable Y is 0.002 < 0.05. In addition, the calculated t of 3.225 is greater than the t table of 1.973. This indicates that variable X1 has a positive and significant effect on variable Y. Thus, the first hypothesis (H1) is accepted.

b. Testing the second hypothesis (H2)

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Based on the test results, the significance value of variable X2 on Y is 0.000 < 0.05. In addition, the calculated t value of 4.337 is greater than the t table of 1.973. This indicates that variable X2 has a positive and significant effect on variable Y. Thus, the second hypothesis (H2) is accepted.

c. **Testing the third hypothesis (H3)**

Based on the test results, the significance value of variable X3 on Y is 0.000 < 0.05. In addition, the calculated t value of 6.020 is greater than the t table of 1.973. This indicates that variable X3 has a positive and significant effect on variable Y. Thus, the third hypothesis (H3) is accepted.

Discussion

1. The Influence of Investment Knowledge on Sharia Stock Investment Decisions

The analysis results show a significant effect with a value of 0.002, smaller than 0.05, with a calculated t-value of 3.225, which is greater than the t-table of 1.973. These findings indicate that investment knowledge has a positive and significant effect on investment decisions in Islamic stocks. These results are in line with Girsang & Suryamartono (2025), who showed that the higher an individual's level of understanding of investment, the better their ability to make investment decisions. Investment knowledge helps individuals understand various important aspects of investment, such as basic investment concepts, mechanisms that occur in the capital market, profit opportunities that can be obtained, and possible risks (Sulistyawati et al., 2023).

This study found that the idea in *the Theory of Planned Behavior (TPB)* introduced by Ajzen (1991), in terms of investment, knowledge about investment in investment activities can help someone believe that they can control their investment actions and ultimately this belief encourages someone to make more targeted decisions (Hikmah & Rustam, 2020). The results of this study are also in line with several previous studies, as proven by Ardhelia (Ardhelia et al., 2023); Rehmat & Magada (Rehmat & Magada, 2025); Siregar (Siregar & Siregar, 2024) showing that investment knowledge has a positive and significant influence on investment decisions.

2. The Influence of Sociodemographic Characteristics on Sharia Stock Investment Decisions

The analysis results showed a significant effect with a value of 0.000, less than 0.05, and a calculated t-value of 4.337, greater than the t-table of 1.973. These

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findings indicate that sociodemographic characteristics have a positive and significant effect on investment decisions in Islamic stocks. Differences in sociodemographic characteristics, such as age, gender, domicile, and occupation, can influence how individuals make investment decisions (Hartina et al., 2022).

This study found that the idea in *the Theory of Planned Behavior (TPB)* introduced by Ajzen (1991), in terms of investment decisions, sociodemographic characteristics can shape individual attitudes and perceptions in investment activities. For example, when viewed in terms of age, more mature investors tend to make decisions more rationally, while younger investors tend to be influenced by peers, although they also utilize various digital information sources in learning about investments (Syukur et al., 2025). The results of this study are also in line with research conducted by Ningrum et al. (Ningrum et al., 2025); Hartina et al. (Hartina et al., 2022); Maulana et al. (Maulana et al., 2023); Rahmah (Rahmah et al., 2025) showing that sociodemographics have a positive and significant effect on investment decisions.

3. The Influence of Risk Propensity on Sharia Stock Investment Decisions

The analysis results show a significant effect with a value of 0.000, smaller than 0.05, with a calculated t-value of 6.020, greater than the t-table of 1.973. These findings indicate that risk propensity has a positive and significant effect on sharia stock investment decisions. Individuals with a high risk propensity are more willing to face uncertainty and accept losses in order to obtain higher returns, while those with a low risk propensity prefer to avoid risky investments (Rizky et al., 2025).

This study found that the *Theory of Planned Behavior (TPB)*, introduced by Ajzen (1991), emphasizes that in investment decisions, an individual's propensity to risk can influence how they view investment activities, particularly how they perceive potential gains and losses. These findings also align with research by Kusuma & Kairupan (2021), which found that risk propensity has been shown to have a positive and significant influence on investment decision-making.

The findings of this study indicate that investment knowledge, sociodemographic characteristics, and risk propensity influence investors' decisions regarding Islamic stocks. These results suggest that investors can be motivated to make more logical and informed investment decisions if they understand investments. However, this study's findings are limited by the number of respondents and the research area. Therefore, future researchers are expected to expand the sample size and research variables.

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CONCLUSION

Based on the results of an SPSS analysis of 180 Generation Z respondents in the Solo Raya region, this study shows that investment knowledge, sociodemographic characteristics, and risk propensity play a role in influencing investment decisions in sharia stocks. A good understanding of investment can help investors identify opportunities and risks, thus enabling them to make more rational decisions. Furthermore, differences in individual characteristics and risk propensity can also shape investors' investment choices. These findings reinforce *the Theory of Planned Behavior (TPB)* proposed by Ajzen (1991), which states that individual attitudes and perceptions can influence decision-making behavior. This study has the advantage of examining several factors influencing investment decisions within a single research model. However, this study is limited by the number of respondents and the research area. Therefore, future research is expected to expand the sample size, research area, and include other variables to obtain more comprehensive results.

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