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The Effect of Product Knowledge and Influence of Society on Investment Intention of Stock Investors with Perceived Risk as Mediation

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ABSTRACT

This study aims to find scientific evidence about the factors that influence the investment intentions of stock products in Indonesia. The research subjects are stock investors in the Indonesian capital market in 2020. The objects studied include product knowledge, risk perception, influence of society, and investment intentions. The sample was selected by purposive random sampling method. Primary data collection is done online by distributing questionnaires using Google Docs via social media WhatsApp, Telegram and Line. The number of research samples is 470 data. Data analysis was performed using SEM-PLS in two test categories, namely testing the outer model and testing the inner model. The results of this study indicate that product knowledge and influence of society have a significant effect on investment intention of stock investors in Indonesia, perceived risk does not significantly affect investment intention. Other findings prove that product knowledge has a significant effect on risk perception. In addition, this study also proves that Perceived Risk cannot mediate product knowledge on investment intention. Thus the results of this study can clarify the relationship between product knowledge, perceived risk and influence of society on investment intention so that at least it can provide guidance to the community to increase investment intention.

Keywords: Product Knowledge; Perceived Risk; Influence of Society; Investment Intention.

JEL Classification: G32, G41, G53, O16

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El Efecto del Conocimiento del Producto y la Influencia de la Sociedad en la Intención de Inversión de los Inversores en Acciones con el Riesgo Percibido como Mediación

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RESUMEN

Este estudio pretende encontrar pruebas científicas sobre los factores que influyen en las intenciones de inversión de los productos bursátiles en Indonesia. Los sujetos de la investigación son los inversores en acciones del mercado de capitales indonesio en 2020. Los objetos de estudio son el conocimiento del producto, la percepción del riesgo, la influencia de la sociedad y las intenciones de inversión. La muestra se seleccionó mediante el método de muestreo aleatorio intencionado. La recogida de datos primarios se realiza en línea mediante la distribución de cuestionarios utilizando Google Docs a través de las redes sociales WhatsApp, Telegram y Line. El número de muestras de la investigación es de 470 datos. El análisis de los datos se realizó mediante SEM-PLS en dos categorías de prueba, a saber, la prueba del modelo externo y la prueba del modelo interno. Los resultados de este estudio indican que el conocimiento del producto y la influencia de la sociedad tienen un efecto significativo en la intención de inversión de los inversores en acciones en Indonesia, el riesgo percibido no afecta significativamente a la intención de inversión. Otros resultados demuestran que el conocimiento del producto tiene un efecto significativo en la percepción del riesgo. Además, este estudio también demuestra que el riesgo percibido no puede mediar en el conocimiento del producto sobre la intención de inversión. Por lo tanto, los resultados de este estudio pueden aclarar la relación entre el conocimiento del producto, el riesgo percibido y la influencia de la sociedad en la intención de inversión, de modo que al menos pueda servir de orientación a la comunidad para aumentar la intención de inversión.

Palabras clave: Conocimiento del producto; Riesgo percibido; Influencia de la sociedad; Intención de inversión.

Clasificación JEL: G32, G41, G53, O16

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1. Introduction

The development of the capital market is inseparable from economic and technological growth. Good economic growth in a country will encourage capital market growth. A capital market is a place where two parties meet, who have money and who need money. There are several types of financial instruments in the capital market, namely stocks, bonds, and mutual funds. The capital market is one alternative to raise funds for state-owned and private companies, and a means to invest for individuals and institutions. In investing in the capital market through stocks, bonds, or mutual funds, of course, an investor hopes to get a profit. Benefits can be in the form of capital gains and dividends. An investor must be able to choose what instruments he buys to achieve his goals.

One of the wishes of many people is to be able to live independently and be free from financial problems. There are many ways to do this, including by investing. But many people who fail in investing. This can be caused by the selection of the wrong instrument, lack of knowledge about the investment product, joining in with friends and wrong risk perception.

The intention to invest in shares in the Indonesian capital market is currently arguably quite low. This was because the Indonesian people did not yet understand the benefits of investing in the capital market and there were still many people who felt that it was safer to keep their money in deposits because it was guaranteed by The Indonesian Deposit Insurance Agency (Purnama & Fardaniah, 2019).

The number of capital market investors in Indonesia has increased every year. According to records from the Indonesian Central Securities Depository, the number of investors in the Indonesian capital market as of August 22, 2019, reached 2.102 million investors (Kalla, 2019). Meanwhile in 2015 at the end of December, the number of investors in the capital market is only 433,607 (Sikumbang, 2016). The increase in the number of investors by 384.77% is quite encouraging. Currently, according to data from the Indonesian Central Securities Depository, as of November 19, 2020, the number of stock investors on the Indonesia Stock Exchange has reached 1,503,682 accounts (Utami, 2020)

Although the number of investors increased by around 384.77% or around 1.6 million people, this figure is nothing compared to the total population of Indonesia which is around 267 million people (2015 census population survey). When compared to neighboring countries such as Singapore and Malaysia, which respectively have 1.5 million and 2.49 million investors, Indonesia is still behind because the population in Malaysia and Singapore is relatively smaller than Indonesia. Data on the number of investors between countries shown in Table 1. The table shows the intention to invest in the Indonesian people is very small.

Table 1 Number of Investors in several countries

No	Country	Amount of SID	Percentage
1	Singapore	1.500.000	30%
2	China	100.400.000	13,70%
3	Malaysia	3.800.000	12,80%
4	Indonesia	1.617.367	0,62%

Source: (Gumiwang, 2018)

The very small participation of local investors in the Indonesian capital market is very pitiful because the Indonesian capital market can provide higher returns (return) compared to other investment instruments. In the last 10 years (January 1, 2009 - January 1, 2019), Jakarta Composite Index (JCI) recorded an increase of 390.22% (from 1332,670 to 6532,969) or an annual average of 39,022%. This return is only from JCI. When viewed from one of the shares, namely the BCA bank, in 2009 it was at 2,750 and in 2019 it had reached its highest price at 31,450 (an increase of 1043.63%, or an average of 104.36% per year)

JCI return has been enjoyed by foreign investors more than local investors. Based on data from KSEI, the total value of share capital by foreign investors in Indonesia reached Rp 1,912.93 trillion or around 51.21% from Rp 3,735.5 trillion. The rest is held by local investors amounting to Rp 1,822.57 trillion or around 48.79% (Ayuningtyas, 2019). This is arguably not good, because if foreign investors make large-

scale sales, it will adversely affect the JCI and can cause local investors to panic. To get over this situation, efforts must be made to increase local investors in the Indonesian capital market.

A national survey on financial literacy and inclusion conducted by the Financial Services Authority of Indonesia in 2016 showed a financial literacy index of 29.66% and a financial inclusion index of 67.82%. This figure increased compared to 2013, which was 21.84% for the financial literacy index and 59.74% for the financial inclusion index. While for the capital market sector, the lowest position is 4.4% for literacy and 1.3% for financial inclusion (Rianti, 2019). The low level of literacy and financial inclusion in the capital market can be assumed that Indonesian people are still at a saving society level. To reach the investment society, there must be a change of mind that money is not only for savings but must be invested as well.

To increase literacy and inclusion in the capital market, there must be socialization of knowledge about products in the capital market. So far there are still many people who think that investing is expensive and difficult. Knowledge of the capital market is also useful to minimize risk in investing. Knowledge of capital market products is important for an investor because it can affect investment intentions. Investors also need to know about the risks in investing. Knowledge about this risk will affect one's perception in investing. Each person's risk perception is certainly different and can not be equated, some have a high level of risk, neutral, and low.

Investment activities according to the Theory of Planned Behavior (TPB) are preceded by intentions (I. Ajzen, 1991), in this case, the intention to invest. Therefore it can be used as an excuse that investment problems stem from investment intentions. To increase community participation in investing, it is necessary to have an intention first (Stewart et al., 1999).

Some research states that investment intentions can be influenced by several things such as Product Knowledge, Perceived Risk, Product Involvement and Self Efficacy (Lim, 2013), Personality Factors, The Influence of Society, Self-Control & Demography, Financial Literacy (Ramana, 2018). Other factors are Product Involvement, Subjective Norm ,and Perceived Behavioral Control (Ibrahim & Arshad, 2017)

Product knowledge is defined as knowledge possessed by consumers about the character of the product, the impact of using the product, and the value of satisfaction achieved by using the product (Peter & Olson, 2010). If an individual has the high product knowledge, then his intention to invest will be high too.

Perceived risk is the consumer's perception of the uncertainty that may be received as a result of buying a service or product. This perception can arise due to the inability of individuals to predict the value of the product (Schiffman & Kanuk, 2007). A high perception of risk will make one's investment intentions tend to be cautious. High risk perception can be caused by low product knowledge (Assael, 1998). Individuals who have high product knowledge, but have a high risk perception, then their investment intentions will tend to be cautious or unwilling to take high risks.

Influence of society is an influence or drive that comes from friends, the work environment, the media, and professional advice. The influence of society has similarities with subjective norms because it has influence or encouragement from others. subjective norm is a person's view to follow others in their behavior (Ajzen, 1991). The influence of society can lead to investment intentions because when an individual has a friend who invests, then that individual can be affected.

Based on the fact that stock investment behavior in Indonesia is still very low and not very popular with the public, this study wants to examine the factors that influence the intention to invest in the stock market.

2. Literature Review

2.1. Grand Theory

This research is based on the Theory of Planned Behavior, Theory of Reasoned Action. The middle theory used is related to the classification of humans in addressing risk. Theory of Reasoned Action (TRA) is a theory that links belief, attitude, intention, and behavior (Fishbein & Ajzen, 1975). TRA

explains that the most suitable predictor for understanding someone's behavior is based on intention. According to TRA, a person's subjective attitudes and norms will lead to intentions, while intentions will shape behavior. According to the TRA theory, a person will do something if he thinks the action is good and believes that other people agree with it.

The Theory of Planned Behavior (TPB) is a theory that states that there is a relationship between goals and someone's behavior. This theory was developed by Ajzen (1991). TPB focuses more on the rationality of human behavior, as well as on the belief that target behavior is influenced by psychological factors and individual awareness.

The Middle theory here is associated with the behavior of an investor in facing risks. Several levels of investor behavior in addressing risk can be categorized into three types. The first is Risk Averse, which is behavior that tends to avoid risk. Second, risk-neutral investors tend to accept measurable risks. Types of investment for risk-neutral investors are money market mutual funds and government-corporate bonds (Wen et al., 2014). The third type is the Risk Seeker Investor, which is an investor who is brave enough to take high risks because he is motivated to get high returns. Investors with this type of risk seeker will focus on growing the value of an investment and usually they will get used to fluctuations. The types of investments taken by this type of investor are stocks, commodities, and currencies (Filiz et al., 2018).

2.2. Operational Theory

2.2.1. Investment Intention

According to Ajzen (1991) intention is a belief from someone in behavior. This belief can be caused by external and internal factors. Meanwhile according to Pascual-Ezama et al., (2014), investment intentions are defined as investment plans from investors that will be carried out in the future. Chandra & Aksari (2016) defines investment intentions as the desire of individuals to invest because they already have information sources. Information is easily accessible due to the availability of business digitization (Trusova et al., 2021).

Investment intention is an individual belief that has a desire in the possibility of investing. Investment intention in an investor can be influenced by external and internal factors (Faure, 2013). From the definitions that have been explained, it can be concluded that the intention to invest is a belief of an investor in investing in the future due to the expectation of the benefits to be gained.

An indicator of investment intentions according to Lim et al., (2013) is the desire to invest and set a target time. While investment intention indicators according to Chandra & Aksari (2016) are: have a high intention to find out and will take the time to learn about shares. According to Azizi & Sanaji (2018) indicators of investment-intentions are the desire to invest, set a time target, and plan to invest.

2.2.2. Product Knowledge

According to Zeithaml (1988) product knowledge is knowledge or understanding that consumers have to assess to get a purchase decision. Alba & Hutchinson (1987) define Product knowledge as a structure and content that contains information and is stored in memory that is used to make a judgment in making a purchase. According to Brucks, (1985) said that product knowledge is a perception that is in the memory of individuals about a product. Meanwhile, according to Beatty & Smith, (1987) product knowledge is a perception or view of consumers regarding a product and previous experience in using the product. Lin (2007) defines product knowledge as a person's view of a product and previous experience in using the product. Knowledge of consumers (investors) about a product can directly or indirectly affect the desire to purchase. This knowledge includes product categories, brands, product terminology, product attributes or features, product prices, and product beliefs (Hatim & Muba, 2020). Product knowledge is also widely used by the community as a reference to build their business, among others, in developing Food and Beverage Products at PT. Aerofood ACS Garuda Indonesia (Puspita, 2018), and in the development of sustainable planning strategies in the field of organic agriculture (Prasetyaningtyas et al., 2019). From the definitions that have been

mentioned, it can be concluded that product knowledge is an intrinsic guide, structure, content, and views of consumers regarding a product that is used as a consideration in making a purchase.

If related to TPB theory, product knowledge is obtained from attitudes and subjective norms. Attitude is a factor that is in a person and gives a positive or negative response to a thing. A subjective norm is an encouragement from the surrounding environment that makes a person do or have an intention towards something.

The indicators used to measure product knowledge according to Laroche et al., (2003) are: Having knowledge about investing in stocks, having information, investing often, and having experience. Indicators of product knowledge according to Liang (2012) support the opinion (Laroche et al., 1996) by adding indicators of trust in a product. While product knowledge indicators according to (Peter & Olson, 2010) are product attributes, physical benefits, psychological benefits, and values obtained after using a product or service.

2.2.3. Perceived Risk

Perceived Risk or risk perception is a subjective view of someone about the potential losses that might be obtained from a decision (Chaudhuri, 2002). Risk perception can also be interpreted as an unintended consequence that someone wants to avoid when buying or using a product (Maziriri & Chuchu, 2017). According to Pavlou (2003) risk perception is the estimation of losses from individuals due to uncertainty in transactions. Risk perception is an assessment of an individual of a risky situation due to the characteristics and psychological characteristics of the individual (Cho & Lee, 2006).

In the concept of perceived risk, individuals feel uncertainty and negative reactions arise in making decisions to buy due to lack of information (Yeh & Liao, 2016). If related to TPB theory, then perceived risk can be influenced by attitudes and behavioral control. A person's attitude can shape one's risk perception because attitude is a person's response to something, can be positive and negative.

The indicators used to measure perceived risk according to Laroche et al., (2003) are time risk and performance risk. While the perceived risk indicator according to Thai et al., (2017) says that stocks which have been suspended for trading are very risky, large capitalized and often traded stocks are very risky, shares controlled by several shareholders are very risky, investing in the capital market is risky step, and it's better to invest in instruments other than stocks

2.2.4. Influence of Society

The Indonesian Big Dictionary said that the influence of the Influence of Society is the power that shapes a person's behavior. This power can come from objects and humans. Society is several people in the broadest sense and bound by a culture that they think is the same. Society is a group of people who work together for a long time and create order in a shared life (Linton, 1968). From some of the notions that have been mentioned, it can be concluded that the influence of society can be interpreted as an impulse arising from the surrounding environment and influencing one's behavior.

The influence of society is part of the subjective norm because there is influence from the surrounding environment. Ajzen (1991) says that subjective norm is one's belief about motivation to follow the behavior of others. Subjective norms are individual tendencies regarding trust due to the influence of the environment they occupy (Mintardjo et al., 2016)

Individual decisions in behavior can be through self-consideration or from others. If the surrounding environment supports investment, other individuals will be affected as well (Sondari, 2015). The influence of this environment can come from objects, humans, and culture. If in an environment that consists of a group of people who have invested, then individuals who have not invested will become interested because social interaction will shape one's behavior and intentions.

The indicators used to measure the influence of society are as follows: investing because of the encouragement of friends, investing because of seeing promotions, and investing because of input from friends

2.3. Relationship Between Variables

2.3.1. The relationship between Product Knowledge and Investment Intention

According to Nan-Hong Lin (2007) product knowledge is a person's view of a product and previous experience in using the product. General knowledge about a product will influence investors in making decisions. Bettman & Park (1980) in their research on consumers found that differences in knowledge will make a difference also in decision making. Differences in knowledge also affect the final decision in choosing a product. Investors who know about a stock that has the potential to provide positive returns, then he will have a strong intention to buy it, and vice versa. Thus the difference in the level of strength of the intention to invest in shares is strongly influenced by the level of knowledge about the shares to be covered. Sufficient knowledge will make a person's confidence increase because knowledge will provide a better certainty. Product Knowledge with Investment Intention has a positive influence, this is obtained from researches of Lim (2013), Octarina et al., (2019), Munnukka et al.,(2017), Njuguna & Namusonge (2016), Putri et al., (2019), and Junaeni (2020) wherein their research showing that investors those who have more knowledge about stocks will tend to invest in the stock market.

2.3.2. Linkage between Product Knowledge and Perceived-Risk

Product Knowledge is knowledge from investors about a product that has or has been used. According to Nan-Hong Lin (2007) product knowledge is a person's view of a product and previous experience in using the product. Complete knowledge of a product will provide more complete information about the product. This information will form a better perception. Sufficient perception will provide confidence in the population so that the perception of risk is lower, and he will make investment decisions more confident.

Product Knowledge with Perceived Risk has a positive influence, research Lim (2013) shows that a person's level of product knowledge determines the level of risk perception in the stock market, which means the higher an investor's knowledge of the stock market, his risk perception about the stock market will decrease or low. This can happen because the individual knows very well about what a stock is and how it works so that the risk perception is reduced. Different research results were examined by Munnukka et al., (2017) which in their research result found that product knowledge with perceived risk had a negative effect.

2.3.3. Linkage between Perceived risk and Investment-Intention

According to Cho & Lee (2006) Perceived Risk is an assessment of an individual of a risky situation due to the characteristics and psychological characteristics of that individual. Each investor has different perceptions about risk. Wen et al., (2014) classify types of investors in dealing with risk, namely risk-averse, neutral, and seeker. Investors with risk-averse types will tend to avoid risk and will look for other instruments with small risks, investors with neutral risk types tend to take measured risks and do not exceed their tolerance limits, investors with risk seeker types tend to take large risks because they will get returns big one too.

Thai et al., (2017) and Octarina et al., (2019) in their research resulted that perceived risk had a positive effect on Investment Intention. Different research results were examined by Washington & Regina (2015) which in his research resulted that perceived risk and investment intention had a negative effect.

If perceived risk has a positive effect on investment intention, then it can be assumed that the investor is in the risk-neutral and averse category, whereas if it has a negative effect, then it can be assumed that the investor is a risk seeker.

2.3.4. The relationship between the Influence of Society and Investment Intention

The influence of society is part of the subjective norm because there is influence from the surrounding environment. Ajzen (1991) define subjective norm as one's belief about motivation to follow the behavior of others. The influence of Society is an impulse or force that comes from the immediate environment and influences a person's behavior. This power can come from objects or people. Ramana (2018) in his research resulted that women who are in an environment of friendship or employment who invest, then will also invest because they are influenced by friends and work environment. It can be said that individuals who have friends who invest will tend to invest too. In addition to the influence of friends, there is also the influence of the work environment, and the media. Ramana (2018), Ibrahim & Arshad (2017), Sondari (2015), and Hashim & Macdonald (2018) in their research stated that the influence of society has a positive effect on investment- intention.

2.3.5. Perceived Risk as Intervening Variable

From the explanation above, it can be seen that a good knowledge of stock products can provide more complete information about the stock. When an investor or potential investor has in-depth information or knowledge about a product, a better perception will be formed about the product. Sufficient perception will be able to form a stronger intention because they believe they will benefit from the investment.

3. Methodology

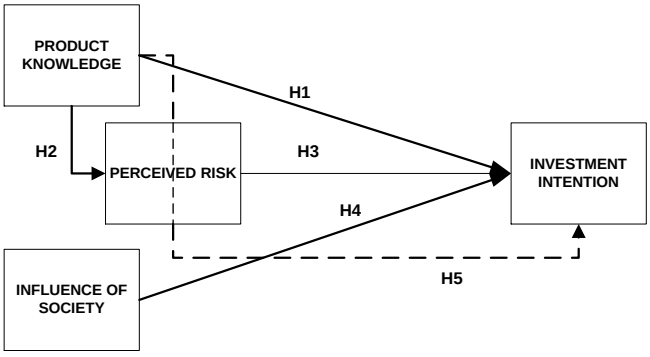
The research subjects are investors who invest in the Indonesian capital market in 2020, aged between 17 to 55 years, and have experience in investing for less than one year to those with more than 10 years. Product Knowledge and Influence of Society, each measured with 7 (seven) indicators extracted from Laroche et al., (2003) and 4 (four) indicators extracted from Murthy (2018). Perceived Risk measured by 7 (seven) indicators derived from (Thai et al., 2017) and Investment Intention, measured by 7 (seven) indicators from Lim et al., (2013). Each indicator item is measured using a score ranged from 1-10 from the worst to the best.

This study uses a purposive sampling method. Research data is primary data obtained from questionnaires distributed online via WhatsApp, Telegram, and Line. The sample is 470 stock investors in the Indonesian capital market.

Data analysis was performed with smart PLS 3.0. The consideration is because it can analyze latent variables and data that are not normally distributed (Hair et al., 2014). Outer model used to assess reliability and validity, while Inner model used to test the hypothesis, the Coefficient of Determination, and the Goodness of Fit test.

The research model is described in Figure below:

Figure 1 Research Model



Source: Designed by the authors

Based on the theory of interrelationships between variables that have been described above, the following hypotheses can be formulated:

H1: Product Knowledge has a positive effect on Investment Intention
H2: Product Knowledge has a positive effect on Perceived Risk
H3: Perceived Risk affect Investment Intention
H4: Influence of Society affects Investment Intention in a positive direction
H5: Perceived Risk mediates the effect of Product Knowledge on Investment Intention

4. Results and Discussion

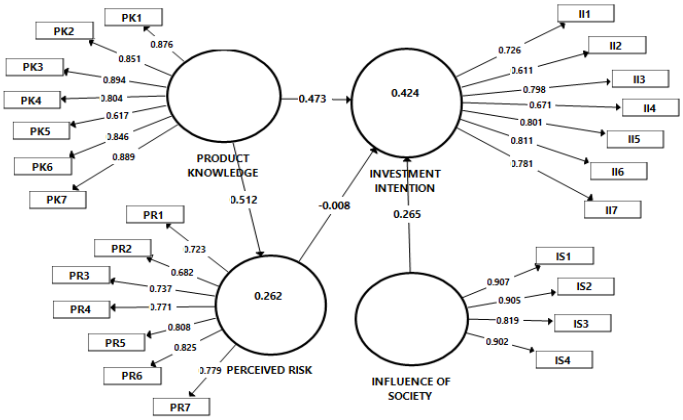
4.1. Test the Outer Model

An outer test was conducted to test the validity as well as the reliability. The validity test used is convergent validity and Fornell-larcker criteria. Reliability tests used were composite reliability and Cronbach's alpha.

4.1.1. Validity test using Convergent Validity

The validity test is done by looking at convergent validity. Indicator of a variable is valid if the loading factor value greater than 0.6 (Ghozali, 2016). The loading factor test results can be seen in Figure 2.

Figure 2 Convergent Validity Test Results



Source: calculated by the authors.

The convergent validity test results in Figure 2 shows that product knowledge (PK) indicators from PK-1 to PK7, perceived risk (PR) indicators from PR1 to PR7, influence of society (IS) indicators from IS1 to IS4, and investment intention indicators (II) from II1 to II7 are declared valid.

4.1.2. Validity test using Fornell-larcker Criterion

The Fornell-Larcker criteria compares the square root of the AVE value with the correlation of the latent variables. In particular, the square root of each AVE construct must be greater than the highest correlation with the other constructs

Table 2 Fornell-larcker Criteria Test Results

	Influence of Society	Investment Intention	Perceived Risk	Product Knowledge
Influence of Society	**0.884**			
Investment Intention	0.518	**0.746**		
Perceived Risk	0.555	0.381	**0.762**	
Product Knowledge	0.544	0.613	0.512	**0.83**

Source: calculated by the authors.

The results of the Fornell-larcker criteria validity test in Table 2. show that the Influence Of Society, Investment Intention, Perceived Risk, and Product Knowledge variables are said to be valid because the highest value of the variable on the diagonal axis is greater than the one below it.

4.1.3. Reliability Test

The reliability test was carried out by observing Cronbach's alpha, rho_A, and composite reliability. A variable is reliable if it meets the Composite Reliability value> 0.7, and Cronbach's Alpha> 0. (Hair et al., 2014)

Table 3 Reliability-Test Results

	Cronbach's Alpha	rho_A	Composite Reliability
Influence of Society	0.906	0.908	0.934
Investment Intention	0.865	0.872	0.897
Perceived Risk	0.880	0.885	0.906
Product Knowledge	0.922	0.926	0.939

Source: calculated by the authors

The reliability test results in Table 3. show that the data is reliable since the Cronbach's alpha value on the Influence of Society, Investment Intention, Product Knowledge, and Perceived Risk variables is above 0.6. The value of composite reliability on the influence of society, investment intention, product knowledge, and perceived risk variables is above 0.7 and can be said to be reliable.

4.1.2. Test the Inner Model

4.1.2.1. Hypothesis testing

Hypothesis testing is conducted to determine whether there is an influence of the independent variable on the dependent variable. Hypothesis test results are shown in Table 4. below.

Table 4 Statistical Hypothesis Test Result

	Original Sample	T Statistics	P Values
IS → II	0.265	4.251	0.000
PR →II	-0.008	0.137	0.891
PK → II	0.473	7.275	0.000
PK → PR	0.512	11.962	0.000
PK → PR → II	-0.004	0.149	0.882

Source: calculated by the authors

In Table 4. the results of the hypothesis test show the original sample value of the variable influence of society on investment intention is 0.265. which means the influence of society variable affects positively on investment intention. The effect of society on investment intention significantly influences since its t-statistical value of 4.251 (>1.96) and P_value is 0.000 which is smaller than 0.05. Hypothesis test results show the original sample value on the perceived risk towards investment intention of -0.008. which means the perceived-risk variable effects negatively on investment intention. The perceived risk does not affect investment intention with its T-statistic value of 0.137. which is smaller than 1.96 as well as P-values of 0.891 which is greater than 0.05. The original sample on the product knowledge variable on investment intention is 0.473. which means that the product-knowledge effects positively on investment intention. The product- knowledge has a significant effect on investment intention since the T-statistic value is 7.275 which is greater than1.96. and the P_value of 0.000 (<0.05). In addition. the test results show that the value of the original sample on the product knowledge variable on perceived risk is 0.512. which means that the product knowledge affects perceived risk in a positive direction. Product-knowledge effects perceived risk significantly since it has a T-statistic value of 11.962 (>1.96). and P_values of 0.000. Other hypothesis test results indicate the original sample value on the perceived-risk variable as a mediation among product-knowledge and

investment intention of -0.004. which means the perceived risk variable influences negative. The perceived risk has no effect as a mediation between product knowledge and investment intention since the t-statistical value is 0.149 and P-Values is 0.882.

4.1.2.2. Goodness of Fit Test

The goodness of fit test is carried out to see the suitability of the overall model data. This test will see the value of NFI. if the value of NFI is close to one. it can be said to be good. From the Goodness of Fit test, the NFI value is 0.791. The NFI result of 0.791 is quite good because the value is close to one

4.1.2.3. Determination Coefficient Test

The result of the Determination Coefficient Test (R-square) on investment intention is 42.4%. This result means that Influence of Society, Product Knowledge, and Perceived Risk contributed 42.4% in explaining Investment Intention, and the remaining 57.6% was explained by variables not examined. The R-square value of the perceived risk is 26.2%, which means that product knowledge contributes 26.2% in explaining the perceived risk, and the remaining 73.8% is explained by other variables outside this study.

4.2. Discussion

4.2.1. Effect of Product Knowledge on Investment Intention

Product-Knowledge is a knowledge of the concept of a product that is useful for individuals to make decisions. The results of this study exhibit that product knowledge effect positively on investment intention. This positive influence means the wider a person's knowledge about a product, the higher the intention to invest. Investors who know about stocks will tend to have the intention to invest because they believe there is good certainty because of the knowledge. When viewed from the product knowledge indicator. it is necessary to increase the PK-3 indicator which is about the quality of information because this indicator has a large contribution. Therefore. finding and exploring valid information can increase investment intentions. Aside from information quality. experience is also the strongest indicator. Investing experience needs to be done continuously so that investor product knowledge is increasing. Judging from the age of the respondents. respondents were dominated by the relatively young age group that is under 30 years (63.3%). and most were novice investors (less than one year). This respondent data indicates that young investors with little experience are still experimenting. For them to become true investors, creating a healthy investment climate is important. The results of this study are in line with several done by Lim (2013), Octarina et al.(2019), Putri et al.,(2019). and Junaeni (2020).

4.2.2. Effect of Product Knowledge on Perceived Risk

The results showed that product knowledge had a positive and significant effect on perceived risk. This positive influence means better products knowledge of one's. the higher the risk perception. This can happen because the individual receives negative information so the perception of risk increases. If seen from the product knowledge indicator. the PK-3 indicator needs to be reduced because the indicator is the most dominant. The PK-3 indicator must be reduced because it contains information that is negative in nature and makes individual risk perceptions rise. If the information received or obtained by the individual is positive. then the individual's risk perception will decrease because it has received certainty from the information. Judging from the age of the respondents in this study, which was dominated by individuals under the age of 30 years and some investors were beginners (under 1 year). It can be said that they do not have experience and it is possible that their knowledge is still minimal, causing increased risk perceptions. The results of this study are different from those studied by Lim (2013) and Munnukka et al.,(2017).

4.2.3. Effect of Perceived Risk on Investment Intention

Perceived Risk is a person's perception of the risks that might occur if making a decision. The outputs of this research indicates that perceived risk does not affect on investment intention. Each investor must have different perceptions of risk. some can accept. neutral and avoid. By looking at the results of this study. it can be assumed that the respondents in this study are the types of investors who are neutral towards risk. Investors who are neutral about this risk will assume that risk is not so important as long as it can provide a greater return. Judging from the age of respondents in this study which are dominated by individuals under the age of 30 years and some investors are still beginners (under 1 year). then there are indications that they are still trying to invest in stocks and usually young investors might look at risk as a neutral thing as long as it can provide high returns. To make an individual increase his intention to invest. it can be done by reducing the influence on the PR-6 indicator. namely the capital market is a risky place. This can be done by increasing education about the capital market and from this education can make individuals convinced that the capital market is a safe place to invest. When the individual feels confident that the capital market is a safe place to invest. then his intention to invest will increase. The results of this study differ from those examined by Lim (2013). Washington & Regina (2015), Octarina et al.,(2019), Thai et al., (2017, and Natsir et al.,(2021). The difference in the results of this study can be caused by differences in countries. ages. experiences and types of risk from investors.

4.2.4. Influence of Society on Investment Intention

The Influence of Society is an impetus or influence from the surrounding environment that can affect a person's behavior and beliefs. The results of this study indicate that the influence of society on investment intention has a positive and significant effect. This positive influence means that the higher the influence of the surrounding environment the higher one's investment intention. Individuals who have friends or coworkers who have invested will tend to have the intention to invest because of the encouragement of friends. Besides friends. the influence of family and education is important to increase investment intentions. IS-1 indicator. the profit gained by friends is the one who contributed the most to this variable so it needs to be improved. The benefits obtained by friends become an attraction for individuals to try to invest in shares because they want to get additional income. Individuals who are interested in the benefits derived by their friends must of course learn a lot. and ask lots of friends who have succeeded. Judging from the age of respondents in this study which are dominated by individuals under the age of 30 years and some investors are still beginners (under 1 year). then they can more easily socialize about the benefits they can get to the surrounding environment. Such socialization can have an impact on their friends' investment intentions because they are interested in the profits and of course they also have to look for more in-depth information about shares so that they can succeed to make a profit. The results of this study were supported by Ramana (2018), Ibrahim & Arshad (2017), Sondari (2015), and Hashim & Macdonald (2018)

4.2.5. Effect of Perceived Risk as a mediation between Knowledge Products on Investment Intention

The results of this study indicate that perceived risk as a mediation between product knowledge and investment intention does not affect. This shows that risk perception does not mediate one's intention to invest. In this case, there is only a direct relationship between product knowledge and investment intention. Individuals who already have knowledge will feel confident and have the intention to invest because they have got information that will be used to buy shares. Based on the age of the respondents in this study most of the respondents are under the age of 30 years and some investors are still beginners (under 1 year). then you could say that they are young investors with little experience and are still experimenting. These young investors may have little knowledge and they are brave enough to try to invest. To increase investment intentions. of course there must be a briefing on product knowledge about what stocks are so that people who have not yet invested will be interested and their intention to invest will arise. Submission of material on knowledge about these shares can

come from interested regulators. universities. friends. and formal training. Submission of these materials is useful as information for individuals to convince their intentions in investing. The results of this study are different from those examined by (Lim, 2013).

5. Conclusion

Based on the background, relevant theoretical studies, research and analysis have been carried out on the independent variables, namely Product Knowledge, Influence of Society, and Risk Perception on Investment Intentions for stock investors in Indonesia, it can be concluded that Product Knowledge and Influence of Society have a positive effect on Investment Intention, while Perceived Risk has no effect on Investment Intention. This study also finds that Perceived Risk cannot mediate Product Knowledge on Investment Intention.

The implication of the results of this study is that the capital market needs to increase the intention to invest in stocks to the public. For example, by intensifying education to increase knowledge about stocks. Education can be done, as an example, by opening stock exchange corners on campuses, opening a program for student visits to the capital market, and so on. Increased knowledge of stocks will also have an impact on increasing the perception of risk. In addition, to get better research results on Investment Intention, further research can expand research variables, for example by adding other variables such as self-efficacy, personality factors, and so on.

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