Why Do Some Young Investors in Indonesia Integrate Sustainable Investment in their Portfolio?

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—— Review of ——
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ABSTRACT

Young investors in Indonesia face an uptrend of awareness toward sustainable investment (SI) especially in this era where critical issues such as climate change is major. It is crucial to understand their motivations and interest during their complex decision-making process regarding the company's ESG's issues in their investment activities. Hence why, the question arises "Why do some young investors in Indonesia integrate sustainable investment in their portfolio?" remains largely unresolved. Previous research is still limited when it comes to non-professional individual investor's financial behaviour. Therefore, this study builds hypotheses that are tested through online surveys conducted in Indonesia and analysed using statistical software SPSS to gain insights on the correlation of the investor's decision-making process in SI. The results show a strong positive influence on investor's financial literacy with their sustainability information and the usage of negative screening strategy towards their SI decision. Whilst a strong negative towards herding behaviour, which implies young investors have significant personal attitudes toward environmental, social and governance concerns in the company that they invest in. The research contributes to studies on young individual investors' decision-making, especially their way of diversifying their portfolio. It examines the factors that influence the usage of sustainability data and the choice to invest in sustainable businesses.

Keywords: Sustainable Investment, Financial Behaviour, Green Stocks, Investment Portfolio.

1. BACKGROUND

The Indonesia Stock Exchange (IDX) noted that in the last three years the growth of Indonesian capital market investors was dominated by young people, especially the millennial generation and Gen-Z, an increase of 47.5% (IDX, 2021). In addition to that, recently the emergence of sustainable investing is attracting young investors who are entering the financial market and are concerned about climate change (Varley and Lewis, 2021). Evidently, Indonesia has also become aware of socially responsible investment and the importance of allocating such capital to drive green projects. This is demonstrated by the development of the Sri Kehati Index (SKI). In 2009, the KEHATI Foundation collaborated with the Indonesian Stock Exchange (IDX) to create this index. However, there is a lack of study in understanding the motivation and interests of socially responsible investment (SRI) by young investors in Indonesia.

        According to Hafenstein and Bassen (2016) investor attitudes have shifted where they start to take account the measurement and inclusion of ESG risks into mutual fund and stock investment procedures. In most investing portfolios, several methodologies used in distinct

strategies coexist. The first step in developing long-term portfolios was to apply negative and positive filters to certain sectors and activities. it should be noted, from an investor's perspective, that ESG-based investments are not only concerned with the environment and society, but also to increase the opportunities and risk management of the portfolio. Various studies and research show that ESG-based investments can provide better performance (Hidayah and Kartiadevi, 2021).

As to explain the reason why investors tend to invest in SRI stocks, we must investigate their financial behaviour. Human behaviour is tremendously complicated, and the financial components of human behaviour are just as complex, if not more so. A variety of personal and environmental factors influence financial behaviour. External (macro) variables and internal (micro) factors are the two primary types of factors that influence family finances and financial behaviour (Ballestero et al., 2012). Inflation, interest and unemployment rates, the quality of financial products and services, and prevalent marketing tactics are all external variables. Peers, institutions, and the media are all examples of environmental influences. Numerous human biases have been identified in the literature of behavioural economics, demonstrating that individuals do not always act rationally and that their judgments are not always optimum. It also demonstrates that risk tolerance varies depending on whether the risk is positive or negative, with males being overconfident when it comes to financial decisions, particularly investment decisions. A number of research studies have demonstrated age variations in financial behaviour and risk tolerance. News sentiments, media trends, and peer pressure have all been proven to be highly linked to increased motivation to learn about various elements of sustainable investment.

Although scholarly research on SI has generally concentrated on evaluating its financial success to that of traditional investments (Amel-Zadeh and Serafeim, 2018), little attention has been made to the motivations for individual investors' behavior when employing various SI techniques and whether young investors are interested integrating in their portfolio diversification. Varied SI techniques can lead to different outcomes (Folqué, Escrig-Olmedo, and Corzo Santamaría, 2021) and considering the gravity of the cultural and economic issues raised by environmental issues and the sustainability goal, more in-depth study is needed.

Concerning the private investor group, various research examines investor profiles, incentives, and, to a lesser extent, impediments, along with comparability with non-SI investors (Dewi and Dewi 2017). However, there is no simple solution to the SI-gap. It's unknown why some individual investors use SI while others don't (Glac, 2008). The literature lacks a clear understanding of what the fundamental barriers are, whether and how barriers and other features interact, and what sorts of combinations are essential. Hence, this research aims to investigate the motivation and interests behind young investor's in Indonesia incorporating SI in their investment decisions through their behaviour.

2. LITERATURE REVIEW

2.1 Theory Development

In most cases investors usually consider the classic measures of profitability and risk when making investing decisions (Kul, Zhang and Solangi, 2020) which are concerned with the economic elements of investment. However, environmental, social, and corporate governance (ESG) concerns have grown more relevant for both organizations and individuals in recent decades, particularly since the initial definitions of sustainability (Cubas-Díaz and Martínez Sedano, 2017) and sustainable development. This is due to a growing recognition that economic activities produce externalities (Kul, Zhang and Solangi, 2020) that have an impact on society. ESG investing is a type of investment that prioritizes the best environmental,

social, and governance (ESG) variables or outcomes. ESG investing is often regarded as a method of investing "sustainably"—that is, with care for the environment, social well-being, and the economy. It is based on the rising belief that environmental and social elements are increasingly influencing organizational financial performance.

The term sustainable investment is described as a broad term that includes SRI (socially responsible investing), ESG (environmental, social, and governance investing), sustainable, long-term investing, and other concepts (Inderst, Kaminker, and Stewart, 2012). Some of the study's findings might offer SRI investors in Indonesia reason to be optimistic. When investing in an SRI portfolio, the investor can expect a portfolio with better performance or lower risk than other portfolios, despite the fact that more research is needed to see how the SRI portfolio performs in Indonesia.

2.1.1 Drivers of SRI

Performance

Evidence demonstrates that ESG-focused businesses do better economically, which is reflected in greater risk-adjusted returns in financial markets. Despite this, the research on this probable relationship between SRI and financial success is undetermined (Tsai, Chou and Hsu, 2009). Sustainability integration has been proven to have both a positive and negative association with market performance (Van den Bossche et al., 2010), despite the various differences (Tran et al., 2020) Other elements, it appears, have an impact on that association. The influence of a large-cap bias is documented by (Van den Bossche et al., 2010) while Tran et al. (2020) discover that the firm's geography is important. In comparison to developing markets (65.4 percent), developed Europe has a substantially lower percentage of favourable results (26.1 percent) (Tran et al., 2020).

Purpose

Sustainability is a structural force that requires a mental shift in our culture. Environmental preservation, climate action, and social responsibility have all gained in popularity as a result of technology and social media. This shift in people's attitudes and beliefs has spilled over into the economic sector, affecting how investors make investment decisions. Today's investors desire not merely a financial return, i.e. a profit, but also to channel their money in a way that makes a difference in areas that are important to them - a purpose. As a result of the combination of achieving well and feeling good, the reward is boosted. The first is objective, whereas the second is subjective. Moral reasons (Amel-Zadeh and Serafeim, 2018), the belief system, and individual investor values (Paetzold and Busch, 2014) drive the need for personal fulfillment (Jansson and Biel, 2011). Investors are increasingly seeking assets that align with their personal beliefs. Integrating personal values into financial decisions provides the investor with emotional rewards (Hafenstein and Bassen, 2016).

Social Factors

Our society's collective views and social elements can also influence investors. The way a society interprets how financial markets will grow (described as "collective belief") leads them away from quantitative financial metrics and influences how investors make decisions (Caplan, Griswold and Jarvis, 2013). People are frightened of searching for contradictory evidence, which is greatly impacted by access to information, which is where the media and peers play a large role. First, how a topic is covered in the media has a big impact on how people think about it. This is the case with SRI, which has a lot of traditional and social media attention, which helps to explain why demand is increasing (Cubas-Díaz and Martínez Sedano 2017). Second, socio-cultural factors have a major influence on investment

selections (Folqué et al., 2021), with a great influence of the social circle (Maiti, 2021), notably family and friends (Paetzold and Busch, 2014). Some scholars argue that this results in some form of societal pressure on individuals to make investments, although this is not the case for everyone (Paetzold and Busch, 2014).

2.1.2 Behavioral Finance

Moreover, Goyen, Phillips, and Beal (2005) have looked at the motivations for sustainable investing. Some investors, for example, do not wish to make money by investing in firms that conduct unethically or immorally (Ballestero et al., 2012). Other investors are motivated by the desire to generate personal emotional rewards, such as great sentiments received from supporting a "good" cause, acting responsibly, or contributing to societal progress (Varley and Lewis, 2021). SRI investors that are more concerned with financial success (Amel-Zadeh and Serafeim, 2018) are also available. Behavioral finance is intriguing because it explains why and how markets become inefficient. Finance considers the human dimension in investment decisions by considering perception, identity, and emotional factors

Behavioral finance is concerned with investor irrationality and how it affects investment decisions and market pricing. Market players are rational, according to standard financial market ideas and a financially literate (Dai, Kostini, and Tresna, 2021). Several studies, however, show that investor behavior is not always reasonable, and that it may be systematically illogical. Now, stock markets are becoming more volatile. The volatility of the stock market raises the risk of investing. The following behavioral finance features are going to be investigated:

a.   Screening Investment
b.   Herding Behavior
c.   Risk Aversion

This will eventually shape the structure of this paper and formulate hypotheses of the interests and motivations of young investors in Indonesia on their sustainable investments in the stock market.

2.2 Hypothesis Development

Amel-Zadeh and Serafeim (2018) found a link between a company's sustainability initiatives and its corporate social performance (CSP). Furthermore, empirical data show that institutional investors appreciate sustainability information (Cubas-Díaz and Martínez Sedano 2017; Maiti. 2021), and that professional investors evaluate sustainability information in their investment decisions (Tran et al. 2012).

H1: High awareness on financial literacy and consuming sustainability information helps investors make sustainable investments to diversify their portfolio.

Negative screening, which eliminates enterprises or sectors based on social, environmental, or ethical issues, is the oldest SI technique (Van den Bossche et al., 2010). However, a positive screening method to select assets that fulfill specified requirements or represent helpful objectives can also be used to build a portfolio in SI funds. Positive filters are frequently used in conjunction with a "best in class" approach, in which firms are graded on how well they meet several ESG criteria.

H2: Negative screening significantly helps investors integrate sustainable investments.

Moreover, the behavior of herding is most evident when rigorous reasoning is required and the majority of players lack expertise, as is the case with financial investment decisions. Behavioral finance researchers are interested in the latter type of herding. Depending on the

reasons behind the choice, intentional herding can be rational or non-rational (Van den Bossche et al., 2010). When a herding choice is based on fundamentals, it is considered reasonable since it safeguards the investor's interests (Rahayu, Rohman and Harto, 2021). It is important to note that young investors are particularly vulnerable to other investors whether it is institutional or retail that portrays actions or influences of stock picking that show a potential gain to their portfolio. Especially recent news on energy stocks that has a positive outlook on the uptrend price in IDX which ultimately affects sustainable investment decisions.

H3: Young investors in Indonesia tend to make sustainable investments when it is trending and when there is a positive sentiment in the news.

2.3 Conceptual Framework
A conceptual framework is a type of thinking framework that may be applied to issue solutions. In most cases, this study framework takes a scientific approach and displays the link between variables during the analytic process.
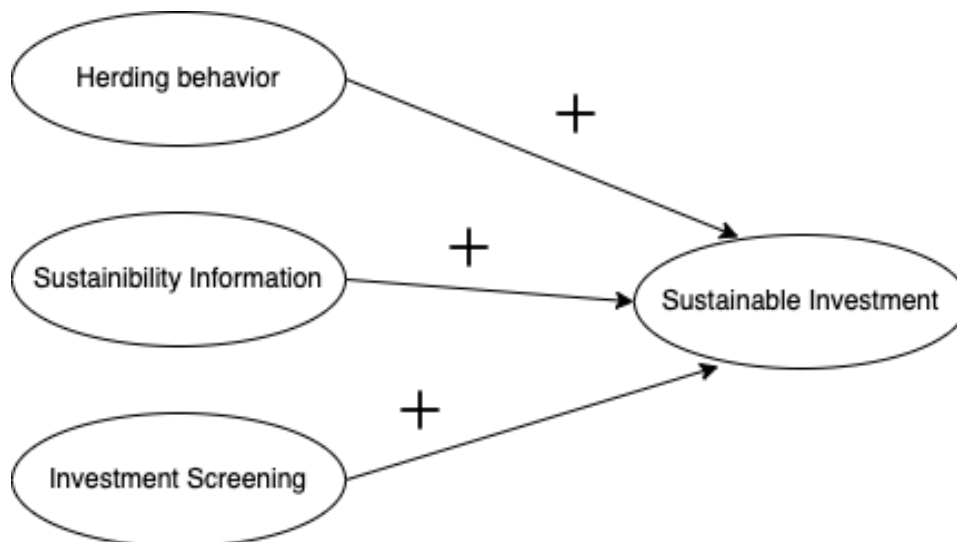

Figure 1. Relationship model for the different hypotheses (Author, 2022)

The hypothesis that was built was:
H1 = Financial literacy and the usage of sustainability information on the company positively influences SI decision.
H2 = Investment screening positively influences SI decision.
H3 = Herding behavior positively influences SI decision.

3. RESEARCH METHOD

3.1 Data Collection

In order to analyze the research gap, I used a quantitative research approach with a deductive method. My empirical data was gathered through primary research with an online survey of 100 respondents. I employed a stratified random sampling technique in this study. The criteria are non-professional investors of 17-25 year olds who are interested in sustainable investment and have traded in the stock exchange. I divided the questionnaire into two parts where the

first part consists of collecting data about the investor profile with short questions. This is utilized to figure out the investor's background and its own investment strategy whether they are risk averse or not. Furthermore, I employed quota conditions to portray the proportion of the investors' age and how they diversify their portfolio in the stock market. The second part is covered by descriptive analysis, including correlation tests (Al Azizah and Mulyono 2020).

To achieve the research objective, I made a series of questions or statements that ask for replies on a scale for this aim. The Likert scale is the most often used scale in survey research as it is to measure the intention and motivation behind the respondents sustainable investment decisions. It is scaled from 1 to 5 for the variable items where 1 indicates "Strongly Disagree", 2 denote "Disagree", 3 represent "Neutral", 4 refers to "Agree" and 5 which shows "Strongly Agree". Lastly, To obtain an active sample, I required that the investor had interacted with shares at least twice in the previous year.

Table 1 Variables and research model

Variables	Variable Expression	Content
Independent	Financial literacy on sustainability information	How aware are young investors in Indonesia on SI? Does it have an impact on their portfolio diversification?
	Investment screening	Is there a correlation between investment screening strategy on SI decision making?
	Herding behavior	Do young investors in Indonesia portray a herding behavior in their SI decision making?
Dependent	Sustainable investment decision & Portfolio Diversification	

3.2 Data Analysis

In order to interpret the results for this study, I use basic descriptive statistical analysis where it is meant to describe the motivations and interest behind young investors in Indonesia integrating sustainable investment in their portfolio. Descriptive analyses are perhaps the most suitable to execute and comprehend for this quantitative data. According to Fisher & Marshall (2009), descriptive statistics are a good way to summarize data and give a description of a sample, but they don't provide information for causal analysis, only correlation. It will provide this study of numerical and graphical approaches which is used to organize, display and analyse data.

The kind of descriptive statistic utilized to describe a variable in a sample is determined by the measurement level employed which is ordinal data. Because the nominal level of measurement is the categorization of instances, the measure of dispersion is based on the count or frequency of cases in each category, which is known as the frequency distribution. Following data collection, I will find out the mean, standard deviation to calculate and characterize the source and relevancy of observed factors on sustainable investment decision. I will conduct analysis on possible correlation, statistical control for differences in the means or standard deviation. Also possible differences based on groups of participants will be analysed to get an in-depth understanding of the investor's different SRI decision strategy. Then, I will look at and evaluate a few research papers that compare traditional descriptive analytic techniques.

Moreover, to establish the scale's dependability, the Cronbach's Alpha test is used. This strategy enables the analyst to delete irrelevant factors and reduce the number of trash variables in the research model. When $\alpha > 0.6$, the variables are considered reliable and consistent. However, when α is > 0.9 means that the questions might be redundant in the scale items. For possible correlation the model that I would use is a non-parametric hypothesis testing through Spearman rank correlation. It is a statistical correlation among two variables' ranks that determines how well a linear function can explain the connection between two variables using statistical software SPSS.

4. RESULTS DISCUSSION

Non-professional retail investors in Indonesia have increased in recent years and now account for 97.67% of all investors in the country. Because of this large number, individual investor investment decisions should be a key metric in determining the direction of Indonesia's capital market. Individual investment behaviour varies greatly and is easily influenced, but there is a pattern or model that can offer an overview of the activities undertaken. Investors' decisions are said to be influenced by a variety of elements, including psychological and demographic characteristics. Stock ownership may be used to denote a wide range of financial habits. Blue-chip stocks are represented in the LQ45 index category and specific green stocks listed in SRI-Kehati index in Indonesia.

4.1 Investor's Profile

In order to understand the characteristics of the respondents in this research, I will conduct a demographic analysis overview of young investor's profiles which consist of their age, risk profile and their investment strategy. Young investors are members of the generation Z (Gen-Z). The generational divide is a major topic these days. There are numerous viewpoints on the differences between Gen-Z and earlier generations; some of the most obvious distinctions include access to education and information, as well as behavioural traits. Gen-Z may be defined as those who were born between 1996 – 2010 (Rahayu, Rohman and Harto, 2021). Gen-Zs are distinct from previous generations in a number of respects, including being more diverse and well-educated than previous generations. Gen-Zs are also more risk-takers than previous generations, and they are more ready to accept investing risks. This feature has the potential to influence the result of an investment, particularly in financial markets.

In this study, it consists of the highest 27% of the respondents at the age of 20, 21% are 21, 17% aged 22 and 11% at age 23. The age range from 17-19 represents 16% and at the older end of age 24-26 only 7%. This shows the younger age range are more interested in investing in SRI as they are more exposed to issues on ESG and tend to make decisions based on news sentiments (Rahayu, Rohman and Harto, 2021). Around three-quarters of Gen-Zs (72%) believe that ethical investment may help with sustainability. Hence, impact investors are more likely to be Gen Z and Millennials. Despite their generational differences, Gen Z and millennials have a lot in common when it comes to important social and policy concerns. When it comes to problems like climate change and racism, both Generation Z and millennials are more socially progressive than their elders.

4.2 Financial Literacy and the Availability of Sustainability Information

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q1_H1 I often do research on the company's sustainability activities before I make investment decisions.	100	1.00	5.00	4.3100	1.15203
Q2_H1 I consider companies good governance before I make investment decisions.	100	2.00	5.00	4.6900	.63078
Q3_H1 I care about what the companies that I invest do with their sustainability prospect	100	2.00	5.00	4.6300	.73382
Q4_H1 I consider ESG issues when building my portfolio because it performs well on my return.	100	1.00	5.00	4.4500	1.07661
Valid N (listwise)	100				

In this first variable, I am measuring how well the respondents can use their financial knowledge and their confidence level on their investment decision. The mean is very significant. In the first statement, the mean is 4.31. Hence, it means that the majority of respondents agree to doing research on company's sustainability activities such as: gas emission consumption or water consumption that usually is accounted on their sustainability report before making an investment decision. This is helpful as it gives more non-financial information other than annual report as the base of fundamental analysis of the investor decision.

Moreover, the second and third variable have a similar mean of 4.6 which explains the average of respondent agree on taking consideration of the company's GCG and the company's future sustainability plans. The respondents view good corporate governance (GCG) as the main foundation for better decision making must be implemented for business sustainability and attracting investment Maiti (2021) revealed that one of the causes of the economic crisis at the end of the 90s was poor corporate governance. Examples are poor investment quality, very broad business diversification, large number of short-term unhedged loans, weak roles of directors and commissioners, poor audit system, lack of transparency, and weak law enforcement. This suggests that companies need to be aware of the risks and collect relevant data to build a business that will survive in the future and attract more investors. In addition, the implementation of ESG has also proven to have a positive impact on company performance as seen on the result of question 4 where the mean is significant at 4.45.

Table 3. Reliability Statistic on Financial Literacy

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.818	.831	4

In order to estimate reliability between the internal number of items grouped as hypothesis 1, the threshold of these survey questions is considered good as $0.6 < \alpha < 0.9$ stated in table 3. Young investors only utilize sustainability information when they already deal with sustainability in their purchase behaviour, according to the findings of the influencing variables. One explanation might be that a company's overall image as socially and ecologically conscious is more relevant than detailed information regarding its sustainability efforts. As a result, giving an investor a picture of a company's sustainability operations is more crucial than reporting on every area of sustainability in detail.

Table 4. Possible Correlations

			Sustainability Information	SI decision
Spearman's rho	Sustainability Information	Correlation Coefficient	1.000	.820[**]
		Sig. (2-tailed)	.	<.001
		N	100	100
	SI decision	Correlation Coefficient	.820[**]	1.000
		Sig. (2-tailed)	<.001	.
		N	100	100

** Correlation is significant at the 0.01 level (2-tailed).

Based on the table 4, the result show a significant positive corelation between the utilization of sustainability information available towards young investors in Indonesia making their SI decision as the coefficient is <0.01with 99% confidence interval.

4.4 Investment Screening influence on SI decision
To investigate the kind of investment strategy used for sustainable investment, Question 1 has a significant mean of 4.75 which indicates young investor's approach on their portfolio building using investment screening. As stated in the literature review, (Al Azizah and Mulyono, 2020) explains that majority of young investor tend to use negative screening because it is easier to sort it out in their decision-making process. This approach, also known as negative screening, is relatively simple and was primarily utilized by investors but is still widely used today. This technique, as the name indicates, eliminates, or filters out enterprises or investment objects whose operations are deemed to have a detrimental environmental or social impact. Tobacco, mining, weapons of mass destruction, casinos, and other businesses are typically regarded ecologically and socially harmful. The respondents also show an agreement on the statement that they have consideration to filter out sectors based on their ESG

ratings. Investors can also define themselves how they screen companies that are considered to have a negative social and environmental impact.

Table 5. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q1_H2 Investment screening is critical for maximizing financial impacts, as well as social and environmental ones.	100	2.00	5.00	4.7500	.55732
Q2_H2 I exclude certain sectors based on their poor performance on ESG criteria	100	1.00	5.00	4.6000	.89893
Q3_H2 It is important for me to align my investments to my values and creating positive change	100	1.00	5.00	4.6200	.85019
Valid N (listwise)	100				

These results also show a high importance of alignment towards the investor's personal values and creating positive change towards their investment. These findings are supported by previous research explaining the recent phenomenon of high awareness from young investor to gain financial return but also creating positive impact by purchasing ESG stocks (Glac, 2018).

Table 6. Reliability Statistics on Investment Screening

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.771	.782	3

The statistical control of the mean is reliable using Cronbach's Alpha, the threshold is $\alpha = 0.771$ which is a good indicator of the scale of the items mentioned for explaining the use of investment screening in sustainable investment as stated in Table 6.

Moreover, there is a positive correlation between investment screening and SI decision. The coefficient is <.001 with 99% confidence interval meaning the correlation is significant. This supports further research regarding the increase of ESG data that is now more generally available than it was even five years ago, affecting long-term investment strategies. Screening out investment would help young investors to filter based on sectors or even compare using their ESG data.

Table 7. Possible Correlation

			Investment Screening	SI decision
Spearman's rho	Investment Screening	Correlation Coefficient	1.000	.709[**]
		Sig. (2-tailed)	.	<.001
		N	100	100
	SI decision	Correlation Coefficient	.709[**]	1.000
		Sig. (2-tailed)	<.001	.
		N	100	100

** Correlation is significant at the 0.01 level (2-tailed).

4.5 Herding Behavior influence on SI decision

In regard to testing the hypothesis on herding behavior on young investors in Indonesia shows a significant mean of 1.49 that shows that they strongly disagree on the statement on sustainable solely because it is trending. As for the second statement, young investors feel neutral with mean 3.39 regarding the reason on investing in renewable energy companies because of its high sentiments from news. This shows young investors in Indonesia are less likely to be influenced by overreaction and confirmation bias. This means they are quite rational when investing in green stocks and further explain the personal reason of aligning their own values towards the companies that they want to invest into. Lastly, they don't consider themselves as novice investor who will only base their investment decision on uptrend stock prices. This explains the mean of 2.15 which represents a disagreement to the statement.

Table 8. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q1_H3 I'm willing to invest in socially responsible investment because it is trending	100	1.00	5.00	1.4900	.97954
Q2_H3 I'm willing to invest in renewable energy companies because there are high sentiments from the news recently	100	1.00	5.00	3.3900	1.20517
Q3_H3 I'm willing to invest in socially responsible investment when stock prices are forecasted to increase	100	1.00	5.00	2.1500	1.34371
Valid N (listwise)	100				

However, these findings shows a contradiction to previous research on investor's behaviour investing in the COVID-19 pandemic (Chang, McAleer and Wang, 2020) which explains a highly potential in showing herding behaviour. The study explains how in emerging countries there's a significant tendency for investors to act irrationally. In investing, they frequently used buy-action stocks will attract new players only to those who make a profit. Moreover, coupled with positive stories of how successful someone uses their strategy. This makes the momentum strategy more profitable, at least in the short term. However, this can also create a bubble and make stock prices drop drastically. As humans, being different is a very difficult thing to do, especially in times of panic. FoMO, fear of missing out, will increase anxiety and reduce one's rationality in trading stocks.

Table 9. Possible Correlations

			Herding Behavior	SI decision
Spearman's rho	Herding Behavior	Correlation Coefficient	1.000	-.308[**]
		Sig. (2-tailed)	.	.002
		N	100	100
	SI decision	Correlation Coefficient	-.308[**]	1.000
		Sig. (2-tailed)	.002	.
		N	100	100

** Correlation is significant at the 0.01 level (2-tailed).

Nonetheless, investing in SRI stocks are quite different, based on the motivations opiniated by participants are safer and can hedge risks. They think it yields more stability because the companies itself consider the triple bottom line which are environment, social and profit. Young investors are willing to invest in SRI because they believe it increases their portfolio diversification which is why herding behaviour negatively correlates to SI decision. This is shown on the table above with a negative and significant coefficient 0.002 as stated in table 9.

Table 10. Reliability Statistic on Herding Behavior

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.566	.580	3

However, the reliability of this group of items $0.5 \leq \alpha < 0.6$ which is still acceptable, but the questionnaires could be improved.

4.6 Portfolio Diversification

Sustainable investment is frequently overlooked. Many investors believe that a sustainable goal confines a portfolio to a specific market segment. Indeed, many equities may assist investors in providing social benefits while also earning high profits. In this study it shows a

positive correlation between making SI decision with the intention on portfolio diversification. As a matter of fact, 72% of the respondents replied that they invest in ESG stocks and have a sector-based variation to diversify their portfolio.

Table 11. Possible Correlations

			SI decision	Portfolio Diversification
Spearman's rho	SI decision	Correlation Coefficient	1.000	.724[**]
		Sig. (2-tailed)	.	<.001
		N	100	100
	Portfolio Diversification	Correlation Coefficient	.724[**]	1.000
		Sig. (2-tailed)	<.001	.
		N	100	100

** Correlation is significant at the 0.01 level (2-tailed).

Ultimately, it is not enough to just exclude a few sectors from a portfolio to be considered sustainable. It's an active strategy in which securities are chosen from a vast pool of firms with appealing fundamentals and strong secular drivers. Furthermore, comprehensive sustainable investment takes into account extra environmental, social, and governance (ESG) factors, which can assist to mitigate risk. On the surface, the participants see no reason to believe that this group of firms will consistently outperform non-sustainable methods over time.

5. CONCLUSIONS AND LIMITATIONS

5.1. Conclusions

Based on the findings, the majority of young investors that invest in SI appear to be just as interested in the financial performance of their investments as regular investors, implying that SRI is not a charitable act or an attempt to appease a guilty conscience for most SRI investors. SRI investors, on the other hand, appear to be more accepting of return differentials between conventional and screened investments, implying that they value both financial and non-financial features of their investments. As the result is stated, there is a significant correlation with the availability of sustainable information from companies to increase their willingness in their SI. Secondly, Negative screening is the most frequent approach to engage in sustainable investing (as assessed by assets under management allocated to each strategy) and has an influence in the decision making process of SI. Lastly, herding behaviour negatively affects SI decisions, meaning that young investors in Indonesia show least tendency to follow the crowd when investing in green stocks.

5.2 Limitations

Nonetheless, this study has limitations in its method and scope of research. The method used in this research is explanatory and does not provide a decision process model. Ultimately, seeing the above results, it would be beneficial for companies to evaluate their triple bottom line and assess how they conduct their business to attract SI investors. Evidently in the future there will be more and more millennials and Gen-Zs who are investment literate and more concerned about the environment. So, in the future they are also expected to prefer to invest

in sectors that support and encourage positive changes in various aspects of life, including nature. This will indirectly make investment companies evaluate and adapt to market demands. Not only that, it is likely that in the future there will be many new companies engaged in this sector. So in the future, sustainable funding will be a promising investment, growing, and providing profitable opportunities for investors.

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