International Journal of Management Analytics (IJMA)
Vol. 4, No. 3 July 2026: 727-742

The Influence of Behavioral Biases on Investment Decisions Among Generation Z Investors in Tangerang: The Mediating Role of Risk Perception

Jessica Vonnie Lie[1], Ika Pratiwi Simbolon[2*]
Management Study Program, Universitas Bunda Mulia, Indonesia
Corresponding Author: Ika Pratiwi : ikapratiwi.simbolon@gmail.com

A R T I C L E I N F O
Keywords: Investment Decision, Risk Perception, Disposition Effect, Generation Z Investors.

Received: 20, May
Revised: 15 June
Accepted: 10 July

A B S T R A C T
This study examines the effects of disposition effect, herding behavior, and blue-chip stock preference on investment decisions among Generation Z investors in Tangerang, with risk perception serving as a mediating variable. This study uses a quantitative approach by utilizing data from 386 Generation Z investors selected through purposive sampling. The data in this study were tested and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The results indicate that disposition effect, herding behavior, and blue-chip stock preference significantly influence both risk perception and investment decisions. Furthermore, risk perception significantly affects investment decisions and partially mediates the relationships between the independent variables and investment decisions. The findings in this study emphasize the important role of behavioral factors and risk perception in making decisions among Generation Z investors.

INTRODUCTION

The increasing uncertainty of economic conditions has encouraged individuals to pay greater attention to financial planning and wealth management. Rising living costs, inflationary pressures, market volatility, and income instability have made investment activities increasingly important as a strategy to preserve and grow wealth over time (Haspramudilla, 2025). Investment enables individuals to allocate funds into financial assets with the expectation of obtaining future returns and protecting purchasing power from inflation (Santoso et al., 2023).

The advancement of financial technology has significantly expanded public access to investment products through easier account opening procedures, lower capital requirements, and greater accessibility to investment-related information (Meikin & Simbolon, 2025; Pradhana, 2025). Consequently, participation in Indonesia's capital market has experienced substantial growth. According to (KSEI, 2025), the number of investors investing in the capital market has increased in number approximately 10.31 million in 2022 to 20.34 million by the end of 2025. Interestingly, Generation Z accounts for 54.24% of all registered investors, making it the largest investor segment in Indonesia's capital market.

As digital natives, Generation Z relies heavily on social media and digital platforms as primary sources of information (Setiawan, 2025). While this characteristic provides easier access to investment knowledge, it also exposes young investors to speculative trends, information overload, and social influence that may affect investment decision-making. Investment decisions are generally expected to be based on careful evaluations of risk and return. Although investment offers the potential for financial gains, every investment instrument is accompanied by a certain degree of risk. In general, the potential return expected by investors is directly associated with the level of risk undertaken (Sarumaha & Sugiyanto, 2023). Therefore, the trade-off between risk and return becomes an important factors in the investment decision (Susilawaty et al., 2024). However, behavioral finance theory suggests that investors often deviate from rationality due to cognitive limitations and psychological biases. Investors may process information imperfectly and make decisions influenced by emotions, subjective judgments, and social pressures rather than objective analysis (Almansour et al., 2023).

One common phenomenon among young investors is the fear of missing out (FOMO), where individuals invest based on market trends and social influence rather than comprehensive analysis (Fikri, 2025). Previous studies have shown that many Generation Z investors are influenced by family members, peers, social media content, and financial influencers when making investment decisions (Mardika et al., 2025). Such behavior may lead investors to ignore their risk profiles and increase the likelihood of making suboptimal investment decisions (Desfika, 2024).

Several behavioral biases have been identified as influential factors in investment decision-making. Disposition effect refers to investors' tendency to hold losing assets for an extended period while selling profitable assets too quickly (Ahmed et al., 2022). Herding behavior occurs when investors imitate the actions of others rather than relying on their own analysis (Suresh G, 2024). Meanwhile, blue-chip stock preference reflects investors' tendency to favor shares of large and well-established companies because they are perceived as safer and more stable investments (Ahmed et al., 2022). These behavioral tendencies may influence how investors evaluate investment opportunities and ultimately shape their investment decisions (Almansour et al., 2023).

Risk perception plays an important role in the investment process because investors evaluate investment opportunities based on their subjective assessment of potential risks. Individuals may perceive the same investment risk differently due to variations in personal experiences, beliefs, emotions, and social influences (Jain et al., 2023). Consequently, risk perception may serve as an important mechanism through which behavioral biases influence investment decisions.

Previous studies have produced inconsistent findings regarding the mediating role of risk perception. (Ahmed et al., 2022) found that risk perception mediated the effect between blue-chip stock preference and investment decisions. In contrast, (Almansour et al., 2023) reported that risk perception significantly mediated the relationships between disposition effect, herding behavior, blue-chip stock preference, and investment decisions. Furthermore, prior studies were primarily conducted in Pakistan and focused on investors in general, limiting the generalizability of the findings to Indonesian Generation Z investors, who are highly exposed to digital information and social media influences. Limited studies have specifically examined the mediating role of risk perception among Generation Z investors in Indonesia, particularly in Tangerang.

Therefore, this study aims to examine the effect between disposition effect, herding behavior, and blue-chip stock preference on investment decisions among investors especially for Gen- Z in Tangerang, with risk perception serving as a mediating variable. This study contributes to the behavioral finance studies by providing empirical evidence regarding the role of risk perception in mediating the effect between behavioral biases and investment decisions within investors especially for Gen- Z.

LITERATURE REVIEW

Behavioral Finance Theory

Behavioral Finance Theory emerged as a response to traditional finance theories, which often assume that investors behave rationally. In reality, human behavior plays an important role in investment decision-making, causing financial markets to deviate from the assumptions of investor rationality (Bodie et al., 2022). Behavioral finance is therefore defined as an approach that examines how psychological and sociological factors influence investors' financial decisions (Pricilia & Susilawaty, 2025). Unlike the Efficient Market Hypothesis (EMH), which assumes that all informations are fully reflected in stock prices and that investors cannot consistently earn abnormal returns (Bodie et al., 2022), Behavioral Finance Theory argues that investors do not always act rationally when making investment decisions (Hossain & Siddiqua, 2022). According to (Bodie et al., 2022), irrationality may arise because investors do not always process information accurately, leading to errors in forecasting future outcomes, and because they may make inconsistent or suboptimal decisions despite having information regarding risk and return. Such conditions are often associated with cognitive limitations and psychological factors, including emotions, risk perception, and behavioral tendencies that influence decision-making processes (Rehman et al., 2024). Consequently, behavioral biases may affect how investors evaluate risk and return, causing investment decisions to deviate from optimal choices and leading market outcomes to differ from those predicted by traditional finance theories (Bodie et al., 2022). This theory provides the foundation for understanding how disposition effect, herding behavior, and blue-chip stock preference influence investment decisions, both directly and through investors' perceptions of risk

Disposition Effect

The disposition effect is described as a condition where there is a tendency from investor to hold losing investments for a longer period while selling profitable investments too quickly (Ahmed et al., 2022). This behavior reflects investors' desire to avoid realizing losses and secure gains, often leading them to rely on emotions rather than objective evaluations of investment performance. Consequently, investors may underestimate the risks associated with underperforming assets and overestimate the possibility of future recovery, resulting in biased risk perceptions (Bhutto et al., 2025). Previous studies reported that disposition effect significantly influences risk perception (Ahmed et al., 2022; Almansour et al., 2024; Heti et al., 2025; Singh et al., 2025). Furthermore, disposition effect may directly influence investment decisions because investors tend to realize gains prematurely while delaying loss realization. Such behavior reflects loss aversion and may prevent investors from making optimal investment decisions (Khairunnisa et al., 2023). Previous studies found that disposition effect significantly affects investment decisions (Ahmed et al., 2022; Almansour et al., 2024; Bhutto et al., 2025). In addition, risk perception may mediate this relationship because distorted risk assessments influence how investors allocate their funds and evaluate investment opportunities (Almansour et al., 2023; Felicia et al., 2025).

Herding Behavior

Herding behavior is described as a condition where there is tendency from investors to imitate the actions and decisions of other investors rather than relying on their own analysis and judgment (Almansour et al., 2023). Investors often perceive majority decisions as more reliable, particularly under uncertain market conditions, causing them to follow market trends without adequate personal evaluation. This tendency may create a false sense of security and influence investors' perceptions of risk (Suresh G, 2024). Previous studies have shown that herding behavior significantly affects risk perception because collective decisions often reduce feelings of uncertainty and encourage investors to perceive lower investment risk (Ahmed et al., 2022; Bhutto et al., 2025; Singh et al., 2025; Wibowo et al., 2023). Herding behavior also significantly influences investment decisions because investors frequently rely on market sentiment and the actions of others when selecting investment alternatives (Gupta & Shrivastava, 2022; Tang & Asandimitra, 2023; Vuković & Pivac, 2024). Moreover, risk perception may mediate the relationship between herding behavior and investment decisions because investors who follow the majority often adjust their risk assessments according to collective market behavior (Almansour et al., 2023; Felicia et al., 2025).

Blue-chip Stock

Blue-chip stocks are stocks issued by well established firms with strong financial performance and stable business operations (Almansour et al., 2023). Investors generally perceive blue-chip stocks as safer and more reliable investments due to their reputation, market position, and historical performance. Consequently, investors who prefer blue-chip stocks may perceive lower investment risk compared to investors who prefer other stocks. (Ahmed et al., 2022) found that blue-chip stock preference significantly influences risk perception because investors tend to associate blue-chip companies with lower uncertainty and greater stability. Similar findings were also found by several researchers (Almansour et al., 2024; Heti et al., 2025; Singh et al., 2025). Furthermore, investors' preferences toward blue-chip stocks significantly affect investment decisions because perceived safety and stability often become important considerations in portfolio allocation (Ahmed et al., 2022; Almansour et al., 2023). Risk perception may also mediate this relationship because investors often evaluate blue-chip stocks based on their subjective assessment of risk and security (Ahmed et al., 2022; Almansour et al., 2023).

Risk Perception

Risk perception is a condition where there is a subjective assessment by investors of the uncertainty and potential losses associated with investment operations (Almansour et al., 2023). Since risk perception is influenced by knowledge, experience, emotions, and individual beliefs, investors may evaluate identical investment opportunities differently (Jain et al., 2023). Consequently, risk perception plays a critical role in determining investment behavior. Investors with higher levels of perceived risk tend to be more cautious and conservative in making investment decisions, whereas investors with lower perceived risk are generally more willing to accept uncertainty and engage in riskier investments (Tang & Asandimitra, 2023). Previous studies consistently reported that risk perception significantly influences investment decisions (Hossain & Siddiqua, 2022; Tang & Asandimitra, 2023; Tannia et al., 2023; Wicaksono & Sundari, 2025).

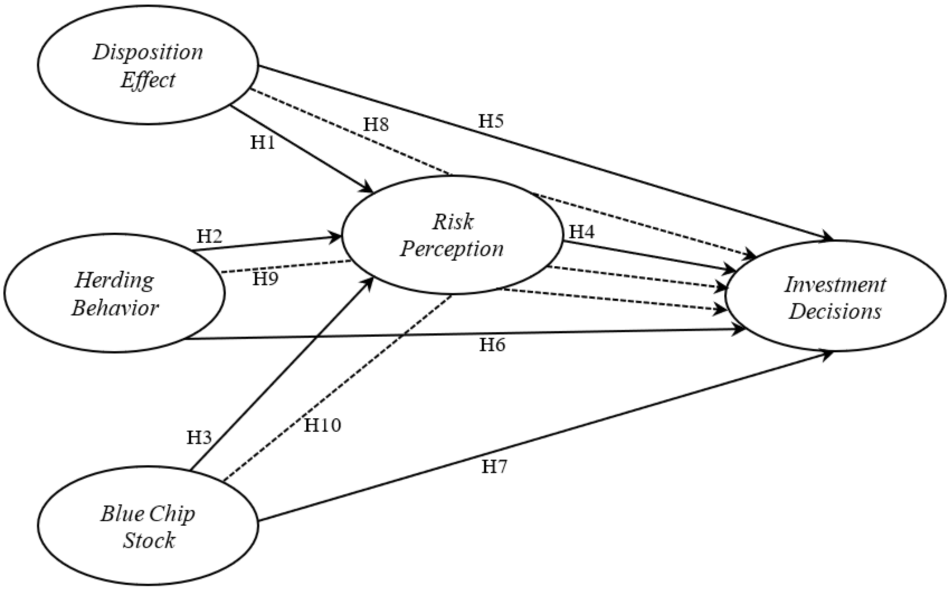

Figure 1. Conceptual Framework

METHODOLOGY

This study adopted a quantitative approach with a cross-sectional survey design to investigate investment behavior among Generation Z investors in Tangerang. To ensure the relevance of the sample, respondents were selected using purposive sampling and were required to be between 17 and 29 years old and have experience investing in the stock market. A total of 386 valid responses were obtained for analysis. All questionnaire items were measured using a five-point Likert scale. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4 to examine the relationships among disposition effect, herding behavior, blue-chip stock preference, risk perception, and investment decision, including the mediating role of risk perception in the proposed research model.

RESEARCH RESULT

A total of 386 valid responses were collected and included in the analysis. This section reports the demographic profile of the respondents, followed by the evaluation of the measurement model, structural model, hypothesis testing, and mediation analysis. The respondent characteristics are presented in Table 1.

Table 1. Characteristics of Respondents

Characteristic	Category	Frequency	Percentage
Gender	Male	206	53%
	Female	180	47%
Age	17-20 years	99	25%
	21-24 years	183	48%
	25-29 years	104	27%
Domicile	Tangerang City	175	45%
	Tangerang Regency	110	29%
	South Tangerang	101	26%
Investment Experience	1-3 year	295	76%

	4-6 year	77	20%
	>6 year	14	4%

Source: Primary Data (2026)

A total of 386 valid responses were obtained from Generation Z stock investors in Tangerang. Most respondents were aged 21–24 years (48%), male (53%), and resided in Tangerang City (45%). In addition, the majority were students and had 1–3 years of investment experience, indicating that the sample largely represented young investors with relatively limited experience in the capital market.

Table 2. Measurement Model Assessment

Variable	Cronbach's Alpha	Composite Reliability	AVE
Disposition Effect	0.894	0.894	0.655
Herding Behavior	0.935	0.935	0.718
Blue Chip Stock	0.923	0.923	0.814
Risk Perception	0.935	0.935	0.756
Investment Decision	0.886	0.886	0.814

Source: SmartPLS Data Processing Results (2026)

As shown in Table 2, all constructs met the recommended thresholds, with AVE values exceeding 0.50 and Cronbach's Alpha and Composite Reliability values above 0.70 (Hair et al., 2022). These results indicate that the measurement model possesses satisfactory validity and reliability.

Table 3. Structural Model Assessment

Variable	R^2	Q^2
Investment Decision	0.706	0.664
Risk Perception	0.745	0.739

Source: SmartPLS Data Processing Results (2026)

Table 3 shows that the R^2 value of Risk Perception was 0.745, indicating substantial explanatory power, as 74.5% of the variance in Risk Perception was explained by Disposition Effect, Herding Behavior, and Blue-Chip Stock Preference. In addition, the R^2 value of Investment Decision was 0.706, suggesting that 70.6% of the variance in Investment Decision was explained by the proposed predictors included in the model. The predictive relevance assessment further revealed Q^2 values of 0.739 for Risk Perception and 0.664 for Investment Decision, both exceeding the recommended threshold of zero. According to (Hair et al., 2022), these results indicate that the model possesses satisfactory predictive relevance.

Table 4. Direct Effect Results

Hypothesis	Original Sample	T-Statistics	P-Value	Result
H_1: DE → RP	0.179	3.518	0.000	Significant
H_2: HB → RP	0.170	2.743	0.006	Significant
H_3: BC → RP	0.585	8.846	0.000	Significant
H_4: RP → ID	0.378	4.434	0.000	Significant
H_5: DE → ID	0.122	2.073	0.038	Significant
H_6: HB → ID	0.186	2.733	0.006	Significant
H_7: BC → ID	0.236	2.712	0.007	Significant

Source: SmartPLS Data Processing Results (2026)

The results indicate that Disposition Effect has a significant positive effect on Risk Perception (p = 0.000). Similarly, Herding Behavior (p = 0.006) and Blue-Chip Stock Preference (p = 0.000) were found to significantly influence Risk Perception. Furthermore, Risk Perception significantly affects Investment Decision (p = 0.000). The findings also reveal that Disposition Effect (p = 0.038), Herding Behavior (p = 0.006), and Blue-Chip Stock Preference (p = 0.007) have significant positive effects on Investment Decision. Therefore, H1, H2, H3, H4, H5, H6, and H7 are supported.

Table 4. Direct Effect Results

Hypothesis	Original Sample	T-Statistics	P-Value	Result
H_8: DE → RP → ID	0.068	2.511	0.012	Significant
H_9: HB → RP → ID	0.064	2.261	0.024	Significant
H_{10}: BC → RP → ID	0.221	4.328	0.000	Significant

Source: SmartPLS Data Processing Results (2026)

The findings show that Risk Perception significantly mediates the relationship between Disposition Effect and Investment Decision (p = 0.012), Herding Behavior and Investment Decision (p = 0.024), as well as Blue-Chip Stock Preference and Investment Decision (p = 0.000). Since both direct and indirect effects remain significant, Risk Perception acts as a partial mediator in all three relationships. Therefore, H8, H9, and H10 are supported.

DISCUSSION

The Effect of Disposition Effect on Risk Perception

The results indicate that Disposition Effect significantly influences Risk Perception among Generation Z investors in Tangerang. This finding suggests that investors' tendencies in responding to gains and losses affect how they evaluate investment risk. Investors who experience disposition effect tend to hold losing stocks in the hope that prices will recover while selling profitable stocks more quickly to secure gains. As a result, risk assessments may become less objective because investors are more focused on avoiding losses and regret than on evaluating the actual conditions of an investment. This finding is consistent with Behavioral Finance Theory, which suggests that investors do not always assess financial risks rationally because their judgments may be influenced by psychological biases and emotional considerations. This result is in line with the findings of (Ahmed et al., 2022; Almansour et al., 2024; Heti et al., 2025; Singh et al., 2025), who reported that disposition effect significantly affects risk perception. The finding indicates that Generation Z investors tend to perceive investment risk not only based on objective market conditions but also based on their experiences of gains and losses. Consequently, risk perception among Generation Z investors may become less objective because risk evaluations are influenced by behavioral tendencies associated with disposition effect.

The Effect of Herding Behavior on Risk Perception

The findings reveal that Herding Behavior significantly influences Risk Perception among Generation Z investors in Tangerang. This suggests that investors' perceptions of investment risk are influenced by the decisions and actions of other investors, particularly when facing uncertain market conditions. Investors who exhibit herding behavior tend to rely on the judgments of others because they have limited confidence in their own analytical abilities. As a result, decisions made by the majority are often perceived as safer and less risky. Consequently, changes in market sentiment and collective investor behavior may alter how investors perceive the level of investment risk. This finding is in line with Behavioral Finance Theory, which suggests that risk assessments are not always formed objectively but may be influenced by social and psychological factors. This result is consistent with the findings of (Ahmed et al., 2022; Almansour et al., 2024; Singh et al., 2025; Wibowo et al., 2023), who found that herding behavior significantly affects risk perception. For Generation Z investors, this relationship is particularly relevant due to their high exposure to social media, investment communities, and digital information sources. The abundance of investment-related content may encourage young investors to use the opinions and decisions of others as references when evaluating investment risk. Therefore, risk perception among Generation Z investors may be influenced not only by objective investment conditions but also by collective behavior and prevailing market sentiment.

The Effect of Blue-Chip Stock on Risk Perception

The results show that Blue-Chip Stock Preference significantly influences Risk Perception. This finding indicates that investors' perceptions of investment risk are influenced by their views regarding the stability, credibility, and reputation of blue-chip companies. Investors who prefer blue-chip stocks tend to perceive such investments as safer and more stable, leading them to form more favorable assessments of investment risk. Consequently, risk evaluations are shaped not only by actual market conditions and return potential but also by investors' beliefs regarding the characteristics of blue-chip stocks. This finding is consistent with Behavioral Finance Theory, which suggests that investors' judgments are often influenced by perceptions and beliefs rather than solely by objective information. This finding supports the studies of (Ahmed et al., 2022; Almansour et al., 2024; Singh et al., 2025), which reported that blue-chip stock preference significantly affects risk perception. The result suggests that Generation Z investors tend to use the characteristics of blue-chip companies as an important reference when evaluating investment risk. Considering that many young investors still possess relatively limited investment experience, blue-chip stocks may be perceived as more secure investment alternatives. As a result, risk perception is influenced not only by the actual level of investment risk but also by investors' confidence in the stability and reputation of blue-chip companies.

The Effect of Risk Perception on Investment Decision

The findings indicate that Risk Perception significantly influences Investment Decision among Generation Z investors in Tangerang. This suggests that the way investors evaluate and perceive investment risk plays an important role in determining their investment choices. Investors who perceive higher levels of risk tend to be more cautious when making investment decisions, whereas those who perceive lower levels of risk are generally more willing to allocate funds and take investment opportunities. Consequently, differences in risk perception may lead investors to make different decisions even when evaluating similar investment alternatives. This finding supports Behavioral Finance Theory, which suggests that investment decisions are influenced not only by expected returns but also by investors' subjective perceptions of uncertainty and potential losses. This result is consistent with the findings of

(Hossain & Siddiqua, 2022; Tang & Asandimitra, 2023; Tannia et al., 2023; Wicaksono & Sundari, 2025), who reported a significant relationship between risk perception and investment decision. The finding implies that Generation Z investors tend to consider perceived risk before deciding whether to invest, maintain, or reallocate their investments. Therefore, investment decisions are not solely driven by the potential for profit but are also influenced by how investors perceive and interpret the risks associated with investment opportunities.

The Effect of Disposition Effect on Investment Decision

The results demonstrate that Disposition Effect significantly influences Investment Decision among Generation Z investors in Tangerang. This finding suggests that investors' responses to gains and losses affect the decisions they make regarding their investments. Investors who exhibit disposition effect tend to sell profitable stocks more quickly while holding losing stocks for longer periods in the hope of future recovery. Such behavior may cause investment decisions to be driven more by emotional reactions and the desire to avoid losses than by objective evaluations of investment prospects. This finding is consistent with Behavioral Finance Theory, which suggests that investors do not always act rationally because psychological biases may influence their financial decisions. This result supports the findings of (Ahmed et al., 2022; Almansour et al., 2024; Bhutto et al., 2025; Khairunnisa et al., 2023), who found that disposition effect significantly affects investment decision. The finding indicates that Generation Z investors may be influenced by their emotional responses to previous investment outcomes when making investment decisions. Consequently, decisions to buy, sell, or hold investments may not always be based on objective market conditions but may also reflect investors' efforts to secure gains and avoid realizing losses.

The Effect of Herding Behavior on Investment Decision

The findings reveal that Herding Behavior significantly influences Investment Decision among Generation Z investors in Tangerang. This suggests that investors tend to consider the actions and opinions of other investors when making investment decisions. When a particular investment attracts significant attention from the market, investors may become more confident in making similar decisions because they perceive majority decisions as more reliable. Conversely, investors may hesitate to invest in opportunities that receive limited attention from other market participants. As a result, investment decisions may be influenced by collective behavior rather than by independent analysis. This finding is in line with Behavioral Finance Theory, which suggests that social influence and psychological factors can shape financial decision-making. This result is consistent with the studies of (Gupta & Shrivastava, 2022; Singh et al., 2025; Tang & Asandimitra, 2023; Vuković & Pivac, 2024), which reported that herding behavior significantly affects investment decision. The finding indicates that Generation Z investors frequently use the opinions and recommendations of others as references when making investment decisions. Although young investors have broad access to investment information, many may still have limited confidence in their own analytical abilities, causing them to rely on individuals who are perceived as more knowledgeable or experienced in financial matters.

The Effect of Herding Behavior on Investment Decision

The results indicate that Blue-Chip Stock Preference significantly influences Investment Decision among Generation Z investors in Tangerang. This finding suggests that investors tend to favor stocks issued by large and reputable companies because they are perceived as safer and more stable investment alternatives. As a result, investment decisions are influenced not only by objective assessments of risk and return but also by investors' beliefs regarding the credibility and stability of blue-chip companies. This finding is consistent with Behavioral Finance Theory, which suggests that investment decisions may be shaped by subjective perceptions and behavioral biases rather than solely by rational analysis. This result supports the findings of (Ahmed et al., 2022; Almansour et al., 2024; Singh et al., 2025), who found that blue-chip stock preference significantly affects investment decision. The finding indicates that Generation Z investors tend to view blue-chip stocks as attractive investment alternatives due to their strong reputation and perceived stability. Given the extensive exposure of young investors to investment information through digital platforms and social media, familiarity with well-known companies may further strengthen confidence in investing in blue-chip stocks. Consequently, investment decisions may be influenced by investors' perceptions of company credibility and stability in addition to actual investment fundamentals.

The Mediating Role of Risk Perception

The mediation analysis revealed that Risk Perception significantly mediates the relationships between Disposition Effect, Herding Behavior, and Blue-Chip Stock Preference and Investment Decision. These findings indicate that behavioral biases influence investment decisions not only directly but also indirectly through investors' perceptions of investment risk. In addition, the significant direct and indirect effects suggest that Risk Perception acts as a partial mediator in all three relationships. This finding is consistent with Behavioral Finance Theory, which suggests that investment decisions are shaped not only by behavioral biases but also by how investors perceive and evaluate risk. Consequently, behavioral tendencies may first influence investors' perceptions of uncertainty before ultimately affecting their investment decisions.

In the relationship between Disposition Effect and Investment Decision, investors who are highly influenced by gains and losses tend to develop subjective perceptions of investment risk, which subsequently affect their investment decisions. This finding is consistent with (Almansour et al., 2023; Bhutto et al., 2025; Felicia et al., 2025), who found that Risk Perception mediates the influence of Disposition Effect on Investment Decision. Similarly, investors who exhibit Herding Behavior may adjust their assessment of investment risk based on the actions and opinions of other investors, causing investment decisions to be influenced indirectly through Risk Perception. This result supports the findings of (Almansour et al., 2023; Bhutto et al., 2025; Felicia et al., 2025; Wibowo et al., 2023), which reported that Risk Perception mediates the relationship between Herding Behavior and Investment Decision. Furthermore, investors who prefer Blue-Chip Stocks often perceive such investments as more stable and less risky, leading to more favorable risk evaluations that subsequently influence their investment choices. This finding is in line with

(Ahmed et al., 2022; Heti et al., 2025; Singh et al., 2025), who found that Risk Perception mediates the influence of Blue-Chip Stock Preference on Investment Decision.

CONCLUSIONS AND RECOMMENDATIONS

This study examined the influence of Disposition Effect, Herding Behavior, and Blue-Chip Stock Preference on Investment Decision among Generation Z investors in Tangerang, with Risk Perception serving as a mediating variable. The findings demonstrate that Disposition Effect, Herding Behavior, and Blue-Chip Stock Preference significantly influence both Risk Perception and Investment Decision. In addition, Risk Perception was found to significantly affect Investment Decision and partially mediate the relationships between Disposition Effect, Herding Behavior, and Blue-Chip Stock Preference and Investment Decision. These findings indicate that investment decisions among Generation Z investors are not determined solely by rational evaluations of risk and return but are also shaped by behavioral biases and investors' perceptions of investment risk. Furthermore, the results support Behavioral Finance Theory, which suggests that psychological factors play an important role in influencing investment behavior and decision-making.

Based on these findings, Generation Z investors are encouraged to strengthen their understanding of investment principles and critically evaluate investment information before making decisions. Investment decisions should be based on objective considerations, such as company fundamentals, financial performance, and investment risk, rather than solely on market trends, social influence, or perceptions associated with particular stocks. Future research is recommended to incorporate additional behavioral finance variables, such as Fear of Missing Out (FoMO), Information Overload, Financial Self-Efficacy, Overconfidence Bias, Digital Advisory Services, and Artificial Intelligence (AI) Adoption, to provide a broader understanding of investment behavior. Expanding the research area and involving different generational groups may also provide more comprehensive insights into investment decision-making across diverse investor characteristics. In addition, blue-chip companies are encouraged to maintain consistent performance and transparent communication regarding business prospects and investment risks to support more informed investment decisions.

ADVANCED RESEARCH

This study has several limitations that should be considered when interpreting the findings. First, the research only examined Disposition Effect, Herding Behavior, Blue-Chip Stock Preference, Risk Perception, and Investment Decision, while other behavioral and financial factors that may influence investment decisions were not included in the proposed model. Second, the study focused exclusively on Generation Z stock investors in Tangerang, limiting the generalizability of the findings to other generations and geographical contexts. Third, the use of a cross-sectional design only captured investor behavior at a single point in time and did not reflect potential changes in perceptions and investment decisions under different market conditions. Therefore, future studies are encouraged to incorporate additional behavioral finance variables, involve broader and more diverse investor groups, and employ longitudinal approaches to provide a deeper understanding of investment decision-making behavior.

ACKNOWLEDGMENT

The authors would like to express their sincere appreciation to all respondents who voluntarily participated in this study. Their willingness to share their experiences, perspectives, and investment-related information provided valuable insights and contributed significantly to the successful completion of this research. Without their participation and support, this study would not have been possible.

REFERENCES

Ahmed, Z., Rasool, S., Saleem, Q., Khan, M. A., & Kanwal, S. (2022). Mediating Role of Risk Perception Between Behavioral Biases and Investor's Investment Decisions. *SAGE Open*, *12*(2). https://doi.org/10.1177/21582440221097394

Almansour, B. Y., Almansour, A. Y., Elkrghli, S., & Shojaei, S. A. (2024). The Investment Puzzle: Unveiling Behavioral Finance, Risk Perception, and Financial Literacy. *ECONOMICS - Innovative and Economics Research Journal*, *13*(1), 131–151. https://doi.org/10.2478/eoik-2025-0003

Almansour, B. Y., Elkrghli, S., & Almansour, A. Y. (2023). Behavioral finance factors and investment decisions: A mediating role of risk perception. *Cogent Economics and Finance*, *11*(2). https://doi.org/10.1080/23322039.2023.2239032

Bhutto, S. A., Nazeer, N., Saad, M., & Talreja, K. (2025). Herding behavior, disposition effect, and investment decisions: A multi-mediation analysis of risk perception and dividend policy. *Acta Psychologica*, *255*. https://doi.org/10.1016/j.actpsy.2025.104964

Bodie, Z., Kane, A., & Marcus, A. J. (2022). *Essentials of Investments* (12th ed.). McGraw Hill.

Desfika, T. S. (2024). *Banyak Investor Muda Ikut-ikutan Beli Saham, Akhirnya Rugi*. Investor.Id. https://investor.id/investory/380387/banyak-investor-muda-ikutikutan-beli-saham-akhirnya-rugi/2#goog_rewarded

Felicia, F., Wijaya, L. I., & Marciano, D. (2025). Peranan Persepsi Risiko dalam Memediasi Pengaruh Bias Perilaku terhadap Keputusan Investasi pada Generasi Z di Indonesia. *Jurnal Manajemen Pendidikan Dan Ilmu Sosial*, *7*(1), 34–47. https://doi.org/10.38035/jmpis.v7i1.6616

Fikri, M. (2025). *Apa Itu FOMO dalam Investasi?* Dataindonesia.Id. https://dataindonesia.id/berita/detail/apa-itu-fomo-dalam-investasi

Gupta, S., & Shrivastava, M. (2022). Herding and loss aversion in stock markets: mediating role of fear of missing out (FOMO) in retail investors. *International Journal of Emerging Markets*, *17*(7), 1720–1737. https://doi.org/10.1108/IJOEM-08-2020-0933

Hair, J. F., Hult, G, T. M., Ringle, C. M., & Sarstedt, M. (2022). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* (3rd ed.). SAGE Publications.

Haspramudilla, D. (2025). *Ketidakpastian Ekonomi Global Meningkat: Bagaimana Dampaknya Bagi Ekonomi dan Masyarakat Indonesia?* Kemenkeu.Go.Id. https://mediakeuangan.kemenkeu.go.id/article/show/ketidakpastian-ekonomi-global-meningkat-bagaimana-dampaknya-bagi-ekonomi-dan-masyarakat-indonesia?utm_source=chatgpt.com

Heti, Hamid, W., & TN, V. A. (2025). Peran Risk Perception dalam Memediasi Pengaruh Herding Bias, Disposition Effect, Blue Chip Stock Bias, Overconfidence Bias, dan Anchoring Bias Terhadap Pengambilan Keputusan Investasi (Studi Pada Investor Saham Yang Terdaftar Di Kantor Perwakilan Bursa Ef. *Jurnal Halu Oleo Manajemen Dan Bisnis*, *2*(4), 1135–1156. https://doi.org/https://doi.org/10.55598/homanis.v3i1.256

Hossain, T., & Siddiqua, P. (2022). Exploring the influence of behavioral aspects on stock investment decision-making : a study on Bangladeshi individual investors. *PSU Research Review*, *8*(2), 467–483. https://doi.org/10.1108/PRR-10-2021-0054

Jain, J., Walia, N., Singla, H., Singh, S., Sood, K., & Grima, S. (2023). Heuristic Biases as Mental Shortcuts to Investment Decision-Making: A Mediation Analysis of Risk Perception. *Risks*, *11*(4), 1–22. https://doi.org/https://doi.org/10.3390/risks11040072

Khairunnisa, Heriyadi, Wendy, Daud, I., & Ramadhan, R. (2023). Herding behavior, disposition effect & investment decision: Testing the role of risk perception. *International Journal of Applied Finance and Business Studies*, *11*(3), 588–597. https://doi.org/https://doi.org/10.35335/ijafibs.v11i3.189

KSEI. (2025). *Statistik Pasar Modal Indonesia*. PT Kustodian Sentral Efek Indonesia. https://web.ksei.co.id/files/Statistik_Publik_Desember_2025.pdf

Mardika, A. P., Putra, I. P. D. S. S., Rahmantari, N. L. L., Utari, N. K. M. T., & Yasmita, I. G. A. L. (2025). Analisa Faktor-Faktor yang Mempengaruhi Gen-Z dalam Menentukan Keputusan Investasi. *KRISNA: Kumpulan Riset Akuntansi*, *16*(2), 345–353.

Meikin, R., & Simbolon, I. P. (2025). The Influence of Loss Aversion, Overconfidence, Herding, and Risk Perception on Investment Decision Making among Generation Z in Tangerang City , Indonesia. *International Conference on Digital Innovation and Business Transformation*, *1*(1), 17–32.

Pradhana, I. (2025). *Investasi, Tren Baru Anak Muda Indonesia yang Melek Finansial*. Media Keuangan. https://mediakeuangan.kemenkeu.go.id/article/show/investasi-tren-baru-anak-muda-indonesia-yang-melek-finansial

Pricilia, V., & Susilawaty, L. (2025). Behavioral Biases and Investment Decision of Gen Z: The Role of Long-Term Orientation. *MEC-J (Management and Economics Journal)*, *9*(3), 259–280. https://doi.org/10.18860/mec-j.v9i3.34936

Rehman, M., Dhiman, B., Nguyen, N. D., Dogra, R., & Sharma, A. (2024). Behavioral Biases and Regional Diversity: An In-Depth Analysis of Their Influence on Investment Decisions - A SEM and MICOM Approach. *Qubahan Academic Journal*, *4*(2), 70–85. https://doi.org/10.48161/qaj.v4n2a448

Santoso, A., Syahputri, A., Puspita, G., Nurhikmat, M., Dewi, S., Arisandy, M., Nugraha, A., Anggraeni, I. S. K., Azizi, E., Yulaikah, Novyarni, N., Nurlia, Zahara, V. M., & Sasmiyati, R. Y. (2023). *Manajemen Investasi dan Portofolio* (Fachrurazi (ed.)). EUREKA MEDIA AKSARA.

Sarumaha, D., & Sugiyanto, L. B. (2023). Investment motivation , investment knowledge , investment risk perception on investment decisions mediated by investment interest. *Indonesian Joutnal of Multidisciplinary Science*, *3*(1), 20–25. https://doi.org/https://doi.org/10.55324/ijoms.v3i1.703

Setiawan, D. (2025). *Dua Kutub Gen Z: Akses Teknologi-Investasi Vs Literasi-Gaya Hidup*. Kompas.Id. https://www.kompas.id/artikel/generasi-muda-melek-teknologi-dan-bijak-berinvestasi

Singh, S., Madaan, G., Singh, A., Swapna, H. R., & Asthana, S. K. (2025). Behavioural Biases and Investment Decision Making: The Mediating Role of Risk Perception, according to Evidence from the Indian Stock Market. *Folia Oeconomica Stetinensia*, *25*(2), 236–261. https://doi.org/10.2478/foli-2025-0031

Suresh G. (2024). Impact of Financial Literacy and Behavioural Biases on Investment Decision-making. *FIIB Business Review*, *13*(1), 72–86. https://doi.org/10.1177/23197145211035481

Susilawaty, L., Simbolon, I. P., & Laurensia, S. (2024). Stock Return Determinants for Company Listed in Business-27 Index. *Ultima Management*, *16*(1), 80–90. https://doi.org/10.31937/manajemen.v16i1.3485

Tang, I. M. H., & Asandimitra, N. (2023). Pengaruh mental accounting, regret aversion bias, herding bias, loss aversion, risk perception, dan financial literacy terhadap keputusan investor generasi Z. *Jurnal Ilmu Manajemen*, *11*(2), 458–473. https://doi.org/10.26740/jim.v11n2.p457-472

Tannia, Siratan, E. D., Jeffri, Elim, R. A. K., & Tutuhatunewa, D. G. F. (2023). Pengaruh Literasi Keuangan, Ketertarikan untuk Berinvestasi, Persepsi Risiko, dan Kesadaran Berinvestasi Terhadap Keputusan Investasi Masyarakat di Wilayah Timur Indonesia. *Glory: Jurnal Ekonomi & Ilmu Sosial*, 1501–1512. https://doi.org/https://doi.org/10.35508/glory.v4i6.12454

Vuković, M., & Pivac, S. (2024). The impact of behavioral factors on investment decisions and investment performance in Croatian stock market. *Managerial Finance*, *50*(2), 349–366. https://doi.org/10.1108/MF-01-2023-0068

Wibowo, M. A., Indrawati, N. K., & Aisjah, S. (2023). The impact of overconfidence and herding bias on stock investment decisions mediated by risk perception. *International Journal of Research in Business and Social Science*, *12*(5), 174–184. https://doi.org/10.20525/ijrbs.v12i5.2663

Wicaksono, R. E., & Sundari, S. (2025). Pengaruh Herding behavior, Expected Return, Risk perception dan Financial Technology terhadap Investment decision. *Jurnal Akuntasi Dan Keuangan Kontemporer (JAKK)*, *8*(2), 326–339. https://doi.org/https://doi.org/10.30596/jakk.v8i2.25199