
THE IMPACT OF DIGITAL INFLUENCER TOWARD PURCHASE DECISION ON INDONESIAN STOCK MARKET (STUDY CASE OF GEN Z IN JABODETABEK)

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Abstract – The purpose of this research is to analyze the impact of digital influencer toward purchase decisions on the Indonesian stock market. The population in this research is Gen z investor or trader in Jabodetabek area. The sample in this research was taken by non-probability using purposive sampling and had received 231 returned e-questionnaire. The research method used in this research is quantitative research and the analysis method was conducted by using Partial Least – Structural Equation Model (PLS-SEM) using SmartPLS. The result of this research indicates that Digital Influencer has not significant influence on purchase decisions. In mediating variables, Only the psychology that can significantly mediate the digital influencer on purchase decision but the herding behavior does not have a significant influence.

Keywords: Digital Influencer, Herding Behavior, Psychology, Purchase Decision

Introduction

Indonesia is a country with significant economic potential, which is beginning to be recognized on a global scale. Indonesia is one of Southeast Asia's largest economies, with a variety of characteristics which set the country well for rapid economic growth. In many analyzes, experts state that Gen Z has very different traits and characteristics from the previous generation. This generation is labeled as a boundaryless generation. Jenkins (2017) in his article states that Gen Z has different expectations, preferences, and work perspectives and is considered challenging for the organization. Gen Z characters are more diverse, global in nature, and have an influence on the culture and attitudes of most people. One thing that stands out, Gen Z is able to take advantage of technological changes in various aspects of their lives. The technology they use is as natural as they breathe. Gen Z has grown up with smartphones, social media, and instant access to information, making them very comfortable with technology and quick to adapt to new digital tools and platforms. This comfort with technology enables them to be more efficient and productive in various aspects of their lives, including work, communication, and learning.

The character of FOMO (Fear of Missing out) is also one of the challenges. In this character, Gen Z has a high curiosity about various things, especially new things. FOMO makes people motivated to find out various things from information sources that are scattered and easily accessible today. That's why, Gen Z chooses to always be actively connected with their community so that information circulating in their community is not missed, one of which is through social media (Carolina & Mahestu, 2020). This generation wants to fulfill their emotional needs so they succumb to social pressure even though they don't have enough money. Feeling insecure about being left out and missing something, makes it hard for this generation to say no. In the current population, the number of young people, especially Gen Z, is at the highest number than other genes. The generation z, which now makes up the majority of the population, will be critical to the country's future development (Badan

Pusat Statistik, 2021). The constant connectivity offered by social media helps Gen Z alleviate their FOMO by ensuring they are always aware of what is happening around them and within their social circles. Their preferences, behaviors, and consumption patterns will heavily influence market trends, cultural norms, and societal values, shaping the direction of the country's future development.

The surge in Gen Z retail investors in 2021 is reshaping the capital market, offering a bright spot amid global financial uncertainties caused by Covid-19. However, it's crucial to educate them on investing, avoiding trend-following. With proper knowledge, Gen Z and Millennials can balance the dominance of hedge funds, fostering the development of the Indonesian stock market. This market plays a vital role in providing capital for business growth, stimulating the economy, creating jobs, and serving as a platform for public investment. The Indonesian stock exchange's performance is intertwined with global exchanges, influenced by investors' risk-return perceptions and international capital flows. This study aims to explore how digital influencers, herding behavior, and psychology impact young investors' decisions in the Indonesian stock market. The increasing participation of Gen Z in the stock market injects fresh perspectives and capital into the market, potentially driving innovation and growth. This demographic shift can lead to a more dynamic and resilient market, less susceptible to manipulation or dominance by large institutional investors

Given the fast-paced evolution of consumer behavior, particularly among the influential Gen Z and Millennial demographics, understanding the significant impact of digital influencers is paramount for businesses seeking to tailor effective marketing strategies. With traditional advertising methods losing efficacy, there's a pressing need to comprehend how these influencers shape consumer decisions, especially in the online sphere. Moreover, as consumer psychology and herding behavior play increasingly pivotal roles in shaping market dynamics, this research becomes critical for businesses aiming to stay competitive. The findings of this study can not only enhance marketing strategies but also provide valuable insights for policymakers navigating the ever-changing landscape of consumer trends and digital influence.

Literature Review

Herding Behavior

According to Chen (2008) Herd behavior is defined as a shift in consumer product assessments, intention to buy, or purchase behavior as a result of being exposed to the evaluations, intentions, or purchase behaviors of referent individuals. The "follow the leader" mindset is referred known as "herding behavior." It is a person's natural propensity to follow the herd since the majority's judgments are considered to be always accurate. People tend to believe what the majority of people believe, even if these ideas aren't always correct. As a result, herding behavior happens on the Internet, when customers watch other people's opinions on certain issues and use them to inform their own decisions (Zhang, 2010). The existence of herders can have an impact on asset pricing models, as they have an impact on stock price fluctuations and, as a result, on stock return and risk (Luu et al., 2020). Herding

may still occur for a variety of causes. Devenow & Welch (1996) explores the psychology of conformity, from basic compliance to the internalization of beliefs and ideals, to give a useful summary of rational herding. Bulkley (1997) states that investors or financial managers might engage in herding behavior for both reasonable and irrational reasons, according to experts. Financial managers engage in herding for logical reasons when they replicate the behaviors of other managers in order to preserve management reputation in the market (Stein & Scharfstein, 1990).

Digital Influencer

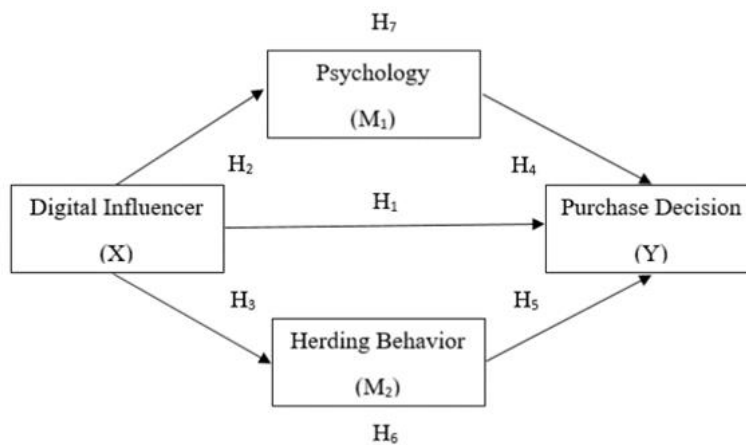
Digital influencers are defined as a credible and impartial source that acts in the best interest of their followers. As a result, their followers frequently purchase the things indicated by the opinion leader, thereby becoming them influencers (Santiago, 2020). Digital influencers are another term for online opinion leaders. The significance of digital influencers as a resource for directing followers' opinions and behaviors is not the only factor that characterizes the influence process. The underlying pattern of need perception experienced by a follower with the influencer may also be used to create or strengthen a relationship between the two actors. The need for followers to find online sources that provide them with relevant and trustworthy information that helps them make decisions and guide their actions promotes their reliance on influencers (Bao & Chang, 2014). The impact of digital influencers on Generation Z consumers is very different from that of other groups (Droesch, 2020). According to the Harvard Business Review, 19% of American customers purchased goods or services after hearing about them via a digital influencer in 2018. This proportion was nearly doubled, at 36%, among customers under the age of 25.

Psychology

Psychology is the scientific study of the mind and behavior. Psychologists are interested in understanding more about mental processes, brain activities, and behavior. Psychologists are taught that establishing some significant consistency in individual behavior helps explain collective events. To a psychologist, observing the consistency of conduct in these markets was perplexing; it seemed almost magical. The befuddlement was not alleviated by the post-experiment debriefing conversations in which we engaged participants. The psychology of problem-solving is an appropriate psychological basis. The psychology of adjustment is a term used to describe this approach. The psychology of adjustment is concerned with interactions between means and ends, whether in individual behavior or group interaction (Alderson, 1952). Trading psychology refers to the emotions and mental states that influence whether a trader succeeds or fails. The term "trading psychology" refers to the different components of a person's personality and conduct that influence their trading decisions. When it comes to determining trading performance, trading psychology might be just as essential as other factors like knowledge, experience, and competence (Gordon, 2015). In the context of economic problems, behavioral finance is mostly concerned with rationality, or the lack thereof. Because people make financial decisions based on their emotions, investors are victims of their own mistakes as well as those of others.

Purchase Decision

As what Kotler et al. (2018) recognizing that consumers make purchasing decisions every day, businesses must be inventive in reaching out to their target clientele The buy decision is a process in which customers identify an issue, gather information about a certain product or brand, then assess how well each of these options can solve the problem, which leads to the purchase decision. Companies utilize the internet to communicate with their customers since it is becoming more difficult for them to reach out to them (Tjiptono, 2008). people will involve themselves in searching for information more broadly before making product purchase decisions (Syahrivar, 2017). According to Kotler et al (2018), the purpose of buying a product, processing the information to arrive at the selection of the brand, the stability of a product, making recommendations to others, making repeat purchases are the indicators of the purchase decision making process.



Theoretical Framework Figure
 Source: Adjusted by Researcher, 2021

The independent variables are represented by digital influencer (X) and Dependent variables represented by purchase decision (Y) between these two variables are mediated by psychology and herding behavior. The researcher aims to see any partial influence from each independent variable towards dependent variable, expressed by H₁, The partial influence from independent variable toward mediate variable expressed by H₂ and H₃. The partial influence from mediate to dependent variable expressed by H₄ and H₅. The partial mediation between independent and dependent variable expressed by H₆ and H₇.

Method

This research study was used quantitatively as the methodology. According to Creswell (2012) In order to evaluate hypotheses, quantitative technique investigates the connection between variables. These variables are evaluated in such a way that statistical procedures may be utilized to decipher the numerical outcomes. The study is self-contained, and the researcher's activities have no impact on it. As a result, data is used to objectively quantify reality. Quantitative research is the process of gathering and analyzing numerical data. It's frequently used to seek for patterns, averages, forecasts, and cause-and-effect relationships between the variables being studied. By exposing objectivity, quantitative research offers meaning to the data it collects. The research object or findings are identified using a descriptive research approach. The non-probability sampling model is purposive sampling and used an online questionnaire as the instrument and used 5 Likert scale for the options, (1) strongly disagree to (5) strongly agree. After the data is collected, the data will be imported to Microsoft Excel and then analyzed using data management techniques. The data analysis method used is statistical analysis method using SmartPLS software to calculate measurement model (outer model) and structural model (inner model).

Results and Discussions

Results

The researcher gathered 231 respondents. Based on the data, it shows 57 people who answered “No”, cannot continue to fill in to the next process. 174 respondents continued to fill in the next step. There is a personal information section that consists of gender, age, domicile, occupation and monthly income. The personal information in this study is shown in the following table 1:

Table 1. Respondent Information

Description	Category	Nominal	Percentage
Gender	Female	63	36.2
	Male	111	63.8
Age	17-25 years old	142	81.6
	26-39 years old	17	9.8
	40-55 years old	15	8.6
Domicile	JABODETABEK	160	91.9
	Outside JABODETABEK	14	8,1
Occupation	Student	98	56.3
	Work	65	37.4
	Unemployed	10	5.7
	Others	1	0.6
Monthly Income	< Rp.1.000.000	38	21.8
	Rp.1.000.000 - Rp. 3.000.000	50	28.7
	Rp.3.000.000 - Rp.5.000.000	26	14.9
	> Rp. 5.000.000	60	34.5

Source: Created by Researcher, 2021

Based on table 1, it shows that 32 respondents out of the range age and 14 respondents outside JABODETABEK since this research will only focus on Gen Z respondent and JABODETABEK area. The data has been examined, and the total data which is considered as valid is only 128 respondents.

Descriptive Analysis

In the descriptive statistics used in this study, the minimum, maximum, mean, and standard deviation values of the research variables are provided in the description of the variables and used to characterize the characteristics of the sample used in this investigation. Digital influencer descriptive statistics is shown in Table 2.

Table 2. Digital Influencer Descriptive Statistics

	Mean	Median	Min	Max	Standard Deviation
DI1	3.789	4	1	5	1.051
DI2	4.094	4	1	5	0.914
DI3	3.984	4	1	5	1.015
DI4	3.914	4	1	5	1.039
DI5	4.188	4	1	5	0.882
DI6	3.898	4	1	5	1.067

Source: SmartPLS processed by Researcher, 2021

According to Table 2 on the digital influencer variable, it is known that there are 6 question indicators, it is found that the average answer to the lowest indicator is DI1 indicator which is 3.789 while the average answer to the highest indicator is the DI5 indicator is 4.188. Psychology descriptive statistics is shown in Table 3.

Table 3. Psychology Descriptive Statistics

	Mean	Median	Min	Max	Standard Deviation
PTI1	4.117	4	1	5	1.08
PTI2	4.047	4	1	5	1.082
PTI3	4.102	4	1	5	0.891
PTI4	3.977	4	1	5	1.107
PTI5	4.336	5	1	5	0.938
PTI6	4.195	5	1	5	1.031

Source: SmartPLS processed by Researcher, 2021

According to table 3 on the psychology variable, it is known that there are 6 question indicators, it is found that the average answer to the lowest indicator is the PTI4 indicator which is 3.977 while the average answer to the highest indicator is the PTI6 indicator is 4.195. Herding behavior descriptive statistics are shown in Table 4.

Table 4. Herding Behavior Descriptive Statistic

	Mean	Median	Min	Max	Standard Deviation
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HB1	4.102	4	1	5	0.917
HB2	3.531	4	1	5	1.138
HB3	3.953	4	1	5	0.951
HB4	4.094	4	2	5	0.922
HB5	3.938	4	1	5	1.059
HB6	3.930	4	1	5	1.025

Source: SmartPLS processed by Researcher, 2021

According to table 4 on the herding behavior variable, it is known that there are 6 question indicators. It is found that the average answer to the lowest indicator is the HB2 indicator, which is 3.531, while the average answer to the highest indicator is the HB1 indicator is 4.102. Purchase decision descriptive statistics is shown in Table 5.

Table 5. Purchase Decision Descriptive Statistics

	Mean	Median	Min	Max	Standard Deviation
PD1	4.398	5	1	5	0.813
PD2	4.555	5	1	5	0.694
PD3	4.406	5	1	5	0.824
PD4	4.414	5	1	5	0.815
PD5	4.359	5	1	5	0.827
PD6	4.609	5	2	5	0.652

Source: SmartPLS processed by Researcher, 2021

According to table 5 on the purchase decision variable, it is known that there are 6 question indicators, it is found that the average answer to the lowest indicator is the PD5 indicator which is 4,359 while the average answer to the highest indicator is the PD6 indicator is 4,609.

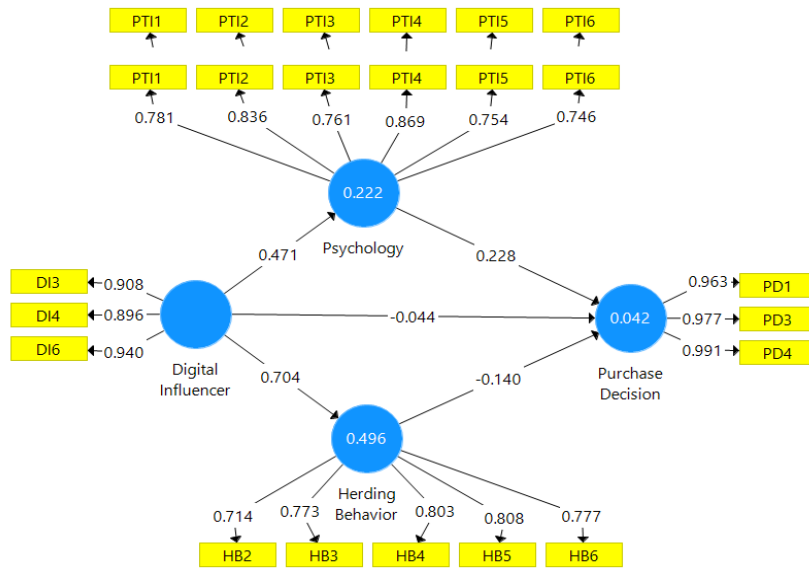


Figure 1. Outer Model

Source: SmartPLS Created by Researcher, 2021

SEM-PLS Analysis Result

Outer model analysis

The Outer Model is specifying the link latent variables and their indicators. The analysis is divided into 3 processes which are Convergent Validity, Construct Reliability, Discriminant Validity. The result of the structural model of the outer model is shown in figure.

1a). Convergent validity

Testing the validity or convergent validity using the outer loading value. The following are results of testing the validity of each variable is shown in Table 6:

Table 6. Loading Factor First Calculation

Variable	Indicator	Loading Factor	Conclusion
Digital Influencer	DI1	0.694	Invalid
	DI2	0.682	Invalid
	DI3	0.854	Valid
	DI4	0.881	Valid
	DI5	0.657	Invalid
	DI6	0.908	Valid
Herding Behavior	HB1	0.664	Invalid
	HB2	0.704	Valid
	HB3	0.769	Valid
	HB4	0.814	Valid

	HB5	0.792	Valid
	HB6	0.77	Valid
Purchase Decision	PD1	0.884	Valid
	PD2	0.552	Invalid
	PD3	0.853	Valid
	PD4	0.882	Valid
	PD5	0.534	Invalid
	PD6	0.528	Invalid
Psychology	PTI1	0.802	Valid
	PTI2	0.823	Valid
	PTI3	0.755	Valid
	PTI4	0.855	Valid
	PTI5	0.739	Valid
	PTI6	0.769	Valid

Source: SmartPLS processed by Researcher, 2021

The table above shows the results obtained from utilizing SmartPLS to process data. The value of the outer model, or the correlation between the construct and the variable, indicates that there is still a loading factor value of less than 0.7, which must be eliminated from the model. After deleting an invalid variable indicator, the validity testing findings are as follows in Table 7:

Table 7. Loading Factor Final Calculation

Variable	Indicator	Loading Factor	Conclusion
Digital Influencer	DI3	0.908	Valid
	DI4	0.896	Valid
	DI6	0.940	Valid
Herding Behavior	HB2	0.714	Valid
	HB3	0.773	Valid
	HB4	0.803	Valid
	HB5	0.808	Valid
	HB6	0.777	Valid
Purchase Decision	PD1	0.963	Valid
	PD3	0.977	Valid
	PD4	0.991	Valid
Psychology	PTI1	0.781	Valid
	PTI2	0.836	Valid
	PTI3	0.761	Valid
	PTI4	0.869	Valid
	PTI5	0.754	Valid
	PTI6	0.746	Valid

Source: SmartPLS processed by Researcher, 2021

The table above presents the results of utilizing SmartPLS to process and analyze. The outer model's value, or the correlation between the construct and the variable, indicates that the loading factor's overall value is larger than 0.7, indicating that the constructions for all variables are valid from the model. After checking the outer loading value for validity, the average variance extracted (AVE) value is used to test the discriminant validity. The discriminant test provided the following results in Table 8:

Table 8. AVE Results

Variable	Average Variance Extracted (AVE)	Result
Digital Influencer	0.837	Valid
Herding Behavior	0.602	Valid
Psychology	0.628	Valid
Purchase Decision	0.954	Valid

Source: SmartPLS processed by Researcher, 2021

This test is used to determine the size of the difference between variables. The value shown in this test is the average variance extracted (AVE) value for the entire of all variables received as an estimation result, where the value is more than 0.50, indicating that it is valid.

1b) Construct Reliability

The variables utilized in this study were tested for reliability. Cronbach's Alpha and composite reliability values are used in reliability tests. The following are the results of reliability testing:

Table 9. Reliability Results

Variable	Cronbach's Alpha	Composite Reliability	Rule of Thumb	Conclusion
Digital Influencer	0.903	0.939	> 0.70	Reliable
Herding Behavior	0.835	0.883		Reliable
Psychology	0.880	0.910		Reliable
Purchase Decision	0.977	0.984		Reliable

Source: SmartPLS processed by Researcher, 2021

According to the table above, all of the constructs for the Management variable exceed the reliable requirements. The value of Cronbach's Alpha and composite reliability derived from the SmartPLS estimation findings support this. The obtained number is greater than 0.70, which meets the suggested criteria.

1c) Discriminant Validity

Henseler et al. (2015) suggest to test discriminant validity by using the heterotrait-monotrait ratio of correlations (HTMT) with a value of no more than 0.9. This study had an HTMT value of less than 0.9 for each variable. The following are the results of HTMT:

Table 10. HTMT Test Results

Variable	Digital Influencer	Herding Behavior	Psychology	Purchase Decision
Digital Influencer				
Herding Behavior	0.786			

Psychology	0.519	0.550		
Purchase Decision	0.073	0.089	0.150	

Source: SmartPLS processed by Researcher, 2021

The Fornell Larcker result is also used to evaluate the discriminant's validity at the indicator level, where the indicator's correlation with the latency variable is stronger than the indicator's association with other latent variables. Discriminant validity is met when the squared correlation between the two constructs is less than the AVE value. (Hair et al., 2014). The following are the results of Fornell Larcker:

Table 11. Fornell Larcker Test Results

Variable	Digital Influencer	Herding Behavior	Psychology	Purchase Decision
Digital Influencer	0.915			
Herding Behavior	0.704	0.776		
Psychology	0.471	0.476	0.792	
Purchase Decision	-0.035	-0.062	0.141	0.977

Source: SmartPLS processed by Researcher, 2021

Based on Table 4.7, the latent variable digital influencer has an AVE square root value of 0.915 and the value is greater than the correlation value of the Digital Influencer latent variable with other latent variables. Next, the latent variable Herding Behavior has an AVE square root value of 0.776 and the value is greater than the correlation value of the herding behavior latent variable with other latent variables. Meanwhile the latent variable psychology has an AVE square root value of 0.792 which means the value is greater than the correlation value of the psychology latent variable with other latent variables. Lastly, the latent variable purchase decision has an AVE square root value of 0.977 which means that the value is greater than the correlation value of the Purchase Decision latent variable with the other latent variables. All the latent variables are determined as valid because they meet the criteria of the discriminant validity. Thus, this study has met all the criteria related to testing the measurement model according to the existing studies.

Inner Model Analysis

The relationship between the construct, significant value, and R-square of the research model is tested using the inner model or structural model (Figure 2). For the dependent construct of the t-test and the significance of the coefficients of the structural route parameters, the structural model was evaluated using R-square. In assessing the model with PLS, the first step is begun by looking at the R-square for each dependent latent variable. The results of the R-square estimate using SmartPLS are shown in Table 12.

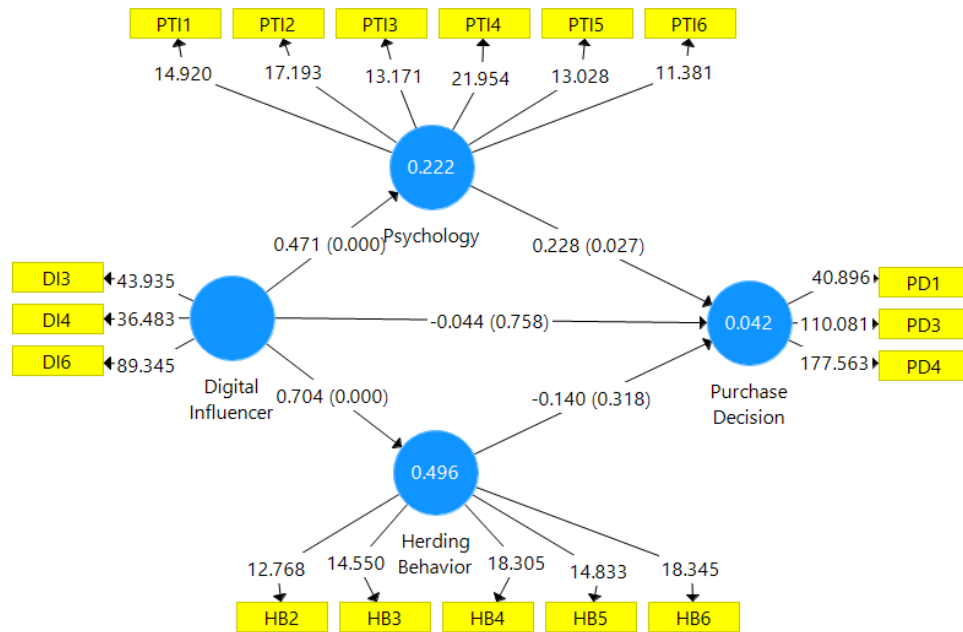
Table 12. Value of R Square

Variable	R Square
Herding Behavior	0.496
Psychology	0.222
Purchase Decision	0.042

Source: SmartPLS processed by Researcher, 2021

In principle, this study uses 3 variables that are influenced by other variables. The results of the R Square value of the Herding Behavior variable are 0.496 or 49.6%, meaning that the Digital Influencer

variable can substantially explain the Herding Behavior variable with a level of 49.6% while the rest is influenced by other factors that are not included in the variables of this study. Then the R Square value of the Psychology variable is 0.222 or 22.2%, meaning that the Digital Influencer variable can substantially explain the Psychology variable with a level of 22.2% while the rest is influenced by other factors that are not included in this research variable. And the R Square value of the Purchase Decision variable is 0.042 or 4.2%, meaning that the Psychology, Herding Behavior and Digital Influencer variables can substantially explain the Purchase Decision variable with a level of 4.2%



while Other elements that are not included in this research variable influence the rest.

Figure 2. Inner Model

Source: SmartPLS Created by Researcher, 2021

Hypothesis Testing

The significance of the estimated parameters gives a lot of information about how the research variables are related. The value provided in the output path coefficient is the basis for testing the hypothesis. The estimated output for testing the structural model is shown in Table 13.

Table 13. Path Coefficient

No	Hypothesis	Original Sample	T Statistics (O/STDEV)	P Values	Conclusion
H1	DI→PD	-0.044	0.308	0.758	Rejected
H2	DI→PTI	0.471	5.704	0.000	Accepted
H3	DI→HB	0.704	12.170	0,000	Accepted
H4	PTI→PD	0.228	2.220	0.027	Accepted
H5	HB→PD	-0.140	1.000	0.318	Rejected

H6	DI→HB→PD	-0.099	0.943	0.346	Rejected
H7	DI→PTI→PD	0.107	1.986	0.048	Accepted

Source: SmartPLS processed by Researcher, 2021

Discussions

It can be interpreted as follows:

1. Digital influencer has a positive and significant effect on purchase decision.

The results of testing hypothesis 1 show that the relationship between the digital influencer variable and the purchase decision variable shows a T- statistical value of 0.308 which is smaller than 1.97 and a p-value of 0.758 which is greater than 0.05. So that it can be concluded that digital influencer has a negative and insignificant effect against the purchase decision which means it is not in accordance with H₁. This result of hypothesis testing is irrelevant with Ambarwati et al. (2019) where it shows Digital Influencers have 87.6% impact on Purchase Decision.

H₁: There is significance influence of digital influencer on purchase decision is rejected.

2. Digital influencer has a positive and significant effect on psychology.

The results of testing hypothesis 2 show that the relationship between the digital influencer variable and psychology shows the t statistic value of 5.704 which is greater than 1.97 and the p-value of 0.000 is smaller than 0.05 so that it can be concluded that digital influencer has a positive and significant effect on psychology which means accordance with H₂. This result amplifies the same result as Hu et al. (2020) that digital influencers have a significant impact on purchase decisions, Pick (2021) also state influencers deliver the message that it becomes the role of consumers to “It feels as if it is mine” and make the product value meets to their needs. Social media is easy to obtain, continuously updated and comes in real time, As a result, investors are more likely to take advantage of this situation and attempt to make a better investment judgement (Nilsson, 2021).

H₂: There is significance influence of digital influencer on psychology is accepted.

3. Digital influencer has a positive and significant effect on herding behavior.

The results of hypothesis testing 3 show that the relationship between the digital influencer variable and the herding behavior variable shows a t statistic value of 12.170 which is greater than 1.97 and a p-value of 0.000 is smaller than 0.05 so that it can be concluded that digital influencer has a positive and significant effect on herding behavior which means in accordance with the H₃. The same result also present it the research of Pick (2021) that influencers has positive impact on consumer behavior. Krichene & El-Aroui (2018) explained that investors who have little information tend to do herd behavior.

H₃: There is significance influence of digital influencer on herding behavior is accepted.

4. Psychology has a positive and significant effect on purchase decision.

The results of hypothesis testing 4 show that the relationship between the psychology variable and the purchase decision variable shows a t statistic value of 2,220 which is greater than 1.97 and a p-value of 0.027, which is smaller than 0.05, so it can be concluded that psychology has a positive and significant effect on purchase decision which means in accordance with the H₄. This result support theory from Isnain & Sugiharti (2020) state psychological factors consist of motivation, perception, learning, and beliefs and attitudes. Motivation can be from within the consumer or from outside the

consumer. Something that becomes a person's motivator can influence consumers in making purchase decisions process.

H₄: There is significance influence of psychology on purchase decision is *accepted*.

5. Herding behavior has a positive and significant effect on purchase decision.

The results of testing hypothesis 5 show that the relationship between the herding behavior variable and the purchase decision variable shows a t statistic value of 1,000 less than 1.97 and a p-value of 0.318 greater than 0.05 so it can be concluded that herding behavior has a negative and insignificant effect against the purchase decision which means it is not in accordance with the H₅. This result shows it is not in accordance with Komalasari (2016) behavioral economics recognizes that humans often follow other people when making decisions. This possibility is because traders and investors already have their own analysis and decisions. And also irrelevant with Wamae (2013) and Kengatharan (2014) found herding have positive significant impact on investment decision making but relevant with Lim (2012)

H₅: There is significance influence of herding behavior on purchase decision is *rejected*.

6. Digital influencer has a positive and significant effect on purchase decision through herding behavior.

The results of testing hypothesis 6 show that the relationship between the digital influencer variable and the purchase decision variable through herding behavior shows a t statistic value of 0.943 which is smaller than 1.97 and p-value of 0.346 greater than 0.05 so it can be concluded that digital influencer has a negative effect. And not significant to purchase decision through herding behavior which means it is not in accordance with the H₆. The impact of social media on their purchase decision is still evident, particularly among those who have not been investing for a long time, and one key finding is that investors with less experience are more vulnerable to the role of social media in the recommendation process, succumbing to the pressure (Nilsson, 2021). The possibility that comes from this result is Spyrou (2013) investor overlook "silent" herding, which is herding that reflects itself in an investing choice not to take action (e.g., a trade) after observing the others having done the same.

H₆: There is significance influence of digital influencer on purchase decision partially mediated by herding behavior is *rejected*.

7. Digital influencer has a positive and significant effect on purchase decision through psychology.

The results of testing hypothesis 7 show that the relationship between digital influencers and purchase decisions through psychology shows a t statistic value of 1.986 which is greater than 1.97 and a p-value of 0.048 which is smaller than 0.05 so that it can be concluded that digital influencers have a positive and positive effect significant to purchase decision through psychology which means it is in accordance with the hypothesis H₇. The same result also comes from Hudson et al. (2020) state that when financial decision-making is influenced by psychological bias. With the support theory from Hu et al. (2020); Pick (2021) Digital influencer or social media is one of external factor that influence psychological. Every investor has expectation and the media play vital role in shaping expectations. This result is accordance with Pick (2021) state that social media and influencer marketing are important things that can affect psychology in making purchasing decisions on the stock market. Nilsson (2021) consider that stocks take time to respond to new information, and those who receive or act on it first gain a potential advantage

H₇: There is significance influence of digital influencer on purchase decision partially mediated by psychology is *accepted*

Conclusions and Recommendations

Conclusions

The analysis of digital influencer-mediated effects on psychology and herding behavior reveals intriguing insights into their impact on purchase decisions within the Indonesian stock market. Despite a lack of direct influence on purchase decisions, digital influencers exert a noteworthy positive effect on psychology and herding behavior. Psychology emerges as a significant factor affecting purchase decisions, contrasting with the negligible impact of herding behavior. Additionally, the mediating effect analysis demonstrates that while digital influencers do not directly influence purchase decisions through herding behavior, they do have a substantial indirect effect through psychology. These findings underscore the intricate interplay between digital influencers, psychology, and purchase decisions, suggesting that while digital influencers may not directly sway decisions, they play a pivotal role in shaping consumer psychology, ultimately influencing decision-making processes.

Recommendations

This study also provided recommendations for future researchers who wish to pursue this research area. The results of the study found that the influence of digital influencers was not significant toward the purchase decision. The definition of traders and investors have different characters and principle, this makes the indicator on the digital influencer variable biased. Additional work is necessary to make a different analysis of each trader and investor.

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