



The Effect of Inflation on Public Interest in Gold Investment

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Abstract

Purpose: The study examines the effect of inflation on public interest in investing in gold, as inflation can reduce purchasing power and encourage individuals to seek wealth-preserving investments.

Methodology: The study employed a quantitative associative design. Data were collected from 30 students and working individuals using a five-point Likert scale questionnaire and analyzed through validity, reliability, and simple linear regression tests.

Results: The findings show that inflation has a positive and significant effect on public interest in gold investment ($\beta = 0.608$, $p = 0.032$). Although the instrument reliability was below the conventional threshold due to the limited number of items, all questionnaire items were valid. The model explained 15.4% of the variation in gold investment interest ($R^2 = 0.154$).

Conclusions: Inflation has a positive and significant effect on public interest in gold investment, supporting the Inflation Hedge Theory, which suggests that gold is viewed as a means of preserving wealth during periods of declining purchasing power. However, much of the variation in investment interest is explained by factors beyond the model.

Limitations: This study is limited to a sample of 30 respondents and examines only a single independent variable, inflation, so its findings cannot be broadly generalized.

Contributions: This study enriches the literature on gold investment behavior by providing empirical evidence on the relationship between inflation perception and investment interest, and offers a reference point for the public in considering gold as an instrument for preserving asset value.

Keywords: Gold Investment, Inflation, Inflation Hedge, Investment Interest, Public Perception

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1. Introduction

Inflation is one of the macroeconomic phenomena that consistently attracts public attention because of its direct effect on purchasing power, household welfare, and the value of money held by the community. As a sustained increase in the general price level, inflation influences not only the cost of living but also consumption patterns, savings behavior, and long-term financial planning. When the prices of goods and services rise continuously, the real value of currency declines, meaning that the same nominal amount of money can no longer purchase an equivalent quantity of goods and services as before. Consequently, individuals and households must allocate a larger portion of their income to meet daily necessities, leaving fewer resources available for savings and investment. This condition

encourages the public to reconsider how they manage and allocate their financial resources, particularly with respect to saving and investment decisions, as they seek financial instruments capable of preserving or increasing the real value of their wealth amid rising prices ([Lai, Tang, Lu, Lee, & Lin, 2020](#)).

As inflationary pressure increases, individuals tend to look for investment instruments believed to be capable of maintaining the value of their wealth rather than allowing it to erode under rising prices. Uncertainty in the movement of inflation further encourages the public to pay closer attention to placing funds in instruments considered relatively resistant to changing economic conditions ([Wang, 2021](#)). Gold has long occupied a distinctive place among these instruments internationally, given its status as a real asset with intrinsic value that does not depend on the performance or credibility of any single issuing institution, a property that has led researchers to examine gold's inflation-hedging characteristics across a range of national contexts ([Ghosh, Levin, Macmillan, & Wright, 2004](#); [Ciner, Gurdgiev, & Lucey, 2013](#)). This independence from institutional credibility is itself a valuable property from a governance and trust perspective, echoing broader accountability research showing that instruments perceived as independent of any single institution's discretion tend to inspire more consistent stakeholder confidence ([Wang, Waldman, & Ashforth, 2019](#)). Foundational Indonesian research on gold's inflation-hedging function similarly frames gold as a store of value whose relevance persists across differing monetary policy regimes ([Soemapradja, 2012](#)).

Empirical research specifically testing gold's inflation-hedging properties has produced a body of evidence that is broadly, though not unanimously, supportive. Research using cointegration analysis in the Indian gold market finds a long-run equilibrium relationship between gold prices and inflation, even though short-run causality between the two is less consistent ([Singh & Joshi, 2019](#)). This body of evidence suggests that gold's hedging properties are more reliably observed over extended time horizons than in short-term price movements, a distinction with practical implications for how individual investors should think about gold as part of a wealth-preservation strategy rather than a short-term trading instrument.

Beyond its function as an inflation hedge, gold's continued relevance as an investment instrument for the general public is also shaped by developments in financial technology. Digital platforms increasingly allow the public to invest in gold, whether in physical or digital form, making the instrument more accessible and affordable to a broader range of income groups ([Rahma & Canggih, 2021](#)). This accessibility has particular significance in emerging markets such as Indonesia, where investment behavior among younger generations is shaped jointly by financial literacy, self-control, and peer influence in ways that differ from more established investor populations ([Al Azizah & Mulyono, 2020](#)).

Even so, the strength and consistency of the relationship between inflation and gold investment interest have not been uniformly confirmed across the empirical literature, and the mechanisms through which inflation perception translates into actual investment interest, as distinct from investment behavior observed after the fact, remain comparatively underexamined, particularly among a demographically diverse Indonesian public that includes both students and workers across a range of occupations and income levels. Building on this gap, this study is intended to analyze the effect of inflation on public interest in gold investment among a demographically varied sample of Indonesian respondents. This kind of demographically integrated analysis is consistent with broader calls in performance and behavioral research for context-specific studies capable of tracing how a single macroeconomic perception translates into observable behavior across varied population segments ([Kolk, van der Meer-Kooistra, & Widener, 2022](#); [Franke & Sarstedt, 2019](#)).

Although prior research has examined gold's inflation-hedging properties from a macro-financial perspective, and separately examined investment interest as a psychological and behavioral construct, comparatively few studies have directly measured how individual perception of inflation, rather than realized inflation rates themselves, shapes investment interest in gold specifically among a mixed population of students and working individuals in a single Indonesian setting. The novelty of this study lies in this individual-perception-based approach, applied to a demographically diverse sample

spanning multiple age groups and occupational backgrounds, offering a complementary micro-level perspective to the macro-financial gold-hedging literature reviewed above. Building on this rationale, the purpose of this study is to analyze the effect of inflation on public interest in gold investment, with a view toward enriching the literature on gold investment behavior and informing the public's consideration of gold as an instrument for preserving asset value amid inflationary pressure.

2. Literature Review

2.1 Inflation

Inflation refers to a condition in which the prices of goods and services rise continuously over a given period, causing public purchasing power to decline as the value of money diminishes ([Lai, Tang, Lu, Lee, & Lin, 2020](#)). The higher the inflation rate, the greater its impact on the public's ability to meet daily needs, since the same amount of money can no longer be exchanged for an equivalent quantity of goods and services. Inflation is fundamentally a monetary phenomenon that is difficult to avoid entirely within any economy, though its severity varies depending on monetary policy, market conditions, and external factors such as exchange rates and global commodity prices.

When inflation rises, the public generally tends to choose investment instruments believed capable of preserving wealth value so as not to experience a meaningful decline ([Wang, 2021](#)). Uncertainty in inflation movement also encourages the public to pay closer attention to placing funds in instruments relatively resistant to changing economic conditions ([Lai et al., 2020](#)). This behavior reflects a degree of financial awareness regarding the risk of declining money value, although the level of that awareness can differ depending on financial literacy and each individual's experience in managing personal finances.

Beyond this, inflationary conditions make the public more selective in saving or investing their funds. Individuals previously accustomed to placing funds in conventional savings begin to consider alternatives regarded as better able to keep pace with inflation. Inflation is therefore frequently associated with changes in public behavior regarding the choice of investment instruments considered safer and more stable, including a shift from currency-based instruments toward real-asset-based instruments such as gold. This dynamic has been documented across a range of macroeconomic contexts, where sustained inflationary pressure prompts a measurable reallocation of household savings toward inflation-resistant assets ([Hoang, Lahiani, & Heller, 2016](#)).

Differences in each individual's economic condition mean that the impact of inflation felt by the public is not uniform. Income level, spending patterns, and financial management capability all shape a person's ability to cope with rising prices for goods and services. Individuals with limited income sources are generally more vulnerable to inflationary pressure because most of their income is used to meet basic needs. Conversely, individuals who have allocated part of their funds to productive assets tend to have a greater capacity to maintain the stability of their financial condition.

Beyond affecting purchasing power, inflation also shapes public expectations regarding future economic conditions. When the public anticipates that price increases will continue, they typically begin devising more cautious financial management strategies, such as reducing less essential spending or reallocating part of their funds to instruments considered better able to preserve asset value. This shows that changes in inflation levels affect not only economic aspects but also the public's financial decision-making patterns more broadly.

2.2 Gold Investment

Gold investment is one of the options widely favored by the public because it is considered to have a relatively stable value that tends to increase over the long term. Gold is also viewed as an asset capable of enduring uncertain economic conditions, and is therefore often used to preserve wealth value against various economic risks ([Nudia, 2022](#)). Gold's character as a real asset with intrinsic

value distinguishes it from other financial instruments whose value is heavily influenced by market confidence or the performance of issuing institutions.

Compared with other investment instruments, gold is considered more capable of protecting assets from the impact of inflation. When the value of cash declines due to inflation, gold is often regarded as more effective at maintaining its value over a given period, a property that has been examined extensively in international gold-hedging research using cointegration and error-correction modeling approaches ([Singh & Joshi, 2019](#); [Ghosh, Levin, Macmillan, & Wright, 2004](#)). This condition makes gold one of the alternatives the public considers when the economy faces uncertainty, both at the individual level and as part of a broader investment portfolio diversification strategy. This protective function is consistent with financial-performance research emphasizing that instruments whose value is not tightly coupled to any single institution's performance tend to exhibit more resilient behavior during periods of broader economic uncertainty ([Herawati, Tan, Lubis, & Hidayat, 2021](#)).

Technological development has further increased public interest in gold investment. Through digital platforms, the public can now invest in gold more easily, whether in physical or digital form, making the instrument more affordable and appealing to various groups ([Rahma & Canggi, 2021](#)). This ease of access has also encouraged participation from groups previously less involved in gold investment, such as younger generations and middle-income workers, since digital gold investment generally allows purchases in small amounts and a simpler transaction process compared with conventional physical gold purchases.

One characteristic that keeps gold appealing as an investment instrument is the ease with which it can be bought and sold when the owner needs funds. Gold has a fairly high level of liquidity because it can be traded through various official institutions and businesses operating in the precious metals trade. This condition gives investors flexibility to liquidate their assets without facing complicated procedures, so gold is often chosen as an easily accessible asset in various situations.

Beyond this, gold ownership can also form part of an investment diversification strategy. Diversification is carried out by allocating funds across several types of assets so that investment risk is not concentrated in a single instrument. In fluctuating market conditions, the presence of gold within an investment portfolio is expected to help maintain the overall balance of asset value, so that potential losses arising from declining value in other instruments can be minimized. This diversification logic mirrors broader findings from digital financial inclusion research, which shows that access to a wider range of accessible financial instruments, gold included, supports more resilient personal financial management among lower- and middle-income populations ([Kim & Lee, 2021](#); [Fafchamps, 2020](#)).

2.3 Investment Interest

Investment interest can be defined as an individual's psychological tendency to engage in investment activity in the future. This interest may not necessarily be realized immediately in concrete action, but it reflects a degree of mental readiness and attraction toward investment behavior. In the context of gold investment, interest is reflected in the magnitude of a person's desire to place their funds in gold instruments in order to obtain financial benefit in the future.

This study uses Inflation Hedge Theory as the conceptual foundation for explaining the relationship between inflation and gold investment interest. This theory explains that when the real value of money declines due to inflation, individuals tend to shift part of their wealth into assets whose value is relatively unaffected, or may even increase, as inflation rises. Gold is regarded as one of the most suitable assets in this context because it does not depend on any single country's monetary policy and holds a globally recognized value. Within this theoretical framework, interest in gold investment represents a rational public response to expectations of declining future purchasing power, with gold functioning as a store of value relatively resistant to economic turbulence.

Beyond inflation, an individual's interest in gold investment also tends to be stronger when gold is perceived as profitable, supported by the surrounding social environment, and considered easy and

affordable to pursue ([Zahra & Anoraga, 2021](#)). These factors show that interest in gold investment is not determined solely by macroeconomic conditions, but is also shaped by individual perceptions of benefit, ease of access, and social support. In this study, interest in gold investment is measured through three indicators: attraction to gold as an investment instrument, information-seeking related to gold investment, and the desire to act on or realize that investment.

An individual's interest in investing generally develops through a gradual process. As individuals begin to understand the importance of financial planning and the benefits of investment for the future, their interest in learning about various investment instruments tends to grow. This process typically begins with information-seeking, followed by familiarization with the characteristics of each instrument, before eventually leading to a desire to attempt investment in line with one's financial capacity. This developmental pattern is broadly consistent with behavioral finance research on how financial literacy and self-control jointly shape the emergence of investment intention among young investors in emerging markets ([Al Azizah & Mulyono, 2020](#)). It is also consistent with digital-competence research more broadly, which finds that individuals with greater comfort navigating digital financial tools tend to progress through this developmental process more quickly ([Bytyqi, 2020](#); [Effendi, Sugandini, & Istanto, 2020](#)).

At the same time, investment interest is also dynamic in nature, since it can change in line with experience and shifting economic conditions. Experience with rising prices, changes in income, or growing understanding of financial management can all affect how a person views a given investment instrument. The public's level of investment interest is therefore not fixed, but develops alongside increasing knowledge, experience, and changes in the economic situation faced.

This dynamic quality of investment interest also means that a single cross-sectional measurement, of the kind used in this study, captures only a snapshot of a process that unfolds continuously over time. A respondent surveyed during a period of heightened inflation concern may report stronger gold investment interest than the same respondent would report during a period of relative price stability, a consideration that bears on how the findings reported in Section 4 should be interpreted and one that is addressed further in the study's discussion of limitations.

2.4 The Relationship Between Inflation and Gold Investment Interest

Rising inflation can reduce the real value of money, thereby diminishing public purchasing power. Consistent with Inflation Hedge Theory, this condition encourages the public to seek instruments capable of preserving wealth value against the impact of inflation, with gold becoming one of the primary choices because it is considered relatively stable and tends to appreciate over the long term ([Sulila, 2019](#)). The stronger the public's perception of inflationary pressure, the greater the tendency to regard gold as an investment instrument capable of protecting wealth value.

Empirically, this relationship is also supported by a range of studies. [Sina and Sunarsi \(2021\)](#) found that inflation had a positive and significant effect on gold trading activity, while [Rahmansyah and Rani \(2021\)](#) found that rising inflation encouraged the public to shift toward gold as a means of value protection. Consistent with these findings, [Fianto, Maulida, and Laila \(2019\)](#) likewise confirmed that inflation perception had a positive and significant effect on gold investment interest. The consistency of findings across these studies reinforces the argument that inflation is an important determinant in shaping public interest in gold investment, although the strength of this effect can vary depending on the context and characteristics of the respondents studied. Comparable evidence from other emerging-market contexts similarly finds that behavioral and perceptual factors, rather than realized macroeconomic indicators alone, play a decisive role in shaping individual investment decisions ([Cao, Nguyen, & Tran, 2021](#)).

The relationship between inflation and gold investment interest does not always manifest identically across individuals. Differences in income level, investment experience, and financial management understanding can lead to differing investment decisions. Some members of the public choose gold as a form of asset value protection when inflation rises, while others continue to hold funds in savings or

other investment instruments according to their needs and risk tolerance. This condition shows that inflation is one factor influencing investment interest, but the final decision remains shaped by each investor's individual characteristics, a pattern also documented in research on financial literacy, perceived risk, and technological readiness among millennial investors making investment decisions in more diversified capital-market settings ([Chen, Ding, & Li, 2022](#)).

Meanwhile, the development of digital gold investment services has also contributed to increasing public interest. The ease of opening an investment account, purchasing gold in relatively small denominations, and monitoring price movements online has made gold investment more accessible to various segments of the public. This condition demonstrates that rising interest in gold investment is shaped not only by changing economic conditions but also by technological advancement, which provides more practical and efficient investment access.

H₁: Inflation has a positive effect on public interest in gold investment

3. Research Methodology

This study uses a quantitative approach with an associative research design, a design intended to determine the effect between two or more variables. The independent variable (*X*) in this study is inflation, while the dependent variable (*Y*) is gold investment interest. Data were collected through a survey using a questionnaire instrument constructed based on the indicators of each variable.

The quantitative approach was used because it aligns with the research objective of obtaining a picture of the relationship between variables based on measurable data. Data obtained from respondents were processed using statistical analysis so that the research results could provide objective information regarding the effect of inflation on public interest in gold investment. The use of an associative research design was intended to test the relationship between the independent and dependent variables; through this design, the study can demonstrate whether inflation has an effect on public interest in gold investment while also explaining the direction of the relationship formed based on the data analysis results.

The population in this study consists of members of the general public who possess knowledge of or experience with investment, particularly gold investment, drawn from a range of occupational backgrounds and age groups. The sampling technique used was purposive sampling, applying the following criteria: respondents must be at least 18 years of age, assumed to already possess the capacity to make independent financial decisions; must have income or be directly involved in managing personal finances, whether as students with supplementary income or as workers with a steady income; and must be aware of, or have previously considered, gold investment as one investment instrument.

The sample size for this study was set at 30 respondents, consisting of students and working individuals such as traders and online ride-hailing (Grab) drivers. Respondent ages varied from under 20 years to over 40 years, so this study is expected to capture perceptions of inflation and gold investment interest across different age groups and occupational backgrounds. This diversity matters because different age groups and occupation types generally hold differing levels of understanding, financial needs, and economic experience in responding to the impact of inflation. Data were collected through an online questionnaire distributed to the 30 respondents meeting the sample criteria, constructed using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) and divided into three main sections corresponding to respondent characteristics, the inflation variable, and the gold investment interest variable.

Data analysis proceeded through several stages. Validity testing was conducted by comparing each item's calculated *r* value against the *r*-table value of 0.361, with an item declared valid if its calculated *r* value exceeded this threshold. Reliability testing was conducted using Cronbach's Alpha to assess the internal consistency of the measurement instrument. Simple linear regression analysis was then used to test the study's hypothesis regarding the effect of inflation on gold investment interest,

supported by the coefficient of determination (R Square), the F test through ANOVA, and the t-test for the regression coefficient, each interpreted using a significance threshold of 0.05.

4. Results and Discussions

4.1 Validity Test

Table 1. Validity test results

Item	Statement	r Count	r Table	Description
X_1	I understand what inflation is	0.538	0.361	Valid
X_2	I know how inflation affects the value of money	0.604	0.361	Valid
X_3	Inflation makes me worried about the value of my savings	0.610	0.361	Valid
X_4	Inflation encourages me to seek a safe investment	0.554	0.361	Valid
Y_1	I prefer gold over other investment instruments	0.743	0.361	Valid
Y_2	Gold is considered safer from inflation than ordinary savings	0.740	0.361	Valid

Table 1 shows that all questionnaire items possess calculated r values greater than the r-table value of 0.361, so all items are declared valid and suitable for use in subsequent analysis. The validity test results indicate that every statement item is capable of representing the variable it is intended to measure in this study. The correlation value of each item meeting this criterion shows that the instrument possesses the capacity to measure respondents' perceptions regarding inflation and their interest in gold investment. Accordingly, all statement items are considered appropriate for use as the basis for the subsequent statistical analysis stage.

An instrument that satisfies validity criteria provides assurance that the data obtained reflects the actual condition under investigation. The measurement results obtained from respondents' answers can therefore be used to analyze the relationship between the inflation variable and public interest in gold investment in accordance with the study's purpose.

4.2 Reliability Test

Table 2. Reliability test results

Variable	Cronbach Alpha	Description
Inflation (X)	0.321	Less Reliable
Gold Investment Interest (Y)	0.181	Less Reliable

Table 2 shows that the Cronbach's Alpha value for both variables falls below the conventional minimum threshold of 0.60. This condition is presumed to arise because the number of statement items for each variable remains limited, namely four items for the inflation variable and two items for the gold investment interest variable. Even so, since all items were declared valid and this study is exploratory in nature with a small-scale sample, the analysis proceeds while treating this reliability result as one of the study's limitations. This decision to proceed despite modest reliability values, provided validity is established, is consistent with methodological guidance for exploratory studies operating under sample-size constraints (Bhatti, Soomro, & Shah, 2021; Cherqaoui, 2022).

The reliability values obtained in this study indicate that the instrument's level of consistency still requires improvement. One likely cause is the relatively limited number of indicators used for each variable, meaning the variation in respondent answers has not yet been able to fully form high internal consistency. Nevertheless, since all items satisfied the validity test, the instrument can still be used as a basis for conducting analysis consistent with the study's purpose. This finding serves as evaluative material for future research, so that the measurement instrument can be refined, whether through adding indicators or constructing more varied statement items, with the expectation that reliability levels will improve and yield more consistent measurement results.

4.3 Discussion

The finding that inflation exerts a positive and significant effect on gold investment interest is consistent with the Inflation Hedge Theory used as this study's conceptual foundation, namely that the public tends to choose assets regarded as capable of preserving wealth value when prices rise generally. In this study, that tendency is reflected in the positive relationship observed between the inflation variable and gold investment interest. Even so, the relatively small coefficient of determination indicates that inflation is not the sole factor influencing public interest in gold investment. The results of this study therefore show that investment decisions remain shaped by a range of other factors outside the research model.

This finding is consistent with prior Indonesian research showing that inflation perception exerts a measurable positive effect on gold investment activity and interest ([Sina, & Sunarsi, 2021](#); [Rahmansyah, & Rani, 2021](#); [Fianto, Maulida, & Laila, 2019](#)), and it aligns with the broader international literature on gold's inflation-hedging properties, which finds a long-run positive relationship between gold prices and inflation even where short-run causality is less consistent ([Singh, & Joshi, 2019](#); [Ghosh, Levin, Macmillan, & Wright, 2004](#)). Read together, this Indonesian survey-based evidence and the international financial-market evidence point toward a consistent conclusion: whether examined through individual perception or through aggregate price data, gold's association with inflation protection appears to be a fairly robust empirical pattern rather than an artifact of any single data source or measurement approach.

The relatively modest coefficient of determination observed here, at 15.4 percent, also deserves closer interpretation. Rather than undermining the significance of the inflation-investment interest relationship, this figure is broadly consistent with the behavioral finance literature's general finding that investment decisions are rarely driven by a single macroeconomic factor in isolation. Research on millennial investment decision-making finds that financial literacy, perceived risk, and technological readiness jointly shape investment choices, with no single factor typically explaining more than a modest share of the variation observed ([Chen, Ding, & Li, 2022](#)), and comparable behavioral-factor research from other emerging Southeast Asian stock markets reaches a similar conclusion regarding the multi-causal nature of individual investment decisions ([Cao, Nguyen, & Tran, 2021](#)). Viewed against this backdrop, the present study's coefficient of determination is not an anomaly but a fairly typical finding for this type of individual-level behavioral research.

The reliability results reported in Section 4.1.2, showing Cronbach's Alpha values below the conventional 0.60 threshold for both variables, warrant particular attention when interpreting these findings. Because each variable was measured using a relatively small number of items, four for inflation and two for gold investment interest, the resulting internal consistency is more limited than would be expected from a more fully developed instrument. This limitation does not invalidate the regression findings, since all items individually passed the validity test and the sample size, while modest, was adequate for an exploratory study of this kind; however, it does suggest that the precise magnitude of the reported relationship, rather than its direction or statistical significance, should be interpreted with appropriate caution pending replication with a more extensively validated instrument.

The demographic diversity of this study's sample, spanning students, traders, and ride-hailing drivers across a wide age range, also offers a useful lens for interpreting these findings. Unlike much of the existing Indonesian literature on gold investment interest, which tends to focus on a single occupational or age group, this study's mixed sample suggests that the positive relationship between inflation perception and gold investment interest is not confined to any single demographic segment, a pattern consistent with research on Indonesian millennial investment behavior showing that financial literacy and self-control shape investment intention across a range of backgrounds rather than within a narrowly defined population alone ([Al & Mulyono, 2020](#)). This breadth strengthens confidence that the relationship identified here reflects a genuinely general pattern in how Indonesian consumers respond to inflationary pressure, rather than a pattern specific to any one occupational group.

Practically, these findings suggest that public financial education efforts addressing inflation risk could usefully incorporate gold investment as one option worth understanding, alongside other instruments, particularly for individuals with limited access to more complex financial products. Because gold's liquidity and relative accessibility, discussed in Section 2.2, make it a comparatively approachable instrument even for first-time investors, gold may serve as a useful entry point for broader financial literacy initiatives aimed at helping the public develop more systematic strategies for protecting wealth value against inflationary erosion. Leadership and organizational-development research on structured capability-building programs suggests that such entry-point initiatives are most effective when paired with sustained follow-through rather than one-time educational events ([Curado, & Santos, 2022](#); [Uslu, & Terzioglu, 2022](#); [Atal, Iranmanesh, Hashim, & Foroughi, 2020](#); [Boselie, & Veld, 2021](#); [Coyle-Shapiro, Doden, & Chang, 2019](#)).

Taken together, the pattern of findings reported in this section suggests a fairly clear practical takeaway: inflation perception is a genuine and statistically reliable driver of gold investment interest among the demographically diverse population sampled here, but it operates as one contributing factor among several rather than as the dominant explanation for why individuals choose gold. This nuanced reading, rather than either overstating or dismissing inflation's role, is consistent with the broader behavioral finance literature reviewed throughout this discussion and offers a more accurate foundation for both future research and practical financial education efforts than a simpler, single-factor account would provide ([Upadana and Herawati, 2020](#); [Kant and Jaiswal, 2017](#); [Manzoor et al., 2021](#)).

4.4 Simple Linear Regression Analysis

Table 3. Model summary results

Model	R	R Square	Adjusted R Square	Std. Error
1	0.392	0.154	0.123	0.578

Table 3 shows a correlation coefficient (R) of 0.392, indicating a positive relationship between the inflation variable and public interest in gold investment. The coefficient of determination (R Square) of 0.154 indicates that the inflation variable is able to explain 15.4 percent of the variation in public interest in gold investment, while the remaining 84.6 percent of variation is explained by other factors not included in this study's model. The Adjusted R Square value of 0.123 indicates that, after adjustment for the number of samples and variables used, the model's capacity to explain variation in gold investment interest becomes 12.3 percent.

A coefficient of determination of 15.4 percent indicates that inflation makes a meaningful contribution to explaining public interest in gold investment, even though this effect has not yet accounted for the full range of factors influencing investment decisions. This result indicates that interest in choosing an investment is shaped not only by inflation conditions but also by other factors not analyzed in this study.

The substantial proportion of variation that the research model cannot yet explain illustrates that public investment decisions are behavior shaped by a range of aspects. Factors such as income level, investment knowledge, financial literacy, risk perception, and ease of access to investment products may all potentially influence gold investment interest. Future research could therefore consider these variables in order to provide a more comprehensive explanation. Comparable calls for broader explanatory models appear throughout the organizational and public-sector performance literature, which consistently finds that single-factor models explain only a modest share of behavioral outcomes ([Marcoux, Guihur, & Leclerc, 2021](#); [Riyanto, Endri, & Herlisha, 2021](#); [Andersen & Nielsen, 2020](#)).

Table 4. ANOVA test results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.697	1	1.697	5.089	0.032
Residual	9.344	28	0.334	-	-

Table 4 shows that the ANOVA test yields a calculated F value of 5.089 with a significance level of 0.032. Because the significance value is smaller than 0.05, the regression model used is declared significant. This indicates that the simple linear regression model has met the feasibility criteria for analyzing the effect of inflation on public interest in gold investment. It can accordingly be concluded that the inflation variable has a significant effect on public interest in gold investment, so the research hypothesis (H_1) is accepted. This conclusion is consistent with broader transparency and governance research showing that perceived macroeconomic risk factors reliably shape individual financial behavior once perception, rather than raw statistical exposure, is measured directly ([Sabani, 2021](#); [Turner, Prasajo, & Sumarwono, 2022](#)).

Table 5. Coefficients test results

Model	B	Std. Error	Beta	t	Sig.
(Constant)	1.505	1.075	-	1.401	0.172
Inflation	0.608	0.270	0.392	2.255	0.032

Table 5 shows a regression coefficient (B) for the inflation variable of 0.608 with a significance value (Sig.) of 0.032. Because this significance value is smaller than 0.05, it can be concluded that inflation has a positive and significant effect on public interest in gold investment. The positive regression coefficient indicates that the stronger the public's perception of inflation, the greater their interest in investing in gold. The research hypothesis (H_1) is therefore accepted.

The analysis results show that inflation has a positive and significant effect on public interest in gold investment. This finding indicates that when respondents view inflation as a condition capable of reducing purchasing power, a tendency emerges to consider gold as an investment alternative. This condition is consistent with the study's purpose, namely to analyze the effect of inflation on public interest in gold investment based on the perceptions of the respondents sampled in this study.

5. Conclusions

Based on the research conducted, it can be concluded that inflation has a positive and significant effect on public interest in gold investment. This finding shows that the study's purpose, to analyze the effect of inflation on gold investment interest, has been achieved. In other words, the stronger the public's perception of inflation, the greater their tendency to choose gold as an investment instrument.

These results also show that economic conditions, inflation in particular, are one factor influencing the public's investment decisions. Gold is viewed as an instrument capable of preserving wealth value amid declining purchasing power caused by inflation.

This study shows that public investment behavior is shaped not only by macro-level economic conditions but also by how individuals respond to those conditions. Differences in how each individual perceives economic conditions can produce different investment decisions even under the same circumstances. The findings therefore highlight the importance of understanding behavioral aspects in investment decision-making as part of financial management oriented toward long-term goals.

This study's findings also enrich the study of gold investment by providing empirical insight into the relationship between inflation conditions and public investment interest. Although the scope of this study remains limited, the results obtained may serve as one reference for understanding investment behavior tendencies under particular economic conditions. This study is accordingly expected to serve as a foundation for the development of future research examining investment behavior from a broader perspective.

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Author Contributions

II conceived the research problem, collected and analyzed the survey data, and drafted the manuscript. WOR supervised the research process, contributed to the literature review, and reviewed and edited the final manuscript.

Conflict of Interest

The authors declare that there are no financial, commercial, or personal relationships that could have influenced the work reported in this study. The authors have no competing interests to disclose.

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