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Green Investment Strategies for Sustainable Ecotourism Development in Gili Trawangan: A North Lombok Youth Perspective

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Abstract
This study aims to analyze the influence of financial literacy, motivation, environmental concern, and local ESG support on the intention and behavior of green investment among youth in North Lombok, particularly in the context of sustainable ecotourism development. The research employs a quantitative descriptive-verificative approach using Structural Equation Modeling – Partial Least Squares (SEM-PLS). A total of 100 respondents, aged 17–30 years from the subdistricts of Pemenang, Tanjung, and Kayangan, were selected through purposive sampling. The results indicate that all independent variables have a positive and significant effect on green investment intention, while investment intention strongly influences actual green investment behavior ($\beta = 0.739$; $p < 0.001$). Although 60% of respondents hold only a high school education and the overall human resource quality has not yet fully supported green investment practices, 74% expressed a high interest in participating in sustainable investment if accompanied by appropriate training and local government support. The model shows an R^2 value of 0.638 for investment intention and 0.571 for green investment behavior, with $Q^2 = 0.462$, indicating good predictive relevance. These findings emphasize the importance of strengthening green financial literacy, socio-economic motivation, and multi-stakeholder collaboration among government, communities, and educational institutions to enhance youth participation in sustainable investment and ecotourism development.

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1. INTRODUCTION

The growth of ecotourism in North Lombok Regency continues to increase, as seen from the emergence of various destinations such as Kerujuk, Gili Trawangan, and the coastal area of Pandanan, which are based on conservation and empowerment of local communities (June 2023; Dhea, 2021). This phenomenon is in line with the global trend where the younger generation is increasingly showing concern for sustainability and green investment as part of their social and environmental responsibility (Serio et al., 2025)

Locally, villages such as Pemenang Barat, Loloan, and Selelos demonstrate that active community participation, especially youth, in ecotourism development has a positive effect on the local economy while preserving nature. (Juliartini et al., 2024However, there is still not much research that examines the perspectives, motivations, and readiness of North Lombok youth in making green investments, whether in the form of capital, business, or advocacy to support sustainable ecotourism.

In this study, researchers sought to understand the perspectives of local youth on sustainable investment opportunities, particularly as they are key agents of change for the future of the local economy. With this understanding, it is hoped that empowerment strategies and policies can be designed to foster synergistic growth of green investment and ecotourism in North Lombok.

2. THEORY

Green Investment & Green Finance

Green investing is the allocation of capital to projects and businesses that support environmental sustainability (renewable energy, conservation, green bonds), while providing financial returns. Budiman et al., 2025). In practice, this integrates Environmental, Social, and Governance (ESG) principles into investment decision-making. Haslindar, 2024).

Ecotourism & Sustainability

Ecotourism is defined as a form of responsible travel to natural areas that conserves the environment, empowers communities, and involves interpretation and education. (UNWTO, 2022). Studies (2019) emphasize that the main principle of ecotourism is the triple bottom line of balancing economic benefits, nature conservation, and social benefits. Fennell (2020) emphasizes that sustainability in ecotourism is measured through long-term impacts on biodiversity and the well-being of local communities.

Financial Literacy & Green Investment Behavior

Financial literacy improves an individual's ability to make informed investment decisions, including green investments. (Tanti et al., 2024; Widhiastuti & Novianda,2024) Environmental concern is closely related to youth interest in investing sustainably. (Kustina et al., 2024)

Teori Planned Behavior (TPB)

The Planned Behavior Theory is used to explain attitudes, subjective norms, and perceived control towards a person's intention to invest in sustainable sectors. (Islam & Mahdi, 2024) Studies (Serio et al., 2025) also emphasized the importance of youth pro-environmental behavior in the tourism sector using the TPB approach and latent class segmentation classification.

Green Economy & ESG Investing

Sharia green investment, part of green finance, has also received attention as a sustainable economic model. (Septina et al., 2024) In addition, the younger generation is considered an important agent of change in the implementation of ESG to support the SDGs. (Budiman et al., 2025)

HYPOTHESIS

The conceptual framework in this study was developed to describe the relationship between various variables that influence the green investment intentions and behavior of North Lombok youth in the context of sustainable ecotourism. The primary theory used is the Theory of Planned Behavior (TPB), which states that a person's intention to act is influenced by attitudes toward the behavior, subjective norms, and perceived control over the behavior. (Islam & Mahdi, 2024)

In this context, financial literacy is considered as a cognitive foundation that enables young people to understand the risks and opportunities in green investments. (Tanti et al., 2024) This literacy, combined with personal motivation and social incentives, drives the formation of investment intentions. This intention is further strengthened by external

factors such as environmental awareness and community support for ESG-based regulations. (Budiman et al., 2025)

From the intentions that are formed, actual behavior in investing in the ecotourism sector becomes a concrete manifestation that can be observed, as conveyed by Nuraini & Pratama (2023). Therefore, in this framework, investment intention acts as a mediating variable between internal factors (literacy, motivation, environmental concern) and external factors (local ESG support) towards sustainable investment behavior.

The visualization of the relationship between variables is presented in the form of a flow diagram that shows the causal relationship between financial literacy, motivation, environmental concern, and ESG support on intentions, which then lead to green investment behavior in ecotourism.

Based on the theory above, the following hypothesis is formed:

H1: The level of financial literacy has a positive influence on the intention of North Lombok youth to invest in green.

H2: Environmental concern has a positive influence on youth green investment intentions.

H3: Financial and social motivations have a positive influence on green investment intentions.

H4: Perceptions of regulatory and community support (local ESG) strengthen the relationship between financial literacy and investment intentions.

H5: Green investment intentions have a positive influence on actual investment behavior in sustainable ecotourism.

3. METHOD

This study uses a quantitative approach with a descriptive-verification method, which aims to explain the causal relationship between variables such as financial literacy, motivation, environmental concern, local ESG support, investment intention, and green investment behavior among young people in North Lombok. The verification approach is used to test the proposed hypotheses based on the Theory of Planned Behavior (TPB) (Ajzen, 1991), while the descriptive approach is used to provide an overview of the green investment phenomenon among youth.

Analysis of the relationship between variables using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method is suitable for use because:

1. Can analyze models with many latent variables and indicators,
2. Does not require the assumption of multivariate normality,
3. Suitable for exploratory and predictive research with relatively small sample sizes (Hair et al., 2021)

The research was conducted in North Lombok Regency, specifically in three sub-districts with high ecotourism potential: Pemenang, Tanjung, and Kayangan. These locations were chosen because they are prime ecotourism development areas, such as Gili Trawangan, Kerujuk, and Pandanan, which have become centers of community-based green investment activities.

The population in this study was young people aged 17 to 30 living in North Lombok Regency who were interested in or involved in investment, entrepreneurship, or tourism activities. The sampling technique used was purposive sampling with the following criteria:

a) Aged 17–30 years
b) Have experience, interest, or involvement in investment activities, financial literacy, or ecotourism activities
c) Domiciled in North Lombok Regency

d) Willing to fill out the research questionnaire.

The planned sample size is 100 respondents, in accordance with the recommendation of Hair et al. (2021) that the minimum sample size for the SEM-PLS model is 10 times the largest number of indicators in a latent construct. This number is also considered representative for the analysis of a structural model with six latent variables.

DATA ANALYSIS TECHNIQUES

Data analysis was carried out using SmartPLS 4.0 software through two main stages: evaluation of the measurement model (outer model) and the structural model (inner model).

a. Evaluation of Measurement Model (Outer Model)

Used to assess construct validity and reliability with the following steps:

1. Convergent Validity Test: Seen from the loading factor greater than 0.70 and the Average Variance Extracted (AVE) value greater than 0.50
2. Discriminant Validity Test: Using the Fornell-Larcker and Cross Loading criteria to ensure that each construct is empirically different.
3. Reliability Test: Assessed from the Composite Reliability (CR) value greater than 0.70 and Cronbach's Alpha greater than 0.70

b. Structural Model Evaluation (Inner Model)

Used to assess the strength of the relationship between latent variables through:

1. R-Square (R2): Measures the ability of the independent variable to explain the dependent variable
2. Path Coefficient Significance Test: Using the bootstrapping method (5,000 resampling) to see if the t-statistic value is greater than 1.96 and the p-value is less than 0.05.
3. Effect Size (f2): assesses the relative influence of each construct on the model
4. Predictive Relevance (Q2): measures the predictive ability of the model; if it is greater than 0, then it indicates predictive relevance.

c. Hypothesis Testing

The hypothesis is tested based on the results of the path coefficient value in the SEM-PLS model, with the following criteria:

- If the t-statistic > 1.96 and the p-value < 0.05, then the hypothesis is accepted.
- If the t-statistic < 1.96 and p-value > 0.05, then the hypothesis is rejected.

4. RESULTS AND DISCUSSION

This study involved 100 respondents, young people aged 17–30 in North Lombok Regency, specifically from Pemenang, Tanjung, and Kayangan sub-districts. Most respondents were directly involved in tourism-based economic activities such as homestay management, tourism MSMEs, and environmental conservation activities.

The respondent profile can be explained as follows:

a) Gender: 58% male and 42% female.
b) Age: the majority (70%) are 20–25 years old.
c) Last education: 60% high school/equivalent and 40% Diploma/Bachelor.
d) Areas of involvement: 45% in the ecotourism sector, 35% local MSMEs, 20% green social/community activities.

The survey results also showed that 87% of respondents had heard of the term "green investment," but only 48% had a deep understanding of the concept and mechanisms. This indicates that the human resources (HR) of North Lombok's youth do not yet fully support the implementation of green investment, both in terms of financial literacy, sustainability insights, and access to environmentally friendly investment instruments.

However, 74% of respondents expressed high interest in engaging in sustainable investing if education, training, and policy support from local governments were available.

MEASUREMENT MODEL EVALUATION (OUTER MODEL)

Validity and reliability test results indicate that all indicators have loading factor values > 0.70 and are significant ($p < 0.05$). This means that all items are valid in representing their constructs.

Variables	AVE	Composite Reliability	Cronbach's Alpha
Financial Literacy	0,639	0,888	0,851
Motivation	0,622	0,879	0,844
Environmental Concern	0,675	0,901	0,868
Local ESG Support	0,692	0,909	0,880
Green Investment Intention	0,661	0,890	0,856
Green Investment Behavior	0,695	0,913	0,887

The criteria AVE > 0.50, Composite Reliability > 0.70, and Cronbach's Alpha > 0.70 indicate that the construct is suitable for use.

The discriminant validity test using the Fornell-Larcker criteria also shows that the AVE root of each construct is greater than the correlation between variables, indicating that discriminant validity is met.

STRUCTURAL MODEL EVALUATION (INNER MODEL)

The structural model shows the strength of the relationship between endogenous variables with values:

Endogenous Variables	**R^2**	**Information**
Green Investment Intention	0,638	Good (63.8%) is explained by X1–X4
Green Investment Behavior	0,571	Quite well (57.1%) explained by investment intentions

The Q^2 (Predictive Relevance) value of 0.462 indicates that the model has good predictive ability even though HR does not fully support green investment.

HYPOTHESIS TEST (PATH COEFFICIENT)

Hypothesis	**Path of Influence**	**Coefficient**	**t-Statistic**	**p-Value**

H1	Financial Literacy → Investment Intention	0,297	3,876	0,000
H2	Environmental Concern → Investment Intention	0,271	3,594	0,000
H3	Motivation → Investment Intention	0,214	2,815	0,005
H4	Local ESG Support → Investment Intentions	0,187	2,501	0,013
H5	Investment Intention → Investment Behavior	0,739	11,621	0,000

All hypotheses were accepted with a p-value <0.05. However, the effect of financial literacy was lower than in previous studies, reflecting the low level of preparedness of local human resources in understanding green investment instruments.

FINANCIAL LITERACY AND HUMAN RESOURCE READINESS

The results show that financial literacy has a positive but moderate effect on green investment intentions ($\beta = 0.297$; $p < 0.001$). With the majority of respondents having a high school education or equivalent, their financial analysis skills and understanding of green investment remain low.

These findings suggest that low financial literacy is caused by a lack of training and access to information, not by a lack of interest. These results differ slightly from Tanti et al (2024), which places financial literacy as the dominant factor.

THE EFFECT OF ENVIRONMENTAL CONCERN ON INVESTMENT INTENTIONS

Environmental concern significantly influences investment intentions ($\beta = 0.271$; $p < 0.001$). Respondents demonstrated high ecological awareness, particularly regarding marine conservation and plastic waste in tourism, but lacked the technical capabilities to translate this into investment. This indicates that awareness needs to be accompanied by competence to drive tangible changes in investment behavior, Kustina et al (2024)

THE EFFECT OF MOTIVATION ON INVESTMENT INTENTION

Financial and social motivations had a significant influence ($\beta = 0.214$; $p = 0.005$). Respondents desired both economic benefits and positive social impacts. However, limited

access to capital and policy support remained major obstacles. This finding reinforces Arifin & Nugraha (2021) and Riski et al 2022) that economic incentives need to be combined with social motivations to encourage participation in green investment.

LOCAL ESG SUPPORT FOR INVESTMENT INTENTIONS

Local ESG support had a significant impact ($\beta = 0.187$; $p = 0.013$). Tourism village policies, such as those in Gili Trawangan, demonstrate sustainability initiatives, but the lack of inter-agency coordination and community involvement has led to suboptimal implementation. Local governments need to strengthen cross-sector collaboration to ensure ESG policies truly support youth participation. (Budiman et al., 2025)

INVESTMENT INTENTIONS ON INVESTMENT BEHAVIOR

Green investment intentions have a strong influence on actual investment behavior ($\beta = 0.739$; $p < 0.001$). This means that even though literacy and education are limited, strong intentions can encourage concrete actions, such as tourism waste management, green plant cultivation, and ecotourism promotion. This is consistent with Nuraini & Pratama (2023) and Serio et al. (2025), which states that intention is the main determinant of behavior in the TPB framework.

5. CONCLUSION

Based on the research results, it can be concluded that financial literacy, motivation, environmental concern, and local ESG support have a positive effect on green investment intentions. Green investment intentions are an important mediator connecting internal and external factors to green investment behavior. However, low education levels and limited human resources are the main obstacles to green investment development in North Lombok. Therefore, improving human resource capacity is key to the successful implementation of green investment and strengthening sustainable ecotourism in this region.

6. SUGGESTION

Based on the research findings, it is recommended that local governments strengthen green financial literacy programs and provide incentives for sustainable investment in the ecotourism sector. Educational institutions should encourage green business training and incubation for youth to improve human resource capabilities. Tourism actors and local communities are expected to strengthen collaboration in implementing Environmental, Social, and Governance (ESG) principles in regional economic activities. Further research is recommended to add variables such as green technology support and access to capital to enrich the analytical model.

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