

**IMPLEMENTATION OF DECISION INVEST IN CAPITAL MARKET
TOLABORATORY OF FINANCIAL AND CAPITAL MARKET
STUDY PROGRAM MANAGEMENT**

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ABSTRACT

This research carried out to look back at investment decisions made by the academic community within the Management Study Program UPN "Veteran" Yogyakarta, both conducted by lecturers, employees and students. The existence of the Financial and Capital Market Laboratory is expected to make it easier for lecturers, employees and students to invest in the form of share ownership. Testing is done by multiple regression by testing the factors of Neutral Information, Accounting Information, Classic, Social Relevance, Advocate Recommendation, Personal Financial Need.

Keyword:

The Financial and Capital Market Laboratory, conducted by lecturers, employees and students

ABSTRAK

Penelitian ini dilakukan untuk melihat kembali keputusan investasi yang dibuat oleh komunitas akademik dalam Program Studi Manajemen UPN "Veteran" Yogyakarta, baik yang dilakukan oleh dosen, karyawan dan mahasiswa. Keberadaan Laboratorium Pasar Modal dan Keuangan diharapkan akan memudahkan dosen, karyawan dan mahasiswa untuk berinvestasi dalam bentuk kepemilikan saham. Pengujian dilakukan dengan regresi berganda dengan menguji faktor-faktor Informasi Netral, Informasi Akuntansi, Klasik, Relevansi Sosial, Rekomendasi Advokat, Kebutuhan Keuangan Pribadi.

Kata kunci:

Laboratorium Keuangan dan Pasar Modal, dilakukan oleh dosen, karyawan, dan mahasiswa

Introduction

At the beginning of 2019, the Indonesian capital market had reached 1,676,606 investors (Kontan Magazine, 2019). PT Indonesian Central Securities Depository (PT. KSEI) continues to improve infrastructure to develop the Indonesian capital market. The number has increased by 3.53% compared to the end of 2018 which reached 1.61 million investors. Or during January, the number of investors increased by 57,234 people. The significant development of the number of investors is inseparable from the development of capital market infrastructure which makes it easier for investors.

The Indonesia Stock Exchange continues to strive to increase the number of investors. One way is to open representative offices of the Indonesia Stock Exchange in various tertiary institutions. In Yogyakarta itself, IDX representatives are found in almost all major universities, such as Gadjah Mada University, Yogyakarta "Veteran" National Development University, Atmajaya University, Indonesian Islamic University.

The Financial and Capital Market (LKPM) Laboratory of Management Study Program in collaboration with PT Danareksa provides facilities for Lecturers, Education Personnel and Students to invest. Periodically, LKPS conducts socialization and introduction of capital markets to the internal academic and external community. Externally, LKPS visits hamlets, villages, districts in the Special Region of Yogyakarta.

LKPM set out to start investing, by opening an account with PT Danareksa, in the amount of Rp. 100,000 The rule applies both lecturers, education staff and students. After opening an account, further activities depend on capital added later. The above activities are related to the financial behaviour of investors. Financial decision making for investment is influenced by information and knowledge about stock developments. In making investment decisions, in accordance with investors'

expectations to get profits, both getting *dividends* or *capital gains*. Investors will choose investments that providesatisfactionutilityoptimal(Puspitaningtyas, 2013). According to Von Neumann and Morgenstern (1947), which revealed *utility theory*. According to *Utility theory*, there are four factors, namely: a) investors are very rational, b) agree with complex choices, c) don't like risk and d) maximize wealth. In addition, an investor's investment decisions are based on psychological aspects (*behavioural motivation*). Therefore, an investor's investment decisions can be seen from two aspects, namely: a) the extent to which decisions can maximize wealth (*economic*) and b) *behavioural motivation*/ investment decisions based on psychological aspects of investors (Christanti and Mahastanti, 2011). According to Nagy and Obenberger (1994) that investors now no longer only look at factors that are familiar but also pay attention to other factors before investing. The factor that is most taken into account by investors is the estimation of company profits in the future which is an economic variable to maximize wealth. In their research, Christanti and Mahastanti (2011) found that: many factors that investors consider in investing are *neutral information, accounting information* and demographic aspects. This study reexamined whether the factors that influence the behaviour of individual investors according to Nagy and Obenberger (1994) also apply to individual investors, especially for lecturers, education staff and students in investing in the Management Study Program LKPM FEB UPN "Veteran" Yogyakarta.

A. Problem Formulation

Based on the background of the problem above, the formulation of the problem in this study are:

1. What are the factors that influence the decisions of lecturers, education staff and students to invest in the Financial Laboratory and Capital Market?

2. Which are the most dominant factors in the decisions of lecturers, staff and students to invest in the Financial Laboratory and Capital Market?

B. Research Objectives

Through the Laboratory of Finance and Capital Market Management Study Program Faculty of Economics and Business UPN "Veterans," Yogyakarta is expected to increase the number of investors and awareness in investing. Therefore, it is necessary to know the factors that influence investment decision making in the Laboratory of Finance and Capital Market Management Study Program Faculty of Economics and Business UPN "Veteran" Yogyakarta. The objectives of this study are:

1. To identify the factors that influence the decisions of lecturers, education staff and students to invest in the Financial Laboratory and Capital Market.
2. Knowing the most dominant factors influencing the decisions of lecturers, education staff and students to invest in the Financial Laboratory and Capital Market?

C. Benefits of Research

This research was conducted with the hope of being beneficial for:

1. Institutions
 - a. Financial and Capital Market Laboratory Management Study Program Faculty of Economics and Business UPN "Veteran" Yogyakarta, namely the increasing number of investors.
 - b. UPN "Veteran" Yogyakarta, makes a policy to support overall laboratory activities.

2. Lecturers, Education Personnel and Students:

- a. It is hoped that this research can be used as a reference and consideration in investing.
- b. It is hoped that this research can be used as a motivation to continue investing even in the capital market.

D. Review of theory

1. Investment and Investment Decision

Investment is a term with several meanings relating to finance and economics. The term relates to the accumulation of an asset in the form of an expectation of future profits. Investment is also referred to as an investment. The purpose of investment is to obtain a profit or rate of *return*, which can be in the form of *capital gains* (the difference between the selling price and the purchase price) and *dividend yield*. *The return* is an indicator of the success or failure of an investment if successful it will increase the welfare of investors. Therefore investors need to set *expected returns*, taking into account various information for investment decision making.

Investment decisions are an important factor in the financial function that investment decisions solely determine the value of the company. The statement implies that investment decisions are important. Related to the importance of investment, investment decision making must be managed so that it produces optimal investment decisions. The optimal investment decision can be reached if the investor makes the right decision. The right decision is a decision that is in accordance with the effect of events on the company's value. One component that shapes a company's value (reflected in its share price) is investor sentiment, namely investor confidence in the

company's cash flow in the future that is not supported by accounting information (fundamental).

Activities in finance always boil down to decision making. Therefore a theory of decision making is important. Decision-making theory assumes that individuals as decision-makers behave rationally. Quantitative decision-making techniques (mathematical modelling, statistics and econometrics) adopted in standard financial theory begin to be questioned when unable to explain some financial cases such as *black Thursday* or *black Monday*. The case shows that decision making is not a static deterministic case because it is related to stochastic behaviour factors. The choice to invest in safer assets by ignoring higher *returns* is a phenomenon that is difficult to explain with a financial theory or model. Sometimes, investors, uncontrolled actions are driven by psychological factors, such as fear(*fear*), avarice(*greed*) and panic(*madness*). This situation drives the development of *behavioural finance theory* which intends to analyze psychological biases that have not been accommodated in standard financial theories (in Puspitaningtyas, 2013).

The theory of financial behaviour is interpreted as the application of psychology in the discipline of finance. Financial behavior is very important in investment decision making. Investment decision making is strongly influenced by information obtained and investors' knowledge about investment, whereas each investor has different levels of ability and knowledge. Investment decision making is influenced by 1) the extent to which investment decisions can maximize wealth and 2) *behavioural motivation*, investment decisions based on psychological aspects of investors.

2. Investor Behavior in the Capital Market

Investors in the capital market are very diverse, this can be viewed from several aspects such as investment motivation, the purchasing power of securities, level of knowledge and investment experience and investment behaviour. Furthermore, this diversity affects the level of confidence and expectations of the level of return and investment risk. This is where the importance of understanding financial behaviour. Financial behaviour arises because of the notion that conventional financial theory pays little attention to how investors make investment decisions.

The theory used to explain a person's attitude to risk is *utility theory*. As is known, investors in investing are to avoid risk to maximize wealth (*economic factor*). Based on Nagy and Obenberger's (1994) factor classification, *economic factors* include:

1. *Neutral information* where information is impartial, information can come from outside obtained from the media about financial or economic conditions related to investment activities. The information can be in the form of current economic news (inflation data, interest rates etc.) as well as future economic predictions, changes in stock prices, recommendations from financial analysts etc.
2. *Accounting information* is information relating to the company's financial statements, including data on reports and prospectuses, current stock capabilities, company history, valuations of shares, expected earnings and profits in the future.

Meanwhile, *behavioural motivation* is an investment decision based on investor psychology or something he believes. According to Nagy and Obenberger (1994), *behavioural motivation* includes:

1. *Self Image / Firm Image Coincidence* is information relating to the assessment of the company by investors, among others: company reputation information, the company's position in the industry (as a leader, follower or others), product estimates and corporate services, corporate ethics, the value of company shares in the past.
2. *Classic* is the ability of investors to determine basic economic criteria such as expected dividend information, stock prices at the time of opening of a trade, tax consequences and the ability to minimize risk.
3. *Social Relevance* concerns the existence of company shares on the stock exchange and corporate social responsibility, which includes information about the position of shares in shares listed on the stock exchange including first-line or second-line shares, types of investments operating in local or international areas and forms the company's concern for the environment.
4. *Advocate Recommendation* where information sources can be trusted and are able to build ideas and understandings based on recommendations that have been given while still taking into account the interests of investors in achieving the expected goals (the results of investment activities). This information can come from brokers, friends and family opinions.
5. *Personal Financial Need*, this information is obtained based on the experience of investors in looking at the value of investments and calculations on consumption expenditures so that they are independent.

This information includes investment return targets to meet personal finance, estimated funds for investment, the desire to diversify looking at the performance of the portfolio of shares owned, other investment alternatives by making comparisons on investment bonds, gold, deposits etc.

E. Hypothesis

The hypothesis is a temporary conclusion of a research design that must be proven true. Hypotheses are based on theory and previous research. The hypotheses of this research are:

1. What are the factors that influence the decisions of lecturers, education staff and students to invest in the Finance Laboratory and Capital Market UPN "Veterans" Yogyakarta?
2. Which are the most dominant factors in the decisions of lecturers, education staff and students to invest in the UPN "Veteran" Yogyakarta Laboratory of Finance and Capital Market?

F. Research Methods

1. Population and Samples

The population of this study is individual investors who make investments through the Laboratory of Finance and Capital Market FEB UPN "Veteran" Yogyakarta. The sample in this study is a portion of the population that meets the criteria, namely: the academic community / large family of Management Study Program UPN "Veterans" Yogyakarta.

2. Sampling Technique The

Sample of this study used *purposive sampling technique*, namely to get a sample with a specific purpose. The aim is to find out the factors that influence the decision making of lecturers, education staff and students to invest in the Finance Laboratory and Capital Market UPN "Veteran" Yogyakarta.

3. Data Sources

The data of this study using primary data. Primary data in this study were obtained from the questionnaire.

4. Data Collection Methods

Data collection methods in this study, using questionnaires in the form of questions and answers provided in written form. Whereas secondary data is collected by means of documentation.

5. Operationalization of Research Variables

The operationalization of these variables is as follows:

1. *Neutral Information* consisting of 6 indicators, namely:

- a. Announcement/review in public media
- b. Announcement/review in financial media
- c. Current economic conditions in general
- d. Paying attention to economic indicators (inflation, interest rates etc.)
- e. Reviews of a published financial analyst
- f. Changes in the company's stock prices recently.

2. *Accounting Information*, consisting of 6 indicators, namely:

- a. Stock exchange capability (capital market) at the moment
- b. Establishment of the company (new)

- c. Data on reports and prospectuses
 - d. Current company financial statements
 - e. Expected company earnings
 - f. Appraisal of shares
3. *Classic* consists of 4 indicators namely:
- a. Expected dividends
 - b. Opening stock price
 - c. Minimizing risk
 - d. Tax consequences
4. *Self Image / Firm Image Coincidence*, consisting of 5 indicators, namely:
- a. Company reputation Company
 - b. position in the industry (market leaders, followers, newcomers)
 - c. Previous company stock value
 - d. Estimates on company products and services
 - e. Knowing the ethics of company
5. *Social Relevance*, consists of 4 indicators, namely: The
- a. The company operates at an international level. The
 - b. the company operates locally / nationally.
 - c. Position of shares on the stock exchange list (first line, second line)
 - d. Form of corporate concern for the environment (CSR)
6. *Advocate Recommendation*, consists of 3 indicators, namely:
- a. Share recommendations from broker
 - b. Recommendations from friends or coworkers
 - c. Family
7. *Financial Personal Needs opinion*, consisting of 5 indicators, namely:

- a. Estimation of funds for investment
- b. The target of desired investment returns to meet personal financial needs Past
- c. portfolio performance past
- d. desires of diversification
- e. Comparison of other investment alternatives (bonds, gold , deposits, etc.)

G. Data Analysis Techniques

Data collected from respondents are then processed and analyzed. Data analysis of respondents and from the questionnaire was done descriptively then tested statistically using SPSS.

H. Practical Implications

This research is expected to be able to contribute to the development of science, as well as the development of institutions, especially the Financial and Capital Market Laboratory, namely: increasing the number of investors. Furthermore, the results of this study can be published in journals. It is necessary to create a web of Financial and Capital Market Laboratory in the Management Study Program.

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