

# Individual Investor Behavior In Share Investment Decision Making In The Middle Of The Covid-19 Pandemic

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| Article Info                                                    | Abstract                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| Investor Behavior, Behavior Control Perception, Risk Perception | <i>The purpose of this study is a type of qualitative research with the aim of knowing the behavior of individual investors in making stock investment decisions in the midst of the covid-19 pandemic. The data obtained are the results of observations and interviews from customers of the Indonesian Stock Exchange Investment Gallery, Universitas Muhammadiyah Makassar. In this study, the data sources used in data collection include primary data and secondary data. The data analysis technique used in this study uses data reduction, data presentation and conclusion drawing. The results show that the perception of behavioral control greatly influences the behavior of individual investors in making an investor's investment decision and the perception of risk also affects the investor's decision to invest. So the author draws the conclusion that customers or investors of the investment gallery at the University of Muhammadiyah Makassar in their behavior towards making stock investment decisions in the midst of the COVID-19 pandemic are very concerned about perceptions of behavioral control and perceptions of risk in order to maximize investment returns.</i> |

## 1. PRELIMINARY

The investment world is an interesting topic of discussion, especially investment in the capital market. In general, people invest with the aim of getting a fairly high return or profit in accordance with what is expected. These profits are usually obtained from dividends distributed by the company and capital gains where the selling price is higher than the purchase price, in addition to investment profits also have risks. These risks can arise from within or outside the company. The existence of the capital market plays a role in increasing economic activity, because it will make it easier for companies that go public in the capital market to raise funds to promote economic progress. The capital market serves as an effective fund allocation forum between investors and companies through negotiation of financial resources. for an investor himself, the capital market is a safe place to invest that is supervised by ojk.

Investment in the capital market sector is a source of financing others for the government and the private sector. Countries that need funds can issue bonds and sell them

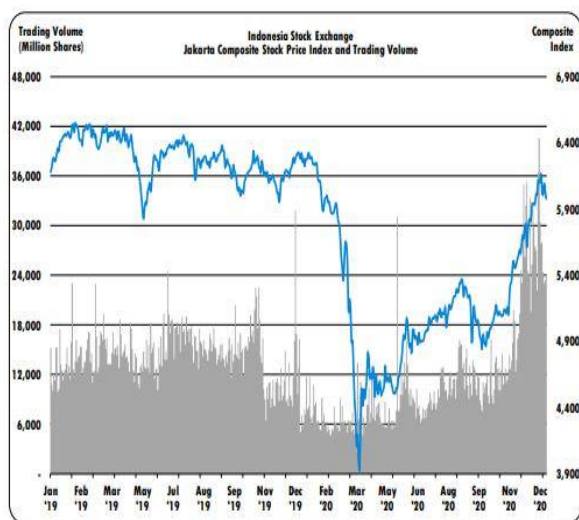
to the public in the capital market as well as the private sector, which in this case is a company that needs funds, can issue securities, both in the form of stocks and bonds and sell them to the public through the capital market. Market conditions are not easy to predict and we will be able to know after something like that happens, so that investors want to investing in stocks should always be monitor performance stock market . state exchange Basically, stocks can be divided into a generally rising price level (bull market) and a lower price level generally down (market bear). The market in this condition is an unfavorable market condition . The condition of stock prices on the stock exchange can generally be followed on the basis of company developments and market commodities . Returns This can also be behavior towards the group of stocks that it represents at a specified time. The stock market index describes the current price treatment of a representative stock group .

The existence of an investment gallery at the Muhammadiyah University of Makassar certainly makes it easier for students who have

an interest in investing in stocks in the capital market to be able to directly invest directly, but students must really know the ins and outs of investment so that decisions made can provide benefits and can participate plays an important role in the economy because many students make mistakes in their decisions. In Indonesia, the development of the capital market is

growing very rapidly , but the holder of control is individual investment decision making so that it has a positive impact on economic development in Indonesia. This is based on observations of the movement of the composite stock price index on the Indonesia Stock Exchange (IDX).

**Figure 1.1**  
**Movement Chart 2019 – 2020**



Source: idx.co.id (statistical data)

Even though the JCI has fluctuated for the past two years, this fact shows that investment activity in Indonesia has grown tremendously. Where the addition of new investors or capital market SIDs in 2020 rose the highest in the history of the capital market with growth of 48.82 percent or 1.21 million SID to 3.69 million SID as of December 10, 2020, however this will not be separated from the role of investors in decision making. decisions that have been made by an investor. In the decision-making process in investing in shares by an investor, there are several factors that can influence, including information, politics, news, rumors, issues, security, financial reports, and considerations of investor confidence to invest in the capital market, especially stock investment (Masrurun: 2015). In carrying out investment activities, investors must make investment decisions , either in buying shares or as much as possible in maintaining shares.

In Indonesia , investors often choose stocks based on rumors access and react to available information, but some investors have limited options in processing existing data to make informed decisions. As a result, investor decisions are often only speculative and based solely on rumors are circulating and there are also those who follow suit. As happened in early January 2021, there were many influencers promoting a stock that was not of high quality.

March 2020 for the first time the government announced a positive case of covid 19 in Indonesia this also caused prices in the stock market to decline ( Alali, 2020). The decline was caused by various sentiments from within and outside the country, especially related to the outbreak of *Covid-19* ( *Corona Virus* ). Covid 19 is a virus outbreak that can cause respiratory infections that are very dangerous for health, besides that covid19 has a very impact on the world economy, many countries are feeling the effects of the covid19 pandemic. As a result of the pandemic, many foreign investors have sold shares in the regular market with a net value of IDR 534.53 billion (katadata.co.id 02/04/2020). As a result, many individual investors in Indonesia are doing *panic selling* or massive sales and causing stocks to decline due to the behavior of investors who are speculative in nature.

Praus Capital Research Director Alfred Nainggolan said that although Covid-19 is still unpredictable , The impact of this pandemic is still short term. He explain, collection fund through the capital market is still considered by investors as a temporary investment , so that short-term risks are considered.

Therefore, an investor's decision must take into account various positive

considerations and must involve several factors that can influence decision making, especially *economic factors* (the extent to which the decision gives wealth) and *behavioral motivation* (where this decision leads to the psychological aspect of the individual investor). This is very important for investors as a reference in making decisions. Moreover, companies that have an impact on the corona virus, therefore investors must pay attention to these factors whether they have a positive or negative impact on the decision making of an investor. There are several things that need to be considered by investors in making decisions such as risk perception which is defined as an acceptable level of risk, perceived behavioral control, and the quality of accounting information in the form of company financial statements as a reference in decision making.

The reason for this research is to find out how the decision making of individual investors in buying and selling shares. The resource persons chosen for this research object are stock investors registered in the IDX Unismuh Makassar investment gallery. The researcher chose this resource person because he is an active investor who observes the development of the Indonesian capital market . It can also provide an understanding of the theory and methods of investing in stocks, a discussion of the capital market in general to a discussion of stock investment.

Based on the description above, it is necessary to conduct a study entitled "Individual Investor Behavior in Making Stock Investment Decisions in the Midst of the Covid 19 Pandemic".

## **2. LITERATURE REVIEW**

### **2.1 Share**

Shares are a sign of involvement or ownership of retail or institutional investors or dealers in an investment with an amount of money that can be invested in the company. The stock market is a place where

governments and industry can raise long-term capital and investors can buy and sell, and there is also a positive relationship between an efficient stock market and short-term and long-term economic growth This is consistent with the claim that the stock market cannot regardless of the economic situation of a country.

### **2.2 Management Accounting**

Management accounting is the application of appropriate concepts and techniques for the management of historical and projectable economic data by entities business to help management plan for rational economic goals and make rational decisions for achieve that goal. Accounting and management are interrelated things. Even though they both explain slightly different things, accounting and management are still in a continuous realm . Management accounting is a part of accountants which serves to provide information for internal users of the company, thus helping in achieving company goals.

Chartered Institute of Management Accountants (CIMA), Accounting Management is the process of measuring, identify, gather, analyze, arrange, interpret and Communication of information sources can be used by management in planning, evaluating and managing within the company to ensure compliance. Responsibility for the management of management accounting sources includes the annual financial statements of unmanaged groups such as shareholders, creditors and taxes. Creation is also included. authorities . Accounting information on global effort is a crucial subject on many management decisions. This is caused because accounting data is broad in scope, including assets, debts, capital, income, costs, expenses, losses and profits. All levels of managers are required to know accounting facts , and can use on decision making. The management accounting fact system has a primary purpose one of them is

providing facts which beneficial on decision making.

### **3. RESEARCH METHODS**

#### **3.1 Data analysis technique**

Data analysis for qualitative research occurs when data collection is in progress and you have completed data collection in term certain time . Miles and Huberman (2013) suggest so that qualitative data analysis activities are carried out interactively and continuously to complete so that the data becomes saturated. treatment of data analysts such as data reduction , data visualization or data presentation and drawing conclusions.

##### **1. Data reduction**

Data reduction means summarizing, focusing on what is important, choosing what is most important and discarding the things that are not so important. If you do your research, you will find a lot of data in this area. Therefore , you need narrow down the data collected to select, summarize, and focus on the important data you want.

##### **2. Data Presentation**

Once the data is collapsed, the next step is to view it. The purpose of presenting the data is to make it easier for the public to understand what is happening and, based on that understanding , to plan their next task. Narrative or text is the most common form of data presentation in qualitative research. Data report by explaining the results of the interview into narrative text and attaching supporting files or photo documentation.

##### **3. Conclusion Drawing**

During the research process, namely during the data collection process , conclusions are drawn continuously. In the research conducted, draw conclusions by extracting the essence from a number of sources based on the results of research through observation and interviews as well as documentation. Conclusions describe relationship patterns, topics and general questions, hypotheses, etc., etc.

### **4. RESULTS AND DISCUSSION**

#### **4.1 Behavioral control perception**

How is the behavior of investors in making investment decisions in terms of perceived behavioral control. Based on the results of research when making investment decisions, it shows that the perception of behavioral control is very influential on the decision making of stock investors where confidence and technology have a very clear impact on investor decision making. All of the informants in this study stated that before determining a behavior they first analyzed the stock, from that analysis emerged beliefs, supporting or inhibiting factors based on the experience of the individual's behavior. Strong belief in themselves, capital support and technology support will support high investor intention to make a decision, for example the decision to choose a stock.

This is in accordance with the concept of perceived behavioral control where only when the individual's behavioral control perception is also strong, a strong intention can lead to behavior. The more people perceive the supporting factors and the less intensive the barriers to being able to perform a behavior, the easier it is for individuals to perceive the behavior to be carried out. The results of this study are in line with the research of Irvan Ardy Anggraiawan (2017) with the title "Determinants of individual investor behavior in making stock investment decisions on investors registered at gi bei Telkom university". Based on the results of his research, it shows that the perception of behavioral control has a significant effect on intention in stock selection.

The results of this study are in line with the research of Natalia Christanti and Linda Ariany Mahastanti (2011) with the title "Factors considered by investors in making investments" based on the results of their research showing that investors in Indonesia invest on the basis of economic factors.

## 4.2 Risk perception

Based on the results of research conducted by researchers stating that the attitude of individual investors in the aspect of risk perception is very much needed in making an investor's decision, especially during a pandemic like this where all the informants in this study before deciding to buy shares really think about what risks may occur and as early as possible to anticipate or minimize risks. Attitudes towards stock investment decision making can be positive because they already have sufficient experience and knowledge.

The informants also use accounting information in any situation, the accounting information contained in the financial statements must also be of high quality in order to know the actual conditions of the company's performance as a reference for consideration in making decisions for investors. During the COVID-19 pandemic, informants were also very concerned about every policy implemented by the government regarding the possible risks that could be experienced from these policies, not a few informants also made this a momentum to gain benefits and use technology in updating any information on social media.

This is in accordance with the concept of risk perception where when investing in stocks, risk perception provides an overview or benchmark for potential losses that can be accepted by stock investors. Investors can set an acceptable risk limit as a benchmark to minimize the potential for large losses. The results of this study are in line with Malik's 2017 research entitled "Analysis of the factors that influence public interest in investing in the Islamic capital market through the UII investment gallery exchange. That investment risk affects investment interest.

From the two results of the above discussion which explain the behavior of individual investors in making stock investment decisions in the midst of the covid-19 pandemic, customers or investors of the

unismuh Makassar investment gallery show that investors in making investment decisions consider the perception of behavioral control and risk perception and also proves that the customer or Investors in the investment gallery of bei unismuh Makassar are rational and sophisticated investors in the use of technology because they always follow the developments of the Indonesian capital market on social media for their decision making.

## 5. CLOSING

### 5.1 S conclusion

Based on the research entitled "Individual Investor Behavior in Stock Investment Decision Making Amid the Covid-19 Pandemic", which was carried out by collecting data through interviews with customers of the bei unismuh Makassar investment gallery and direct research on location, the thesis can be concluded as follows: following :

1. The behavior of individual investors, customers of the Makassar bei unismuh investment gallery in making stock investment decisions, seen from the perception of behavioral control greatly influences investor decision making, that confidence through experience and technology has a very clear impact on investor behavior. Judging from the results of interviews before determining a behavior, they first analyze the stock, from this analysis arise beliefs, supporting or inhibiting factors based on the experience of the individual's behavior. Attitudes towards stock investment decision making can be positive because they already have sufficient experience and knowledge. Strong belief and interest in oneself as well as capital support and technology support will support the high intention of investors to take a decision, for example the decision to choose a stock. Capital support and technology support are weak, so investors' intentions to choose stocks are low.

2. That the behavior of stock investors in making investment decisions is determined by behavior related to the perception of risk in the midst of the covid-19 pandemic where all the informants in this study before deciding to buy shares really thought about what risks might occur and as early as possible to anticipate or prevent them from happening. minimize risk. The informants also use accounting information in any situation, the accounting information contained in the financial statements must also be of high quality in order to know the actual conditions of the company's performance as a reference for consideration in making decisions for investors. During the COVID-19 pandemic, informants were also very concerned about every policy implemented by the government regarding the possible risks that could be experienced from the policy, not a few informants also made this a momentum to gain profits and utilize technology in updating any information on social media.

## 5.2 Suggestion

Based on the conclusions from the research results described above, the following suggestions can be given:

1. The perception of behavioral control directly affects the behavior of investors in making stock investment decisions, but beliefs and intentions to make decisions must be accompanied by supporting factors obtained from experience so that they have a positive impact on decision making and the economy.
2. Risk perception is very much needed by individual investors in their decision making about how to minimize as early as possible the risks that may occur , but it would be nice before making a decision to buy, sell or maintain shares owned by investors, they must make risk management

and determine acceptable risk limits. by investors.

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