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# WEST NUSA TENGGARA INVESTORS BEHAVIOR IN INDONESIA STOCK EXCHANGE

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**Abstract**

*Investment activities require investors to make investment decisions. Investment decisions by different investors will encourage different behavior in investing. The difference in behavior is influenced by the fundamental factors and technical factors that will lead to the choice of investment term orientation by each investor, namely short-term investment and long-term investment. This study was conducted to assess the profile and behavior of West Nusa Tenggara (NTB) investor in investing in Indonesia Stock Exchange (IDX) by basing on the orientation of investment period and focused on the investors who are domiciled in NTB. This research is a qualitative research using case study approach and unit of analysis used is investment decision making process in IDX. The results of this study indicate that NTB investors have risk preference as risk taker and risk neutral. In realizing the investment objective of obtaining capital gains, the NTB investor has a different investment time orientation based on the risk preference. Risk-taker investors run investments with short-term orientation by investing daily and selecting stocks with the category of fried foods as an investment object. While risk-neutral investors run investments with long-term orientation by investing monthly and selecting stocks with the bluechip category as the object of investment. In the decision-making process,* *NTB investors with short-term investment orientation use technical analysis techniques by basing information on stock price movements supported by various indicators available. Investors with long-term investment orientation use fundamental analysis by basing information on macroeconomic and micro enterprise (financial information). Short-term investors have a tendency to behave disposition effects and mental accounting. While long-term investors are more likely to behave representativeness. In general, NTB investors have met the assumption of rationality as a rational investor because it based every decision based on a thorough analysis according to the relevance of the information needed.*

*Keywords: Investor Behavior, Investment Decision, Financial Behavior, Stock Analysis*

## INTRODUCTION

The capital market, the Indonesia Stock Exchange (IDX), is an intermediary institution that brings together surplus-budget units or individuals with deficit-budget units through investment or stock trading activities (Hartono, 2017). Investment activities on the IDX conducted by investors will be related to the process of making investment decisions. Investment decisions by different investors will encourage different behavior in investing. Investment behavior is defined as an investor process in deciding, predicting, analyzing and reviewing procedures for decision-making, which include investment psychology, information gathering, defining and understanding, researching and analyzing (Slovic, 1972, Alfredo and Vicente, 2010 in Aziz, 2012).

There are several factors that influence investor behavior. Broadly speaking these factors are grouped into fundamental factors and factors derived from technical analysis (Azis, 2012). Muhammad and Abdullah in Cholidia (2017) grouped investor behavior into two categories, namely rational behavior types and irrational behavior types. Rational behavior is when investors consider and analyze all the financial, economic and environmental information (fundamental analysis) available before making an investment decision. While irrational behavior is defined as making shortcuts by ignoring fundamental analysis and relying more on the emotions, experiences or suggestions of others, speculation and rumors that occur due to the role of psychological factors. Investors included in the irrational category use technical analysis and reference groups in decision making. Several previous studies support this statement, concluding investors have rational behavior when they use fundamental analysis in decision making. And investors who do not use fundamental analysis or simply use technical analysis are summed up as investors with irrational behavior.

Research conducted by Puspitaningtyas (2014) and Aprillianto, Wulandari, and Kurrohman (2014) revealed that the existence of accounting information that is actually beneficial to investors is not completely proportional to investor thinking, which means that investors behave irrationally by ignoring accounting information as a basis for taking decision. Cholidia (2017) discloses that investors tend not to use fundamental analysis in their decision-making, they are more likely to use reference groups, experience and follow the movements of the city (speculation) in investments. So they conclude the investor's behavior into the irrational category.

Making a conclusion about the rational and irrational behavior of investors by basing on the use of analytical techniques (fundamental and technical techniques) is contrary to the concept of the investment itself. Both fundamental and technical analysis techniques are based on available information, then analyzed using the methods in each analysis technique. From the results of the analysis drawn a conclusion that is used as a basis for investment decision making. Because basically investors who use fundamental and technical analysis have the same goal in the investment made, that is to gain profits either through dividends or capital gains.

Research on investor behavior has been based on various approaches. Aprillianto et al. (2014), Puspitaningtyas (2014) and Cholidia (2017) use approach based on investor type, that is individual investor. Approach using other types of investors is institutional investors conducted by Natapura (2009). Other approaches use investors' demographic point of view, such as Rahadjeng (2011), Christanti and Mahastanti (2011) and Lestari and Kuntarti (2014), observing investor behavior based on gender differences (male and female). While Wibisono (2013) is based on investor competency and confidence perspective. Next is Agustin and Mawardi (2014) which focuses more on investigating investors' behavior from a religious standpoint by looking at the behavior of Muslim investors in the capital market.

From a number of studies on investor behavior mentioned above, there has not been much research that focuses its study on investor behavior from the perspective of regional differences (environment) where investors live and the different orientation period of investment of each investor. Whereas according to Wibisono (2013), investors from different regions may have different behavior in investing. While Aziz (2012) mentioned that the factors that influence investor behavior are fundamental factors and technical factors. So to get a conclusion about the behavior of investors should be based on these two factors. On that basis, it is important to conduct research on the behavior of NTB stock investors in Indonesia Stock Exchange (IDX), to get an idea of how the profile and behavior of NTB Investors. So the results of this study, in addition to helping BEI and securities companies to obtain a picture of the profile of individual investors in NTB, will also provide understanding and understanding for individual investors about their investment habits and can encourage better investment habits to obtain more performance both from the return on their investment.

## LITERATURE REVIEW

### Investment

Investment is the activity of placing a certain amount of funds on a particular asset in the hope of earning or increasing the investment in the future (Lubis, Sadalia, Fachrudin, &Meliza, 2013; Puspitaningtyas, 2014). Investment can also be defined as a delay in current consumption for inclusion in productive assets over a period of time (Hartono, 2017). While Graham (2014) defines investment as an action through a thorough analysis, it promises the security of the underlying fund and provides an adequate return (profit / return).

Buying stock is one form of investment activity, because the stock can provide income in the form of dividends and its value can be expected to increase in the future. The rate of return on investment in stocks can be capital gains and dividend yield. The rate of return on investment is an indicator to improve the welfare of investors. Investor's expectation on the investment is to get the maximum rate of return with certain risk level from time to time (Puspitaningtyas, 2012).

### Investment Decision

Investment activities require investors to take investment decisions. In making investment decisions, investors need information that is important factors as a basis for determining investment choices. From the existing information, then form a decision-making model in the form of investment valuation criteria to enable investors to choose the best investment among alternative investment available (Lubis et al., 2013). This is in line with the neoclassical assumptions concerning human behavior that is the assumption of rational preferences and benefit maximization proposed by Ackert and Deaves (2010) in Asri (2013). Explained that the assumption of rational preferences is supported by two sub-assumptions, namely completeness and transitivity. The assumption of completeness says that humans can measure and thoroughly compare all available options, they know what they like or hate, so they can rationally select. The assumption of transitivity says that humans can make the order of priorities clearly between one alternative and another. While in the assumption of benefit maximization, humans are assumed to use all their capabilities to obtain the optimal combination to achieve maximum benefit by taking into account the constraints.

**Cognitive Bias in Decision Making**

In the investment realm, assumptions about investors' rational behavior are not easily met. Investors often exhibit behaviors that are inconsistent with the assumptions of rationality and often perform actions based on intuition that are relatively deviating from the assumption. This phenomenon is known as cognitive bias in decision making (Asri, 2013). Cognitive bias is caused by behavioral variables grouped into three main groups. The first group is a behavioral simplifying group of decision-making processes (heuristic), which consists of:

a. Availability, which illustrates that in one's view, the probability of occurrence of something is determined by how closely similar events are cautioned.
b. Hindsight, refers to the tendency of people to feel that an event can be predicted before only by looking at the last event that happened.
c. Representativeness, in this context human beings tend to take shortcuts in making conclusions by assuming that something he faces represents a certain group that has been structured in his mind, even though the group is not necessarily represented.

The second group contains information about the reactions bias, which consists of:

a. Overreaction, states that humans generally tend to overreact to dramatic news or events, whether positive news or news containing negative information.
b. Conservatism, this behavior often infects certain people in the face of change. They tend to be slow in adjusting to these changes and tend to react less to information, making it too late to take advantage of opportunities.
c. Anchoring and adjustment is a way of making judgments in uncertainty by holding tight to certain information held (and defined as "anchors") and making any necessary adjustments. Even sometimes too fixated on the anchor and are reluctant to go too far to make adjustments.
d. Confirmation bias, in this concept it is said that the subjectivity of people to information is sometimes excessive so he is so confident in an information and do not believe in other information.

The third group contains the bias of information understanding and adjustment, which consists of:

a. Excessive optimism, describes a person's behavior that tends to overestimate the frequency of success and tends to underestimate the frequency of failure.
b. Overconfidence, indicates a person's judgment of his or her ability to judge himself or herself above average.
c. Framing effect, is a concept that explains how people will react to information coming to it, where the reaction is determined by the way the information is delivered.

d. Disposition effect, describes the wrong decision-making that someone made just because it did not at the right time for a reason. Someone does a disposition because it is too hasty to sell or release a good-performing stock and / or take too long to hold a poor performing stock.
e. Mental accounting, in this concept it is assumed that humans divide their money into certain groups (accounts) based on the purpose of utilizing the money. However, they may behave differently for each group or account. It shows human inconsistency in living everyday life.

**Theory of Behavioral Finance**

The theory of financial behavior can be translated as the use of psychology in the discipline of financial science. Behavioral Financie is an investment analysis that uses the science of psychology and finance, an approach that explains how people (investors) to invest or related to finance is influenced by psychological factors (Manurung, 2012). Behavioral finance basically explains the possible bias of the decisions expected by the theory of expected values, these aberrations which are then referred to as irrational behavior (Asri, 2013). Tilson (2005) in Lubis et al. (2013, pp. 16-17) states that behavioral finance is a theory based on the science of psychology that seeks to understand how emotions and cognitive deviations affect investor behavior.

**Investor Behavior in Capital Market**

Joachim Goldberg and Rudiger von Nitzsch (2001) in Natapura (2009) categorize investors in the capital market into the following three categories.

a. Intuitive type, this type of investor has intuition for transactions and favorable situations, and takes action based on intuition.
b. Emotional type, emotional type investor is not accustomed to making decisions individually, but rather to exchange opinions with others before making a decision and join people who have the same thoughts.
c. Rational type, rational investor will try to control the factors that can influence behavior of market participants in the future that is information and forecasting.

Syamni (2009) in Puspitaningtyas (2014) states that there are two types of investors in digesting information, ie informed investors and uninformed investors. Informed investors are investors who can capture available information relating to the trading process and know when to make buying or selling decisions on all events. Uninformed investors are investors who lack the awareness or ability to capture and utilize the available information. While Puspitaningtyas (2014) classifies investors into two types, namely rational investors and investors are not (less) rational. The rational investor in his decision-making process will try to utilize all the information he obtained as an analysis material, both accounting information (as a public signal) and personal signals. Meanwhile, investors who are not (less) rational, in making investment decisions by (only) guided by private signals (such as: instinct, follow-up, not used to analyze the details of the situation and condition of the business sector, even believe in the mystical aspects of the investment offered ).

## METHODOLOGY

This research is a qualitative research using case study approach. The analytical unit used is the investment decision-making process by NTB investors in Indonesia Stock Exchange (IDX). The case study design in this study is a single embedded case. The use of this design because the case to be studied is a single case of stock investors behavior and conducted at various locations in the province of West Nusa Tenggara (one case-multi site). The informant who became the subject in this research is individual stock investors who are domiciled in NTB. Investors of West Nusa Tenggara who became informants in this study amounted to 5 persons.

Stages of data collection using interview techniques with open-ended type. While the data analysis using the model proposed by Miles and Huberman (1992) which consists of three stages, namely data reduction, display data and conclusion drawing / verification.

## FINDINGS AND DISCUSSION

### Informant Research

The respondents were from various educational backgrounds, ages and occupations that can be seen from the following table.

Table 1: Profile of Informant Research

| No | Name | Informant Code | Age (year) | Last Education | Daily Job |
|---|---|---|---|---|---|
| 1 | Ghibran | 01 | 20 | Senior High School | College student |
| 2 | Riyanto | 02 | 55 | Bachelor | Employees of SOEs |
| 3 | Sujana | 03 | 22 | Senior High School | College student |
| 4 | Septiya | 04 | 23 | Bachelor | Private employees |
| 5 | Chrissaldy | 05 | 24 | Bachelor | Branch Manager PhintracoSekuritas |

**Profile of NTB Investors in Investing and Investor Behavior in Making Investment Decisions in IDX**

After going through the process of data collection and data reduction, the profile of NTB investors in investing and investor behavior in making investment decisions in IDX can be displayed through the following table.

Table 2: Profile of NTB Investors in Investing and Investor Behavior in Making Investment Decisions in IDX

| NO | THEME | TOPIC | RESEARCH RESULT | INVESTOR CODE |
|---|---|---|---|---|
| 1 | Profile of West Nusa Tenggara Investors in Investing in IDX | Investment Background | Investing in stocks is more profitable than investing in other financial products | 01, 02, 03, 04, 05 |
| | | | Investing in stocks allows investors to be independent in decision making | 03, 05 |
| | | Investment Objective | Profit from capital gains | 01, 02, 03, 04, 05 |
| | | Orientation of investment term | Long term investment | 02, 03, 04, 05 |
| | | | Short term investment | 01, 04, 05 |
| | | Risk Preferences | Risk-taker investor | 01, 04, 05 |
| | | | Risk-neutral investor | 02, 03 |
| | | Category of stock in investment | Blue chip stock | 02, 03, 04, 05 |
| | | | “Fried” Stock | 01, 04, 05 |
| | | Frequency of investment | Daily | 01, 04, 05 |
| | | | Monthly | 02, 03, 04, 05 |
| | | Understanding of financial information | Have an adequate understanding | 01, 02, 03, 04, 05 |
| 2 | West Nusa Tenggara Investors Behavior in Investment Decision Making | Use of financial information | Used in long-term investments | 02, 03, 04, 05 |
| | | Use of supporting information | Recommendations from analysts and media coverage | 01, 02, 03, 04, 05 |
| | | Technique of stock analysis | Fundamental analysis | 02, 03, 04, 05 |
| | | | Technical analysis | 01, 04, 05 |
| | | Portfolio policy | Consists of stocks with different sectors | 01 |
| | | | Divided by investment term | 03, 04, 05 |
| | | | Focus on one sector with different stocks | 02, 05 |
| | | Cognitive bias | Disposition effect | 01, 04, 05 |
| | | | Mental accounting | 01, 04 |
| | | | Representativeness | 02 |
| | | Rationality | Rational | 01, 02, 03, 04, 05 |

**Relationship between Investment Background and Investor Risk Preference**

NTB Investors have different backgrounds and reasons in deciding to choose stocks as an investment instrument, such as because investing in stocks is more profitable than investing in other financial products. Investing in stocks also allows investors to be more independent and flexible in decision-making compared to other financial products. As known, in the Capital Market itself other than stock there are other financial products such as bonds, mutual funds and Retail SUKUK. Other investment alternatives can also be done on Money Market, Derivative Market and Futures Market (Susilo, 2009). However, NTB investors prefer investing in stocks on the grounds that stocks offer higher profits and discretion in decision making.

The reason shows that NTB investors in the process of deciding stock as an instrument of their investment have made a comparison between various financial products. From that comparison they conclude that investing in stocks is the best option for investing. This is in line with the assumption of rational preferences regarding human behavior proposed by Ackert and Deaves (2010) in Asri (2013). In the assumption of rational preferences it is said that humans can measure and thoroughly compare all available options by clearly prioritizing the order of priorities between one alternative and the other so they can rationally select. The reasons behind NTB investors in investing these stock show their rational behavior in making decisions.

Decisions taken using the assumption of rational preferences have consequences that everyone should take the same decision. Like the comparison of NTB investors to various investment alternatives that get the result that stock investment is the best investment alternative, so everyone who makes the same comparison should take the same decision, that is, invest in stocks. But the fact is, not all investors are investing in stocks, their investments are spread out in various available investment alternatives. This is what underlies Bernoulli in the eighteenth century introducing the expected utility theory, in Asri (2013) explained that not everyone will choose the same alternative, depending on the individual's attitude toward risk.

This study shows that NTB investors who choose stock as an alternative investment have risk preference as risk taker investor and risk neutral investor. They know their own tendency towards risk and unconsciously risk preference that leads them to choose stock as an investment alternative. So it can be concluded that NTB investors who choose stock as an investment option are those who have risk preference as risk taker investors and risk neutral investors. While investors with risk preferences as risk averse investors may be more likely to choose other investment alternatives that have a lower risk. The background of investor choice in investing NTB can be illustrated through the following model.


Figure 1: Relationship Model of Investment Background with Investor Risk Preference

The above model is an adjustment of the benefit theory of Bernoulli's theory which emphasizes that the choices individuals take depend on their attitudes to risk (Asri, 2013), so that the background of investors in choosing alternative investment options is also determined by individual risk preference. Investors with risk preferences as risk taker and risk neutral will choose the stock as their investment choice. While investors with risk preferences as risk averse will choose other alternatives as an option in investing their owned productive assets.

Risk-taker investors and risk-neutral investors can be regarded as investors who are ready to face the risk of any decision taken. They are aware of the risks faced and the worst possible consequences of being wrong in making decisions. While risk-averse investors are unprepared and risk-averse investors, they prefer to deal with risk-free investments, and stock investments are not included in their investment criteria. The behavior of risk-averse investors by Statman (1995) in Asri (2013) can be caused by psychological factors such as fear to regret that ultimately causes them to doubt and act irrationally. The fear will be greater if he knows the consequences of the mistakes made.

Regret theory (Asri, 2013) mentions that a person may feel remorse for one of two different things: (1) feeling regret for having taken an action or making a certain decision, and (2) feeling regret for not doing something. Both possible regrets are very open to experience when investing in stocks. Investing in stocks requires an investor to make a decision, either make a decision to take a particular action or decide not to take action. When wrong in taking action or making decisions, stock investors have the potential to face regrets. While risk-averse investors are individuals who do not want potential regrets, so from the beginning they anticipate it by not investing in stocks and choosing investments in other instruments that are not at risk.

The decision of the investor to invest in stocks with the readiness to bear the risk of losses will be accompanied by the hope of making a profit. Profit is then used as an investment goal by every investor. This is consistent with that proposed by Tandelilin (2001) in Aprilliantoet. al (2014) that the purpose of people investing is to generate a sum of money, or more broadly can be expressed as improving the welfare of investors. The purpose of investment to get a return (return) in the form of money or increase the welfare of investors, in stock investment can be obtained from capital gains and dividends (Susilo, 2009). Of the two returns that can be obtained, NTB investors expect more profit from capital gains. While dividend is more regarded as a bonus only and not a priority.

Expecting profit from capital gains is the most rational choice for every investor, especially individual investors whose investment value is not too much. Because a few percent profit will be significant for investors with little investment value. While the profit to be received from dividends depends on the shares owned, and there is no guarantee that annually the company will pay dividends. In addition, profits in the form of capital gains can be obtained by investors in a shorter period of time, when stock prices have increased so investors can decide to make sales to obtain capital gains. While dividends can only be accepted once a year.

**Relationship of Investment Objectives, Investment Time Orientation and Investor Risk Preference**

Determination of investment objectives to benefit from capital gains and / or dividends will lead investors in determining the investment time orientation. The investment term orientation is the timeframe for investors to hold stocks purchased up to sale. The investment term orientation consists of short-term and long-term. Short-term investment orientation is defined as buying and selling activities of a stock within one business day. While long-term investment orientation is defined as buying and selling activities of a stock within a period of more than one business day, investors typically set a time span within a year or within a certain period. In the span of time, short-term and long-term, it is expected that stock prices will increase to then make a sell decision in order to gain profit in the form of capital gains.

NTB Investors sets the investment term orientation that varies, ie short term, long term and run the two time periods in tandem. The results of this study indicate that investors who set short-term investment orientation are investors with risk preferences as risk takers. Investors with long-term investment orientation are investors with risk preference as risk neutral. While investors who set the short-term and long-term investment orientation in tandem are investors with risk preferences as a risk taker but with an investment period of more than one year. This shows that NTB investors recognize that short-term investment has a higher risk level than long-term investment, certainly accompanied by higher short-term investment returns from long-term investments. So investors with risk taking and longer investment period (more than one year) diversify to reduce the risks faced by running short-term and long-term investments together.

Investor risk preferences by Hartono (2017) will be largely determined by age and income level. Limited human life and different levels of income will affect investor risk preferences throughout their life cycle. Based on investor life cycle, investor risk preferences generally undergo the following changes (Hartono, 2017).

a. Accumulated phase, This phase is the initial phase of investor career, investors generally still have little wealth but still have a long time to collect it. Investors in this phase have a young age and are generally willing to assume greater risk for greater returns. So investors in this phase have a risk preference as a risk taker.
b. The consolidation phase, this phase is the mid-to-end career phase of the investor, when the income earned by the investor exceeds his expenses. Investors in this phase are generally no longer young and have a risk preference at moderate level (moderate investor / risk neutral).
c. The spending phase and gifting phase, this phase is the final phase of career and retirement from the investor, the cost of living of the investor can be covered from the investment that has been accumulated before. Investors in this phase are old and retired. Investors like this generally make a safe investment because it is very dependent on the results of the investment to bear the cost of his life. So the risk preference is at the lowest level or risk averse.

Hartono's (2017) statement is in line with the results of this study. In general, young NTB investors with relatively low incomes, identify themselves as risk takers. While NTB investors who have entered the final phase of their careers, have more income than their expenses, identify their risk preference as moderate or neutral (risk neutral) which can be seen from the investment choice and the orientation of the investment period.

From the above descriptions, a model can be established that links the investor life cycle, risk preferences, investment time orientation and investment objectives as follows.

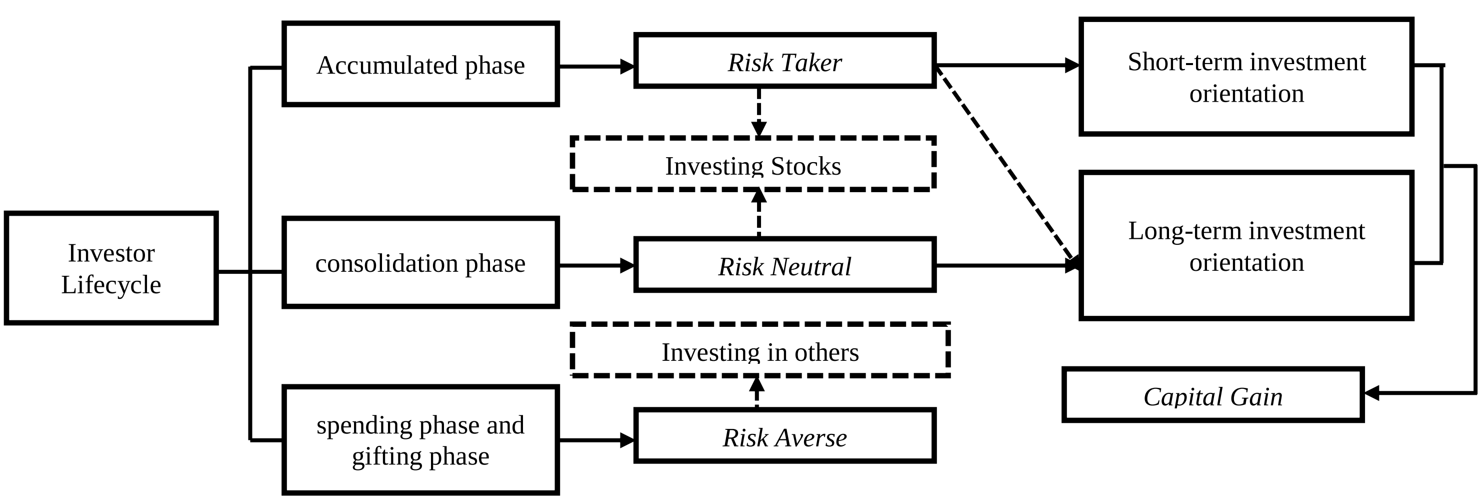


Figure 2: Relationship between Investor Lifecycle, Risk Preference, Investment Time Orientation and Investment Objectives

 

The above model shows that the life cycle of investors divided into several phases will determine the risk preference of each investor. Investors in the accumulation phase have risk preference as risk takers, in the consolidation phase will turn into risk neutral and in the last phase of the spending and gifting phase, investor risk preference becomes risk averse. Investors with risk taker and risk neutral risk preferences will choose stocks as an investment option, while investors with risk averse risk preferences will choose other investment alternatives according to their low risk tolerance levels. To achieve the investment objective, which is to obtain capital gains, risk taker investors will choose short-term investment orientation, risk neutral investors will choose long-term investment orientation. While risk taker investors with long investment period (more than a year) will diversify the investment period by running a long-term investment orientation to minimize the risks to be faced.

**Choice of Stock Category and Investment Frequency based on Investment Time Orientation**

In choosing the shares to be the object of investment, the investor determines the choice of NTB based on certain categories that are influenced by the investment period of each investor's orientation. Investors who run investments with long-term orientations determine their choice in stocks that fall under the bluechip category. Shares with the bluechip category quoted from Octavian (2017) is a type of stock with the highest market capitalization above 10 trillion rupiah and has a reputation in terms of fundamentals. There are several characteristics owned by bluechip stock, which have big capitalization, have good liquidity, have long been in stock market and make company performance as benchmark. Stocks in this category have a stable value and low risk. Choosing a stock with the bluechip category as an investment option is a rational step for investors with long-term investment orientation, because the risk that shares in this category match their risk preference, that is risk neutral.

As for investors who run their investment with short-term orientation to choose stock, in terms of investors, called ‘fried stock’. ‘The fried stock’ is the thing that is given to the growing company, small capitalization and liquidity, and has a low price. Stock prices fall into this category are easy to move, even there are some companies whose shares tend to sleep long, suddenly the price rises. This is what led to the term fried stock, because the price movement is not due to fundamental factors, but because the game investors (Setya, 2016). Stocks that fall into this category certainly have a very high risk, depending on how investors find the right momentum to invest. So the choice of this category for investors with short-term investment orientation that has risk preference as risk taker is a rational choice.

 

Different categories of stocks selected by investors with short-term and long-term orientation, namely stocks with fried categories and bluechip categories, have an influence on the frequency of investment by investors. Short-term investors, who in fact expect to earn a profit every day, although with a nominal not too high, doing investment activities every day during the working day. While long-term investors do investment activities at least once a month. It has a correlation to investor risk preference. Daily investment activity requires investors to make decisions quickly and precisely, resulting in higher risks faced. So it is right for investors who have risk preference as risk taker. While long-term investment activities, at least once a month, make investors have a longer time to do the analysis or consideration before making a decision. So it will be directly proportional to the low risk that will be faced by those who have risk preference as risk neutral. Therefore it can be concluded that NTB investors with risk preferences as risk takers have higher frequency of investment than investors with risk preference as risk neutral.

The results of this study are in line with Dorn and Huberman (2005) and Glaser and Weber (2007) studies that found that risk taker investors tend to trade more frequently, but those who consider themselves smarter will transcend more aggressively. While Anderson's (2008) study found that low-income, poorer, younger and less educated investors will invest heavily in stocks, transact more frequently and perform worse. Some of these studies prove that investors with risk taker risk preferences tend to have higher investment frequency than investors with other risk preferences. While on the investment performance side, Anderson's (2008) assertion that investors with the frequency of investments have worse performance is very likely to happen because the demand to take quick and precise decision as well as the stock chosen by investors risk taker is a high risk stock.

**NTB Investors Behavior in Investment Decision Making**

The previous discussion shows that the profile of each NTB investor in IDX is different from one another that is heavily influenced by the orientation of the investment period taken. Investors with short-term investment orientation have different profiles with investors who are investing with long-term orientation. So the discussion of investor behavior in this section will compare the differences of investor behavior according to the orientation of their investment term, short term and long term.

The first difference lies in the use of financial information. In this study found that not all NTB investors use financial information as a basis in decision making. Although in the research Puspitaningtyas (2012) found that accounting information contained in the financial statements have value relevance and beneficial to investors in decision making. However, the investment time orientation factor that determines the choice of stock category and stock analysis technique becomes the determinant of the investor will use the financial information or not. Investors with short-term investment orientation do not use financial information in their investment activities. They use the history of price movements as the main information. While investors with long-term investment orientation are very concerned about the information available in financial information. The financial information used is the financial ratios of each company.

The results of this study are in line with the research of Aprillianto et al. (2014) who found that the behavior of stock investors in investment decision-making tended to be influenced by their stock analysis techniques. Investors who use fundamental analysis tend to be intense and dominant in using financial information as a basis for decision making. While investors who use technical analysis tend to be less frequent and not dominant in using financial information as the dasa of investment decision.

The second difference between investors with short-term and long-term investment orientation can be seen in the use of stock analysis techniques. Short-term investors prefer to use technical analysis, while long-term investors use fundamental analysis techniques combined with technical analysis. Technical analysis used by NTB investors emphasizes the history of price movement reinforced by various indicators used. The fundamental analysis basing the analysis of macroeconomic and micro enterprise information.

The use of stock analysis techniques by NTB investors based on investment time orientation with various instruments analyzed in line with general investment concept. As pointed out by Aziz (2012), technical analysis by Charles Henry Dow is intended for short-term investment period through analysis of stock price movements over a period of time. While fundamental analysis by Benjamin Graham is intended for long-term investment activities through analysis on the financial performance of a company.

The next difference lies in the cognitive bias of each investor. Investors with short-term orientations have a tendency to behave disposition effects and mental accounting. While investors with long-term orientation have a tendency behave in the decision-making representativeness made. The findings of this study on the behavior of disposition effect by NTB investors were also found by Shiller (2003), Dhar and Zhu (2006), Frazzini (2006), and Grinblatt and Han (2005) who found the effect of disposition effect on investors the tendency to realize profits too quickly and cut losses for too long, by selling stocks that are experiencing price hikes too fast and holding down stocks that have fallen in price too long. While the results of Dhar and Zhu (2006) studies that smaller disposition effects for experienced professionals and higher risk-neutral investors indicate that risk-taker investors with short-term investment orientations have a tendency to behave higher disposition effects.

## CONCLUSION

Based on the analysis that has been done in this research, can be drawn the conclusion as follows-

1. NTB investors who choose stock investment as an alternative investment have risk preference as risk taker and risk neutral. In realizing the investment objectives for obtaining capital gains, NTB investors have different investment time orientations based on their risk preference. Risk-taker investors run investments with short-term orientation by investing every day and selecting stocks with the category of ‘fried foods’ as an investment object. While risk-neutral investors run investments with long-term orientation by investing at least once a month and selecting stocks with the bluechip category as the object of investment.
2. In the decision-making process, NTB investors with short-term investment orientation use technical analysis techniques by basing information on stock price movements supported by various indicators available. Investors with long-term investment orientation use fundamental analysis by basing information on macroeconomic and micro enterprise (financial information). Short-term investors have a tendency to behave disposition effects and mental accounting. While long-term investors are more likely to behave representativeness. In general, NTB investors have met the assumption of rationality as a rational investor because it based every decision based on a thorough analysis according to the relevance of the information needed.

## LIMITATIONS

This study has several limitations, among them as follows:

1. This study uses qualitative approach and the number of informants is limited to 5 (five) people, so the results of this study can not provide generalizable conclusions on the behavior of NTB investors in investing in IDX as a whole and only limited to informant research only.
2. This study focuses on the behavior of individual stock investors only, while there are other investors such as institutional investors and in IDX also there are other investment instruments other than stocks, such as bonds, mutual funds and Retail SUKUK.

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