

# THE INFLUENCE OF PSYCHOLOGICAL FACTORS ON INVESTMENT DECISIONS BY STUDENTS AT BHAYANGKARA JAKARTA RAYA UNIVERSITY

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## ABSTRACT

The younger generation has an important role in the economy in Indonesia, in this case the researcher relates to the role of students in the world of investment. Bhayangkara Jakarta Raya University is one of the universities that already has an Investment Gallery which aims to introduce students to the world of investment and provide hands-on training and practice. So it is hoped that after completing their studies, they can go directly as investors and investment managers. Based on the above background, the purpose of this study is to determine how much influence individual psychology has on student investment decisions at Bhayangkara Jakarta Raya University (Ubhara Jaya). This research is descriptive quantitative research. Research respondents were 137 students who are currently registered as investors at the Ubhara Jaya Investment Gallery. Validity and reliability tests are carried out in testing the reliability of the research instrument. Analysis of research data using simple regression with the independent variable is individual psychology and the dependent variable is the behavior of investors. As for the hypothesis test, the significance value  $<0.005$  so that it can be said that  $H_0$  is rejected and  $H_a$  is accepted, meaning that there is an influence between individual psychology on investment decisions in students of Bhayangkara Jakarta Raya University.

**Keywords:** Individual Psychology, Investment Decisions, Student Investors

## I. INTRODUCTION

The capital market has a strategic role in the economic development of a country. With the capital market, individuals or communities have the opportunity to transfer funds from those who have excess funds to those who need them (Hartono, 2013). The capital market is also a source of funding for companies through the sale of securities (Sheikh and Riaz, 2012). Investors will respond to various securities traded in the capital market by looking at various aspects to be considered as investment decisions. Along with the rapid development of investment in the capital market, financial behavior plays a very important role in making investors' decisions (Statman et al, 2006; Ali et al, 2019). Investment decision making for investors will be greatly influenced by the information obtained and investors' knowledge about the investment. So far, an investor's investment decisions have been viewed from two sides, namely (1) the extent to which these decisions can maximize wealth (economic factors), and (2) behavioral motivation, namely investment decisions based on aspects of investor psychology (Christanti and Mahastanti, 2011).

The level of stock trading transactions is influenced by investor behavior. In traditional financial theory, the approach used is for the market to be efficient, and highly normative. In modern financial theory, a new paradigm called behavioral finance has emerged. Financial behavior aims to understand the implications of investor behavior in markets / exchanges related to psychological aspects of decision making (Olsen, 1998). Investor behavior is determined by several factors, including the psychological aspects and personal character (trait

personality) of the investor. Psychological aspects are a contributing factor in determining investor behavior. Psychological aspects are categorized into three aspects: bias, heuristics, and framing effects.

Rational investors will usually tend to think to maximize their wealth from the investment made. So in this case investors will seek as much information as possible, such as information on company financial reports, company performance, risks, economic conditions, inflation, interest rates, and so on. However, along with the development of financial management science, especially in relation to investment theory in the capital market, many researchers have seen a shift in the tendency of investors in making investment decisions. For example, the psychological aspects that can influence investor behavior are better known as the concept of behavioral finance (Suryawijaya, 2003).

The younger generation has an important role in the economy in Indonesia, in this case the researcher relates to the role of students in the world of investment. Bhayangkara Jakarta Raya University is one of the universities that already has an Investment Gallery which aims to introduce students to the world of investment and provide hands-on training and practice. So it is hoped that after completing their studies, they can go directly as investors and investment managers. Based on the above background, the purpose of this study is to determine how much influence individual psychology has on student investment decisions at Bhayangkara Jakarta Raya University.

## II. RESEARCH METHOD

This research is descriptive quantitative research. Research respondents were 137 students who are currently registered as investors at the Ubhara Jaya Investment Gallery. Validity and reliability tests are carried out in testing the reliability of the research instrument (Untari, 2019). Analysis of research data using simple regression with the independent variable is individual psychology and the dependent variable is the behavior of investors (Dharmanto et al, 2019). Individual Psychological Variable Indicators include; Perceptions, Attitudes, Personality, Willingness to Learn, and Motivation. Meanwhile, the Investor Behavior variable is the experience obtained from evaluating alternatives that will ultimately affect all elements of psychological factors. (Bernard, 2009). The hypotheses to be tested are as follows;

Ho: There is no influence of individual psychology on investment decisions in Bhayangkara University students, Jakarta Raya

Ha: There is an influence of individual psychology on investment decisions in students of Bhayangkara Jakarta Raya University

## III. RESULTS AND DISCUSSION

From the results of the calculation of SPSS for Windows, the validity can be seen that the independent and dependent variables are valid because the Pearson Correlation value is greater than 0.05 (Untari, 2020). Meanwhile, the reliability test for the independent variable obtained alpha 0.643 which means moderate reliability. And the dependent variable got alpha 0.511 which means moderate reliability.

Based on data processing in simple regression (Table 1), the following equation is obtained;

Table 1. Output SPSS (Regression)

Model	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
	B		Beta		
1 (Constant)	20,519	7,478		1,167	,005
X	,128	,098	,387	2,735	,000

a Dependent Variable : Y

Sources; Data processed, 2021

$$Y = 20,519 + 0,128 X1$$

From the above equation it can be interpreted as follows: 1. The influence of individual psychology variables (X1) on investment decisions based on the results of calculations partially has a positive and significant effect. A positive sign in the regression coefficient (b1) of 0.128 means that individual psychology affects student investment decisions, so that the better the individual psychology (in this case students), the greater the effect on investment decisions. As for the hypothesis test, in table 1 it can be seen that the significance value is <0.005, so it can be said that Ho is rejected and Ha is accepted, meaning that there is an influence between individual psychology on investment decisions in students of Bhayangkara Jakarta Raya University.

#### IV. .CONCLUSION

Investment has two main functions, the first is related to the circulation of capital which has an impact on the Indonesian economy, the second is related to the profession that can be implemented by students as provisions to earn a living. Thus education and the introduction of investment are very important for students as the younger generation. Bhayangkara Jakarta Raya University is one of the universities that already has an Investment Gallery as a medium for student learning about the world of investment. Here, students are also given the opportunity to play an active role as investors. Based on the research that has been done, it turns out that individual psychology is very influential in improving investment decisions by students. Thus, it is necessary to create a massive and continuous socialization program to increase students' understanding of the need for investment. Thus, it is hoped that the younger generation, especially students of Bhayangkara Jakarta Raya University, can play an active and optimal role in the world of investment in the future

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