

# 2018 - Young Investor Behavior: Implementation Theory of Planned Behavior

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**Submission date:** 08-Dec-2021 09:07AM (UTC+0700)

**Submission ID:** 1723940699

**File name:** Investor\_Behavior\_Implementation\_Theory\_of\_Planned\_Behavior.pdf (343.28K)

**Word count:** 7642

**Character count:** 42305



# 1 YOUNG INVESTOR BEHAVIOR: IMPLEMENTATION THEORY OF PLANNED BEHAVIOR

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## ABSTRACT

*This study aims to examine the behavior of young investors in investing on the stock. Analysis of investor behavior is done by using Theory of Planned Behavior (TPB), which consists of attitude, subjective norm, and Perceived behavior Control, then used as an independent variable. Behavioral intention as intervening and behavior variable as the dependent variable. This study uses primary data, and data collection using questionnaires in the student population in Surabaya. Data were analyzed using partial least square analysis. The results of this study indicate that attitudes, subjective norms, and behavioral controls have no effect on interest, while interest influences investment behavior.*

**Key words:** young investor, attitude, subjective norm, perceived behavior control, behavioral intention, investment behavior.

**Cite this Article:** RA. Sista Paramita, Yuyun Isbanah, Trias Madanika Kusumaningrum, Musdholifah Musdholifah and Ulil Hartono, Young Investor Behavior: Implementation Theory of Planned Behavior, International Journal of Civil Engineering and Technology, 9(7), 2018, pp. 733–746.  
<http://iaeme.com/Home/issue/IJCIET?Volume=9&Issue=7>

## 1. INTRODUCTION

Investors are faced with several alternative investment options, such as in capital markets, money markets, and other investment alternatives. Data of PT Kustodian Sentral Efek Indonesia (KSEI) (2016) noted that the number of Single Investor Identification (SID) investors until December 2016 was 891,070, has an increase of 105.27 percent compared to December 2015 of 434,107. Total assets ownership in C-BEST shows that there is an increase of local investor ownership to 50.07 percent from 42.70 percent in 2015, which indicates that local interest in stock investment in the capital market has increased.

In January 2015, Investors in East Java as many as 45,000 investors and dominated investors who live in Surabaya recorded about 24,000 investors. This number increased by about 11% compared to the end of January 2014 to about 21,000. By the end of 2015, the

total number of capital market investors in Surabaya is 26,705 SID or 6.22% of the total number of investors overall. In 2015, the total number of investors in Surabaya is 2,676 SID, and in East Java, there are 8,692 SIDs (Labs Media, 2016).

The existence of young investors from among students is still very limited. Therefore, the Indonesia Stock Exchange is currently also actively conducting socialization to invest for students with the jargon "Yuk Nabung Saham". This research is important because, in Indonesia, research on investor behavior among students is still lacking. Therefore more in-depth research is needed to reveal how the implementation of the theory of planned behavior on investment interest in stocks, especially for young investors from among students.

Behavioral theory influences the level of investment decision making. Several previous studies have shown different results on investment behavior. Therefore more in-depth research is needed to reveal how the implementation of the theory of planned behavior on investment interest in stocks, especially for young investors. Efforts to understand individual behavior begins with the concept of Theory of Reasoned Action (TRA) proposed Fishbein and Ajzen (1975). This theory was later developed by Ajzen (1985) to Theory of Planned Behavior (TPB) to predict individual behavior more specifically.

This research is based on research in Indonesia about the relationship between attitude and behavior. The study using TPB as the main conceptual framework is still not fully followed by a system of measurements in accordance with this theory. The dimensions of attitudes, subjective norms and behavioral control constructed from the interaction between the two psychological aspects of the support of these dimensions are still not much taken into account in constructing the research variable.

In relation to behavioral theory, Ajzen (1991) introduced the social-psychological concept to predict human behavior, called Theory of Planned Behavior (TPB). TPB explains the factors that influence the behavior of an individual, where an individual will perform an action based on the factors that influence (Nugroho, 2012). There are three concepts of TPB: attitude toward the behavior which refers to the degree to which a person forms a positive or negative evaluation of behavior, subjective norm, which refers to the perceived social pressure to perform or not to perform such action, and behavior control (perceived behavioral control) that refers to people's perceptions of their ability to perform certain behaviors.

This TPB theory has been applied to several investment behavior studies (East, 1993). The results of previous studies show a gap related to investment behavior studies in the capital market and interesting to investigate further. Phan and Zhou (2014), Philmore and Broome, (2010) revealed that attitudes, subjective norms, and perceived behavior control significant effect on investment interest in the capital market. However, different results are shown by Luky (2016) which states that attitude affects the interest of investors in the capital market, while subjective norms and perceived behavior controls have no effect on investment interest. Warsame and Irena (2016) apply Theory of Planned Behavior (TPB) in using Sukuk investment, and attitude and perceived behavior control have a positive and significant influence on behavior intention.

## 18 2. LITERATURE REVIEW

### 2.1. Theory of Planned Behavior

Theory of Planned Behavior (TPB) is the development of Theory of Reasoned Action (TRA). In the TRA applied in consumer behavior, buying behavior is influenced by intention, attitude

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toward behavior and subjective norms (Dharmmesta, 2002). TRA explains that attitudes affect behavior through a careful and reasoned decision-making process, and have an impact on three things: (1) behavior is not only influenced by general attitudes but more specific attitudes toward an object; (2) behavior is not only influenced by attitude but also by subjective norms; and (3) attitudes toward behavior along with subjective norms form the intention to behave (Sihombing, 2003). TPB is a development of TRA.

Planned Behavior Theory (Ajzen 2006), shows that attitudes directly affect the intention. A person's desire to do something is influenced whether he has a positive assessment (useful, important, fun, comfortable, etc.) or has a negative rating (disturbing, unimportant, bad, etc.). TPB also explains that behavioral intention is not only influenced by attitudes toward behavior and subjective norms but is also influenced by perceived behavioral control.

## 2.2. Attitude Toward Behavior

Attitude toward a behavior is the tendency of a person to react or respond consistently to an object of attitude, in the form of objects, events, people, phenomena, or anything else. Attitude determines a person's judgment for the favorable-unfavorable attitude towards the object of such attitude (Yogatama, 2013).

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Ajzen (2005) suggests that attitudes toward behavior are determined by beliefs about behavioral beliefs and also relating to individual subjective judgments of the world around them, the individual's understanding of himself and his environment, which is done by linking certain behaviors with various benefits or losses that may be obtained if the individual does or does not do so. This belief can reinforce attitudes toward that behavior is based on an individual's evaluation, the data is obtained that the behavior can provide benefits for him.

Measurement of attitudes is often distinguished between belief or cognitive dimensions, feelings, and behavioral or conative trends. Cognitive grain is a statement of trust in attitude objects. The attitude is a very direct statement of feelings toward the attitude object, whereas the conical grain states the tendency to behave by observing the object.

## 2.3. Subjective Norm

In the TRA and TPB models, subjective norms are a function of normative beliefs, which represent perceptions about other preferences as to whether the behavior should be done (Jogiyanto, 2007; Fishbein and Ajzen in Japarianto, 2014). In everyday life, the relationships established by each individual can be categorized into vertical relationships such as the relationship between superiors; teacher-student; professors-students, or parents-children and relationships are horizontal eg relationships between individuals with friends or others equivalent (Fishbein and Ajzen (1975); Ajzen (2005); and Warsame and Ileri (2016)).

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The subjective norms are formed by a. Normative Belief, ie belief in others (reference groups), in which they think the subject should do or not do a behavior over the normative beliefs of the reference group that he thinks should be done. b. Motivation to Comply, which is the motivation that is in line with normative beliefs or motivations that in line with the person who became the reference group. According to Ajzen (2007), the subjective norm is the extent to which a person has the motivation to follow the view of people against the normative belief.

## 2.4. Perceived Behavior Control

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Ajzen (2007) describes perceived behavioral control as a function based on belief (beliefs), ie individual beliefs about the presence or absence of factors that support or hinder individuals

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to elicit a behavior. This belief is based on an individual's previous experience of a behavior, the information that an individual possesses about a behavior acquired by observing in self-possessed knowledge as well as others known to the individual, as well as by other factors that can increase or decrease the individual's feelings about the level difficulty in performing a behavior. The more individuals perceive many supporting factors and the few inhibiting factors for performing a behavior, the greater the control they feel over the behavior, then the greater the control they feel about the behavior and vice versa, the fewer individuals perceive the supporting factors and the many inhibiting factors to be able to perform a behavior, then the individual will tend to perceive themselves difficult to perform the behavior.

Perceptions of behavior control are called individual perceptions about the ease or difficulty of realizing a particular behavior (Ajzen, 2005). To explain the perceptual control of this behavior, Ajzen distinguishes it from the locus of control (Rotter, 1975). The control center relates individual convictions that are relatively stable in all situations. Perceptions of behavior control may change depending on the situation and the type of behavior to be performed. The control center deals with the individual's belief about his success in doing everything, whether it depends on his own efforts or other factors outside himself (Rotter, 1975). This belief can be related to specific achievements, such as beliefs mastering the skills of using computers well. Belief is based on two dimensions perceived behavioral control Fishbein and Ajzen (1975), namely: 1) Control belief, namely dimensions to see the factors that facilitate or inhibit individuals invest. 2) Power of control belief, ie dimension to see how much factor easiness and difficulty to invest.

### 2.5. Behavior Intention

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Based on the above theory, it can be concluded that behavioral intentions are an indication of how people are willing to try and how much of a business they plan to deploy in an effort to show behavior (Peter and Olson, 1990; www-nix.oit. Umass.edu/ ~ Aizen). The main dimensions of behavioral intentions are five as proposed by Parasuraman, et. al (1996) that is loyalty to the company, willingness to pay more, propensity to switch, external response to the problem, and internal response to the problem.

### 2.6. Behavioral Financial

Behavioral finance is a study of how a person actually behaves (positive approach), while conventional finance emphasizes on how a person should behave (normative approach). The science of behavior-based finance uses the science of cognitive psychology in explaining biased behavior, so the synergism between the two disciplines of financial science and cognitive psychology can prove that one's behavior can deviate from normative standards (Sherfin, 2007), and attempt to explain and understand about investor behavior, involves emotional processes and it affects the decision-making process (Ivada, 2010).

Suharini (2008, p.172) explains that customer behavior is all actions performed by the customer in relation to the purchase decision of various bank products. According to Irvine, et al., (2008, p.87) that customer behavior is customer behaviors that include: planning, action, and decision making processes to use bank services and evaluation services after using bank services.

Behavior is considered as a comprehensive activity because it covers the planning process until the evaluation after the decision to use the services of a service. Even the results of behavior evaluation after deciding to use the services of the bank also still included in the scope of customer behavior. Theories about individual characteristics involve internal factors

(abilities, attitudes, personality and effort or action) and external factors (task, others, environment and luck or fate) in explaining the cause of events or outcomes.

Related to this then the individual is expected to be able to determine the appropriate financial decisions and choices, which not only involves aspects of risk and return. However, it also involves the psychological aspect of the individual as a decision maker in which the psychological aspect itself can lead to deviations from irrational behavior that lead to biased decision making

## 2.7. Research Hypothesis

The research hypothesis is formulated as follows:

1. H1: Attitudes affect the behavioral intention of investing shares.
2. H2: subjective norms affect the behavioral intention of stock investment.
3. H3: Perceived behavioral control effect on behavioral intention in stock investing
4. H4: perceived behavioral control affects investment behavior
5. H5: behavioral intention has an effect on investment behavior.

## 3. RESEARCH METHODS

### 3.1. Research Design

The approach of this research is quantitative approach because (1) aims to quantitative data and generalize the result of sample and population, (2) the number of samples are many, (3) done structurally, (4) data analysis using statistic, and (5) to make recommendations (Malhotra, 2004) and cross-sectional, since at the same time the recording of perceptions of investors in Surabaya was observed.

The nature of the relationship between variables included in causality research because this study to determine the relationship between variables. Data collection research is based on the needs of the system conducted through literature study and field survey. Field surveys focused more on expert opinion and filling out questionnaires.

The location of the research is at the Faculty of Economics, State University of Surabaya. The population of this study is students who have become stock investors, who already have securities account, and sampling technique used is a random sampling.

### 3.2. Variable, Relationship between Variables and Operational Definition

The variables in this study are divided into 3 namely; (1) the independent variable, (2) the dependent variable, and (3) the intervening variable. In this study, there are three independent variables, namely Attitude toward behavior, Subjective Norm, and Perceived behavior Control. Variable intervening is the behavioral intention, and the dependent variable is behavior (stock investment behavior).

- Attitude Toward Behavior (X1) relates to evaluation, emotional feelings, and favorable or unfavorable and long-lasting person's tendency toward an object or idea (Kotler, 2003). Measurement of attitudes is often distinguished between belief or cognitive dimensions, feelings, and behavioral or conative trends.
  - Cognitive item is a statement of belief in an attitude object, eg Stock investment is a wise thing; Stock investment is a great idea.
  - Affective item is a very direct statement of feelings toward an attitude object, for example, I like to invest in stocks

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- Conative item states tend to behave with attention to objects, for example, stock investments tend to be stable
- 13 • **Subjective Norm (X2)** is a function of normative beliefs, which represents the perception of whether the behavior should be done (Jogiyanto, 2007). Beliefs are based on two dimensions of subjective norms according to Fishbein and Ajzen (1975), namely:
  - Normative belief, the dimension to see suggestions/opinions from others who influence the respondents who may affect the subject to show or not display the behavior of investing.
  - Motivation to comply, the dimension to see how much motivation the subject to follow the suggestions or opinions of these people.
- 44 • **Perceived Behavior Control / PBC (X3)** is an individual perception of how difficult or how easy it is to display a behavior (Ajzen, 2005, p 110). PBC is referred to in this research is FE Unesa student's beliefs about the easy or difficult in raising the behavior of stock divestment (control belief) and how much confidence can affect students in raising or not raising the behavior of investing shares (power of control belief).
- 6 • **Behavioral Intention (Y)** is how people are willing to try and how much effort they plan to deploy in an effort to show behavior. An interest in shaping behavior using a good or service can be achieved if the consumer has established a positive attitude toward a product. Intention 50 means the degree of how strongly the desire and effort of an individual in presenting a particular behavior (Ajzen, 2005), in this case, is the behavior of investing.
- **Investment Behavior (Z)** is assessed as a comprehensive activity concerning the planning process until evaluation after the decision to use services including the results of behavior evaluation after deciding to use the services of a service. Theories concerning individual characteristics involving internal factors (such as ability, attitude, personality and effort or action) as well as external factors (such as task, others, environment and luck or fate) in explaining the cause of an event or outcome.

In this study, the operational definition will explain the indicators of the above variables in table 1.

### 3.3. Data Analysis Technique

Technical analysis of data using PLS with stages 1) Designing an inner model, 2) designing an Outer Model, 3) Constructing Line diagram, 4) Converting path diagrams to equation form, 5) Goodness of Fit, 7) Hypothesis testing. The Inner Model will be presented in figure 1.

## 4. RESULTS AND DISCUSSION

### 4.1. General Description of Respondents

The respondents of this research are students of Faculty of Economics, who become investors in Indonesia Stock Exchange. Based on the data collection result, the characteristics of respondents of this study is represented in table 2.

The description of our respondent shows that female respondents were 69.70% of the total respondents. Judging from the age of the respondents, the majority were over 20 years old (90.91% of the total respondents). Respondents also dominated from Management study program that is equal to 72.73%. The level of student income per month, 57.58% ie less than Rp 750,000. The second order is 24.24% between Rp 750,000 to Rp 1,000,000. In general, student income is still obtained from the provision of parents.

Description of respondents' answers was to discover the distribution of respondents' answers based on the indicator of the research used. The result of the tabulation of data indicate the question indicator about investor attitude in stock investment (attitude toward behavior) is described as follows:

- Indicator statement of investor attitude toward stock investment is known that average of the respondent answer is between hesitate to agree with mean indicator 3.63.
- The subjective norm indicator is shown that the respondent's answer is at a level of doubt with the mean indicator 3.08.
- Perceived behavior control indicator is shown that the respondent's answer is between hesitant and agree with mean indicator 3.52.
- The Intentional Behavioral Intention is shown that the respondent's answer is between hesitant and agree with the indicator 3.44.
- All respondents have done share transactions. The questioner results in the time period to invest in stock reveals that almost 55% of respondents have become stock investor over one year. But the behavioral indicator is known that the respondent's answer is at a level of doubt with the indicator 3.19.

This research use data analysis with Partial Least Square (PLS). In this research, all indicators used are attitude, subjective norm, perceived behavioral control, behavioral intention, and behavior are observed variable, but in the model image of the research, the indicator is treated as an unobserved variable to fulfill the provision of Partial Least Square (PLS) programming.

This study uses validity test consisting of convergent validity and discriminant validity to test model multidimensionality and reliability test by considering the average value of variance extracted and composite reliability. The first outer loading results show that there are two indicators that have a loading value less than 0.50, ie Perceived Behavior Control (X32) and Behavior (Y11 + 2) to be excluded in the model. The model is re-estimated again. The output after the improvement is presented in Figure 2.

Based on figure 2, all indicators have a loading factor of more than 0.50. This result has fulfilled the convergent validity or all goodness-of-fit criteria are met and acceptable, so the model will be used for further analysis.

The method to assess discriminant validity is to compare the square root of the average variance extracted ( $\sqrt{AVE}$ ) for each construct with the correlation between the construct and the other constructs in the model. AVE root results for each attitude construct, subjective norm, perceived behavioral control, behavior intent, and behavior are greater than the correlation between constructs with other constructs. So it can be concluded all constructs in the model is estimated to meet the Indicator validity criteria, so the model is said to be good.

The construct reliability test is measured using the composite reliability of the Indicator block that measures the construct. The construct is declared reliable if the value of composite reliability is above 0.70. The output of composite reliability shows that the composite reliability value of all constructs is above 0.70. So it can be concluded that the construct has good reliability.

## 4.2. Hypothesis Testin

Outputs that describe the results of testing the research hypothesis is represented in table 3 are as follows:

- The magnitude of the parameter coefficient between Attitude with Behavior Intention is 0.256 and t-statistics of 1.291 which means there is no influence Attitude toward behavior has no effect on Behavior intention.
- The result of hypothesis testing shows that the magnitude of parameter coefficient between Subjective Norm to Behavior intention is 0.252, T statistic 1.632 and P-Value 0,103 meaning there is no influence between Subjective Norm to Behavior intention.
- The test results show that the value of parameter coefficient between Perceived behavior control with Behavior intention is 0.456 with the value of T Statistics of 1.832 so that Perceived behavior control does not affect Behavior intention.
- The test results showed that the magnitude of parameter coefficient between Perceived behavioral control to the behavioral intention that equal to -0.042 and t-statistics equal to 0.126 which means there is no influence between Perceived behavioral control to behavioral intention.
- The test results showed that the magnitude of parameter coefficient between behavioral intention to investment behavior that is equal to 0.627 and t-statistics of 3.114 and P-value 0.002, which means there is influence between behavioral intention to investment behavior

## 5. DISCUSSION

Attitude toward behavior has no effect on Behavior intention

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Ajzen (2005) argues that attitudes toward behavior are determined by beliefs about the consequences of a behavior or called behavioral beliefs (behavioral beliefs). It also deals with the individual's subjective judgment of the surrounding world, himself and his environment, which is done by linking certain behaviors with the benefits or losses gained when the individual does or does not do so. This belief can reinforce attitudes toward that behavior is based on an individual's evaluation, the data is obtained that the behavior can provide benefits for him.

In this study, students who become respondents were asked to answer questions relating to their attitudes toward the interest of investing in the capital market. One of the benefits individuals perceive from investing in the stock market is that stock investing is considered a wise decision, and is a good idea. The statement is something that is neutral and objective. This understanding can be obtained by individuals based on direct experience or from other people's stories and experiences. How strong is the individual's belief about investment activity in the stock market is subjective?

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This indicates the extent to which a person has a favorable or unfavorable behavior evaluation. This requires consideration of the outcome of the behavior. If this applies to stock market investments then the result of such behavior is the expected return on the investment. Investors may face favorable or unfavorable situations if the investor can not achieve the expected return on their valuation (loss), and if the investor can reach the expected rate of return that is a favorable situation (profit). (Dayaratne and Wijethunga, 2015)

Based on individual evaluation during investment in the capital market, investment activity in the capital market makes some feel more satisfied and happy. Feelings of pleasure and content are very specific individual subjective feelings, these can be different from those felt by others because there is already an influence of hope. For respondents who have high expectations on their investment, will give a positive response and will answer the statement "I am happy to invest in shares" with the answer Agree or Strongly Agree. However, for respondents who have low expectations on their investment, will give a negative response and

will answer the statement "I am happy to invest shares" with answers Hesitate, Disagree, or Strongly Disagree.

Based on the distribution of respondent's answers about "Attitude" shows almost all answers are in range 3 and 4 (Hesitant - Agree). This indicates that the student respondents perceive that the stock investment is actually considered a wise decision, is a good idea and promises a lucrative return opportunity.

These findings indicate that the student respondents will make a reasonable decision to initiate a behavior (Intention / Intention). Motivation, or intention to conduct behavior, can be influenced by cognition that the behavior is useful and important. Others believe that it is important to do in behavior and that the individual feels that he has the ability to successfully execute a behavior.

The personal situation of an investor will also affect when he begins to invest in shares. Similarly, the characteristics of beginner investors also show different associations with motivation, particularly their relationship to previous work, role-model availability, whether the investment is self-initiated or accompanied by investors / other investment actors and industry sectors (Sankar et al., 2016).

In particular, the results of the analysis of this study indicate that attitudes do not show any influence on intent. However, although the analysis of the pathway of this study did not show any significant effect, it is likely also affected by the relatively small sample size. Mahastanti and Hariady (2014) observed the influence of intention (interest) to invest for women in Indonesia. Their results are consistent with the results of this study, in which interest (intention) to buy financial products is not influenced by attitudes (attitudes). Dayaratne and Wijethunga (2015) concluded in his research that Attitude does not have a significant effect on behavioral intention.

### **5.1. Subjective Norm has no Effect on Behavior Intention**

The term Subjective Norm shows the belief about whether most people approve or reject the behavior. It relates to a person's beliefs about whether peers and those important to the individual think he or she should be involved in a behavior. It is a common practice of people to gain a peer-seeing view before making important decisions. An investor also sometimes consults with some investors in the stock exchange and will get some hints about the opportunities that are available if they invest in stocks.

Based on the response of student respondents, indicating subjective norm indicator that gives a respondent answer is at hesitant level with mean indicator 3.08. This shows that students who are beginner investors still that they do not have peers who also become an investor that affect their perspective in investing shares. Students also do not have role models that become role models in stock investing, as seen from answered many respondents also answer that show that parents do not do share investment (61%), and people who become their role model also did not invest shares (64%). Ali, Zani et al. (2005) concludes his research findings that the subjective norm has no significant effect on behavioral intentions within Islamic Unit Trusts.

### **5.2. Perceived Behavior control has no Effect on Behavior Intention**

Perceptions of behavior control are the feelings of a person about the ability or difficulty of realizing a particular behavior, (Ajzen, 2005). Perceptions of behavior control may change depending on the situation and the type of behavior to be performed. The control center deals

with the individual's belief about his success in doing everything, whether it depends on his own efforts or other factors outside himself (Rotter, 1975). If this belief is related to a specific achievement, for example, a belief can master the skill and have sufficient knowledge to invest in a stock properly called a perceived behavioral control.

A somewhat closer concept with behavioral perceptions of perception is self-efficacy or self-efficacy proposed by Bandura (in Ajzen, 2005). In general, self-efficacy is the individual's belief that he will succeed in mastering the skills needed to accomplish certain tasks (Bandura, 1995). The concept of perceptual behavior control by Ajzen (2005) is influenced by research conducted by Bandura (1995) on self-efficacy by adding the importance of individual control over the resources needed to achieve certain behaviors (Ajzen, 2002).

In TPB, Ajzen (2005) argues that perception of behavior control is determined by individual beliefs about the availability of resources in the form of equipment, compatibility, competence, and opportunity (control belief strength) that support or inhibit predictable behavior and magnitude of the resource control factor) in realizing the behavior.

The stronger the belief in the availability of resources and opportunities that individuals have with regard to certain behaviors and the greater role of these resources the stronger the perception of individual control over the behavior. Individuals who have a high perception of control will continue to be pushed and strive to succeed because he is confident with the resources and opportunities that exist, the difficulties it faces can be overcome.

Based on the answers of student respondents, it turns out when viewed from the ability and their knowledge of how to invest in stock, actually can be obtained description that they already have the knowledge and skills adequate. But on the item statement "I feel safe when investing in stocks because it does not pose a financial risk" quite a lot of respondents who answered in negative areas (Strongly Disagree, Disagree, and Hesitant).

If there are two people who both want to invest in stocks, although both try and practice, individuals with high-behavior controls know about the actions they need to take when in trouble. He knows about some things that need to be prepared, to whom he asks for help in case of difficulty so that this individual will continue to try harder. That is why Ajzen (2005) argues that this behavior control along with intentions is closely related to the conduct or non-conduct of a behavior.

Illustrations that can be used to clarify this understanding of behavior control are the behavior of using knowledge (financial concepts, stock fundamental analysis, and prudence) as well as skills (the practice of using the trading software, the use of technical analysis tools) to facilitate the investor to do stock investment activity (PBC). One factor that allows this investment activity to run is the availability of tools that allow investors to invest, for example, a computer with internet connection. Individuals who have computers connected to the Internet at any time feel confident that they can use stock trading software will have high confidence in control, and perceived by the individual as the main requirement (pi) to be able to communicate matters relating to stock investment work.

However, the student as the respondent in this study is still a novice Investor who just started to become a professional Investor. Still, lack psychomotor ability in conducting transactions and stock analysis makes students still feel that stock transactions are very risky. Ryanda (2012) found evidence that overconfidence has an effect on risk perception although the effect is very marginal. The higher the investor's overconfidence the lower the investor's perception of risk and the higher the investor's attitude toward risk (risk attitude) or the

investor the more risk seeker (Chou, Huang, and Hsu: 2010). It can be said that the level of student overconfidence as respondents is still low, so the perception of investor (students) to the higher risk. Dayaratne and Wijethunga (2015) concluded in his research that perceived control behavior has no significant effect on behavioral intention.

### 5.3. Perceived Behavior Control (PBC) has no Effect on Behavior

The focus of PBC is on the particular situation that a person is trying to control, and the locus of control is said to be a general belief about how much internal and external factors can affect a person's life (Ajzen, 2008). The stronger the belief in the availability of resources and opportunities that individuals have with regard to certain behaviors and the greater the role of these resources, the stronger the perception of individual control over the behavior. Individuals who have a high perception of control will continue to be pushed and strive to succeed because he is confident with the resources and opportunities that exist, the difficulties it faces can be overcome.

Based on respondents' answers, when viewed from the ability and their knowledge of how to invest in stocks, they already have adequate knowledge and skills. But on the statement "I feel safe when investing in stocks because it does not pose a financial risk" was enough respondents who answered in negative areas. This happens because the student is still a beginner investor. Knowledge and skills are still limited to just "to Know" and not to the level of "to Do", so the psychomotor ability in conducting their transaction and stock analysis is still low. This makes students as novice investors feel that stock transactions are very risky. The higher the investor's attitude toward risk (risk attitude) then the investor is more risk seeker (Chou, Huang, and Hsu: 2010). It can be said that the level of overconfidence of respondents is still low, so the perception of investors (students) to the higher risk.

The conclusions become insignificant because although the respondent has a strong belief in the availability of resources and opportunities owned by individuals associated with certain behaviors, this belief has not been able to change their behavior (Behavior). The distribution of student responses also indicates that students who have a high perception of control will continue to be pushed and try to succeed because he is confident with the resources and opportunities that exist, the difficulties it faces can be overcome. They will continue to make stock investments and continue to learn from the mistakes of making decisions and analysis, while those who are less convinced will stop investing or make transactions with no continuous.

### 5.4. Behavior Intention has a Positive Effect on Behavior

Ajzen (1991, pp 181), the stronger the intention, the person will tend to perform a particular action or activity that refers to a behavior. The study of intention is difficult and measured in a research (Wu, 2010). Investment intention is closely related to investment behavior. Ajzen (1991) has mentioned that intention can predict behavior directly. Intention to buy a stock is influenced by several factors, such as return earned compared to return on other investment, investor willingness to bear the risk, which in return investor will get a higher return. Therefore, aggressive investors are those who are able to bear a higher risk and have a great intention to buy shares and thus create the behavior of stock investors (Dayaratne and Wijethunga, 2015).

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**6. CONCLUSIONS AND RECOMMENDATIONS**

**6.1. Based on the Results of Hypothesis Testing Concluded as Follows**

- Young investors, who are apparently still hesitant to make a decision to invest in the stock. Some of them do have securities accounts because of imitating their friends or just to fulfill certain subject tasks that being learned using the means of application of stock trading. So, it can be said that attitude toward behavior has no effect on Behavior intention
- The Subjective Norm relates to a person's beliefs about whether peers and those important to the individual think he or she should be involved in a behavior. Students who are novice investors still feel that they have not many friends and investors. This affects their perspective in stock investing. Students also do not have role models that become role models in stock investing, as seen from answered many respondents also answer that show that parents do not do share investment, and people who become their role model also did not invest shares. So, it can be said that subjective norm has no effect on behavior intention
- Based on student respondents' answers, they already have adequate knowledge and skills. If there are two people who both want to invest in stock then try and practice, but individuals who have high behavior control will be better understood to act when experiencing difficulties. He knows what needs to be prepared, to whom he asks for help in case of difficulty so that this individual will continue to try harder. However, the student also is a novice Investor who just started to become a professional Investor. They still lack the psychomotor ability to conduct transactions and stock analysis to make students feel that stock transactions are very risky. The lack of behavioral control of the partner/model will make the novice investor become too confident in his ability and reckless in making decisions, so the higher the attitude of investors to risk (risk attitude) or investors are increasingly risk seeker. So it can be said that Perceived behavior control has no effect on Behavior intention
- The stronger the belief in the availability of individual resources and opportunities, the stronger the perception of individual control over the behavior. Based on the answers of students respondents obtained the description that they already have adequate knowledge and skills. Students as Beginner Investors, the level of knowledge and skills owned still limited to just "to Know". They have not fully done "to Do", so they still have a lack of psychomotor ability in conducting transactions and stock analysis. This makes students (beginner investors) feel that stock transactions are very risky. The higher the investor's attitude toward risk (risk attitude) then he is more risk seeker, so the level of student overconfidence is still low, causing the perception of investor (student) to the higher risk. The results are insignificant because although the respondent has a strong belief in the availability of resources and opportunities that individuals have with regard to certain behaviors, this belief has not been able to change their behavior (Behavior). The distribution of student responses also indicates that students who have a high perception of control will continue to be pushed and try to succeed because he is confident with the resources and opportunities that exist, the difficulties it faces can be overcome. They will continue to make stock investments and continue to learn from the mistakes of making decisions and analysis, while those who are less convinced will stop investing or make transactions with no continuous.
- The stronger the intention, then someone will tend to do certain actions that refer to a behavior. Intention to buy a stock is influenced by several factors, among others 1) return earned compared to return on other investment, 2) investor willingness to assume risk in return for obtaining a higher return. Therefore, aggressive investors are those who are able to bear a higher risk and have a great intention to buy shares, thus creating the behavior of stock investors. So, Behavior intention has a positive effect on Behavior

## 7. SUGGESTION

### 7.1. Based on the Research Findings, the Suggestions are

- This study only takes the respondents from the group of students in the Faculty of Economics only. Future research, it is advisable to take respondents from different age groups, education, so that will get a model of investor behavior better.
- This study only observes a small part of the psychological factors that shape investor behavior in stock buying and selling transactions on the exchange. Future research is advisable to observe factors other than psychological factors as a form of investor behavior

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