

How Do Financial Experts Choose Stocks?

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Abstract

Objective: This study aims to determine factors that affect financial experts as investors to buy stocks. Do financial experts have different considerations and preferences from ordinary investors in making an investment decision?

Design/Methods/Approach: The research data were obtained from an online questionnaire by 581 financial experts with Securities Sub Account in Indonesian Central Securities Depository. This research employs exploratory factor analysis to examine the correlation between 29 attribute statements to develop factors.

Findings: The eight groups of factors that affect the Indonesian financial expert's considerations in the stock investment such as financial performance, comprehensive analysis, benefit signaling, company image, company insight, community involvement, investor preference, and press coverage.

Originality: This study incorporates behavioral finance and maximization utility to provide a more comprehensive understanding of stock investment decisions by financial experts.

Practical/Policy implication (optional): The result has practical, functional consequences for the investor, especially in the selected stock portfolio analysis. Investment analysis should consider the eight groups of factors found before choosing the stock. If the investors cannot assume all factors, they can view the financial performance as the top rank factor. Thus the investor will maximize the investment return in the future.

Keywords: Financial Experts, Stock Investment Factors, Investor Behavioral Finance

JEL Classification: G11, G41

I. Introduction

Recent researchers in the financial management field conclude that stock investors always make investment decisions rationally. Prior research used different theories and models to estimate the risk and returns when investors decided to buy the stock (Itzkowitz & Itzkowitz, 2017; Kubilay & Bayrakdaroglu, 2016). Advanced financial knowledge will affect the rational investment decision. Therefore, the one with comprehensive financial information is assumed to make a rational investment decision all the time.

However, the reality in Indonesia is that stock investor regularly shows irrational behaviors. The Indonesia Stock Exchange (IDX) Press Release at 2020 informed that the stock investors traded excessively. As a result, the Average Trading Frequency (ATF) grew 32% to 619,000 times per day in November 2020. It made the trading liquidity of IDX shares higher among other exchanges in the Southeast Asia region. The Average Daily Transaction Value (ADTV) gradually recovered and reached Rp9.18 trillion during the same period. Nowadays, several people do not know about this increasing stock investment motivation. They stated that stock investment is the easiest way to increase the investor's wealth.

By 2020, the Indonesian Capital Market investors have increased by 56% to reach 3.87 million Single Investor Identification (SID) up to December 29, 2020. This increasing number of investors is more than four times higher. Over the last four years, it has been increased from 894,000 investors in 2016. In addition, stock investors also rose by 53% to 1.68 million SID. Then, from the number of active daily investors until December 29, 2020, there were 94,000 investors, an increase of 73% compared to the end of last year. In line with the increasing participation of domestic retail investors, a new trade transaction record was achieved in 2020, namely the highest daily share transaction frequency on December 22, 2020, totaling 1,697,537 transactions.

The increase of the SID number, 54.8% are millennial investors under 30 years old. Of that number, it is a concern. Moreover, the "Pompom" phenomenon appears in press coverage. The stock is pumped; thus, the stock price will increasingly skyrocket by the influencers or the public figures. Individuals or groups do the phenomenon through social media or cross-platform messaging applications such as Instagram, TikTok, Telegram, and WhatsApp Messenger; thus, it looks tempting. Regardless, the stock investor's age could be irrational. They bought them just because of their influencer's recommendations. When their influencer buys the stock, the follower will buy those stocks, even without analyzing the stock performance first. It shows that human beings do not behave rationally as the economist supposes because psychological feelings influence investors' decisions. It is called herding behavior. As the behavioral bias, herding behavior cannot be avoided by everyone's personality. It is also due to the Fear of Missing Out (FOMO) phenomenon.

Many people in Indonesia with lower financial literacy assume that stock investment is the easiest way to ease wealth instantly without having hard work. However, it used robots for trading or just following the stock influencer, such as artists on Instagram, Telegram, and Whatsapp Groups. Since many investors quickly become wealthy due to the stock price instant increasingly by press coverage, until maximum of 35% a day in Indonesia based on the stock price fraction. Thus they think that stock investment is instant and fast track investment by the online trading stock system. This thought pattern makes investors increasingly irrational and harms their investment decisions, market efficiency, and performance (Itzkowitz & Itzkowitz, 2017; Memarista, 2016).

The market efficiency assumed that the investor adopts the passive investment strategy. The market is efficient if the stock price dominates the capital market, reflecting all available information. The stock investors will be concerned about the low portfolio turnover and the tendency to track the market condition. Therefore, they would do a fundamental analysis before buying the company stock. Otherwise, the investor who makes better predictions instead of the reflected market price adopts the active investment strategy. Those will involve more turnover than passive investment strategy when the projections change. Investors may receive a better return when adopting the passive investment strategy.

Getting a better return is the motivation behind the stock investment in the long term. It is the opportunity to gain the optimum return from dividends and capital gain (Drake et al., 2016; Sastry & Thompson, 2019). However, the investment has a complex procedure that increases with the stock market behavior (Zahera & Bansal, 2018). While making the investment decision, the stock investor has varied emotions and behavioral patterns. It is due to the uncertainties in the capital market, and the investor will face the risk. Thus, there will be a tradeoff between the expected return and the risk. According to (Memarista, 2016), investors can reduce the investment risk by diversifying to achieve the optimal portfolio return.

Based on previous research, there are many considerations that investors should think about before they make a stock purchasing decision. Even the investor should have the complete information, the company prospectus, and the updated government regulations. The capital market investor may still be subject to various doubts and challenges. When the modern finance theories did not answer, thus the behavioral finance assumptions started working (Raman Nair & Antony, 2013). Making the investment decision is affected by the emotional and potential results. However, several Indonesian people said that stock investment is the easiest way to increase wealth. Every investor can be influenced by their family, peers, and broker recommendation. A stock investor tends to follow the other investors' decisions (Kengatharan & Kengatharan, 2014; Memarista, 2016). In different situations, the investor acts differently,

combining psychology concepts and financial management. Thus, it clarifies the various stock investor behavior in the capital market.

Somehow, the stock investor also acts under behavioral biases. It may lead to less than the optimal stock investment decision. The investor is keen to make investments out of the small fortune according to the basis of quotidian knowledge of the stock market condition, rationality, and judgment. Individual investors make investment decisions based on the ideological setup, attitudes, and mindset. For example, they tend to sell early to realize the capital gain and hold the losing one for long to delay their losses. The investor also selected various stocks for their portfolio, which may not be profitable, but it satisfies their emotions. Further, they may skew toward the investor's information and avoid the other information.

In recent years, investors have considered company performance before starting investment (Zahera & Bansal, 2018; Suhadak et al., 2019). Similarly, the previous researchers stated that investors would think about the intrinsic and extrinsic factors to have more insights into the go public company (Kengatharan & Kengatharan, 2014). Moreover, Bellofatto et al. (2018) examined the factors that affected stock investment. They found that the company's reputation may drive the investor's perceptions to buy or sell the stock. For example, the investors may review the company prospectus, financial report, sustainability report, and CSR (Chih et al., 2008). Even sociological and demographic factors such as education level, income level, gender, and investment experience may influence investment decisions. There is a lack of research in which the behavior of individual investors has been measured, and the investors can easily affect the stock prices trend. Therefore, the present study focuses on these topics since successful investors are likely to have a lot of factors that must be considered before choosing the stock for investing. Those factors become necessary to investigate as the investment foundation in the stock market.

This study will contribute to investment behavior, especially among individual investors and financial institutions. The research findings will equip the financial institution with different strategies when selling the investment product and services to corporate and individual investors with essential knowledge about focusing on those factors while making stock investment decisions. Furthermore, knowing these factors may help individual investors maximize their profit since they have completely different investment behavior from one another. Individual investors have different risk profiles, goals, and financial abilities. Thus they try to get first-hand knowledge through these factors before making an investment decision. Due to those phenomena, the investor needs to pay attention to what factors they are interested in and consider before making a stock purchasing decision from the financial experts. We need to know it from financial experts because they have good financial literacy and financial experience in stock investment. It will be an investment strategy that stock investors must keep in view so thus the profit can be increased. Relevant factors consideration helps the investor from withdrawing from the loss-making stock investment. Through this factor consideration, the rational investor can have more beneficial opportunities which irrational investors may not recognize. Thus, this research points out the various factors investors should consider while choosing the stock they will buy in the capital market. This study collected the stock investor's financial expert's point of view to assess the importance of the attribute statement before purchasing stock in the capital market through the online survey. Thus, those factors can explain the different investor behavior and optimize the stock return at a specific risk.

2. Literature Review and Hypotheses Development

Investment is the buying of assets with available resources to gain more return in the future. Regarding the capital market, those assets mean financial support. It is securities as well as tradeable assets. The optimal return for investment decisions depends on the investor's advanced financial literacy (Memarista, 2016). An investor with complete information will make a logical and better investment decision.

The investment decision is sophisticated. Hence, it needs comprehensive brainstorming. Consequently, the individual stock investor may make mistakes when they decide to minimize their losses. So, the investor has to deeply understand all factors that could influence the investment in the stock market, especially from financial experts.

2.1. Factors to Consider Before Investing in Stock

According to prior researchers, many factors could affect investment decisions. Investors would consider the company's goodwill and select various stocks for diversification benefit, company's performance, position, perception towards the company, and Return on Investment (ROI) (Zahera & Bansal, 2018). Having multi assets in the portfolio is essential for hedging objectives and diversifying investment risk. It is suitable for the risk-averse investor who can face a lower risk. Investors would continue the investment due to the expected return in the future, despite the losses today, because they can manage the investment process properly (Guler, 2007). The individual investor was willing to invest locally because there is a riskier portfolio if they invest in foreign stocks (Möhlmann, 2013). It is also due to consideration of the tax payments, economic condition, cultural differences, along with the level of investor patriotism (Möhlmann, 2013)

The investor will value the reputation of the corporation in their stock investment decision. Reputed go public companies gain an excellent investment for the stock investor (Bellofatto et al., 2018). It determines the complexity and

uncertainty of the company's environment to make investors' perceptions and then impact the investor's investment attitude. The poor quality of knowing the company's insight makes the investor's decision biased. Company insight is a trust signal to the stakeholder in go public companies.

Profit refers to the benefit of an investor giving the signal to buy the stock (Drake et al., 2016). The valuable stock has a low price, and it will provide dividends in the coming day. A higher dividend indicates that the company has revenue and earnings growth. Furthermore, lower stock prices showed that the company's stock was still affordable to buy (Sastry & Thompson, 2019). Thus, the signal will communicate to the public about the company's financial condition.

The investor will be attracted to better financial performance (Suhadak et al., 2019). It represents the company's financial objective was received. Since the financial statement shows financial performance, it consists of the manager's financial decisions. Stock investors can analyze the company's profitability, leverage, turnover, operating, and other financial position. If the financial performance shows significant growth, it indicates a solid financial position and a good signal for the future stock price.

The company's CSR gains long-term relationships with stock investors (Chih et al., 2008). It is an ethical responsibility of the company which the shareholder highly respects. Since CSR is a moral obligation, thus the company will do everything in business ethical matters through good corporate governance (Mahrani & Soewarno, 2018). The company shows a good code of conduct for their community. Engaging in CSR will minimize the company's earning management (Christanti & Ariany Mahastanti, 2011).

Media information significantly affects the decision of the stock investor. The good news about the go public company led the investor to buy their stock. However, general evaluation from the press coverage of the company can make the stock price fluctuate (Strauss & Smith, 2019). Somehow, the dynamic of press coverage is dangerous for the stock price itself because it reacts too fast and makes the price drop.

Prior researchers conducted studies about investor's purchasing decisions. An investor's investment decision is determined by the role of financial and non-financial information through corporate reputation as the mediating effect (Naveed et al., 2020). Meanwhile, the investors did not rely on a single approach before purchasing the stock. There was a significant relationship between the financial behavior and economic variables grouped in several factors considered by the investor. Under-confidence drove the heuristic bias for short-term and long-term stock investors (Ahmad, 2020). Several biases affect the investment decision (Memarista, 2016; Zahera & Bansal, 2018). It consisted of overconfidence, herding effect, mental accounting, disposition effect, confirmation bias, house money effect, hindsight bias, loss aversion, endowment effect, framing, self-attribution bias, home bias, regret aversion, conservatism bias, anchoring, recency, and representativeness. The institutional and individual investors and financial experts considered the actual work and analytical work before they invested (Zahera & Bansal, 2018). Furthermore, the shareholders have their priorities value on the guiding category and motivational category for the investment decisions. It is about the recommendation regarding investment guiding, the investment security with lower risk, and trustworthiness in the investment assets chosen.

Individual investor behavior is about the motivation behind a stock purchasing decision (Nagy & Obenberger, 1994). It took individual equity investors in Fortune 500 companies as the respondents. They separated the mailed questionnaires to answer variables such as traditional sphere and contemporary concerns to show the financial behavior and economic variables. Furthermore, factor analysis was used in the research for the methodology with 3-point Likert Scales that consist of (1) significantly influenced item (act on), (2) considered an item, (3) no significant item (no influence). The research suggested that the investor used the information before deciding on the investment, such as needs, neutral, accounting, social, classic, company, and advocate factors. Those factors showed that stock investors have various criteria before choosing the stocks.

The factors affecting investment decisions in various countries. Their researchers did a literature review methodology for the research basis (Zahera & Bansal, 2018). It is provided by Google Scholar, SSRN, Elsevier, Emerald Insight, EBSCOhost, and JStor; thus, many studies have been reviewed. The literature review used published papers from 1976 until 2016. The investment decision and investor bias were used as the literature keywords with primary and secondary data for those literature reviews. Based on their research's results, the investment decision needs to implement financial theories to gain more profit for their stock investors. Those were experience, emotion, profession, education, gender differences, culture, and investor performances. Furthermore, the knowledge of the financial market, economic factors, fundamental, analytical, psychological investors (such as demographic factors, seasonal factors, 17 behavioral biases, mood, and motivation), investment risk, profit maximization on the stock portfolio, stock market volatility, assets pricing, ethical investing, and the understanding of market momentum may give the opportunities in the market together with the benefit to the investors. Those various factors may make the investment pattern diverse in several countries.

The financial and non-financial factors determine the Pakistan Stock Exchange (Naveed et al., 2020). First, they collected primary data with the purposive sampling technique. Then, they surveyed Pakistan's stock market (Islamabad, Lahore, and Karachi) for an individual stock investor by self-administrated questionnaire and cover letter. The questionnaire contained socioeconomics characteristics, corporate reputation, investor decisions, and financial and non-financial information. Financial information consisted of historical data, accounting-based, dividend payout ratio, investment return, and earnings per share.

Moreover, non-financial information consists of the stock market environment, shareholder value, unpredictable economic and regulations, governance performance, social concern, investor uncertainty, corporate image, and corporate growth. The research questionnaire was measured in 5-point Likert Scales that consist of (1) strongly disagree until (5) strongly agree. They used two Structural Equation Models (SEM) as the measurement model. The results showed that financial and non-financial factors positively affected the investor's decision before buying the stock. Furthermore, the company's reputation significantly has a mediating influence on the stock investment decision.

H1: Seven factors were considered to affect the Indonesian financial experts as investors when deciding to buy the stocks, such as external information, financial performance, classical direction, company identity, social relationship, related recommendations, and personal needs.

3. Method

This study used factor analysis to solve the research problem. Factor analysis is a flexible instrument that modifies the questions for finding the hidden feeling in investor behavior. By using factor analysis, this research tries to understand the behavioral processes by identifying and providing definitions for the factors that underlie them. This method will reduce the large group of variables (attribute statements) to a smaller but more manageable subgroup of representative factors. Not only the data reduction technique shows the attempt to examine the relationships that may be presented. However, any hidden essential variables as the combination also from the variables observed through the extraction from Principal Component Analysis (PCA) method with minimal loss of information.

PCA is a statistical approach to finding extracting factors. It produces unique and reproducible results within the limits of roundoff error. Every combination will explain the maximum value of the remaining variance that the actual weighting values were being determined interactively. It was also subject to the limitation that it did not correlate with previously extracted combinations. Consequently, the complete set of combinations is unique. No other group of weighted combinations that can be satisfied found the above specifications. The following formula can express the factor analysis model:

$$V_i = \gamma_{i1}.C_{F1} + \gamma_{i2}.C_{F2} + \dots + \gamma_{in}.C_{Fn} + \varepsilon_i \dots \dots \dots (1)$$

$$\varepsilon_i = S_i.U_f \dots \dots \dots (2)$$

$$F_{ei} = C_{i1}.V_1 + C_{i2}.V_2 + \dots + C_{im}.V_m \dots \dots \dots (3)$$

Note:

V_i : The variable i (attribute statement i)

γ_{in} : The loading factor for variable i on common factor n

C_{Fn} : Common factor n

ε_i : The part of variable V_i that the unique factors cannot explain

U_f : The unique factor for variable i

S_i : The standardized multiple regression coefficients of variables i on unique factor i

F_{ei} : The estimated factor i , c_i is the weighted coefficient score from factor i

V_m : The number of variables V at factor m .

The researchers developed a questionnaire according to existing measurement instruments from the previous research (Nagy & Obenberger, 1994; Naveed et al., 2020; Zahera & Bansal, 2018). This research used a quantitative method and distributed an online questionnaire through google form to the respondents. Respondents were asked to fill the online questionnaire with a 5-point Likert Scale Measurement such as strongly disagree (1), disagree (2), neutral (3), agree (4), and strongly agree (5) for the importance of considering 29 variables. Those variables were attributed to statements identified as potentially affecting the financial experts to make a stock investment.

A total number of 600 questionnaires were received from google through online questionnaires. Out of which 19 questionnaires were found with blank answers. Consequently, those were dropped. The result is that the financial expert correctly completed about 581 questionnaires as the individual stock investors, and it was ready for further analysis. We described the financial experts as stock investors who have skills, experiences, qualifications, or education in financial matters. For data collection, this research used a convenient purposive sampling technique. A suitable sampling technique is appropriate and helps the researchers with cost and time since the study was done during the Covid Pandemic. The respondents were financial experts with Securities Sub Account in Indonesian Central Securities Depository and trade on the Indonesia Stock Exchange (IDX).

The online questionnaire was the best method for data collection in this situation. The investors may complete it without direct influence from the researchers and finish them when they have free time. A cover letter also accompanied the questionnaire. It declared that the data from those questionnaires would be used for research only, and the received information will be kept confidential.

3.1. Research Variables

The factors in this study were built up from 29 variables (attribute statements number 01 until 29). It was determined by several variables from previous researchers about the stock investor's consideration before making an investment decision. The researchers hypothesized that there would be seven new factors to consider before the financial experts buy the stock.

First external information (IM) shows stock investors' outside sources of information. These factors consist of (01) global economic condition, (02) local macroeconomic condition (Möhlmann, 2013), and (03) stock investing press coverage (Strauss & Smith, 2019). Second, financial performance (FP) refers to the company's financial condition. It is found in the income statement, annual report, and financial highlights, which become the most important for the investors, for example, (04) historical performance track record (Zahera & Bansal, 2018), (05) financial report, (06) revenue growth rate, (07) profit growth rate (Suhadak et al., 2019), (08) historical closing stock price (Sastry & Thompson, 2019). Third, classical direction (CD) indicates the essential criteria for financial experts behind their motivation to invest in the stock market. Every one of those variables is about (09) today's opening stock price, (10) stock fair value, (11) cash dividend, (12) stock dividend (Drake et al., 2016; Sastry & Thompson, 2019), (13) financial risk (Kubilay & Bayrakdaroglu, 2016). Fourth, company identity (CI) represents how a company presents itself to the public. It is highly to create how the company is recognizable. It is reflected by (14) the company's reputation (Yousaf & Hassan, 2019), (15) industry position (Zahera & Bansal, 2018), (16) the company's product, (17) business ethics (Chih et al., 2008). Fifth, social relationship (SR) demonstrates the connection between the company and stakeholders, especially the investor. The sum of social interaction between them can be shown by (18) stock position (Sastry & Thompson, 2019), (19) locally operation (Möhlmann, 2013), (20) internationally operation (Nagy & Obenberger, 1994), (21) environmental CSR (Christanti & Ariany Mahastanti, 2011). Sixth, related parties recommendation (RP) that shows the suggestion from all parties. The investor will examine the Information from the recommender that has similarities and familiarity with the stock investor's taste. Generally, they have been a user liked in the past. It will vary in information channels, like (22) brokerage recommendations, (23) individual investor recommendations, and (24) family recommendations (Kengatharan & Kengatharan, 2014). Seventh, private needs (PN) explain the personal requirements for a safe, stable, and healthy investment life. Of course, it depends on the stock investor's financial condition, such as (25) investment fund (Nagy & Obenberger, 1994), (26) expected return (Guler, 2007), (27) investment alternatives, (28) previous year stock performance (Sastry & Thompson, 2019), and (29) diversification need (Zahera & Bansal, 2018).

4. Result and Discussion

There were 581 eligible respondents for this research. The respondents are financial experts as the stock investors with Securities Sub Account in the KSEI (Kustodian Sentral Efek Indonesia). A Securities Sub Account is a security account owned by a person who owns Single Investor Identification (SID) registered at KSEI. This security account is used to stock securities portfolios, which can be in the form of stock.

Table 1 shows the respondent's data about the demographic. The majority of respondents were male (63.5%), more than 25-35 years old (49.2%), and not yet married for marital status (61.4%). The respondents were financial experts as the stock investor. Moreover, they have a background as financial management students in some private or public universities in Indonesia (19.8%) and working persons (80.2%) as financial advisors, financial managers, financial management lecturers, stockholder brokerage, and financial appraisal. In addition, most of them have the latest education level as a bachelor's degree (73.7%), have experience as a stock investor for 1-3 years (43.9%), and have an income level of more than Rp500 Million per year (38.9%).

Table 1: The Demographic Data of Respondents

Demographic Data	Categorical	Total	Percentage (%)
Gender	Male	369	63.5
	Female	212	36.5
Age (Years Old)	17 – 25	115	19.8
	More than 25 – 35	286	49.2
	More than 35	180	31
Education Level	Less Than High School	2	0.3
	High School	108	18.6
	Bachelor Degree	428	73.7
	Master Degree	43	7.4
Investor Experience	Less Than 1 Year	167	28.7
	1 – 3 Years	255	43.9
	More Than 3 Years	159	27.4
Marital Status	Single	357	61.4
	Married	224	38.6

Background Expertise	Financial Management Students	115	19.8
	Professional Working Persons in Finance	466	80.2
Income Level (Per Year)	Less Than Rp5 Million	33	5.7
	Rp5 Million - Rp250 Million	136	23.4
	More Than Rp250 Million – Rp500 Million	186	32
	More Than Rp500 Million	226	38.9

The researchers have already tested the reliability and validity of questionnaires. The value of the reliability test for current factors such as external information, financial performance, classical direction, company identity, social relationship, related parties' recommendation, and private needs has the Cronbach's Alpha value greater than 0.5. It means that all current factors are reliable for this research. Furthermore, each loading value has higher than 0.5 for 29 attribute statements. Those values showed that every item for attribute variables is valid for this research. Thus, every item was indicated can measure the current factors for each.

Bartlett's Test of Sphericity indicates the method for determining factor analysis appropriateness to examine the overall correlation matrix among variables. The value of the KMO Measure of Sampling Adequacy is 0.728, which is already more than 0.5. The significance of Bartlett's Test of Sphericity is 0.000, which is already less than 0.005. Accordingly, the research variables and the samples can be further analyzed.

According to Hair et al. (2010), MSA (Measures of Sampling Adequacy) quantifies the degree of intercorrelations among the appropriate variables for factor analysis. The value of MSA for all variables was more significant than 0.5. Consequently, all variables had high correlations with other variables in this research. Therefore, 29 research variables were feasible to be processed.

Table 2: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Tot.	%Var.	%Cum.	Tot.	%Var.	%Cum.	Tot.	%Var.	%Cum.
1	6.614	22.808	22.808	6.614	22.808	22.808	3.137	10.816	10.816
2	2.883	9.942	32.750	2.883	9.942	32.750	3.054	10.532	21.348
3	2.814	9.704	42.454	2.814	9.704	42.454	2.935	10.121	31.468
4	2.642	9.112	51.565	2.642	9.112	51.565	2.911	10.036	41.505
5	1.862	6.421	57.986	1.862	6.421	57.986	2.712	9.350	50.855
6	1.579	5.445	63.431	1.579	5.445	63.431	2.201	7.590	58.445
7	1.422	4.902	68.333	1.422	4.902	68.333	2.188	7.545	65.990
8	1.086	3.745	72.078	1.086	3.745	72.078	1.766	6.089	72.078
9	.913	3.149	75.227						
10	.852	2.937	78.164						
11	.749	2.584	80.748						
12	.725	2.501	83.249						
13	.584	2.015	85.264						
14	.532	1.833	87.097						
15	.442	1.523	88.620						
16	.429	1.481	90.101						
17	.385	1.326	91.427						
18	.341	1.176	92.603						
19	.318	1.098	93.700						
20	.274	.946	94.646						
21	.249	.858	95.504						
22	.229	.790	96.294						
23	.210	.725	97.019						
24	.193	.665	97.684						
25	.167	.576	98.261						
26	.151	.520	98.781						
27	.136	.467	99.248						
28	.114	.393	99.642						
29	.104	.358	100.000						

Table 2 shows the Total Variance Explained, which describes the extraction of the number of factors to be retained. This information is the most crucial decision in the factor analysis because it will govern the resultant structure and the relationship between variables and factors based on Principal Component Analysis for the extraction method

from the correlation matrix. For example, a factor will be retained if the Eigenvalue is more than or equal to 1. Furthermore, the number of rows in the Extraction Sums of Squared Loadings corresponds to the group of factors to be retained.

This research produced eight groups of new factors from 29 variables (attribute statements). Each group of factors will have Total Initial Eigenvalues greater than one of the first eight factors. Furthermore, the Rotation Sums of Squared Loadings stated the percentage of variance value for each factor that are 10.82% (New Factor01), 10.53% (New Factor02), 10.12% (New Factor03), 10.04% (New Factor04), 9.35% (New Factor05), 7.59% (New Factor06), 7.55% (New Factor07), and 6.09% (New Factor08) respectively. As the highest percentage variance, New Factor01 is the most dominant to be considered by the stock investors before investing.

Table 3: Rotated Component Matrix

	Component							
	1	2	3	4	5	6	7	8
Var01	.084	.586	.170	.196	.111	.306	-.058	.341
Var02	.037	.724	.132	.372	.090	-.221	.196	.190
Var03	.184	-.038	.011	.021	.037	.046	-.034	.817
Var04	.645	.094	.088	.371	.085	-.069	.015	.173
Var05	.725	.031	-.060	.208	.140	.250	.169	.080
Var06	.834	.254	.072	-.094	-.002	.113	.036	-.002
Var07	.856	-.088	-.001	-.154	.033	.070	.176	.032
Var08	.482	.164	.450	.059	.216	-.326	.305	-.004
Var09	-.083	.145	.832	-.178	.005	-.101	.109	-.082
Var10	.017	-.006	.229	-.823	-.044	.077	.102	-.026
Var11	.020	.326	.699	.008	.272	.290	-.090	.109
Var12	.081	-.016	.827	-.063	.097	.111	.036	.074
Var13	-.038	-.439	.269	-.568	-.090	-.090	.152	-.038
Var14	.161	-.060	.391	.461	.498	.161	-.052	-.091
Var15	.179	.399	.219	.340	.467	-.100	.228	-.253
Var16	.128	.073	.454	.398	.454	-.158	-.099	-.195
Var17	.066	.159	.070	.658	.202	-.057	.400	-.039
Var18	.077	.015	.079	.006	.338	.288	.657	.103
Var19	.156	.127	.136	-.172	.082	.819	.139	.235
Var20	.124	.023	.157	.067	-.006	-.164	.721	-.355
Var21	-.031	.060	.305	.409	.113	.504	.350	-.174
Var22	.456	.224	-.160	.000	-.011	.644	-.177	-.284
Var23	.239	.629	-.085	.116	.060	.262	-.235	-.420
Var24	.078	.689	.207	.199	-.079	.199	-.094	-.399
Var25	-.053	.104	.086	.155	.826	-.143	.151	.137
Var26	.126	.071	.084	-.078	.810	.210	.180	-.043
Var27	.077	.774	.149	-.369	.168	.044	.165	-.040
Var28	.169	.075	.067	.372	.530	.235	.266	.305
Var29	.164	-.025	-.091	-.049	.127	.043	.608	.137

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. ^a

a. Rotation converged in 16 iterations.

Table 3 shows the Rotated Component Matrix, which represented the distribution of variables (attribute statements) grouped into eight factors with rotation converged in 16 iterations. This research used Varimax with Kaiser Normalization for Rotation Method with the intention of the significant value. The percentage of variance for every factor will not change. The Varimax composed a new collection of loading factors for the already discovered factors. Later on, the Rotation Method minimized the high loading from the number of variables. Because of this, it will make the ability to interpret the eight existing factors increase. Building upon the Rotated Component Matrix, the resulting study generated eight factors. It was grouped by the highest score of the loading factor for every variable. The loading factor will indicate every original variable's contribution to the underlying factor. The output produces the new factors. Those groups consist of New Factor01 (variable number 04, 05, 06, 07, and 08), New Factor02 (variable number 01, 02, 23, 24, and 27), New Factor 03 (variable number 09, 11, and 12), New Factor04 (variable number 10, 13, and 17), New Factor05 (variable number 14, 15, 16, 25, 26, and 28), New Factor06 (variable number 19, 21, and 22), New Factor07 (variable number 18, 20, and 29), and New Factor08 (variable number 03).

The research resulted in eight new factors from 29 variables or attributes statements. Hence, the result was different from 7 previous hypothesized factors. According to this result, the researchers will give the new label for

naming the new factors formed in this study, such as New Factor01 is financial performance, New Factor02 is a comprehensive analysis, New Factor03 is benefit signaling, New Factor04 is company image, New Factor05 is company insight, New Factor06 is community involvement, New Factor07 is investor preference, and NewFactor08 is press coverage.

Furthermore, the researchers also checked for the model fit testing for the factor analysis through Residual Value. For this study, the residual is computed between the observed and the reproduced correlations. The result showed 119 non-redundant residuals, only 29%, with absolute values greater than 0.05. So thus, it indicates that the development of new factors is considered and has the feasibility to be used in this research. This study purposed to determine the Indonesian financial expert's factors as the investor decides to buy the stocks. This study used Exploratory Factor Analysis to examine the manifest variables (attribute statements) to build the constructs or new factors consistent with the research purpose compared to the prior research. The research's results are different from the initial studies that gain eight new factors, with only one factor from the previous hypothesis and the dominant factor found in this research, namely financial performance. So thus, the investors have to consider it to reach maximal return while investing in the stock.

The new factors in the study are grouped into eight that determine the investor decision, which has two types of attribute statements' correlations from the Rotated Component Matrix. A positive correlation means the more excellent loading factor will indicate a higher investor's consideration to buy the stock. While a negative correlation means the more excellent loading factor will tell the lower investor's review to buy the stock. The correlation value will be shown by the number enclosed in the parentheses. Here is a brief description of every new factor determining the Indonesian financial expert as the stock investor when buying the stocks.

The financial performance consisted of several attributes such as historical performance track record (0.645), financial report (0.725), revenue growth rate (0.834), profit growth rate (0.856), and historical closing stock price (0.482). A stock investor will invest in a company with excellent financial performance. A corporation with a low cost of capital results from sound financial performance. It was indicated from the historical performance track record, financial report, and better revenue growth rate. Financial performance is the most critical and often information to be communicated. It is one of the shareholders' signals and becomes the investor's foundation decision for their investment (Naveed et al., 2020). The financial performance indicates its effectiveness and efficiency when running its business and receiving its company's financial goals (Suhadak et al., 2019). A company with sound financial performance indicates a higher stock price in the future.

The comprehensive analysis consisted of several attributes such as global economic condition (0.586), local macroeconomic condition (0.724), individual investor recommendation (0.629), family recommendation (0.689), and investment alternatives (0.774). Economic growth sustainability indicates good investment in the stock market. The excellent global economic and local economic conditions showed good business competition in its country and around. So, it created the easiness access for the stock investor to come, because good economic conditions, whether globally or locally, will generate enormous profit in the future (Möhlmann, 2013). Furthermore, the investor's recommendation to the other also affects the decision to buy the stocks. It is due to an investor's experience in the stock market. Through this experience, the other investor may become a fundamental guide for another investor because they know the stock price patterns earlier before the other investors decide to invest. Thus, from the analysis of macroeconomic conditions to investor recommendations for another investor will be a comprehensive analysis before buying the company's stocks (Kengatharan & Kengatharan, 2014).

Benefit signaling consisted of several attributes such as today's opening stock price (0.832), cash dividend (0.699), and stock dividend (0.827). Positive signaling indicates a profitable investment. The investor is primarily concerned with the higher return yield for the stock investment from the capital gain and dividend (Sastry & Thompson, 2019). The investor calculated the return based on today's opening stock before selling it at the end of the day. The investor is also concerned about the dividend payout ratio to consider the dividend they will receive. Stock price and dividend are the benefits signaling to the individual investor. Those benefit signals will improve investor valuations (Drake et al., 2016). Lower stock price in the opening trading time and higher dividend indicate higher profit for the stock investor.

Company image consisted of several attributes such as fair stock value (-0.823), financial risk (-0.568), and business ethics (0.658). A good company image will depend on how investors react to the stock's fair value and business ethics. It is very substantial to reflect the investor's profit and a trust cue to the company. As the profit increases along with the expected return, so do the risk. The company image gives an investment choice criterion because it determines the investor's risk (Naveed et al., 2020). If the company has good business ethics, it will reflect its image as the investor view. The enforcement of work ethic also indicates the firm's commitment to doing good corporate governance.

Furthermore, in the context of the investor's expected return, the higher the financial risk investors will follow that may gain from a bad company image. So, the investor will compensate with a higher return. It was about the fair stock value, and a dynamic company environment made the company must have an excellent business ethic. The cheapest one indicates the wrong valuation; thus, company image has a vital role in the return assessment and risk for the stock investor (Sastry & Thompson, 2019).

Company insight consisted of several attributes such as the company's reputation (0.498), industry position (0.467), company's product (0.454), investment fund (0.826), expected return (0.810), and last year's stock performance

(0.530). Company insight examines the information about the company's detail. The disclosure of non-financial and financial will perceive the company's reputation. It significantly impacts the investor's decision (Bellofatto et al., 2018). The company's insight will minimize the information risk. This insight affects the investor's trust in the company. Knowing the industry position and the company product will teach the investor about the effectivity company's resources management. So, the investor must know the outcome, work, and reputation as the trust cue of the investor to communicate with the company.

Community involvement consisted of several attributes such as local operation (0.819), environmental corporate social responsibility (0.504), and brokerage recommendation (0.644). The company that did Corporate Social Responsibility (CSR) has good involvement with their community, especially for the stakeholder in their surrounding environment (Chih et al., 2008). Good involvement with their stakeholders makes the stock brokerage recommend that this company purchase the stock. Since the investor has this familiarity with the company due to local operation and also good CSR, thus it shows the responsibility to the corporate's obligation for providing good Information, especially financial disclosure (Christanti & Ariany Mahastanti, 2011). Becoming closer to the company's community is a good symbol of investors' trust, so they do not hesitate to invest in its go public company with good corporate governance. Higher community involvement supports the company from society, and it significantly affects the survival of going public company.

Investor preference consisted of several attributes such as stock position (0.657), international operation (0.721), and diversification need (0.608). Before choosing the stock, investors have their preferences (Nagy & Obenberger, 1994). They said that the stock position and international operation become contemporary concerns when investors purchase the stock company. It is also called the cursory consideration for the stock investors (Mahrani & Soewarno, 2018). The risk minimization criteria are essential for them. Thus they need to diversify the stock sector as the portfolio theory says not to put all our investment assets into one sector (Zahera & Bansal, 2018).

Press coverage consisted of only one attribute statement: stock investing press coverage (0.817). Omondi (2016) explored the effect of media information on the reaction of individual investors. It has a significant impact on the decision to purchase the stock. It showed that event-driven press coverage could impact the stock price. Often, the media informs many things that cause stock prices to rise and fall drastically. Associated with increasing profits quickly, many people with poor financial literacy cause ordinary people to think that stock investment is an online and instant investment activity. It is not valid, even though many media have informed this opinion. So, the press coverage is like a signal for an investor to buy or sell (Strauss & Smith, 2019). Since a piece of good news about the company led the investor to buy the stock. On the other hand, wrong information about the company may show the stock investor to sell them. They can even cut losses to avoid more considerable losses from the bad news.

5. Conclusion

This research investigated the various factors that affected the financial experts as an investor to buy stock, whether financial experts have different considerations and preferences from ordinary investors in making an investment decision. This study used factor analysis to determine those factors. This research used exploratory factor analysis to examine the correlation between 29 attribute statements to develop factors. Factor analysis identified and provided the factors through behavioral processes. This method reduced the large group of variables that focused on smaller, manageable representative factors. The data in this study were obtained from an online questionnaire by 581 financial experts with Securities Sub Account in Indonesian Central Securities Depository.

This study suggests that financial performance criteria are critical to Indonesia's financial experts as investors when they decide to buy the stock. Although there are still so many various criteria when choosing the stock. So thus, the investors have to consider it to reach maximal return while investing in the stock from this research result.

When buying the stock, the other factors determining the stock investor are comprehensive analysis, benefit signaling, company image, company insight, community involvement, investor preference, and press coverage. Those factors may view the criteria regarding relative importance while affecting the investor decision from the financial experts' consideration. Thus, we conclude that stock investment is not just an online and instant investment.

The research's limitation since the score of Cumulative Variance in the Initial Eigenvalues is 72.08% for this research. It indicates that 72.08% of factors formed in this study explained the variability of Indonesian financial experts as the investor decision determination when buying the stocks. Therefore, it can be concluded that the remaining 27.92% was determined by other factors which are not examined in this study. It may be government regulation about the stock market, the bookie of stock, herding behavior, etcetera. Those factors can be further analyzed for future research.

Furthermore, investment is a complex task today for all kinds of investors. Somehow, the individual stock investor confronts the unstable financial condition and faces a high level of uncertainty. This must be very challenging to reach the available opportunities and the resources to decide the investment decision using all related Information. The individual stock investor must decrease their emotional influence and psychological biases to avoid repeating expensive errors while investing in the capital market. For this matter, a fast and frugal investment strategy cannot make better results for the investor. Hence, we suggested that they need good investment management by considering the importance of new factors which affect the purchasing stock decision.

According to these results, investment advisors can better understand their client's information preferences. They can support all available Information that suits the investor's needs. Therefore, the investment advisor may help the investor make better stock performance forecasting and formulate the stock recommendation.

This research provides an exciting way to gain benefits from the investment opportunities in the stock market. For further investigation, the researchers can consider the behavior of investors based on their demographic, experience, and financial needs to make clustering investors build upon the factor that affects their investment decision.

Next, there are vast opportunities to study the individual stock investment pattern in an emerging market like Indonesia. With the increasing number of investors and daily investor transaction activities in Indonesia, the government is concerned about local communities' investment decisions. This is undoubtedly the result of the efforts of the Financial Services Authority together with the Self-Regulatory Organization in Indonesia for promoting socialization and education related to investment in the capital market to the public.

Acknowledgment

The authors would like to thank everyone for their technical support and all the contributors who helped in this study.

Author Contribution

Author 1 made the conceptualization, writing of original draft, data curation, analyzed the formal data, investigation, methodology. Author 2 provided critical insight into review and editing, writing assessment and editing, validation, and visualization.

Financial Disclosure

This article is not funded or related to any funding agency.

Conflict of Interest

The authors declare that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

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