

Prospective Investors Perception on Investment Intention in Indonesia Sharia Stocks Market: A Conceptual Framework

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ABSTRACT

Capital markets are an important component of the financial system, investment decisions are important for one's future and these decisions are related to many factors. Investment is one of the teachings and concepts of Islam and the emergence of sharia stocks in the Indonesian capital market opens up opportunities for the Indonesian Muslim community to invest. As a country with the largest Muslim population globally, Indonesia is a country with the largest sharia capital market share globally. This should encourage and facilitate Islamic investors to invest in the Indonesian economy, especially the capital market. Yet the fact is, sharia stocks are still lower than the growth target. The number of studies on the intention to invest in stocks in Indonesia which is relatively few led this study to try to test the influence of behavior on attitudes, subjective norms and behavioral control perceptions on the intention to invest in stocks. This research paper aims to study the perception of prospective investors on factors that will influence their investment intention in sharia stocks in the Indonesian Stock Exchange. This study uses the theory of planned behavior (TPB) with attitudes, subjective norms and behavioral control as independent variables. This study combines three critical things namely, attitudes, subjective norms and behavioral control of assumptions. This research adopted a quantitative method using questionnaire distribution and analyses using SEM-PLS. The results of the research will contribute to the field of management and consumer behavior in decision making to investment. From this research, Indonesians can know and invest in the Indonesian stock market, especially sharia stocks. Research also contributes to the development of knowledge in the field of finance that focuses on investor behavior.

Keywords: Attitude, Subjective Norms, Behavior Control, Intention, Sharia Stocks, TPB

INTRODUCTION

Capital markets are an essential component of the financial system, investment decisions are vital for one's future and these decisions are related to many factors. Investment is one of the teachings and concepts of Islam and the emergence of sharia stocks in the Indonesian capital market opens up opportunities for the Indonesian Muslim community to invest.

As a country with the largest Muslim population globally, Indonesia is a country with the largest share of the sharia capital market in the world. This should encourage and facilitate Islamic investors to invest in the Indonesian economy, especially the capital market. Yet the fact is, sharia stocks are still lower than the growth target. The number of studies on the intention to invest in stocks in Indonesia which is relatively few led this study to try to test the influence of behavior on attitudes, subjective norms and behavioral control perceptions on the intention to invest in stocks. The following is the number of investors in several asean countries can be seen in table 1 as follows:

Table 1. Number of Investor ASEAN Country

Country	Number of Investors	Total Populations (%)
Thailand	3.513.997	5.03 %
Malaysia	2.800.000	8.50 %
Indonesia	2.697.832	1.00 %
Vietnam	2.116.400	2.20 %
Philipina	1.200.000	1.10 %
Singapore	921.000	15.96 %

Resource: Indonesia Stocks Exchange Annual Report 2021

In the table above, it can be seen that Indonesia is a country with the lowest number of investors based on its population, which is 1% of the total population who are investors in the capital market.

BACKGROUND OF STUDY

The capital market is a very important instrument in the economy in Indonesia and the world. One of the efforts made by Indonesia to drive economic growth is by developing the capital market investment sector. The capital market can be a liaison for those who lack funds and need capital [1]. Capital markets are an important component of the financial system. The function of the capital market is to facilitate actors with economic surplus to channel investment funds to those in need of funds [2].

Investment decisions are important for one's future and these decisions are related to many factors [3]. Investors generally consider risks and returns when deciding to invest in individual financial instruments. By considering these two things, investors will normally choose to withdraw funds for each investment at a time [4].

Investment is one of the teachings and concepts of Islam that fulfils the process of Tadrij and trichotomy of knowledge. The concept of investment is also spiritual because it uses sharia norms and the core of knowledge and charity. Investment is one of the teachings and concepts of Islam [5]. Domestic investors in the capital market are still very low because they do not reach 1% of the total population of Indonesia. The number of domestic investors in the Indonesian capital market under the age of 30 is still very low. Account holders and mutual fund participation units are only around 600 thousand or 0.1% of the archipelago's total population [6].

The emergence of sharia investment products in the Indonesian capital market opens up opportunities for the Indonesian Muslim community to invest. Sharia capital market regulators must maintain and increase investor confidence on the right track. A deeper and more

developed sharia capital market product will benefit individuals and society and the country [7].

As a country with the largest Muslim population globally, Indonesia is a country with the largest stocks of the sharia capital market in the world. This should encourage and facilitate Islamic investors to invest in the Indonesian economy, especially the capital market. But the fact is, sharia stocks are still below the growth target. This is one of the indicators that the majority of Muslims in Indonesia have not fully applied Islamic economic behavior.

A theory that can be used to predict and understand the factors that determine behavior is the Theory of Planned Behavior (TPB) developed by [8], where before a person commits a behavior, in this case is investing, some variables precedes intention and this is influenced by attitudes, subjective norms and behavioral control. Therefore, the use of Theory of Planned Behavior (TPB), does not rule out the possibility of the addition of variables, especially variables that have been shown to have a significant influence on interest or behavior [8].

Interest is one of the important factors that cause a person to do something. Interest is a tendency in an individual who desires to learn, which will prompt to pay attention to such learning. Investment decision making is the process of choosing the best alternative from the number of other options available under the influence of a complex situation. This is influenced by the information received and the investor's level of ability and knowledge about the investment. Financial behavior aims to understand investor behavior in making investment decisions [9].

Previous studies have examined the effects of attitudes, subjective norms and behavioral control on the intention of prospective investors to invest in sharia stocks [10]. The number of studies on the intention to invest stocks in Indonesia which is relatively few led this study to try to test the influence of behavior on attitudes, subjective norms and behavioral control perceptions on intention to invest in stocks by using the younger generation as a sample [11].

DEVELOPMENT OF CONCEPTUAL FRAMEWORK

Intention

The intention is a psychological phenomenon that shows the focus of interest on a particular object due to a sense of happiness [12]. Many studies have found a significant relationship between attitudes and behavioral intentions toward individual investments. It is believed that an investment can invest more and they are more motivated to take action than those who are less interested [13].

Decision tools often support investment decisions. It is assumed that information structures and factors in the market systematically influence individual investment decisions as well as market outcomes [14]. High positive attitudes and perceived behavioral control seem to have more excellent intentions [15]. Prospective investors will be willing to invest in sharia stocks when they have optimistic confidence that investing in stocks is profitable. On the other hand the intentions of prospective investors will be low when they assume that investing in shariah stocks will give them losses [16].

Attitude

Attitude is a person's consideration in committing a behavior whether good or bad, also whether it supports or requires a person's behavior [16]. Attitudes help individuals determine whether an action should be taken or not by considering the negative and positive consequences. In this case, behavioral intent depends on an individual's or positive assessment of a particular behavior. The more positive a person's attitude, the stronger the attitude toward the behavior. On the other hand, the more negative the attitude, the weaker the individual's behavioral tendencies [17]. Attitude has a positive influence on the intention to invest that is, the higher the positive response to invest, the stronger the intention of the individual to invest [18].

Subjective Norm

According to [19], subjective norms are beliefs that arise from references and environments that support or hinder their actions. The reference dimension in question is a social reference. In this case there are four indicators, namely:

1. The influence of strength arising from a person skilled in analyzing and monitoring relevant matters.
2. Peer influence is a strength that comes from someone close to you.
3. The influence of the mass media is a force that arises from the mass media.
4. Regulatory influence is a strength that comes from an organization/institution related to issuing rules/regulations.

Subjective norms are determined by normative beliefs representing social pressures from reference groups that are important to do or not to perform a behavior. In contrast, motivation to comply with social forces signifies an individual's ability to meet behaviors expected from reference groups [20]. Normative belief is a belief in the understanding or misunderstanding an individual or a group that influences the individual's behavior. Significant social influences come from family, life partners, family, office mates and other references related to behavior [21].

Perceived Behavior Control

Perceived behavior control is influenced by those around and the lack of barriers to committing such behaviors will lead to solid intentions [22]. perceived behavior control measures a person's beliefs about how complex or straightforward an act is [23]. It is also interpreted as an understanding of the medium or difficulty in manifesting actions based on previous experience [24].

CONCEPTUAL FRAMEWORK

Many studies using TPB have proven that attitudes positively affect intentions, which in turn affect behavior [25]. This is why the reviewers chose the TPB framework because previous studies that used the TPB model were more successful in determining user intentions [26].

The use of TPB to predict financial behavior or financial decisions or determine interest in economic behavior has been widely used in previous investigations. TPB has been applied in various studies to determine interest including investment [27] interest in saving [28] and interest in buying mutual funds [29].

This study aims to identify the influence of attitude components, subjective norms, behavioral control on the intention to invest in sharia stocks in Indonesia. The conceptual framework for this research uses the Theory of Planned based on three independent variables namely attitude, subjective norms, perceived behavioral control and one variable that depends on the intention to invest in sharia stocks, as well as one intermediary variable that varies as a detail in the research framework is shown in figure 1.

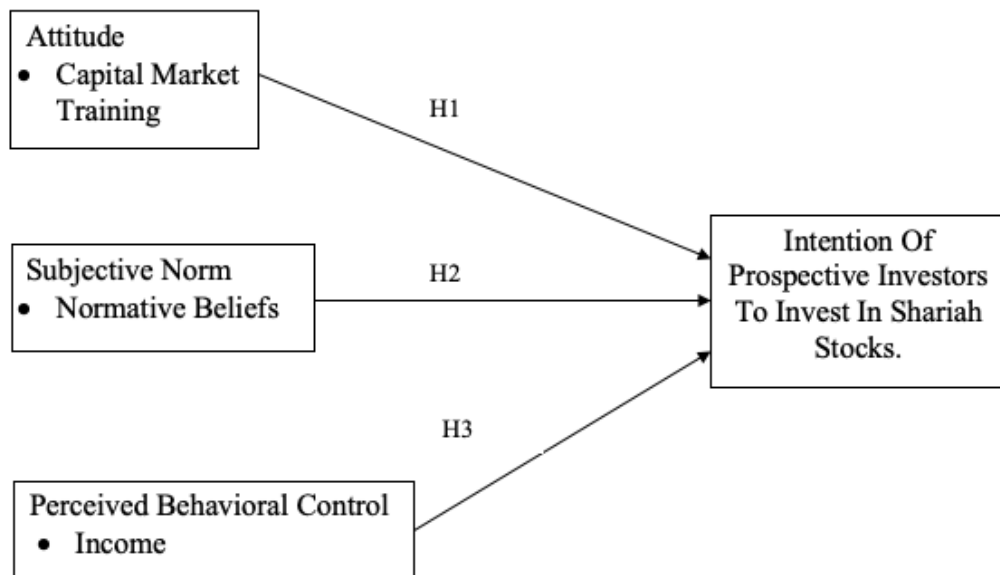


Figure 1: Conceptual Framework Theory of Planned Behavior Dimension

DEVELOPMENT OF RESEARCH HYPOTHESIS

The relationship between variables with three dimensions using the theory of planned behavior is discussed as follows:

Variables Of Attitude Dimensions

i. Capital Market Training

To increase the investment knowledge of the community and develop the Indonesian capital market, Indonesian Stock Exchange in collaboration with Kustodian Sentral Efek Indonesia (KSEI), Kliring Penjamin Efek Indonesia (KPEI) and securities companies have organized various programs and Capital Market School/Training [30].

Capital market training significantly influences investment interest variables. The more a person understands about investing in the capital market, the more interested in investing in the stock market and education is believed to enhance this understanding [31]. Investment education is essential for potential investors before joining business. This sufficient knowledge will shape a person's ability to create value and profit and manage the risks that exist, both small and large, to reduce the impact of losses that will be suffered [32].

H1 : Capital market training has a significant influence on the intention of prospective investors to invest in sharia stocks.

Variables Of The Subjective Norm Dimension

i. Normative Beliefs

Normative beliefs have a direct positive influence on social norms and attitudes which in turn influences behavioral intentions. These findings provide further insight into behavioral intent [33] Normative beliefs is not a factor influencing a client's intention to apply for sharia asset financing in home purchase [34]. Normative beliefs strongly influence the intention to use the stock transaction system in securities companies. So, the role of family or friends is important as supporters of the use of online trading systems in securities companies in Indonesia [35].

H2: Normative beliefs have a significant influence on the intention of prospective investors to invest in sharia stocks.

Variables Of Perceived Behavioral Control Dimension

i. Income

Income has a positive and significant influence on the desire to invest in the younger generation. This means that the greater the income, the stronger one's intention to invest in stocks in the capital market [36]. The factor that affects the investor is the economic condition of the investor (income level). Earnings based on an indicator statement that respondents will increase their share purchases when their earnings increase, company productivity increases, and the share price corresponds to respondent's earnings [37].

The intention to use online stock trading is a different factor that investors can analyze. Higher income people make a lot of stock investments through online trading [38]. The individual's goal of saving is related to investment. The primary purpose of investor savings is to maximize wealth, contingency management and the welfare of children. Various factors such as age, gender, profession and annual income also determine an individual's investment goals [39].

H3: Income has a significant influence on the intention of prospective investors to invest in sharia stocks.

METHODOLOGY

The population of this research is all investors who attend capital market schools in each representative office of the Indonesia Stock Exchange (IDX), in Indonesia there are 28 representative offices in each province. The representative office held a capital market school for investors who wanted to learn about stocks. According to [40] Sharia stock investors in 2019 were 72.856 individuals. The population is represented by data on sharia stock investors from the Indonesia Stock Exchange (IDX), but the researchers only examined 5 cities in the provincial capital at representative offices in Indonesia with the largest number of investors in Indonesia, namely DKI Jakarta, West Java, East Java, Central Java and DI. Yogyakarta.

Individuals were analyzed using Krejcie & Morgan (1970) tables of the population in the table (N = 61.020, hence S = 382). In this study using probability sampling. According to [41] Probability Sampling is a sampling technique that provides equal opportunities for each element (member) of the population to be selected as sample members. The main analysis carried out in this research is Partial Least Square Structural Equation Modeling using PLS.

RESEARCH CONTRIBUTION AND CONCLUSION

This study combines three important things that are, attitudes, subjective norms and perceived behavioral control. The results of the research will contribute to the field of management and consumer behavior in decision making. Indonesians can know and invest in the Indonesian stock market, especially sharia stocks listed on the Indonesian Stock Exchange. It aims to find out how potential investors decide to invest in sharia stocks in the stock market in Indonesia.

In addition, this study will be helpful for the Indonesian Stock Exchange attract potential investors to sharia stocks by focusing on the factors discussed in this study. This research can do by using established theories such as TPB and exploring additional constructs. [42] also supported this argument, who stated that introducing additional factors in the TPB model can increase the importance of sharia financial studies. Therefore, the researcher sees these arguments as meaningful guidelines and provides useful new points in research with the modification of the TPB model in the context of sharia finance.

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