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### Model Behavior of Sharia Investment Decision on Muslim Investor in Indonesia Stock Exchange (IDX)

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**Abstract:** Investment securities in the capital market is influenced by many factors, such as: information, risk, politics, security issues, rumors, policies, global markets, news, as well as consideration of market confidence in doing the intention to invest. Objective studies to determine the model of Islamic sharia investor behavior intention to invest a sophisticated and rational significance with utility maximization in the investment decision-making process in Sharia-compliant stocks in the Indonesia Stock Exchange. This selection is determined to find out the benefits of financial information, advanced and rational attitude, as well as the risk preferences of investors utility maximization in the investment decision making process, especially in stocks included in the Jakarta Islamic Index. The instrument was developed to capture the intent to invest investors perceptions of Islam in making decisions related to the time of investment, investment interest, investment knowledge, and attitudes in maximizing the utility based on behavior *hablumminanas* and *hablumminallah*.

Data collection method was survey. The type of data in a form of expression, experience, or the characteristics of the study subjects individually. The dimension of time is one shot study. The respondents were investors Muslim/ Islam in Indonesian Capital Market by the number of 120 respondents. Data analysis using SPSS which produces a model that is a representation of the theory.

The aim of this study was to determine the model of Islamic sharia investor behavior in their intent to invest in stock investment decisions to maximize sharia in the Jakarta Stock Exchange. The results showed that Islamic investors of all ages scattered adults and there is still the largest in the productive age range 41-45 years, as for the dominant factor in the decision making on the ratings outlook for shares in fundamental knowledge than the technical aspects. Attitude and confidence in the intention to invest, the revision of the decision-making of investors through stock ratings prospects based on the merits of financial information, price information, and *hablumminannas*, *hablumminallah* factors have a significant influence.

**Keywords:** Intention to invest, beliefs revision, financial information, investor behavior of Muslims

## PRELIMINARY

Investment securities in the capital market is influenced by many factors, such as: information, risks, political, security issues, rumors, policies, global markets, news, as well as consideration of market confidence in doing the intention to invest. The goal is the maximization of utility. My intention in investing shows an assessment of the company (value of the firm) which is reflected in the stock price. If the stock price increases, the issuer is considered to have a good performance and prospects. The implication, investors get a capital gain if the shares are sold, or held to earn dividends, or get both (Arrozi, 2010). Capital markets as a vehicle for non-bank financial sector in providing funding for businesses through the sale of stocks, bonds, and derivatives. Its appeal to raise funds quickly and cheaply, portfolio diversification, liquidity of securities trading and investment securities repositioning. Market conditions are uncertainty and commodity trading are risky assets (Suad, 1996: 10) so the market to provide protection from the risk of market efficiency (Zamahsari, 1990). Investors use the information in both fundamental stock analysis, technical, economic, and industry to predict reasonably priced stock on special conditions. One of the information to make decisions is a fundamental economic and financial reports.

Sharia capital market is developed in order to accommodate the needs of Muslims in Indonesia who want to invest in capital market products in accordance with the basic principles of sharia. With the growing variety of facilities and investment products in Indonesia hoped that the people would have considered an alternative to invest as they wish, in addition to the investment, which is already known and developed in the banking sector

According to Husaini (2013: 19), the purpose of the practice of religious teachings in essence based on the concept of the divine. The concept of the illahiah/divine Islamic teachings printed in the basic foundation of Islam, the pillars of faith and the pillars of Islam as a faith and worship aspect in terms of man's relationship with God (*hablumminallah*). From the concept of the Illahiah is then described other concepts such as the concept of man, prophetic, nature and others as *muamalah* aspects in relation to human relationships with others (*hablumminannas*).

In line with the functions and beliefs as a Muslim investor, then the behavior of a Muslim is expected to have behavioral and *hablumminannas hablumminallah* who understand Islamic law and its efforts in implementing Islamic law including in decision-making behavior of investment securities in the Indonesian capital market

As a Muslim investors, the activities also have a response to the financial statements information *tetapimempunyai* limited cognitive ability to interpret the information they receive. So that investors act naive, irrational and unsophisticated (*unsophisticated*) (Prabowo, 2000).

Therefore, investors tend basing on rumors, rumors, speculative, and behaving mass behavior, impulsivity, loss-control, and impatience (Sjahrir, 1995: 229).

The main issue of the research was to question the intention of the decision of investors in the stock selection of candidates for sharia investment securities. Investor intentions reflected in the estimates of returns and stock price changes and revisions due to performance information. Ajzen and Fishbein (1980) assumes humans behave consciously because consideration of the information and consider the implications of the action taken. Changes in stock prices is a reflection of all the information both financial information

and non-financial. Stock selection of investors formed the intention of motivating factors that impact on a stock's decision. These factors are an indication of how much effort is planned to be able to provide the outcome that depends on the characteristics of the individual, societal, and environmental. These factors change over time due to lack of information and motivation to change as an indication causes that affect the intention (Ajzen, 1988). Theory of Reasoned Action (TRA) (Ajzen and Fishbein, 1975) explained that the intention of a person to do (or not do) behavior is a direct determinant of behavior, and depends on two aspects, namely: the attitude and subjective norm. Model of TRA theoretical that proved to be useful in helping to explain the desired behavior refuse or not refuse not to do it and be a satisfactory model of the relationship between attitude and performance of the desired behavior (Ajzen, 1988). Based on theoretical and empirical studies above, the variable that will be tested in this study are the benefits of financial information, the benefits of price information, revision beliefs, and intentions to invest based on factors *habluminallah* and *habluminannas*.

The purpose of this study was to examine and obtain empirical evidence of the behavior of Muslim investors in making investment decisions sharia in Indonesia Stock Exchange by using the benefits of financial information (information usefulness), and *habluminannas* *habluminallah* factors.

## **RESEARCH METHODOLOGY**

### **Step of Research**

This research uses explanatory-causality approach to investors to look at the intention to invest in the intention for making investment decisions and explain the phenomenon of the decision. Type of primary data in the form and method of data collection conducted by survey method to investors who are members of the Securities Investor All-Indonesia Society (MISSI). The research subjects individually in the intention to conduct securities investment decision. Respondents in this study are individual investors who trade stocks of Sharia.

### **Population, Sample, and Sampling Technique**

#### ***Population***

The study population is the individual investor who intends to invest in securities and is a member of the Securities Investor All-Indonesia Society (MISSI).

#### ***Sample***

Large sample size according to Hair et al (1998) is 5-10 x number indikator or by Ferdinand (2002) with an estimated maximum likelihood estimation (MLE) between 100- 200. Samples are required ranges from 120-300 with a threshold of at least 120 and maximum 300 investors who are at intervals of MLE.

#### ***Sampling Technique***

Sampling was done by using purposive sampling, ie respondents who used the meet and meet certain requirements such as investors were still active in the Indonesia Stock Exchange and became investor on the stocks sharia.

## **Data Collection Procedure**

Primary data was obtained using a structured questionnaire. Before the questionnaire distributed to investors, then it should be implemented through a quality test of the pre-test questionnaire to potential investors as many as 30 people. The goal is to test the questionnaire if it is valid and reliable. Reliability testing is performed by calculating Cronbach alpha of each item in a variable. Instruments used in the variable is said to be reliable (reliable) if it has more than 0.60 Cronbach alpha (Nunnally, 1978). As for knowing the questions in the variable is valid or construct validity, conducted a factor analysis.

## **Variabel of Research**

### ***Operationalization Variable Definition***

Based on the identification of variables, the operational definition of these variables can be explained as follows:

### **Benefits of Financial Information [x1]**

Benefits of Financial Information is the degree of positive or negative affect is determined directly by the investor confidence on the quality of financial information that is useful in decision making. Indicator variable as follows:

- a. Relevance
- b. Reliability
- c. Quality Secondary
- d. Performance

### **Benefits of Price Information [x2]**

Benefits Pricing information is the degree of positive or negative affect is determined directly by the investor confidence to the stock price that is useful in decision making securities investments. Identified through 4 indicator variable as follows:

- a. Useful
- b. Relevant
- c. Prediction
- d. appraisal

Behavior of Habluminallah (Faith and Worship)–[X3]

Habluminallah behavior of a Muslim is measured by:

1. Knowledge Faith and Worship.
2. Attitude towards faith and worship.
3. The practice of Faith and Worshi

### **Behavior of Habluminannas (Muamalah) –(X4)**

As the behavior of religious visible or observable, behavioral habluminannas is the behavior muamalah embodied in the daily life of a Muslim in relation to fellow human beings to themselves, fellow human beings and the natural surroundings are based on the Islamic values as a consequence and faith to Allah SWT. Habluminannas behavior of a Muslim is measured by:

1. Conduct yourself Islami, which behave honest / trustworthy, discipline and work ethic is high.
2. Conduct Islami against fellow human beings, that behavior like helping, sharing, cooperating, generous, tolerant, caring and consideration for the rights of others.
3. Conduct Islami against the environment, namely the care and nurture nature, and nature preserve.

### **Revised Confidence (Y2)**

Revision of conviction is investor perception of the financial information motivated him to change the initial belief that consists of five indicators, namely:

1. Profit bring news and information content
2. Dividend bring news and information content
3. Gain bring news and information content
4. Company Value contains positive information
5. Financial performance drive change candidate and stock performance

### **Intention to Invest (Y1)**

The intention to invest an intention tendency of investors to select stocks candidate determined directly by the investor confidence. The instrument used to measure the intentions for investment developed by researchers from Arrozi (2011), which consists of eight variables measured (indicators), namely:

1. The desire to have stocks with high returns.
2. The desire to have the blue chips.
3. The desire to find information about the desired stock.
4. The desire to have the stock at any price.
5. The desire change and revise your stock performance.
6. The desire to know how the new investment.
7. Be responsive to changes in stock prices.
8. Response to changes in market interest rates.

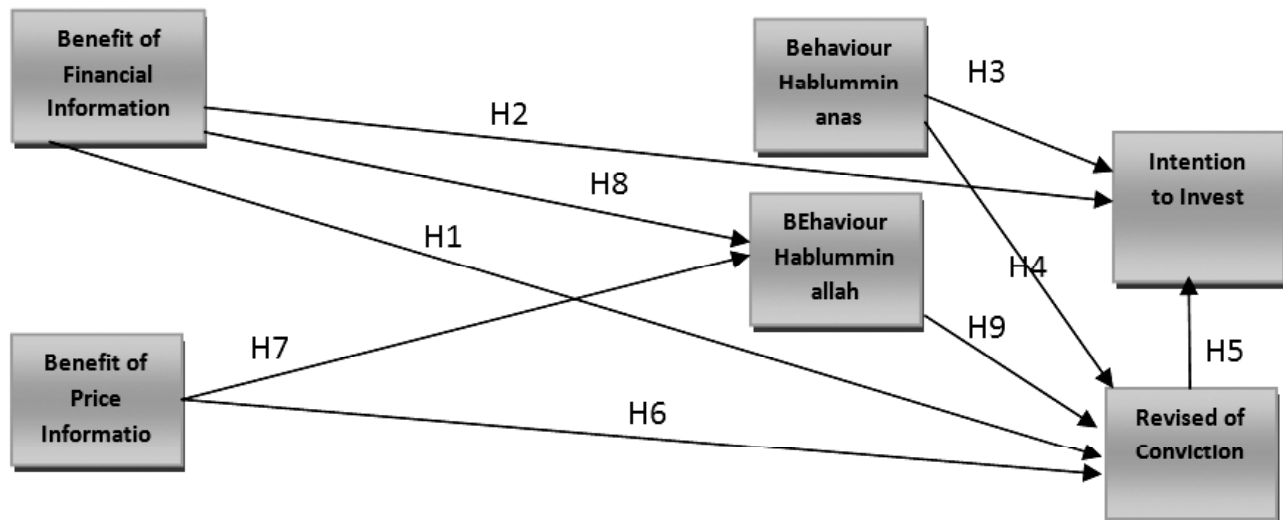
### **Data Analysis**

#### ***Analysis Technique***

Data will be analyzed using SPSS version 22, this analysis technique is appropriate when used for needs analysis and effect relationships between variables.

## Determination Model of Intent to Invest

The results of the model design intent for a rational investment are as follows:



## Hypothesis testing

Based on theoretical and empirical studies wherewith discussed earlier, the hypothesis as follows:

- H1: The Benefits of financial information influence the revision of belief.
- H2: The Benefits of financial information on the intention to influence sharia investment securities.
- H3: Behavior hablumminannas effect on investment securities intention to sharia
- H4: Behavior hablumminannas effect on belief revision
- H5: Revision beliefs affect the intention to sharia investment securities.
- H6: The benefits of price information influence the revision of belief.
- H7: The benefits of price information affected the behavior hablumminallah
- H8: Benefits affect the behavior of financial information habluminnallah
- H9: Behavior Hablumminallah effect on belief revision

## RESEARCH RESULT

Analysis and results of criteria and the distribution of respondents, conducted descriptive study and continued with SPSS beginning with test results suitability models, the results of the validation test contract and validity convergent, and the results of tests of hypotheses ranging from factors - factors that influence the behavior hablumminallah, factors hablumminannas that affect behavior, and other factors that affect Muslim investors in their investment decisions

Results Description of the research to 120 Islamic investors, indicating that investors Muslims spread of any age adults and the largest extant in the range of productive age of 41-45 years, it shows that the Islamic investors are more prepared to invest on the basis of the decision of the aspects fundamental.

Interesting to study that the results showed that investors Muslim men by 55.8% compared to 44.2% the woman. Comparisons were very balanced, meaning that the investor Islamic stocks proved very attractive to women because of his intention to invest due to Allah, and his decision on purely irrational aspect. For the results of the study also showed that most of the Muslim investor education levels exist at undergraduate level as much as 85%, followed by 7.5% a postgraduate degree, diploma 4.2%, and 3.3% SMA. The background is dominated formal education in management and accounting 56.7% to 29.2%, the rest is filled by other disciplines such as Information Engineering undergraduate 5%, 0.8% physicians and others were each less than 1 %.

Besides this, it can be seen that the average length of work being an investor is 1-5 years most dominating at 40.8%, followed by investors who work for 6-10 year amounted to 24.2%, selebihan scattered among less from 1 year and more than 10 years.

### **Realibility and Validity test**

#### ***Validity Test***

A questionnaire considered valid if the questions in the questionnaire were able to reveal something that will be measured by the questionnaire. Validity serves to calculate the value of Pearson correlation and is said to be valid if the value is more than 0:30, the value identifies that the lattice as a valid question questionnaire questions.

The validity described as follows:

#### ***Benefits of Financial Information***

Based on Pearson correlation value benefits of accounting information, the data is as follows:

$$\text{MIK01} = 0665$$

$$\text{MIK02} = 0.729$$

$$\text{MIK03} = 0.629$$

$$\text{MIK04} = 0745$$

$$\text{MIK05} = 0679$$

$$\text{MIK06} = 0.737$$

$$\text{MIK07} = 0658$$

All grating questionnaire declared invalid benefits accounting information

#### ***Benefits of Price Information***

Based on Pearson correlation value of the benefits of price information, the data is as follows:

$$\text{MIH01} = 0687$$

$$\text{MIH02} = 0632$$

$$\text{MIH03} = 0561$$

$$\text{MIH04} = 0609$$

All grating questionnaire declared invalid benefits pricing information

### ***Revised of Conviction***

Based on Pearson correlation value revision convictions, comprises the following:

$$RK01 = 0666$$

$$RK02 = 0.450$$

$$RK03 = 0552$$

$$RK04 = 0655$$

All grating questionnaire otherwise valid belief revision

### ***Conduct Hablumminallah***

Based on Pearson correlation value of the benefits of price information, the data is as follows:

$$PHA01 = 0.680$$

$$PHA02 = 0.618$$

$$PHA 03 = 0.681$$

All grating questionnaire hablumminanas declared invalid behavior

### ***Behavioral Intention To Invest***

Based on Pearson correlation value of the investment intentions for the data as follows:

$$NI01 = 0395$$

$$NI02 = 0456$$

$$NI03 = 0502$$

$$NI04 = 0718$$

$$NI05 = 0669$$

$$NI06 = 0527$$

$$NI07 = 0521$$

$$NI08 = 0556$$

All grating questionnaire to investment intentions declared invalid

### ***Behavioral Hablumminanas***

Based on Pearson correlation value hablumminanas behavior then the data is as follows:

$$PHN01 = 0607$$

$$PHN02 = 0.641$$

$$PHN 03 = 0610$$



All grating questionnaire Hablu Behavior Minanas declared invalid

### **Reliability Test**

Reliability tests performed by calculating Cronbach alpha and is said to be reliable if it has a value of more than 0.60 (Nunnally, 1978). Cronbach alpha value ranges from 0.113 and 0.815 instrument. Reliability results shown in Table 2 below:

**Table 1**  
**Reliability Testing Result**

<i>Variabel</i>	<i>Reliabilitas</i>
Benefits of Financial Service (X1) Informasi Keuangan (X1)	0.815
Benefits of Price Information (X2) ((X2)(X2)	0.393
Behaviour Hablu Minanas (X3)	0.477
Bahaviour Hablu Minannal (X4)	0.349
Revised of Conviction (Y2)	0.349
The Intent to Invest (Y1)	0.205

Results of analysis using SPSS then we have to parse each correlation as follows:

**Table 2**  
**Output Correlation Analysis**

<i>No.</i>	<i>Influence</i>	<i>R</i>	<i>R<sup>2</sup></i>
1	The Benefits of financial information influence the revision of belief (H1)	0.393	0.154
2	The Benefit of financial information influence to investment (H2)	0.205	0.042
3	Behaviour Hablumminanas influence to investment (H3)	0.248	0.061
4	Behaviour Hablumminanas influence on belief revision (H4)	0.144	0.020
5	Belief Revision effect Intention to investment (H5)	0.207	0.042
6	The Benefit of Price Information influence the revision of belief (H6)	0.561	0.314
7	The Benefit of Price Information influence Behaviour Hablumminallah (H7)	0.134	0.017
8	The Benefit of Financial Information influence Behaviour Hablumminallah (H8)	0.120	0.014
9	The Benefit Hablumminallah influence on belief revision (H9)	0.034	0.001

These results demonstrate any influence between the variables from the H1 through H9 give significance probability (p) under 0:05, so the hypothesis being tested significantly acceptable. Besides the effect of giving an overview influence positively and contributed support in planning the variable component of equity investment.

## **DISCUSSION**

Very little understanding of perfect behavior of securities analysts in the decision process. This provides an explanation why one securities analyst with other securities analysts have levels higher or lower than the others, the possibility of securities analysts influenced other analysts using the same knowledge and information.

Referring to the behavior of individuals, especially Muslim investors related to his attitude to investment decisions in stocks sharia, research that there are only associated decisions Muslim investors against food products labeled halal or behavior on activities in the money market (banking). In addition to this, most of the existing research to analyze the attitude or behavior of investors in investment decisions in stocks non-Islamic / Conventional.

The results showed that the benefits of Price Information on Revised Confidence leave the relationship and the most impact, it can be understood that Islamic investors who buy shares of sharia more basic pricing information that would change his confidence in buying shares, compared the behavior as a Muslim basing on behavior *hablumminannas*

## **CONCLUSION**

The results that have been achieved in this research is the formation of a new conceptual model for the development of belief revision with the findings and outcomes that have been achieved as follows:

1. Attitude and belief in the revision of the decision-making of investors through stock ratings prospects based on the merits of financial information, price information, and *hablumminannas hablumminallah* factor.
2. Characteristics of quality financial information and price information useful in decision making prospects for stock assessment.
3. The dominant factor in the decision on the ratings outlook for stocks is no fundamental knowledge than the technical aspects.

## **SUGGESTION**

Based on the above results, the suggestions / recommendations are as follows:

1. The sample of the research conducted by the expansion of different types of respondents. This is to obtain a variation of attitudes, behaviors, and actions in decision making. Possibility of respondents that can be selected is, broker / broker, securities analysts, investors, underwriters and investment advisors.
2. The existence of another study of the variables such as professional investors and other Islamic behavior.
3. By taking the proper time allocation on the capital market conditions are expected bullish or bearish research will be better.

The applicability of the data analysis by SEM method is strongly recommended for the research model more complex and comprehensive

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