Ambiguity and inconsistency of investor buying behavior

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ABSTRACT: This study aims to examine the effect of Investor's "*baper* (highly sensitive)" character on purchasing behavior in Indonesia. This study used a quantitative approach with respondents who have "*baper*" character and never invested in IDX shares. The data source used was primary data by spreading the questionnaire. Respondents in this study were 200 people. This research applied the Partial Least Square model using smartpls 3 software to test the inner model and outer model. The results show that the investors who are "ambiguous" and "inconsistent" and gaining a profit of shares experienced positive emotions and have a significant positive impact on customer (investor) satisfaction, with preference over competition and word of mouth. While investors who are ambiguous and suffer losses of shares experienced negative emotions mediated by regret and disappointment. Negative emotions had a significant negative effect on customer satisfaction, behavioral loyalty, attitudinal loyalty, preference over competition, and word of mouth. Then, negative emotion had a significant positive effect on complaining.

Keywords: emotions, customer attitudes, individual investors, customer behavior, household finance.

1 INTRODUCTION

Cabanac (2002) and Risius et al. (2015) point out the emotional state can be correlated with stock prices, for example, on the effects of rational thinking, risk assessment of stock, and decision making in investing and behaving. Shefrin (2000) says that an investor who makes a decision that turns out to be a bad investment (experiencing losses) will feel self-denial, this is because the investor feels that he was not doing the right thing.

Zeelenberg & Pieters (2004) conclude that disappointment is caused by unmet expectations. The important difference between regret and disappointment is that disappointment implies that someone has no choice or responsibility to influence the outcome. Therefore, disappointment is associated with feelings of helplessness and the desire to turn away from the situation.

Anderson et al. (1994) utter that customer satisfaction is an evaluation after making certain purchases, cumulative satisfaction is about evaluating the consumption of products and services in the long run. Consumers feel satisfied when things that have been expected (expectation) meet reality

Hoffman & Ketteler (2015) add the causes of behavioral loyalty experienced by investors and corporate consumers, among others, is a sense of ownership of the company because the investors own the company's shares. Chaudhuri & Holbrook (2001) define loyalty as something that has two aspects, namely, behavioral and attitudinal aspects. Attitudinal aspects in loyalty are the tendency of consumer attitudes to commit and choose certain brands. Attitudinal loyalty can increase consumer confidence in a brand so that the price is more expensive.

Hoffman & Ketteler (2015) illiterate preference over competition/switching behavior as consumers (investors) who stop the relationships with companies that provide products or services and choose to build relationships with previous companies that provide similar goods and services or switch to competitors' products/services.

According to Anderson (1998), Word-Of-Mouth (WOM) is all communication that involves consumers with people in the consumer's social and professional networks. According to Hoffman & Ketteler

(2015), the tendency of an investor to be involved in WOM, whether doing negative/positive WOM to the social group, is triggered by the experience of stock trading when the investor experiences loss/profits when investing in the company's shares.

According to Zeelenberg & Pieters (2004), complaints occur when consumers experience dissatisfaction. The experience ultimately makes consumers tell the problem to third parties. Complaining is caused by the consumer's dissatisfaction with the company because of something that causes the consumer to experience disappointment.

Hoffman & Ketteler (2015) state that there are some features to describe emotions. First, emotion is caused by trust. Therefore, when investors anticipate shares to perform well, positive emotions emerge when the share price rises and negative emotions emerge when the share price falls. Second, emotions have intentional objects with the cause of emotions here is profit or loss. Third, emotions trigger the urge to act. Therefore, the hypothesis is proposed as follows: H1: Unfavorable (favorable) experience in trading company share, such as the sale of a share that loses (gains) generates negative (positive) emotions such as upset, depressed, and nervous (passionate, enthusiastic, and determined) to investors.

According to Hoffman & Ketteler (2015), regret that occurs because of poor investment results can be prevented if investors made different initial decisions. So, regret is combined with the desire to have a second chance and change the results. This involves blaming our self and triggers the desire to act and make better future decisions Therefore, the following hypothesis is proposed: H2: Disappointment mediates the relationship between losses when trading company shares and negative emotions. (disappointment does not mediate the relationship between making profits when trading stock companies and positive emotions).

Hoffman & Ketteler (2015) scrutinize that disappointment occurs when expectations are not met. Disappointment is related to feeling helpless and hoping to change the situation. In the case when investors experience a loss, investors may be disappointed with the company. Therefore the hypothesis is proposed as follows: H3: Regret mediates the relationship between stock trading losses and negative emotions (regret does not mediate the relationship between generating profits when trading stocks and positive emotions).

The study of Hoffman & Ketteler (2015) focuses on cumulative investor satisfaction that says the effect of emotions from stock return experience on long-term relationships between investors and companies. In the case of investors making a profit (loss), investors may become more (less) critical and more (less) satisfied with the company. Therefore the hypothesis is proposed as follows: H4: Negative (positive) emotions of investors who are also shareholders lead to a decrease (increase) in investor satisfaction with the company (disappointment and regret are expected to trigger the effects of negative emotions).

Hoffman & Ketteler (2015) pinpoint evidence of behavioral loyalty from customers who are also investors in the company. These investors often buy goods/services from companies, whose shares are owned by the investor with a greater amount than ordinary customers. In order for true loyalty to occur, it must be accompanied by emotions meaning customers must psychologically loyal to the company and experience positive emotions. Customers who are also investors tend to experience positive (negative) emotions towards the company. Therefore, the following hypothesis is proposed for two aspects of loyalty (attitudinal loyalty and behavioral loyalty aspects): H5: Negative (positive) emotions of investors who are also shareholders lead to a decrease (increase) in behavioral loyalty towards the company. (disappointment and regret are expected to trigger the effects of negative emotions); H6: Negative (positive) emotions of investors who are also shareholders lead to a decrease (increase) in attitudinal loyalty attitude towards the company. (disappointment and regret are expected to trigger the effects of negative emotions).

Being in a negative (positive) emotional state can encourage investors to look for competitors' products/services more (less) frequently. Investors who experienced loss will reduce contact with the company as the investors do not want to be reminded of the mistake that caused them to experience loss. Instead, investors who earn a profit will increase contact with the company Hoffman & Ketteler (2015). Therefore, the following hypothesis is proposed: H7: Negative (positive) emotions of investors who are also shareholders lead to a decrease (increase) in the possibility of investors choosing products from companies whose shares are owned compared to the product of the competitor. (disappointment and regret are expected to trigger the effects of negative emotions).

Emotions and moods play an important role in encouraging investors to engage in WOM behavior. Investors who sell their shares in a state of profit (loss) tend to experience positive (negative) emotions towards the company. Positive (negative) emotions will make investors more often (rarely) make recommendations to other customers or to people who are in the investor's social environment Hoffman & Ketteler (2015). Therefore, the hypothesis is proposed as follows: H8: Negative (positive) emotions of investors who are also shareholders lead to a decrease (increase) in the possibility of positive involvement in WOM (disappointment and regret are expected to trigger the effects of negative emotions).

According to Hoffman & Ketteler (2015), complaining allows investors to express their emotions and dissatisfaction. Customers who are also company investors when experiencing disappointment tend to complain to the company. The investor who is unhappy with the results that are different from his expectations will blame the company. Therefore, the following hypothesis is proposed: H9: Negative (positive) emotions of investors who are also shareholders lead to an increase (decrease) in the tendency of investors to complain to the company (disappointment and regret are expected to trigger the effects of negative emotions).

2 RESEARCH METHODS

The researchers successfully collected 329 respondents, but only 200 respondents were valid (100 respondents who experienced gains in stock investing and 100 respondents who experienced losses in stock investing). All respondents were investors in stocks listed on the IDX. Investors are also required to become consumers of selected shares. The questionnaire was divided into 2 parts with the first part identifies respondents and the second part uses statements as indicators to measure the variables of gain (loss) magnitude, regret theory, disappointment, positive (negative) emotion, customer (investor) satisfaction, behavioral loyalty, attitudinal loyalty, preference over competition, word of mouth, and complaining. Respondents answered a 7-Likert scale questionnaire.

3 RESULTS AND DISCUSSIONS

Each indicator of the variable under this study had a standard loading value of more than 0.6. This shows that all indicators have met a good validity test. Each indicator had a Cronbach's alpha value that is more than 0.6. This shows that all indicators have met a good reliability test.

Table 1 explains that selling a stock had a significant effect on positive emotions (passionate, enthusiastic, and determined) of investors. Disappointment did not mediate the relationship between selling shares in a profit position with investors' positive emotions. Regret did not mediate the relationship between selling shares in a profit position with positive emotions of investors. Positive emotions had a significant effect on investor satisfaction. The positive emotions of investors who are also shareholders had no significant effect on behavioral loyalty. Investors' positive emotions were not significantly related to attitudinal loyalty. Investors' positive emotions had a significant effect on preference over competition. Investors' positive emotions had a significant effect on WOM. Investors' positive emotions had no significant effect on complaints.

Table 1. Structural Modal Gain.

Hypothesis	Std.est.	T.Stat	Note
H1+	0.340	4.119	Hold
H2-	-0.163	1.665	Hold
	-0.323	2.882	
H3-	-0.232	2.929	Hold
	-0.025	0.195	
H4+	0.253	2.259	Hold
H5+	-0.109	0.990	Reject
H6+	-0.109	0.958	Reject
H7+	0.290	3.155	Hold
H8+	0.259	2.185	Hold
H9-	-0.117	0.881	Reject

Table 2. Structural Model Loss.

Hypothesis	Std.est.	T.Stat	Note
H1+	0.231	3.443	Hold
H2+	0.512	7.736	Hold
	0.229	2.508	
H3+	0.480	6.610	Hold
	0.580	6.088	
H4-	-0.234	2.881	Hold
H5-	-0.268	2.097	Hold
H6-	-0.269	2.100	Hold
H7-	-0.251	2.319	Hold
H8-	-0.243	2.160	Hold
H9+	0.556	3.364	Hold

Table 2 shows the results of the study for Loss. The loss had a significant effect on negative emotions (upset, depressed, and nervous). Feelings of disappointment mediated the relationship between selling shares that are losing and negative emotions of investors. Feelings of regret mediated the relationship between selling shares that are losing and negative emotions of investors. Negative emotions had a significant effect on investor satisfaction (the higher the negative emotions, the lower the investor satisfaction). Investors' negative emotions had a significant effect on behavioral loyalty (the higher the negative emotions, the lower the behavioral loyalty). Negative emotions of investors had no significant effect on attitudinal loyalty. Negative emotions of investors had no significant effect on preference over competition. Negative emotions had no significant effect on WOM. Investor's negative emotions had a significant effect on complaints.

4 CONCLUSION

The results of this study show that the emotions of investors due to profits or losses in investing in company shares can positively influence investor behavior and assessment (purchase, loyalty, promotion, complaints, and satisfaction) toward the company. Based on this, the researchers provide recommendations to companies that have IPOs on the IDX especially companies that run consumer goods industry sector, various industry sectors, transportation and communication subsector infrastructure sector, property and real estate sector, financial sector, and trade sector.

Do not frequently let the shares become a tool for speculation by large players in the stock market because this can affect the sales of the company's products. In fact, the data released by the IDX show there are currently more and more stock investors in Indonesia. Shares that are often "played" by the large players certainly make investors lose a lot. Based on the researchers' study, it is found that more and more investors who lose actually cause a negative effect on the company (customers become unfaithful, often complain, dissatisfied with the company, and switch to competitors). The company should not remain silent in carrying out market intervention by giving news "either positive or negative news" to exercise control.

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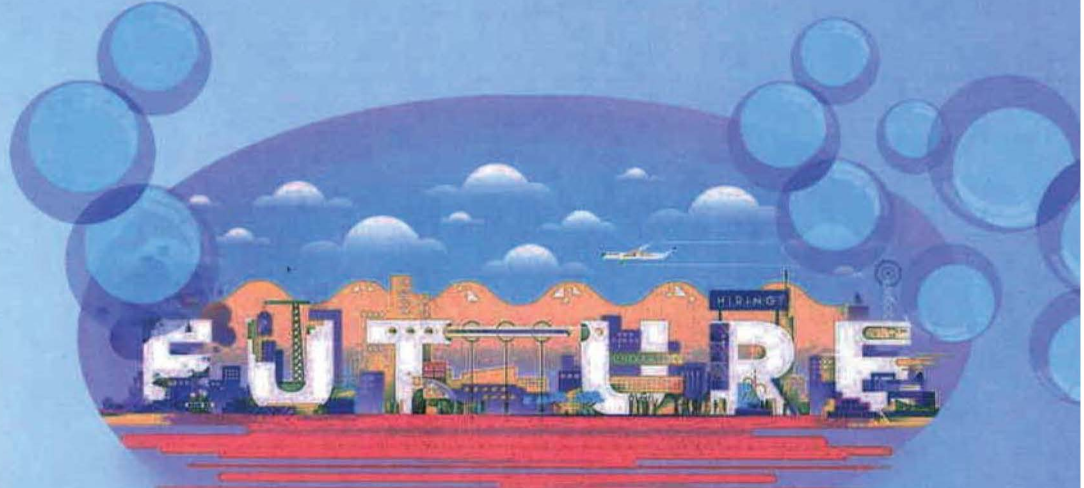

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FOREWORD

Knowledge acquisition, sharing, networking, clustering and innovation are now recognized as key developmental of competitive advantage factors and essential considerations for organizations seeking to meet their customers' needs and the changing demands, especially in hyper competition environment. In the scientific literature, researchers recognize dynamic capabilities to be a key factor in firm competitiveness through sensing, seizing and reconfiguring. Initially, dynamic capabilities are considered to be a firm's ability to "integrate, build and reconfigure internal and external competencies to address rapidly changing environments. Further discussion on the relation between dynamic capabilities and competitive advantage will be focused on innovation, specifically on digital technology development as a simultaneous balance between radical and incremental innovation.

Hundreds of scientific papers are sent to a conference commitee, and the results of a rigorous selection of more than 55 elected. This paper is derived from a variety of authors, both within and outside the country, academics and practitioners. All the articles are then presented at the symposium and documented in this book of abstracts.

We thank all authors, participants and Co Host for their contributions and we hope that these proceedings can contribute to the development of science and business practices. Hopefully you can enjoy and gain valuable lessons from this article collection.

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