HERDING BEHAVIOR IN INDONESIA STOCK EXCHANGE

by Winarno, Muniya Alteza, Lina Nur Hidayati

ABSTRACT

This study aims to: (1) Determine the existence of herding behavior based on the type of investor (2) Knowing how long the herding behavior occurs in each type of investor (3) Knowing the magnitude of herding behavior responses in each type of investor (4) Knowing how is the relationship between herding behavior between types of investors.
This study used a quantitative descriptive approach. This research was conducted using secondary data collected by documentation method. The data analysis technique used was Vector Auto Regression test.
The results of the study showed that: (1) The type of individual domestic investor was influenced by the type of individual domestic investor in the previous 1 month period. The type of domestic institutional investor was influenced by the type of domestic individual investor and domestic institutional period 1 month earlier. The type of individual foreign investor was influenced by the type of individual domestic investor, domestic institution and foreign individual in the previous 1-month period. The type of foreign investor institution was influenced by the type of institutional foreign investor in the previous 1 month period. (2) The variables that most influence the four types of investors in a row are the types of domestic investors, foreign individuals, domestic individuals, and foreign institutions. (3) The four types of investors respond differently to herding behavior. The influence of behavior is indicated by the large percentage of responses made by the four types of investors. Of the four types of investors, only the same type of investor gives a response of more than 30%, so it can be concluded that herding behavior response towards the same crowd is carried out by the same type of investor. (4) The type of individual domestic investor has a Granger causality relationship with the type of domestic investor institution. The relationship applies both ways. While foreign and individual types of foreign investors do not have causality with other types of investors.

Kata Kunci: *Herding behavior, investor type, Vector Auto Regression*