

Planning Affects the Risk of Loss in Investing in the Capital Market

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ABSTRACT

The Yuk Nabung Saham or let's save stock campaign has provided insight to public that investing in the capital market is easy and cheap. This program is much in line with the development of capital markets in South Sumatra, which began to change the direction since 2008, namely from entrepreneurs to young people until even to housewives. In addition to securities companies, the Indonesia Stock Exchange also opens galleries in universities and traditional markets in Palembang. This is useful for introducing and inviting students and public to invest or save stocks. In 2019 there was 106 percent growth or an addition of 5,959 new investors. Even though the growth rate of investors in Palembang has increased, it is not certain that all investors joined the capital market voluntarily. In fact, in order to increase the number of investors with an initial capital of IDR 100,000 through the program of "Yuk Nabung Saham" aimed at young people or students, it seems forced. The number of investors has increased, however, the number of passive investors has also increased. One factor that influences why this happens is planning in investing. Generally, an investment requires much funds, therefore it is necessary to plan investments such as the level of profit and the risk of loss, as well as the investment period so as not to make unprofitable investments. The research method was carried out through several stages of research starting from literature study, survey (observation), data input, interpretation and reports. The data analysis was carried out quantitatively by using simple linear regression to determine how planning affects the risk of loss in investing in the capital market.

Keywords: *Planning, Investment, Risk of Loss.*

1. BACKGROUND

The capital market has become something of a shock, because investment in the stock exchange has grown very rapidly. Many companies are standing in line to enter the stock exchange and domestic investors are also playing on the stock market. Throughout 2019, the Indonesia Stock Exchange (IDX) recorded 55 companies have made initial public offers, so that with this data the total number of companies listed on the capital market reached 668 companies (cnnindonesia.com, 2019). With so many companies seeking funds through the capital markets, wider community has flocked to become investors. In addition, the Indonesia Stock Exchange (IDX) created a strong and national scale capital market industry campaign concept with the aim of increasing public awareness to the Indonesian capital market, with the campaign title "Yuk Nabung Saham" or lets save stock. According to the Indonesia Stock Exchange (2017) on their website <http://yuknabung saham.idx.co.id>, Yuk Nabung Saham (YNS) is an organized campaign that

invites the public to become potential investors to invest in the capital market.

. This campaign is intended to change the Indonesian people habit from saving to investing.

The Yuk Nabung Saham campaign has provided insight to public that investing in the capital market is easy and cheap. This program is very much in line with the development of the capital markets in South Sumatra, which began to change the direction since 2008, from entrepreneurs to young people until even housewives. The South Sumatra IDX has recorded a growth in the number of single investor identification (SID) up to 1,000 accounts after the Yuk Nabung Saham program was introduced to public. The Palembang IDX had a target of 10% of the total population of Palembang, which reached nearly 2 million.

Until now, there are eleven securities companies in Palembang (IDX Inc., 2020). Having eleven securities companies makes it easier for people to invest in the

capital market. Apart from the securities companies, the Indonesia Stock Exchange has also opened ten galleries in universities and traditional markets in Palembang. This is useful for introducing and inviting students and public to invest or save stocks [Indonesia Stock Exchange, 2019].

With the large number of IDX galleries opened in Palembang, the total stock market investors listed based on SID (single investor identification) was 20,814 share investors last year. This number was still dominated by investors from Palembang, which were 14,006 investors and the rest were investors from regions in Southern Sumatra. Compared to 2018, the achievements in 2019 experienced a growth of 106 percent or there was an addition of 5,959 new investors. [swarnanews.co.id, 7 January 2020].

Although the level of investor growth in Palembang has increased, it is not certain that all investors joined the capital market voluntarily. In fact, in order to increase the number of investors with an initial capital of IDR 100,000 through the “Yuk Nabung Saham” program aimed at young people or students, it seems forced. The number of investors has increased, however, the number of passive investors has also increased.

There are many factors that influence why this happens, one of which is the readiness or planning to invest. Generally, an investment requires a large amount of funds, therefore it is necessary to plan investments such as the level of profit and risk of loss, as well as the investment period so as not to make unprofitable investments. The author is interested in taking the title of *Planning Affects the Risk of Loss in Investing in the Capital Market*.

1.1. Problem Formulation

Based on the description of the background above, the problem in this study was how the effect of planning affected the risk of loss in investing in the capital market.

1.2. Problem Formulation

The scope of this research only limited on the variables of the investment planning to the risk of loss in investing in the capital market. The object of this research was limited only to student investors in Palembang.

2. LITERATURE REVIEW

2.1. Planning

According to Terry in his book *Principles of Management*, planning is choosing facts and connecting facts as well as making and using estimates or assumptions for the future by describing and formulating

the activities needed to achieve the desired results (Sukarna, 2011: 10).

Meanwhile, according to Uno (2008: 2) planning is a satisfactory way to make activities run well, accompanied by various anticipatory steps in order to minimize gaps that occur so that these activities achieve the goals.

Then according to Newman, planning is a decision making about what to do and it is the step before the activities are carried out (Manullang, 2014: 39).

From some of the opinions above, it can be concluded that planning is a method carried out with assumptions or estimates so that the decisions made can be carried out properly and in accordance with the objectives.

2.2. Investment Planning

Investment planning is part of personal financial planning. The focus of investment planning is how much the investment return is and how much risk is acceptable. Investment planning is a process of matching financial objectives and current financial resources (pintarsaham.id, 2020).

Some things to consider in investing include (blogspot.com, 2009):

1. The level of profit and the level of risk

An investment decision is a decision or a choice on a scenario of the level of expected return and the level of risk borne.

2. Investment period

The investment period can determine investors` behaviour in their investing activities. The investment period can help determine how much risk can be borne.

3. Knowing the characters

In general investors` characters are divided into three, namely (1) risk taker, (2) risk avoider, and (3) neutral. The investment characters will influence the behaviour in investing and these characters determine the right strategy in investing.

4. Learning finance, namely investing more or only part of the total assets.

5. Evaluation of financial performance, that is choosing mutual funds based on high profits.

6. Diversifying

One way to achieve good returns consistently is to diversify or invest in more than one mutual fund.

There are two reasons of the need for planning, namely (dosenpendidikan.co.id, 2019):

1. Protective benefits from reducing the possibility of errors in decision making.

2. Positive benefits in the form of increasing success in achieving organizational goals.

2.3. Risk of Loss

According to Salim (Ciputrauceo, 2015), there are three factors that influence uncertainty which will lead to the risk of loss. This uncertainty can be caused by the following factors:

1. Economic uncertainty (economic uncertainty caused)
2. Uncertainty caused by nature (nature uncertainty caused)
3. Uncertainty caused by human behavior (human uncertainty caused).

Besides the things have been mentioned above, there are still many business risk factors. Factors that can influence and cause business risks to arise include, among others, factors of environmental, social and economic changes, lifestyle which includes market trends or developments, technological advances, and culture.

2.3.1. Business Risk Category

Based on the loss caused, Business Risk is categorized into Speculative Risk and Pure Risk (Uceo, 2015).

A. Speculative Risks

Speculative risk is a risk that has two possible opportunities. They are opportunities for loss and profit. An example of speculative risk is buying share on the stock exchange. Purchasing share on the stock exchange has a speculative risk, because there will be two possible opportunities that will occur. The first opportunity is a profit opportunity, the profit that will be obtained by shareholders because they have received share of the profits from the company that issued the shares (dividends). And the second opportunity is a loss opportunity, a loss that will be obtained by the shareholders, because the company that issues the shares you bought has suffered a big loss, so the company goes bankrupt.

B. Pure Risk

Pure risk is the risk that, if it occurs, will definitely give a loss. However, if this risk does not occur, there will also be no loss or profit.

2.3.2. Business Risk Category Based on Control

Business risk category based on control can be divided into (Uceo, 2015):

a. Controllable risk

A company releases a new product which is ready to market. After months the product being on the market,

the company has never received a profit or a return on capital from the product. You can imagine the risk that arises from this incident, it must be a big loss. However, the risk of this incident can still be overcome and controlled before the loss of the company increases. The company can find out what causes the product not sell in the market, then the company can revise the product, or if the possibility of revising cannot be done, the next possibility is to stop marketing the product and replace the product with a new one.

b. Unmanageable risk

Fires, fraud or natural disasters are incidents that none of us want them to happen. These are unpredictable and foreseeable, and the risks of these occurrences are uncontrollable by humans. So that this risk is very different from the controllable one, which still has solutions to overcome.

2.3.3 Risk Control

The risk will not be meaningful if there is no action plan done to overcome them. In responding to business risks, there are five attitude forms (Uceo, 2015):

a. Risk Avoidance (Avoiding Risk)

This attitude is often ineffective because avoiding the risk means that you do not dare to take the opportunity to try and deal with risk, you do not even learn anything. This action means that you do not take actions that can cause this risk to occur, including not carrying out a prepared business strategy.

b. Risk Reduction (Reducing Risk)

This means looking for an action to reduce loss from a risk that can occur. The possibility of a risk occurring still remains, but its impact is minimized as much as possible. For example, a fire detection alarm system, fire can still occur but the risk of loss can be reduced by this system.

c. Risk Transfer (Transferring Risk)

Besides avoiding and reducing risks, you can also transfer risks. you can transfer responsibility to other parties by paying for these services. For example, if you have a glassware company and have to send it to a quite far place with the inadequate road, you had better choose to pay for a delivery service that has glassware insurance than you or the employee delivers it. Of course you will transfer the risk to this delivery party.

d. Risk Retention (Accepting the Risk)

Accepting means that you can only let the loss occur. This attitude is certainly taken if there is no other way of dealing with it. For example, if you miscalculate money or send the wrong item, of course you have to accept loss. Also keep in mind that if the impact of the loss is too large, it is better to avoid than to accept it.

2.4. Investments

The definition of investment according to Sunariyah (2004: 4) in his book, Introduction to Capital Market Knowledge, is an act of investing in one or more assets to gain benefits in the future, usually for a long period of time.

Furthermore, according to Jogiyanto (2010: 5) investment is a delay in current consumption to be included in productive assets for a certain period of time.

From this definition it can be concluded that investment is an activity, in the form of a present consumption delay in a certain amount and for a certain period of time on an efficient asset by investors, with the aim of obtaining future profits at a certain level as expected, it is certainly better than consuming in the present.

2.4.1. Forms of Investment

According to Fahmi and Hadi (2009:7) an investment activity is generally known in two forms, namely:

1. Real Investment

Real investment generally involves tangible assets, such as land, machinery or factories.

2. Financial Investment

Financial investment, in general, involves written contract assets, such as common stock and bond.

In the direct investment group, there are two types of alternatives according to Jogiyanto (2010: 9), namely:

1. Non-tradable direct investment, for example: savings, time deposits.
2. Tradable Direct Investment.
 - a. Direct investment in money market, for example: t-bill, negotiable deposit.
 - b. Direct investment in the capital market.
 - Fixed-income securities
 - Equities (equity securities)
 - c. Direct investment in derivative markets, for example: options and future contracts

3. RESEARCH METHODS

This research will be conducted on students who are saving their shares in the Indonesian Stock Exchange (BEI) at universities in Palembang. There are two variables used in this study: the independent variable, planning (X), and the dependent variable, the risk of loss investing in the capital market (Y) by using a likert scale.

3.1. Conceptual Framework

This research could be described as the following conceptual framework:

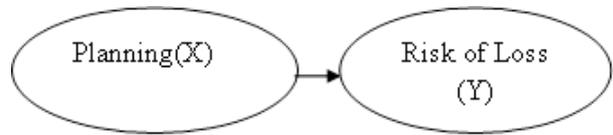


Figure 1. Research Conceptual Framework

3.2. Research Design

The research was an action research, which was conducted to determine the impact or consequences of an event in the real world. In this case the research was done to determine the effect of planning on the risk of loss on students in investing in the capital market.

3.3. Data Analysis

This study uses a simple linear regression equation is $y = a + bx$. The results of the regression coefficient values can be seen in the following table

Table 1. Coefficiens

Model	Unstandardized Coefficiens		Standarized Coefficiens	t	Sig.
	B	Std.Error	Beta		
1 (Constant)	15.967	2.521		6.333	.000
Perencanaan	.402	.057	.585	7.111	.000

a. Dependent Variable: Resiko Kerugian Berinvestasi

The table shows that a = constant number of unstandardized coefficients with a value of 15,967, which means that if there is no planning (X), the consistent value of the risk of losing investment (Y) is 15,967. Then the value of b = the number of regression coefficients of 0.402 means that with every 1% addition of planning (X), the risk of losing investment will increase by 0.402. Then the regression equation specified is $Y = 15.967 + 0.402X$. Then, the hypothesis will compare the sig. value with 0.05. the basis for the decision-making in regression analysis is to look at the significance value (sig.) of the SPSS output results. If the value is sig. < from the probability of 0.05 means that there is an effect of planning (X) on the risk of loss in investing (Y). Meanwhile, if the value is sig. > from a probability of 0.05 means that there is no effect of planning (X) on the risk of loss in investing (Y). If the output results show that the sig. of $0.000 < 0.05$, it can be concluded that H_0 is rejected and H_a is accepted, which means that there is an effect of planning on the risk of loss in investing in the capital market.

Next is to compare the t-count and t-table values, namely the t-count value of 7.111 and the t-table is 1.984. since the t-count value is greater than the t-table,



it means that there is an effect of planning on the risk of loss in investing in the capital market. To see how much impact the variable X has towards variable Y can be seen from the following summary table model.

Table 2. Summary Table Model

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.585 ^a	.343	.336	3.43158

a. Predictors: (Constant), Perencanaan

The output value of the R square is 0.343, which means that planning (X) affects the risk of investment loss (Y) by 34.3% while 65.7% is influenced by other variables. It can be concluded that planning has a positive and significant effect on the risk of loss in investing in the capital market.

4. RESULTS AND DISCUSSION

Before conducting a test with a linear regression, it is required to test the validity. The validity test is used to determine the suitability of the questionnaire used by researchers to obtain data from samples. In this study, the validity test results show that $r_{table} = N - 2$ or $99 - 2 = 97$ from the product-moment table = 0.197. Each statement used in the questionnaire has an r-value bigger than the r table, 0.1997, with a significance level of 0.05. This shows that the instrument used in this study is valid.

The results reveal that planning (X) has a positive effect of 34.3% and has a major effect on the risk of loss in investing in the capital market. This shows that the more planning increases, the higher the risk of loss in investing in the capital market. The results of this research can be used as a comparison to previous studies.

Fadila et al (2019) explain that business education needs to increase business education need to increase student awareness about the importance of saving shares early on as an investment vehicle. Business education need to increasing student awareness to have a conscious lifestyle of saving shares early on that is, always setting aside routine funds for future investments, saving money, saving money regularly, having stock investments early on, having personal investment targets, and utilizing securities outlets to add information about stocks.

Regarding the interest of young investors to invest in the capital market through fintech technology, Tumewu (2019) explains that there is an influence of Financial Literacy, Personal Interest, and Environment on interest in investing online.

Manara (2019) explains that there are differences with the company in conducting a stock analysis. An investor has a more simplistic perspective in assessing the condition of the stock. There are two types of securities analysis that investors can use in making

investment decisions. These analyzes include fundamental analysis (economic and capital market analysis, industry analysis, company analysis) and technical analysis (the dow theory, moving average, and relative strength).

There are several differences in variables compared to previous studies. This research focuses on two variables, the planning and the risk of loss in investing in capital markets variables. Investment planning is part of personal financial planning. The focus of it is how much the desired investment return and how much risk is acceptable. With the help of planning, the possibility of errors from making decisions in investing in the capital market can be reduced.

5. CONCLUSION

Based on the results, it can be concluded that the planning variable (x) has a positive and significant effect on the risk of loss in investing in the capital market (Y). It is crucial to plan before deciding to invest in the capital market to reduce the risk of loss in both the short and long term.

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