Financial Behavior; Relationship between Total investments, Sources of Funds and the Potential Loss against Products of the Business Operations and Their Impacts on Re-Investment for Lecturers and Employees Businesses of Telkom University – Indonesia

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Abstract**—**Implementation of development economics and finance can collaborate with other disciplines, this is evidenced by the integration efforts of psychology by Daniel Kahneman, by modeling human behavior to take risks with the name of prospect theory, and makes Daniel Kahneman the Nobel economics prize in 2002. The results of this research describes the financial behavior of teachers and employees in making investment in order to increase revenue. by analyzing the relationship; Investment amount (X1), sources of funds (X2), the potential loss (X3) against the products of the business operations (Y) and the implications for Re-Investment (Z). Faculty and staff make investments contrary to conventional finance theory, it is influenced by social and emotional step. The number of potential respondents are 182, consisting of lecturers 81% and non-lecturers 19%, while the results of the research that there is a positive relationship or the direction between the amount of investment (X1) and the potential loss (X3) against the products of the business operations (Y), except for the source of funds (X2) have a relationship in the opposite direction to the products of the business operations (Y). The Products of the Business Operations (Y) have a positive impact or the direction for Re-Investment (Z). It is hoped this research as a reference in the research of financial behavior.

Keywords**—**Investment, Source of Funds, Potential Losses, Products of the Business Operations and Re-Investment.

I. Introduction

PRESENTED in this paragraph; Financial theory on the definition of investment, some opinions delivered include: Haming and Basalamah; Investment is spending at the present time to buy real assets (land, house, car, etc.) or financial assets also have a goal to earn greater period to the next. Mulyadi (2003); This linking of resources in the long term to get the profit in the future. Sadono Sukirno (2006); Expenses or expenditures planters a company's capital or to purchase capital goods and paraphernalia production to increase the ability to produce goods and services available in the economy. James C Van Horn (2007); Activities carried out by utilizing cash at present, in order to get results in the future. Henry Simamora (2010); Assets used by the company to add or growth of wealth through the distribution of investment returns (eg interest income, royalties, dividends, rental income and others). Fitz Gerald (2011); Concerned with the withdrawal of the sources used to hold capital goods at the present time for the results to come. Sunariyah (2011); Investment for one or more assets owned and timed long in the hope to gain an advantage in times to come.

While the definition of return and risk presented several opinions as follows:

Suad Husnan (2005) mentions that the expected rate of return (expected return) is the profit to be received by investors on their investment in listed companies in the future and the profit rate is heavily influenced by the company's prospects in the future. In addition to taking into account the returns, investors also need to consider the level of risk of an investment as a basis for making investment decisions. Reilly and Brown (2003); "Risk is uncertainty that the investment will get a rate of return as expected." Elton and Gruber (2003) is: "There is a risk investor cannot be allocated in one payment with investments in other assets."

Several another sense that risk is defined as: (1) Danger (according to Webster's dictionary) and (2) The possibility of the occurrence of events that are not profitable (3) The probability of not reaching the level of expected return (4) Possibility of realized returns deviate from the expected return or in other words the possibility of differences between actual returns received by the expected return.

In the discussion of the theory of financial behavior, somewhat deviates from economic theory and financial theory; because it was included in the analysis of psychological factors in discussing the decisions in the field of finance. Kahneman as one of the promoters of this theory get a Nobel prize in 2002 which provide an alternative analysis of the economic and financial fields. Shefrin (2000);

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stated there are three themes discussed in Behavioral Finance namely; (1) Is the practitioner's financial acknowledge the error because it is always sticking to predetermined rules (rules of thumb) and (2) Adherents of Behavioral Finance stated that the perception of practitioners on the risk and rate of return is strongly influenced by how “decision problem” is framed, while adherents of Traditional Financial regard all decisions based on transparent and objective. This theme is known by frame dependence (3) Are errors and framework to make decisions affecting the price that is built on the market? Adherents of Behavioral Finance stated "heuristic-driven bias" and the influence of framing causing prices away from fundamental value that the market is not efficient. While adherents of Traditional finance assume efficient markets as described Fama (1970). This theme is known as a market is inefficient (inefficient market) Statman (19950 states that human rational for traditional financial and thought normal for financial behavior. While Shefrin (2005) states that differences in Behavioral Finance and Financial Traditional shown by the two issues for the price of an asset, namely: first, sentiment, where sentiment is the dominant factor in the price in the market for consumer behavior. While Finance Traditional stated asset prices always associated with the risk of fundamental or time varying risk aversion. Second, expectations of utility, do maximizing expected utility to traditional financial. Meanwhile, the financial behavior states that investors are not in accordance with the theory of utility expectations.

II. Releted Research

There are several related researches have been done on this topic. The first related research; Suhari (2011) conducted research on psychographics and behavior of investors in Indonesia, with the aim of investigating the influence of investors on their investment psychographics characteristics, here divide the investor psychographics characteristics based on the degree of risk that is acceptable, long-term investment perspective and aims to secure investment. In this case determines the investors behavior in the form of investment products and the liveliness of investors in financial markets. Primary data with 103 investors through a questionnaire. This research using OLS to estimate the coefficients of the model and conclude that investors are prepared to risk, so investing repeatedly on high-risk investment products. While investors tend to choose a safe will perform a low risk investment and trade infrequently. But this research did not find an association characters long term perspective with a frequency of trading or investment products.

The second related research conducted by; Kennickell, Starr-McCluer, and Surette (2000). Said that the future welfare of households, depending on their ability to make sound investment decisions. While it would be convenient if all investors always make a personal decision that is optimal. Investors and many would benefit from education and advice. Financial advisors can more effectively help investors avoid common mistakes when advisors understand the decision-making process that led to this error. In this study to better understand the decision making investors. This study focuses on two behavioral characteristics of individual investors and biased decisions that cause this behavior occurs. First, it can be seen the "disposition effect" - the tendency of investors to hold losing investments too long while selling winners too quickly. Second, we examine the tendency of many investors trade too actively. Disposition effect is one implication of what was written by Kahneman and Tversky's theory (1979) is about the prospect. We believe that excessive trading because, at least in part to investors' trust decisions.

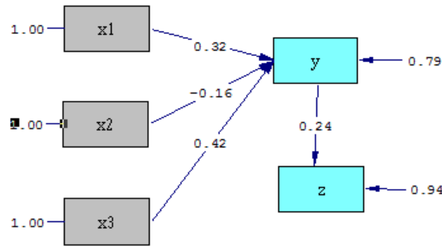
The third related research conducted by Lee and Veld-Merkoulova (2012) conducted research on stock investments with myopic loss aversion to private investors. This research uses survey data from the Center of panel data containing 2,000 households include individuals over 16 years. The results of this research concluded; that the results of the individual overall investment level is higher than the probability of loss. Investors also tend to prefer relatively high frequency. We found that the effect of the rebalancing frequency is stronger than the effect of the frequency of evaluation. The combination of a short investment horizon and high loss aversion led to significant lower levels of investment risk, justifying the major predictions of the theory of myopic loss aversion.

III. Result And Discussion

Behavioral Finance and Investment; People who understand the business world often less easily swayed by a high rate of return without examining how the company or the investment operation, thus ignoring the possibility of risk that must be borne. Investments that provide a very fantastic advantage is not likely to have a low risk. Based on this, the financial behavior of individuals in investing it is important to consider the risks.

In the development of research with regard to investment, there are several financial behavior that plays a role in decision making in investing arrives behavior is influenced by emotions or knowledge of potential investors.

Some of the problems that affect the behavior in the decision to invest outside of consciousness, among others, (1) Fear is fear in the absence of confidence in the capital markets. Many people feel that by investing in the stock market they fear will damage or even loss of funds entirely. Fear of other individuals to invest in the stock market is the high level of volatility (2) Greed is a trust level that is too high for the stock market and other investment vehicles do sometimes dangerous because there is the potential for great loss, not only did not benefit but instead of capital not return (3) Regrets that expectation did not materialize because it does not do anything in an investment but the investment manager of cheating.



Chi-Square=14.25, df=3, P-value=0.00258, RMSEA=0.261

Fig.1.Model Relationship Between Total Investments, Sources Of Funds And Potential Losses Terahadap Products Of The Business Operations And Re-Investment Impacts

With the method of path analysis using AMOS and based on the above picture shows that there is a positive relationship or the direction between the amount of investment (X1) and the potential loss (X3) against the products of the business operations (Y), except for the source of funds (X2) have a relationship in the opposite direction to the products of the business operations (Y). The products of the business operations (Y) have a positive impact or the direction for Re-investment (Z).

Each additional investment will be considered sincerely about the results that will be obtained, that are personal sebnagai investors will be looking for the best alternative from each investment to be made. It will consider the potential losses that are likely to be encountered, so that the calculation be done so that potential losses are minimized. The source of funds of any investment will be chosen the most optimal, namely the possibility of seeking a loan taking into account the cost of capital. However, personal investors will have more confidence when the equity capital of its own means invetor individuals will choose to use their own capital. Acquisition results of operations may be used to apply to new investments, but still consider the feasibility of the business that generate maximum returns.

Results of this analysis is very clear that the amount of investment and the potential disadvantages of having a positive relationship with the results of operations, but the financial resources to have a negative correlation with the results of operations. Further that the results of operations have a positive impact on reinvestment. Of course these results can be used to illustrate that the investment made by the teachers and employees of non lecturers basically the result reinforces the theory of investment in general, but there is one thing that is contrary to the theory of conventional finance that business capacity increases did not automatically add reinvestment but tend to seek debt because it is cheaper.

IV. Conclusion

The analysis showed that the greater the amount of investment that will deliver improved operating results, as well as the source of its own capital funds greater will improve the products of the business operations and vice versa. While the potential of increasing losses results declining businesses and vice versa. The operating results showed the presence of an ever increasing portion of the crops used for reinvestment.

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