

The Evaluation Behavioral Investors toward Equity Valuation Report's Familiarity and Impotence Factors that Influence Usage

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ABSTRACT

This study analyzes the "Familiarity and Importance Factors that influence of Usage Behavior toward Equity Valuation Report". The purposes were to make a recommendation to be made to popularize the usage of Equity Valuation Report among issuers (as the party that sponsored the development of equity valuation of its shares) and investors (as the reading equity valuation). In essence, investors should be made familiar and want to read the equity valuation research report, so they moved to transact more active, and more informed (enlightened) in making decisions. The research evidence reveals that investor always need information in emerging stock market in Indonesia. This study shows that familiarity and Importance factors of EVR affect investors to use Equity Valuation Research. The research finding also shows that most importantance factors for investor in using EVR are: (1) Accuracy, (2) Comprehensiveness, (3) Clear Recomendation, (4) Timeliness. And (5) Ability to move market

KEYWORDS: *Indonesia capital market, Investors, Equity Valuation Report, Familiarity, Importance, and Usage*

INTRODUCTION

Investment decision-making process in the stock market for investors are sophisticated and rational, meaning that investors will choose the investment opportunity that gives the highest expected utility (utility maximization) and provide welfare to him (Scott, 2003). Utility maximization indicate the expected rate of return subjectivity of investment opportunities in individual stocks or stock portfolios as well depending on the cognitive capacity of each investor in accordance with the preferences of investors. Sophisticated investors should have the ability in thinking, reasoning, imagination and have proficiency in information processing, applying knowledge of investment, and investment preferences change. This process is a cognitive process that made investors through memory, attention, perception, action, problem solving, mental imagery, human information processing, and beliefs (beliefs) strong on investment.

Barberis and Huang (2001) consider the form of mental accounting, which investors are concerned about the return / gains and risk / losses in the value of individual stocks, and investors are concerned about the return / gains and risk / losses in the value of the entire portfolio. The investment behavior shows investors have two possible attitudes, first, the risk preferences to accept the risk (risk seekers), the attitude of avoiding the risk (risk averter), or neutral attitude (risk neutral). Second, the attitude of preference to receive a return in the form of capital gains, dividends, capital gains or both ie and dividends. To demonstrate the behavior of investors as a

proxy for investors in addressing the return and risk, the framing used to download explain investors' preferences. So mengha-silkan attitude tends to receive gains / return in a positive frame or is likely to accept losses / risk in negative frames or is addressing both in balance.

But in decision-making in the capital market in under-uncertainty condition irrational attitude for investors are more likely to be used because there is a possibility that investors will earn abnormal returns. Some studies have found that the rationality assumption is often violated because the decision framing adopted by decision-makers and the frame is adopted depends on the formulation of the problems encountered, cognitive aspects, norms, habits, and characteristics of the decision itself. Frame adopted depends on cognitive phenomena investors in determining and influencing decision-mem (Tversky & Kahneman, 1981) caused by the information available and how information is interpreted.

Indonesian Capital Market Development in 2014. Since 2011 the extent to which the development of the Indonesian capital market within 3 years, here is the information: As of April 2014, the number of issuers in effect is Indonesia Stock Exchange (IDX) reached about 494, only 29 issuers or just grow up about 1.06% of the 465 listed companies in April 2011. Still, far less than the number of listed companies in Malaysia, currently at more of 900 and more than 1,000 Singapore. Value of all outstanding shares and trading or market capitalization of the listed companies on the Stock Exchange is around 4700-4800 trillion dollars, up about 40-43% of the 3,350 trillion rupiah in April 2011. Of the value of daily trading transactions approximately 6.5 trillion dollars in 2013, an estimated share of local investors increased to 40%, up from around 33% in 2011. The share of foreign investors shrank to 60% from 67% in 2011. Although foreign investors still dominate, increasing the portion of local investors may be a positive sign that local investors are more confident in the embed and play money in the Indonesian capital market.

Investor Education Challenges In Keeping JCI Index in Indonesia Stock Market. The validity of fundamental analysis and long-term strategy for the stock in the middle of the mainstream education of today's stock analysis only of technical nature only and is based on the strategy of buying and selling the very short term. A phenomenon that is also worth to be concern is the stock price index that does not necessarily go down despite more foreign investors selling than buying (net sell), or vice versa: not necessarily rise if more foreign buying than selling (net buy). Is this a sign that local investors are more educated and more trust in their own judgment and analysis rather than just following the action of buying and selling by foreign investors. How to increase the quantity?

The number of local investors in the Stock Exchange now only about 400,000. There is a significant increase from three years ago is about 330,000. Very small percentage of Indonesia's population is about 235 million. Also very small when compared with neighboring countries such as Malaysia and Singapore as a percentage of the total population.

IDX through Pefindo Develop EVR (Equity Valuation Report) Services to Educate Investor Using EVR. Currently, there were 443 emiten's stock of Indonesia Stock Market. And there are 25 small and medium enterprises / SME are entered into the index Pefindo/SME-25. In addition to creating the index, IDX partnership with Pefindo also make regular equity research related to the business and prospects of the issuer stocks in the index. Equity Research report is basically a brief, solid business and business prospects of the Issuer and the industries in which the issuers are located, as well as financial projections and the fair value of shares of the Issuer. As we know in

any capital market, equity research reports proved very helpful investor. With the equity research report, investors should look for and process their own range of information needed to understand the business prospects of the issuer's business, including the fair value of the shares.

The main problem is now generally outstanding EVR made by certain securities firms for the benefit of their clients. As a result, other investors generally have to find and treat yourself with information from various sources in order to understand the business and performance of the issuer. In addition, not many investors who have the ability and the time to process a variety of information related to the issuer and the issuer's industry is located. Is a direct result of transaction costs (including the cost of finding information and risk) to be borne by retail investors in general, be much greater than the major investors obtain equity research reports from security companies. The main problem is now generally outstanding EVR made by certain securities firms for the benefit of their clients. As a result, other investors generally have to find and treat yourself with information from various sources in order to understand the business and performance of the issuer. In addition, not many investors who have the ability and the time to process a variety of information related to the issuer and the issuer's industry is located. Is a direct result of transaction costs (including the cost of finding information and risk) to be borne by retail investors in general, be much greater than the major investors obtain equity research reports from security companies.

LITERATUR REVIEW

In the financial markets, information is the most valuable asset as a decision making tools. Investors rely on information to know what to put their money into, traders need information to know whether they should enter or exit a position, and corporate financiers (including bankers, private equity firms, venture capital firms, and etc) need information to value companies and participate in transactions. This information has to come from somewhere and as a result, there are entire divisions within financial institutions dedicated to researching the key issues for their firm and this division is called Equity Research Division. Most of Indonesian Securities Companies provide Equity Valuation Report for their clients (investors).

Equity Valuation Report (EVR). EVR is report developed by Equity Research is a division within either a buy-side or sell-side firm which is responsible for the research used by the firm and its clients (finance dictionary,wallstreetoasis.com). Despite the name, Equity Research can also include commodities, bonds are more along with equities. The purpose of an equity researcher is to provide insight and detailed analysis into a company, entity or sector and this information is then used by investors to decide how to allocate their funds and by Private Equity firms and investment banks to value companies for mergers, LBOs, IPOs etc. Typically an equity research department is split into different coverage groups. These coverage groups will be small teams and they will focus on a specific sector (i.e. mining, energy & resources, healthcare, consumer etc.).

Since pionering with Ball and Brown (1968) the correlation between accounting information and capital markets has attracted significant attention. *Accounting information is one part of the Equity Valuation Report* that has objective to provide investors with useful information for their investment decisions.

While most of research provide evidence that report is an important source of information, the study also show a low correlation between accounting numbers and stock prices or returns. Hodge (2003) suggests that a survey-based research can complement the archival-based research in that it gathers data on a multitude of individual beliefs and practices to provide the underlying reasons for investors' behavior.

Some of theory provide concepts of multitude and individual believe and behavior by investor while they are making decision. Several theory are: (1) Reasoned Action of Investors, (2) Theory of Intention to Invest, (3) Risk Perception Theory, (4) Type of investor Theory, and (5) Theory of Financial Behavior Intends

Reasoned Action of Investors (Theory of Intention to Behave). Theory of Reasoned Action (Theory of Intent to Conduct) developed by Fishbein and Ajzen (1975) which explains that behavior because individuals have the intention to do so and related to the activities carried out on their own (volitional). Volitional behavior based on the assumption, first, humans do things in a way that makes sense. Second, humans consider all information. Third, explicitly or implicitly take into account the implications of their actions humans. Intention to act is a function of two basic determinants, which is related to personal and other factors related to social influence.

The study Arrozi and Septyanto (2011) on stock investment determinants suggests that investors relied on long-term gains. This factor rests on the characteristics of the securities that are risky instruments with market risk. The next deciding factor is the rapid gains in the short term, following the advice of people / friends, as well as having the authority in possession. This proves that subjective norms that relied on the advice of friends showed no major sequence in consideration of a stock investment.

Theory of Intention to Invest. One attitude that belongs to market participants in the capital market is the intention to invest. Intention to invest a cognitive process estimates the risk and return. Shape the attitude is supported by three factors, namely: (1) determination: the motivation, intentions, and strong purpose. (2) self dicipline: knowing what and when to do something. (3) fighting: work hard, work smart, and time management. Process intention to invest requires a high capability for market participants relating to the ability of individuals in the cognitive, affective, and konasi such as: processing of financial and non-financial information, the application of the investment knowledge of the fundamental and technical aspects, changes in investment preferences, perceptions of risk and return, as well as the learning process of investment (Nofsinger, 2005). It is associated with the investment objectives of the investment strategy selected market participants desired to return, so that the cognitive process will vary among market participants in determining the appropriate investment strategy. This variation is due to market participants have different preferences based on returns and risk. The implication of market participants have liked the option of return in the form of dividends, capital gains, or both dividends and capital gains. Market participants will have different preferences and utilities for the above attitude.

Intention to invest requires special analytical knowledge to believe about the performance of the stock to be selected in the overall stock investment (Nofsinger, 2005; Farid and Siswanto, 1998; Hartono, 2007). Special analysis of knowledge in intention to invest includes the step of analysis as follows: First, fundamental analysis and industry. Fundamental analysis is an analysis of the issuer's

financial performance is assuming the value of the firm, ie the value of the company is shown or reflected in the price of securities. Second, economic analysis and technical analysis.

Risk Perception Theory. Perception is the view of the individual in understanding the object or event through the senses derived from the experience of objects or events to infer information and interpret the message. Perception is the process in understanding the objects through the senses (Kamus Besar Bahasa Indonesia). Subjective perceptions and situational so it may have differences with other people's perception of the same object, In term of risk perception, people have subejective judgement about characteristics of risk.

Investment risk has definition deviation from the expected profit (Jones, 2006). Risks often associated with deviations from acceptable outcome with the expected result. In the uncertainty situation, investors will be get the return in the future with the uncertainty value also (Hartono, 2008). To reduce the risk of investment, investors must know the type of risks that are divided into two major groups, namely systematic risk and unsystematic risk (Jones, 2006). While Systematic Risk can not be eliminated through diversification of the portfolio and unsystematic risk Specific risks for companies that include policy and strategic decisions, operations, and finance.

Type of Investors Theory. Goldberg and Rudriger Joachim von Nitzsch (2001) classify investors into: (1) intuitive type, (2) type emotional, and (3) rational type. This type of classification based on the human brain conducted by Paul D. MacLean, a Neuro-psychological. Refer to Goldberg and Rudriger Joachim von Nitzsch (2001), *First*, the type of intuitive (to act on feelings) perform actions based on the routines and patterns activities undertaken. Routines are performed aims to generate a profit. In this type, investors are not familiar with term loss. This is felt to be necessary because these investors can take better decisions with intuition. Intuitive investors usually trade in the short term, even daily, making decisions tend to be taken quickly, invest quickly, and produce profit as quickly as possible.

Second, emotional type, Investors emotional type is not accustomed to taking decisions individually, but rather choose to exchange opinions with others before taking a decision and join the people who have the same thoughts. This means that investors can express their emotional opinion held without bearing the entire result and obligations incurred. If the decision taken in the group in the end it turns out one, then the mistake will be shared by number of members of the group in the market. This type of financial investors can be found where there are groups and decisions taken in groups. The group can also be a relationship between consultant and client, investment groups, or informal groups among investors.

Third, the rational type. This type is always trying to aware of the danger quickly and regularly. The biggest fear is that if he did not know enough to be able to avoid the dangers that exist. Taking wrong decision also included in fear. Hence, rational investors often delay decision-making or trying to do not make a decision at all. The main objective of these investors is to reduce the fear of uncertainty, so it takes an explanation rational for all. For rational type investor, knowledge is a strength, because the rational investors do not will stop before finding explanations adequate. This type of investors have difficulty to release something that has long been held.

Theory of Financial Behavior Intends. Behavioral finance is a model that emphasizes the potential implications of the psychological factors that influence the behavior of investors. Appearance is driven by the notion that conventional financial theory less attention to how investors

actually making an investment decision. Various theories and financial model assumes that investors always behave rationally in the investment decision-making process. Investors are assumed to be willing and able to accept and analyze all the information available is based on rationality of thought. However, in reality, investors often exhibit behavior that is irrational (tends to be judgment), so these circumstances deviate from the assumption of rationality and have a tendency to bias. Financial behavior aimed at investigating the emotional characteristics of investors to explain the anomalous subjective and irrational factors in capital markets (Taffler, 2002)

(Syamni, 2009) states that there are two types of investors to digest the information, which informed investors and uninformed investors. Informed investors are investors who can capture the information available relating to the trading process and knows when to make the decision to buy or sell at all events. Uninformed investors are investors who are less (not) have the awareness or the ability to capture and utilize the available information.

Capital Market Efficiency and Information in Indonesia Capital Market. An important debate among stock market investors is whether the market is efficient - that is, whether it reflects all the information made available to market participants at any given time. The efficient market hypothesis (EMH) maintains that all stocks are perfectly priced according to their inherent investment properties, the knowledge of which all market participants possess equally. In Indonesia capital market

In Indonesia study provide the issues between information and decision of investor in capital market already much available. Similar study conclude that information is very useful for investor to take decision especially in fundamental analysis purposed. (Natapura 2009) in Analisis Perilaku Investor Institutional conclude that Most institutional investors are included in rational investors who have a type of behavior –trying to obtain as much information, always analyze information obtained before taking investment decisions, to invest in the run long, tend to be difficult to change the decision which has been taken, and strive to minimize risks faced.

Study in other emerging country like in Saudi Arabia, (Al-Mubarak 1997) confirms that the annual corporate report is the primary source of corporate information and his findings are in line with those found in developed countries. (Fawzi Al Sawalqa 2012) report his study indicated that individual investors ranked corporate annual reports as the most important source of information for the purpose of their investment decision-making. This followed by the published daily share prices, corporate web sites, newspapers and magazines, advice of friends, discussion with company staff, stockbrokers' advice and tips and rumours respectively. Thus, the findings of study revealed that individual investors place more emphasis on the written information rather than verbal information for the purpose of investment decision-making. On the other hand, the result indicated that the use of corporate annual report and the discussion with company staff as sources for corporate financial information contributes significantly towards a good investment opportunity.

Study by Mamdouh Abdullah Ba-Owaidan (1994) show that Private investors use many different sources of information when making investment decisions in stocks, but the corporate annual financial reports and share pricelist predominate. And the study result also conculde that Meaningful information additional to that provided by forecast of sales and earnings is considered by investors in their investment decisions.

In Nepalese Capital Market, study by Sudarshan Kadariya (Sudarshan Kadariya 2012) Investor Awareness and Investment on Equity in Nepalese Capital Market conclude that investor awareness

its relationship with investment decision in equity and investors' access to market information were examined. Investor awareness is crucial for the investment decision making and sustainable growth of capital market.

In the context of Indonesia, market inefficiency and corporate governance were identified as the main reasons for IDX being a shallow market and the main obstacles for IDX capitalization growth. There is low public awareness about emiten information, securities, poor investment culture, and poor accounting and auditing procedures. All these factors have affected the performance of the IDX in term of transaction to increase ISHG. However, there are not much studies that investigate the investors' perception towards information usefulness.

The aim of the study is to survey investor's perceptions towards information especially emiten information in Equity Valuation Report. This can be achieved by assessing the perception of users towards the familiarity affect to usage, importance factor of EVR affected to usage and both of factors affeted EVR's usage.

Study Hypotheses:

Our study aims to get investor's perceptions towards information especially emiten's information in Equity Valuation Report. This can be achieved by assessing the perception of users towards the familiarity affect to usage, importance factor of EVR affected to usage and both of factors affeted EVR's usage.

To facilitate our analysis, the following hypotheses were developed and are stated in their null forms as follow:

- H₀₁: Users familiar and aware thus effect on Usage of Equity Valuation Report
- H₀₂: Users know Importance factor of EVR thus effect on Usage of EVR
- H₀₃: Both of Awareness and Importance factors effect on Usage of EVR

RESEARCH METHODOLOGY

Data Collection Method. Data and information are collected through: (1) Secondary data is obtained from Indonesia Stock Exchange, research and journal about EVR. (2) Primary data is obtained from in-depth interview and survey with related respondent related professionals from 6 groups were used in this study.

Descriptive Statistics of the Sample. The object of this research is potential user of Equity Valuation Reserach include: emiten, securities, investors, both institutional and individual investor, and media. The sample size was 95 respondents, see Table 1. This study use multiple regressions as the research method to explain the factors that influence usage of Equity Valuation Reserach in correlation with awareness, importance i.e.: accuracy, timeliness, comprehensiveness, and clear recommendation, and etc.

Respondent	Number of Observation	Percentage (%) of Total Sample
Issuer/Emiten (Non User) - 1st Liner (Most Active)	5	5%
Issuer/Emiten (Non User) - 2nd Liner (Less Active)	15	16%
Issuer/Emiten (User) - 1st Liner (Most Active)	1	1%
Issuer/Emiten (User) - 2nd Liner (Less Active)	2	2%
Securities (with Research)	5	5%
Securities (without Research)	20	21%
Institutional Investor	10	11%
Individual Investor	30	32%
Media	7	7%
Total	95	100%
Respondent by Qualification		
Issuer/Emiten (23 respondents)		
- CFO	2	2%
- Corporate Secretary	21	22%
Securities (25 respondents)		
- Head of Sales	5	5%
- Analyst	20	21%
Institutional Investor		
- CFO/Head of Treasury	10	11%
Individual Investor		
- Above 5 years experience	30	32%
Media		
- Economic/Business Editors	7	7%
Total	95	100%

Table 1: Respondents Profile

Variables Data

Variables that are used for this research are awareness, importance, and usage, describe as follows: (1) Awareness is the state or ability to perceive, to feel, or to be conscious of events, objects, thoughts, emotions, or sensory patterns. In this level of consciousness, sense data can be confirmed by an observer without necessarily implying understanding. In this case writer defined awareness as familiarity of EVR in general and familiarity of EVR's agencies. (2) Importance is the quality or state of being important. In this case the importance of EVR based on qualitative in-depth interview defined as: Accuracy, Ability to Move Market, Timeliness, Comprehensiveness, Clear Recommendation, Comprehensiveness, Publication Consistency, Analyst Capability, Neutrality,

Report Packaging, and EV Reputation. (3) Usage EVR as one of reference to get information and make decision.

RESEARCH RESULT

Reliability Test. Validity item is a statistical test used to determine how valid a question items measuring variables studied. Test Reliability item is a statistical test used to determine the reliability of a series of items in question the reliability measure a variable Reliability tests conducted with Cronbach Alpha test. Coefficient alpha or Cronbach alpha is certainly one of the most important and pervasive statistics in research involving test construction and use (cortina 1993). Cronbach's alpha will usually increase as the inter-correlations among test items increase, and is thus known as an internal consistency estimate of reliability of test scores. Because inter-correlations among test items are maximized when all items measure the same construct.

Suppose that we measure a quantity which is a sum of K components, (Robert F. DeVellis 2003) then $X = Y_1 + Y_2 + \dots + Y_K$, Cronbach's α is defined as:

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum_{i=1}^K \sigma_{Y_i}^2}{\sigma_X^2} \right)$$

where σ_X^2 is the variance of the observed total test scores, and $\sigma_{Y_i}^2$ the variance of component i for the current sample of persons

If the value of alpha > 0.7 means sufficient reliability (sufficient reliability) while if alpha > 0.80 is suggesting a whole item reliably and consistently throughout the test internally because it has strong reliability.

Reliability Statistics

Cronbach's Alpha	N of Items
.720	19

Because of Cronbach Alpha 0,72 $> 0,6$ then the reliability of the quisionare to measure Usage of Equity Value Report can be accepted (Higher than 0,6). Its mean that tools that use to prove the hypotesis can be accepted.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Familiarity with EV in general	69.760	37.242	.629	.674
Familiarity with EV Agency	69.644	37.324	.547	.681
Familiarity with EV Pefindo	69.581	39.923	.405	.698
Accuracy	69.381	43.762	.101	.725
Timeliness	69.402	37.790	.526	.684
Comprehensiveness	69.234	39.828	.470	.694
Clear Recommendation	69.307	38.173	.550	.683
Ability to Move Market	69.328	45.181	-.037	.736
Availability	69.381	45.903	-.103	.741
Analyst Capability	69.360	44.659	.010	.732
Publication Consistency	69.371	44.036	.070	.728
Agency EV Reputation	69.423	45.751	-.088	.739
Report Packaging	69.297	46.756	-.179	.747
Neutrality	69.339	45.346	-.051	.737
EV Usage	69.623	35.695	.669	.665
The EV effect	70.002	43.151	.070	.736
Use of Report	69.813	38.757	.672	.679
Awareness	69.661	37.784	.761	.671
Importance	69.573	39.693	.748	.683

Table 2: Validity Test Result

Criterion validity test (rule of thumb) is 0.3. If the correlation is already greater than 0.3 questions made categorized valid. Because all items are questions the value > 0.3 then the questions in the questionnaire are valid / invalid.

Correlation Analysis

Correlations

		Use of Report	Importance	Awareness
Use of Report	Pearson Correlation	1	.505**	.516**
	Sig. (2-tailed)		.000	.000
	N	95	95	95
Importance	Pearson Correlation	.505**	1	.517**
	Sig. (2-tailed)	.000		.000
	N	95	95	95
Awareness	Pearson Correlation	.516**	.517**	1
	Sig. (2-tailed)	.000	.000	
	N	95	95	95

** . Correlation is significant at the 0.01 level (2-tailed).

Table 3: Correlation Analysis

- H_0 : Awareness has no correlation with Usage of report
- H_1 : Awareness has correlation with Usage of report

From the table of correlation, can be summarize that the significance (p - value) Awareness of the Usage of the report is $0.00 < 0.05$, means that there is a relationship between the two with a 0.516 correlation (strong enough).

- H_0 : Importance has no correlation with Usage of report
- H_2 : Importance has correlation with Usage of report

From the table of correlation, it appears that the significance (p - value) Importance of the Usage of the report is $0,00 < 0.05$, means that there is a relationship between the two with the correlation 0.05 (strong enough).

Regression Analysis

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.586 ^a	.344	.329	.600	2.150

- a. Predictors: (Constant), Importance, Awareness
- b. Dependent Variable: Use of Report

Table 4: Model Summary

From the table of the model summary, seen R–square = 0.344, which means 34.4 % variation of the “Usage Variable” can be explained by variations of “Awareness Variable” and “Importance Variables”.

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.367	2	8.683	24.084	.000 ^a
	Residual	33.170	92	.361		
	Total	50.537	94			

- a. Predictors: (Constant), Importance, Awareness
- b. Dependent Variable: Use of Report

Table 5: Anova

From The Table of Annova, seen that p-value (Sig.) = 0.000 < 0.05, which mean than Regression Model is Significant (Can be Accepted)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.726	.427		1.701	.023		
	Awareness	.338	.096	.348	3.528	.001	.733	1.365
	Importance	.415	.126	.325	3.291	.001	.733	1.365

a. Dependent Variable: Use of Report

Table 6: Coefficient

From Table of Coefficient, seen that “Awareness Variable” and “Importance Variable” equally significant with p-value (Sig.) < 0.05, which mean that the regression models are:

- $Y = \beta_0 + 0.338 X_1 + 0.415 X_2$
- Usage = 0.726 + 0.338 (Awareness) + 0.415 (Importance)

Regression equation above can be explained as follows:

Constant (β_0) of 0,726, it means that if Awareness (X_1) and Importance (X_2) the value is 0, then (score) the level of usage of the EVR’s report (Y') will be increased by 0,726.

Awareness variable regression coefficient (X_1) of 0,338 meaning that if another independent variable value is fixed and Awareness increase 1 point, then the usage of the EVR’s report (Y) will be increased by 0,338. The coefficient is positive, it means there is a positive relationship between awareness of the usage of the EVR’s report. Then the rising awareness will be increase usage of the EVR’s report.

Importance variable regression coefficient (X_2) of 0,415, meaning that if another independent variable value is fixed and Importance rose 1 point, then the level (score) usage of EVR’s report (Y') will be increased by 0,415 points. The coefficient is positive, it means there is a positive relationship between usage and importance of the report. Thus rising importance will be increase usage of the report.

Familiarity towards EVR

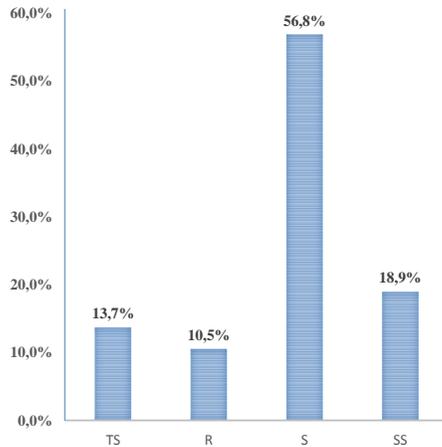


Figure 1: Familiarity towards EVR (all respondents)

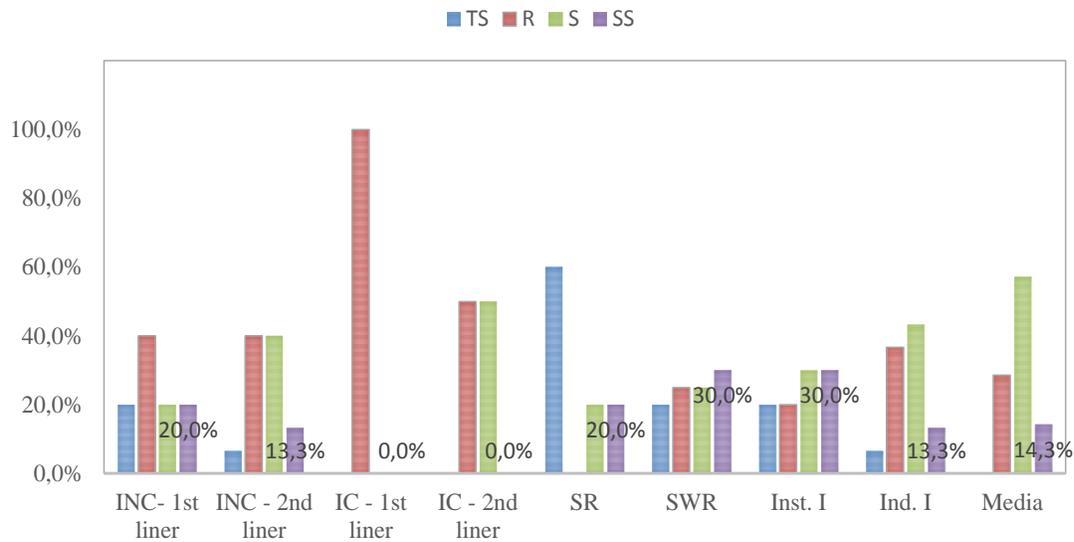


Figure 2: Familiarity towards EVR by Group (all respondents)

From the research finding, see figure 1 and 2, we can conclude that most respondent aware with EVR and they have some consideration to use EVR. Based on the result result shows that highest familiarity with EVR are SWR (Securities with Research) and Ins I (Institutional Investor). Investor awareness is crucial for usage of EVR. The finding of the study is that fully aware investor with

EVR will be affect to usage. In other words, there is positive correlation between awareness and level of usage. Investors are keen to get market information timely and sufficiently to make a profitable investment.

Importance Factors

No	Importance Attributes	Percentage
1	Accuracy	88%
2	Comprehensiveness	87%
3	Clear Recommendation	87%
4	Timeliness	87%
5	Ability to Move Market	87%
6	Agency Reputation	86%
7	Publication Consistency	80%
8	Report Packaging	80%
9	Neutrality	80%
10	Analyst Capability	77%
11	Availability	76%

Table 7: Importance Factors of EVR

From tabel 7: Importance Factors, this study conclude that most respondent perceives 5 most of importance factors are: 1.Accuracy, 2. Comprehensiveness, 3. Clear Recommendation, 4. Timeliness, and 5. Ability to move market.

CONCLUSION

From the result of regression, it shows that awareness has positive coefficient with usage the probability is lower than α value 0.05 so the hypothesis (H_{01}) is accepted which indicates that awareness has positive influence to EVR Usage.

From the result of regression, it shows that usage has positive coefficient with usage the probability is lower than α value 0.05 so the hypothesis (H_{02}) is accepted which indicates that Improtance has positive influence to EVR Usage.

From the result of regression, it shows that usage has positive coefficient with usage the probability is lower than α value 0.05 so the hypothesis (H_{03}) is accepted which indicates that Improtance has positive influence to EVR Usage. “Awareness Variable” and “Importance Variable” equally significant with p-value (Sig) <0.05).

RECOMENDATION

Increase Familiarity or Awareness. If we look at familiarity towards EVR, we can conclude that all respondent already familiar with EVR and EV agencies. But for individual investor we still find that they are not familiar yet. To Increase familiarity to the retail investor, IDX (Indonesia Stock Exchange) need to develop socialization program to educate customer in term of using fundamental information like EVR. IDX also need to support in-active emiten to publish their company's information through EVR. This iniatitives already done by IDX through partnership with Pefindo develop EVR for middle emiten to attract investors transact actively.

Improve Important to increase Usage. If we look at most 5 Importance of quality EVR this study find that most respondent have expectation towards to provide its EVR in term of: 1. Accuracy, 2. Comprehensiveness, 3. Clear Recommendation, 4. Timeliness, and 5. Ability to move market. Accuracy become the most important, because consider as contributing features to the usefulness of corporate information. As far as the issue of credibility in the market this is an importance factor of the EV report's concerned. The respondents look rational because if the information have highly accuracy they can make right decision. They will believe that EVR information is the most credible and important part. This result might reflect the Indonesia situation in general. Although they may not rely on informations when making their investment decisions, informations are regarded sufficient in formulating their decisions about a company. The investors also revealed that the corporate EVR are useful in making informed decisions about companies and assist in evaluating corporate performance. Looking at the main motivation from IDX to socialize second tier equities, we would recommend Pefindo to enhance Pefindo's Equity Valuation Report based on S&P Standard.

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