Article Type: Research Paper

Fear of Missing Out and Student Interest in Stocks Investment during Covid-19 Pandemic

Dony Sudrajat

AFFILIATION:
Department of Economics, Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta, Special Region of Yogyakarta, Indonesia

***CORRESPONDENCE:**
dony.sudrajat.feb18@mail.umy.ac.id

THIS ARTICLE IS AVAILABLE IN:
http://journal.umy.ac.id/index.php/jerss

DOI: 10.18196/jerss.v6i2.15319

CITATION:
Sudrajat, D. (2022). Fear of Missing Out and Student Interest in Stocks Investment during Covid-19 Pandemic. *Journal of Economics Research and Social Sciences*, *6*(2), 115-123.

Abstract: The emergence of the Covid-19 virus in Indonesia for the first time in March 2020 immediately had a significant impact on the condition of the domestic stock market. However, while the pandemic occurred, the number of capital market investors increased almost three times in 2019. Based on demographic data at the Indonesian Central Securities Depository, students are the second-highest number of investors. This study aims to analyze whether the fear of missing out factor affects student behavior in making stock investment decisions during the covid-19 pandemic. Fear of missing out on investment is the behavior of investors dependent on social media. Such behavior cannot be separated from students who tend to be more active in using social media, especially amid a pandemic. This study takes a case study of students from Universitas Muhammadiyah Yogyakarta, considering that this campus has a proactive student activity unit in terms of stock investment, namely the Capital Market Study Group. The data collection technique was in the form of a questionnaire distributed to 100 respondents, and the data was then processed using multiple regression analysis. This study shows that fear of missing out has a positive and significant relationship with student interest in stocks investment along with return variable, stock prices, and age.

Keywords: Investment; Stocks; Students; Pandemic
JEL Classification: O16; G11

Introduction

In the economic environment amid the COVID-19 pandemic, investors need to be more careful when making investments, given that stock markets worldwide have experienced a decline on average (Ngwakwe, 2020), including the Composite Stock Price Index (IHSG) of the Indonesia Stock Exchange. In the first quarter, the IHSG experienced a very drastic decline. The emergence of the Covid-19 virus in Indonesia for the first time in March 2020 immediately had a significant impact on the condition of the domestic stock market. The Composite Stock Price Index fell sharply to 3,937.63 on March 24, 2020[1]. The negative sentiment was the impact of the response of investors who carried out massive stock sales following the spread of COVID-19 in Indonesia. To prevent the spread of COVID-19, the government immediately adopted a Large-Scale Social Restriction (PSBB) policy. It also slowed down the economy's wheels, causing several

[1]Indonesia Stock Exchange, 2020.

economic sectors' activities to stop. All sectoral indices showed negative performance, especially the various industrial sectors (-19.34%), the financial sector (-18.58%), and the infrastructure sector (-14.76%).[2]

Despite experiencing COVID-19 shocks at the beginning of 2020, the growth of Single Investor Identification (SID), or the number of investors in the capital market, experienced a significant increase until the following year, 56.21% growth in 2020 and 74.15% in 2021 in the third quarter. It means that during the last year's first quarter pandemic, there was an increase in the number of investors in the capital market to almost three times compared to 2019 before the COVID-19 pandemic. The difficult conditions during the COVID-19 pandemic have increased public awareness of the importance of financial literacy for financial management. The limited activities during the pandemic do not seem to dampen the public's interest to jump in and learning in the capital market.

The IHSG was in the range of 4000 at the start of the COVID-19 pandemic. The decline in stock prices is momentum for potential investors to jump into the capital market, considering that the opportunity to make profits will be much higher in the future by waiting for the stock price to rise again to its regular price. In subsequent developments, the IHSG gradually increased until it reached 6000 and above. Therefore, it is necessary to have accuracy in making investment decisions, both in terms of the type and timing of the investment (Ibrahim & Adib, 2018). Based on demographic data at the Indonesian Central Securities Depository (KSEI), students are the second largest number of employees after employees, with 27.59% of the total individual investors in the capital market. This figure shows early awareness of the importance of financial literacy, which will undoubtedly positively impact future generations. With a capital that is not too large, novice investors such as students can get stocks with good fundamentals at meager prices at the beginning of the stock price crash during the pandemic.

This study then aims to investigate whether there is a fear of missing out factor that encourages students to invest in stocks during the Covid-19 pandemic. Fear of Missing Out on investment is the behavior of investors dependent on social media. They absorb too much information, so they feel anxious and miss the momentum in making investment decisions. According to Przybylski et al. (2013), FOMO is a person's fear of missing out on social opportunities that encourage that person to consistently connect with others and follow the latest news about everything other people are doing. An investor who has just entered the capital market usually has weak psychology or can be easily provoked by information on social networks. It will affect investors in making hasty decisions without a comprehensive analysis first. Social media provides a space for a person to communicate actively with others and makes it easier for individuals to access new information (Burke et al., 2010). The abundance of information about stocks requires investors to be careful in making all decisions so as not just to follow the crowd.

This research is interesting considering that, as far as the author knows, no previous research in Indonesia discusses the decision to invest in stocks among students during the

---

[2]Indonesia Stock Exchange, 2020.

Covid-19 pandemic by linking the fear of missing out factor. This study takes a case study of students from Universitas Muhammadiyah Yogyakarta, considering that this campus has a proactive student activity unit in terms of stock investment, namely the Capital Market Study Group (KSPM).

Several previous studies have discussed investment decisions before the pandemic in the Indonesian context, but none have addressed this behavior after the pandemic. For example, Putri and Rahyuda (2017) examines the effect of financial literacy level and sociodemographic factors on individual investment decision behavior. Respondents in this study were unmarried employees in Denpasar with a sample of 83 people. Determination of the sample uses non-probability sampling with an accidental sampling approach. Data were analyzed using multiple linear regression analysis. The results of this study indicate that the level of financial literacy and gender have a positive effect on the behavior of individual investment decisions.

Tandio and Widanaputra (2016) examined the effect of capital market training, return, risk perception, gender, and technological advances on student investment interest. The researcher obtained the research data directly through a questionnaire given to 95 respondents. The sampling method used by the researcher is the purposive sampling method. Primary data, which has a nominal scale, is then converted into quantitative data in the form of intervals using the method of successive intervals. Based on the regression analysis results, capital market training and returns significantly affect investment interest. Meanwhile, the variables of risk perception, gender, and technological progress do not affect investment interest.

Pranyoto and Siregar (2015) examines the factors influencing people's interest in investing in the capital market: economic literacy, social relations, attitudes, norms, and self-control. The sample of this research is the people of Lampung who invest in the capital market with 100 respondents. Multiple regression analysis was used to answer the research objectives. The results of this study indicate that financial literacy, social relations, attitudes, norms, and interests have a significant effect on investment, while self-control does not affect investment interest.

Pratama et al. (2020) examines the behavioral factors of investors that can influence a person's investment decisions in the form of shares on the Indonesia Stock Exchange. The study data were taken from a survey of 422 retail investors on the Indonesia Stock Exchange, distributed through online media. This research uses quantitative analysis and is based on behavioral financial theories consisting of investor sentiment behavior, overconfident behavior, over/under reaction behavior, herd behavior, and risk perception. The study results indicate that an investor's investment decision in the stock market is strongly influenced by the above behaviors, except for overly confident behavior.

In its development, several studies have discussed interest in stocks investment after the pandemic, but the sample categories used are different from this research. Wi and Anggraeni (2020), for example, discusses the influence of trust, financial literacy, motivation, investment knowledge, return, and risk on employee interest in investing in the capital market during the Covid-19 pandemic. The method used in this study is a quantitative approach with primary data obtained through questionnaires. The sample in this study was 166 company employees spread across Tangerang and Jakarta. Data analysis using multiple regression. The results of his research state that trust, financial literacy, motivation, and return affect the interest of company employees to invest in the capital market.

Atmaja and Widoatmodjo (2021) examined the effect of motivation, risk perception, and investment knowledge on investment interest during the Covid-19 pandemic. The number of samples used in the study was 200, selected using purposive sampling, and their responses were obtained using a questionnaire. The results of this study indicate that investment motivation and knowledge positively affect interest in investing during the Covid-19 pandemic, while risk perception does not significantly affect interest in investing during the pandemic.

Research Method

Universitas Muhammadiyah Yogyakarta is the object of this research, with the research subjects being students of Universitas Muhammadiyah Yogyakarta who invest in stocks during the Covid-19 pandemic. The technique used in the sampling of this research is the purposive sampling technique. According to Sugiyono (2011), the purposive sampling technique is a sampling technique based on predetermined criteria. To determine the number of samples required, the researchers used the Lemeshow formula and obtained 100 respondents.

The study data were collected by distributing questionnaires to students at Universitas Muhammadiyah Yogyakarta following the criteria. The questionnaire is a primary data collection tool with a survey method to obtain respondents' opinions (Pujihastuti, 2010). The distribution of the questionnaires was carried out in the following ways: (1) directly by the researcher; (2) shared via social media; (3) ask others for help to spread. Using a Likert scale to measure variables makes it easier for researchers to assess respondents' responses. The Likert scale measures attitudes, opinions, and perceptions of a person or group of people about social events or phenomena (Sugiyono, 2010).

This study uses multiple linear regression analysis to determine the relationship between two or more independent variables and the dependent variable. Meanwhile, the equation of multiple linear regression is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + e \tag{1}$$

Information : Y = Decision Investation; a =constant; b =Regression coefficient; X_1 =*Fear of missing out*; X_2 =Yield; X_3 = Price share; X_4 =Risk profile; X_5 =Friendship environment; X_6 =Age; e = *error term.*

The dependent variable in this study is investment decision making which is seen when investors start investing, buying and selling decisions, satisfaction with the decisions taken, and the expected results. The investment decision variable is measured using a Likert scale. The final value of the dependent variable is obtained by averaging all components, which is then transformed into a number with an average of 0 and a standard deviation of 1 so that the variable's value can be continuous. The unit of this variable is the standard deviation.

The indicators in the questionnaire used to measure the fear of missing out variables are the tendency of investors to follow the buying and selling trend of certain stocks and the behavior of investors who are afraid to lose their momentum in investing in stocks. The fear of missing out variable was measured using a Likert scale. The final value for this variable is obtained by averaging all components in the variable, which is then transformed into a number with an average of 0 and a standard deviation of 1. The unit of this variable is the standard deviation.

The return variable uses the indicator of investor satisfaction with the results obtained from investing in stock instruments, the form of return received is in the form of capital gains and dividends. The return variable was measured using a Likert scale. The final value for this variable is obtained by averaging all components in the variable, which is then transformed into a number with an average of 0 and a standard deviation of 1. The unit of this variable is the standard deviation.

The indicators used to measure the stock price variable are the low stock prices during the COVID-19 pandemic and the size of the capital needed to invest in stocks. The stock price variable was measured using a Likert scale. The final value for this variable is obtained by averaging all components in the variable, which is then transformed into a number with an average of 0 and a standard deviation of 1. The unit of this variable is the standard deviation.

Table 1 Questions in measuring risk aversion

No.	Question
1.	Suppose you are offered two ways to make money. With option 1, you are guaranteed IDR 800 thousand per month. With option 2, you have the same chance of earning IDR 800 thousand per month, or, if you are lucky, IDR 1.6 million. Per month, which is more. Which option will you choose? Certain?
2.	Are you sure? In option two, you will get a minimum of IDR 800 thousand per month, and you can get IDR 1.6 million per month. In option one, you will always get Rp 800 thousand per month.
3.	Now, in option two, you have the same chance to receive one of Rp. 1.6 million per month or Rp. 400k per month, depending on how lucky you are. Option 1 guarantees you an income of IDR 800 thousand per month. Which option will you choose?
4.	Now, in option two, you have the same chance to receive IDR 1.6 million per month or IDR 600 thousand per month, depending on your luck. Option 1 guarantees you an income of IDR 800 thousand per month. Which option will you choose?
5.	Now, in option two, you have the same chance to receive IDR 1.6 million per month or IDR 200 thousand per month, depending on how lucky you are. Option 1 guarantees an income of IDR 800 thousand per month. Which option will you choose?

The risk profile shows an individual's view of the risks faced, especially regarding the risk of investing in specific instruments. This study measured the risk profile using a risk aversion measurement scale. Risk aversion shows the level of risk aversion carried out by individuals on stock investment decisions. Risk aversion is measured by asking several questions with different schemes and risk levels. Questions to measure the risk profile can be seen further in Table 1.

The value of which depends on the choice of answers to the questions given to each individual. It will then determine the risk profile of the respondent. Based on the risk aversion measurement scheme, there are five categories for determining individual risk profiles. Very high indicates that individuals have the lowest level of risk aversion, whereas individuals with this profile are the most daring in facing risks. Deficient means individuals who have the highest risk aversion. Individuals of this type have the highest prudence in the face of threat. They do not want to experience losses in investing. Moderate indicates a moderate level of risk aversion. Moderately low indicates a relatively low level of risk aversion. Rather high indicates a reasonably high level of risk aversion. Then, the measurement of the risk profile is converted into a scale with a score between 1 to 5. Furthermore, the final value of the risk profile variable is obtained by averaging all components and then converted into a number with an average of 0 and a standard deviation of 1. The unit of this variable is the standard deviation. The scale is determined based on the questions asked to the respondents.

The indicator used to measure the friendship environment variable is whether or not the friendship environment influences the decision to invest in stocks as seen from the invitation or motivation caused by the environment. The friendship environment variable was measured using a Likert scale. The final value for this variable is obtained by averaging all components in the variable, which is then transformed into a number with an average of 0 and a standard deviation of 1. The unit of this variable is the standard deviation.

Result and Discussion

Table 2 shows the results of multiple regression analysis for the determinants of student interest in investing in stocks during the pandemic. Based on the results of multiple regressions and t-tests that have been carried out, the variable fear of missing out has a positive and significant relationship with student investment decision-making during the covid-19 pandemic. It shows that the higher the fear of missing out felt by investors, the higher the stock investment decision-making. This finding is in line with Pratama et al. (2020), who found that herd is positively related to investment decisions. This behavior encourages investors to act according to what most other investors do. This phenomenon is due to the uncertainty of the decisions taken by investors.

The yield variable positively relates to stock investment decision-making during the COVID-19 pandemic. It shows that any increase in the perception of returns on investing in stocks is associated with an increase in investment decision-making. This finding is in line with Tandio and Widanaputra (2016), which shows that the return variable positively relates to student investment interest. The returns from investing in stocks are an attraction for every student to invest. There is investor confidence in the prospect of the capital market in the future being able to provide the expected results. Meanwhile, there is a positive relationship between stock prices and investment decision-making during the COVID-19 pandemic. It shows that the higher the stock price, the higher the investment decision-making.

Table 2 Results of Multiple Regression Analysis

Variable	Coefficient	t-count	*p-value*
Fear of Missing Out	0.152*	1.75	0.083
Yield	0.341***	3.54	0.001
Stock price	0.292***	3.22	0.002
Risk Profile	-0.040	0.49	0.627
Friendship Environment	0.051	0.60	0.550
Age	0.115**	1.93	0.056
constant	-1.06	1.93	0.057
F-statistics		10,19	
F-table		2.32	
Adjusted R-square		0.357	
Observation		100	

The risk profile variable is unrelated to stock investment decision-making during the covid-19 pandemic. It shows that a high or low level of risk aversion does not guarantee an increase in investment decision-making. This finding is in line with Wi and Anggraeni (2020), which shows that the risk profile does not affect company employees' interest in investing in the capital market. The friendship environment variable is unrelated to stock investment decision-making during the covid-19 pandemic. It shows that a friendship environment does not guarantee an increase in investment decision-making. This finding contradicts Pranyoto and Siregar (2015), who found that friendship positively relates to investment interest. Humans as social beings tend to establish friendly relations with others, so the influence of these relationships will likely arise. When a person has an environment where most people are stocks investor, the opportunity to enter the investment world is also more significant.

Finally, the age variable has a positive and significant relationship with student investment decision-making during the COVID-19 pandemic. It shows that the older the age, the higher the level of investment decision-making. However, it is different from the results of Putri and Rahyuda (2020), who states that age is not related to investment decisions because the age of respondents who are pretty young, between 18 - 29 years, tend not to think long term when making investment decisions. This age is primarily a student or a person who has just had a job. At these times, the decision to invest is still not formed because it has not yet achieved financial stability.

Conclusion

This study found that the variable fear of missing out was positively and significantly related to the behavior of Universitas Muhammadiyah Yogyakarta students in making decisions to invest in stocks during the COVID-19 pandemic. It shows that the higher the fear of missing out felt by investors, the higher the stock investment decision-making. While yield, stock price, and age variables were also positively related to student interest in investing in stocks. It means that the expectation of high yields, continued rising stock prices, and a more mature student age encourage them to invest in stocks. Meanwhile, their risk profile and friendship environment are unrelated to their interest in investing in stocks.

References

Atmaja, W. A., & Widoatmodjo, S. (2021). Pengaruh Motivasi, Persepsi Risiko Dan Pengetahuan Investasi Terhadap Minat Berinvestasi Di Masa Pandemi Covid-19. *Jurnal Manajerial dan Kewirausahaan, 3*(3), 641-648. https://doi.org/10.24912/jmk.v3i3.13136

Burke, M., Marlow, C., & Lento, T. (2010). Social network activity and social well-being. *Proceedings of the 28th International Conference on Human Factors in Computing Systems - CHI '10*. https://doi.org/10.1145/1753326.1753613

Ibrahim, M. H. A., & Adib, N. (2018). Perilaku Investor Individu dalam Pengambilan Keputusan Investasi Saham (Studi Kasus Pada Investor Saham Individu di Malang). *Working Paper*. Universitas Brawijaya.

KSEI. (2021). *Investor Demographics*. Retrieved from https://www.ksei.co.id/publications/demografi_investor

Ngwakwe, C. C. (2020). Effect of COVID-19 Pandemic on Global Stock Market Values: A Differential Analysis. *Acta Universitatis Danubius, 16*(2), 255-269. Retrieved from https://dj.univ-danubius.ro/index.php/AUDOE/article/view/258

Pranyoto, E., & Siregar, N. Y. (2016). Literasi Ekonomi, Hubungan Pertemanan, Sikap, Norma dan Kontrol Diri Terhadap Minat Masyarakat Lampung untuk Berinvestasi di Pasar Modal. *Jurnal Manajemen dan Bisnis, 5*(2), 196 -216. Retrieved from http://jurnal.ubl.ac.id/index.php/jmb/article/view/932

Pratama, A. O., Purba, K., Jamhur, J., & Tri Prasetyo, P. B. (2020). Pengaruh Faktor Perilaku Investor Saham Terhadap Keputusan Investasi di Bursa Efek Indonesia. *Moneter - Jurnal Akuntansi dan Keuangan, 7*(2), 170–179. https://doi.org/10.31294/moneter.v7i2.8659

Przybylski, A, K., Muryama, K., DeHaan, C, R., & Gladwell, V. (2013). Motivational, emotional, and behavioral correlates of fear of missing out. *Computers in Human Behavior, 29*, 1841- 1848. https://doi.org/10.1016/j.chb.2013.02.014

Pujihastuti, I. (2010). Prinsip Penulisan Kuesioner Penelitian. *CEFARS: Jurnal Agribisnis dan Pengembangan Wilayah, 2*(1), 43-56. Retrieved from https://jurnal.unismabekasi.ac.id/index.php/cefars/article/view/63

Putri, N. M. D. R., & Rahyuda, H. (2017). Pengaruh Tingkat Financial Literacy Dan Faktor Sosiodemografi Terhadap Perilaku Keputusan Investasi Individu. *E-Jurnal Ekonomi dan Bisnis Univ Udayana, 6*(9), 3407-3434. Retrieved from https://ojs.unud.ac.id/index.php/EEB/article/view/33341

Sugiyono. (2010). *Metode Penelitian Pendidikan Pendekatan Kuantitatif, kualitatif, dan R&D*. Bandung: Alfabeta.

Sugiyono. (2011). *Metode Penelitian Pendidikan*. Alfabeta, Bandung.

Tandio, T., & Widanaputra, A. (2016). Pengaruh Pelatihan Pasar Modal, Return, Persepsi Risiko, Gender, dan Kemajuan Teknologi Pada Minat Investasi Mahasiswa. *E-Jurnal Akuntansi, 16*(3), 2316-2341. Retrieved from https://ojs.unud.ac.id/index.php/Akuntansi/article/view/21199

Wi, P., & Anggraeni, D. (2020). Faktor-Faktor Yang Mempengaruhi Minat Karyawan Perusahaan Untuk Berinvestasi Di Pasar Modal Pada Masa Pandemi Covid 19. *Jurnal Revenue : Jurnal Ilmiah Ilmu Akuntansi, 1*(1), 81-89. Retrieved from https://revenue.lppmbinabangsa.id/index.php/home/article/view/15