

CHAPTER I

INTRODUCTION

1.1. Research Background

Shares are the most popular securities among other securities in the capital market. Shares are a sign of participation or ownership of a person or entity in a company (Darmadji and Hendi, 2008). Investing in shares has the potential for profit in two cases, dividend distribution and an increase in shares prices or capital gains (Abidin et al., 2016). Besides that, shares are also not free from the risk of loss. Therefore the attitude of investors who expect a certain return must consider how much risk must be borne from the investment. Mardhiyah (2017) said, in general risk is defined as the probability that the actual return will be lower than the minimum expected return. Where in this case the investor must have a strong reason when buy a share to avoid the risks that exist in the capital market therefore that better investment decisions are needed.

In making investment decisions, investors or trader need information in the form of analysis to support what shares to choose (Pratama et al., 2020). Generally, there are two analyzes used by the investor, fundamental analysis and technical analysis (Tannadi, 2019). Fundamental analysis is an analysis conducted to know the economic condition of a company (judging by its financial statements), performance, management, and the company's potential in the future (Tannadi, 2019). And technical analysis is an analysis carried out on share price movements in the past to account price movements in the future. This analysis arises because of the belief in history that may repeat itself (Tannadi, 2019). This is reinforced research by Abidin (2016) past share prices and trading volume

have a significant effect on share prices. The information about technical analysis and fundamental is very useful by investor or trader to taking decision.

Currently information about technical analysis and fundamental analysis widely circulating on social media. Social media is widely used by everyone to communicate and share information, including shares information. Moreover, during this pandemic, everyone is required to stay at home, thus making social media an alternative for communicating and sharing information remotely. According to Riyanto (2021), the user Active social media in Indonesia reaches 61.8% of the total population or around 140 million people in Indonesia in 2021. Indonesia is the 3rd largest internet user in the world along with Japan and India. One of social media application that is often used is Instagram. Instagram is the application with the third most users in Indonesia under YouTube and WhatsApp, which is 87.7% of the total Indonesian population using Instagram in 2021. Instagram itself allows users to take photos, apply digital filters, and others. Almost all circles today such as presidents, ministers, regional officials, investors, and traders also use Instagram to share and receive information.

Many investors or share traders who have long been involved in the capital market use the Instagram application to share information about share. Some of them reach thousands of followers and some even reach millions of followers. Mahendra (2017) said accounts with more followers allow information to spread faster than accounts with fewer followers. A lots of variety of information shared on social media, such as information that consist of the shares that they consider to have the potential for large returns accompanied by analysis of that shares, especially technical analysis. Sometimes, they also upload the results of their analysis which are proven to produce large returns. But

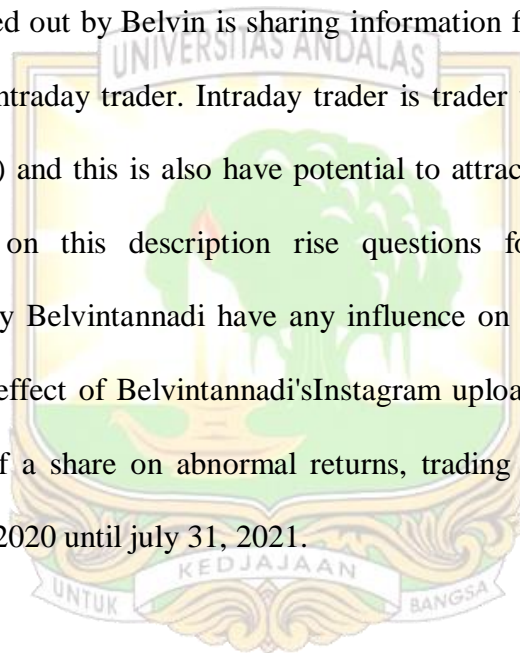
generally share uploaded are shares that have high volatility and have small market capitalization. Market capitalization is the market value of the shares issued by an issuer. In investing in a company, market capitalization is used to compare shares. A small market capitalization indicates that the company has a fairly large share fluctuation and of course has a big risk. Companies with large capitalization risk of fluctuations and relatively low share risk (Nuraningrum, amanda wahyu Fitriani, 2013).

The information received is certainly quite risky, especially now there are many new investors in Indonesia. The Indonesia Stock Exchange noted that at the end of December 2021 there were 7.48 million investors, or increase as much 92.7% throughout 2021, where the previous data at the end of December 2020 was 3.88 million investors (KSEI, 2021). The new investor of course still lack experience and easy to be influenced by circulating information so that creates FOMO (Fear of Missing Out). Fomo is an investor who tends to be afraid of being left behind (Persada&Widodo, 2021). Grant Thornton Indonesia's Advisory Director, Marvin Camange in a press release, Saturday (27/2/2021) said that new investors often act impulsively and are easily tempted by shares that promise large profits without doing full consideration, many of the new investors tend to follow suit and afraid of being left behind in a short time of profit or Fear of Missing Out (FOMO). One of the share influencer who often uploads in social media about share that have potential increase of price tomorrow is Belvintannadi.

Belvintannadi is a businessman investor and share trader from Medan. Belvin is also a share influencer who has 1.5 million followers with 2,503 posts on Instagram (Instagram, 2021). Belvin Instagram contains education and share analysis. Almost every day Belvin uploads information about shares, such as uploads about shares

that have the potential to get high return tomorrow. Many likes and comments on Belvintannadi's Instagram upload, whether it is positive comment such as people who support that information and get profit from that or negative comment like people didn't support that information because they get capital loss when they follow that information. Belvin also uploaded content about the profits he got from the shares he bought on his Instagram social media. And also Belvintannadi is owner of the site ilmusaham.com and has published a book with the title *ilmusaham*.

The activity carried out by Belvin is sharing information for social media user who sees it, especially for intraday trader. Intraday trader is trader who sell and buy share in one day (Tannadi, 2019) and this is also have potential to attract people who follow him on Instagram. Based on this description rise questions for researches, does the information provided by Belvintannadi have any influence on the market? So that, this research have title the effect of Belvintannadi's Instagram upload regarding the potential increase in the price of a share on abnormal returns, trading volume activity, bid-ask spread since august 1, 2020 until july 31, 2021.



1.2. Research Problem

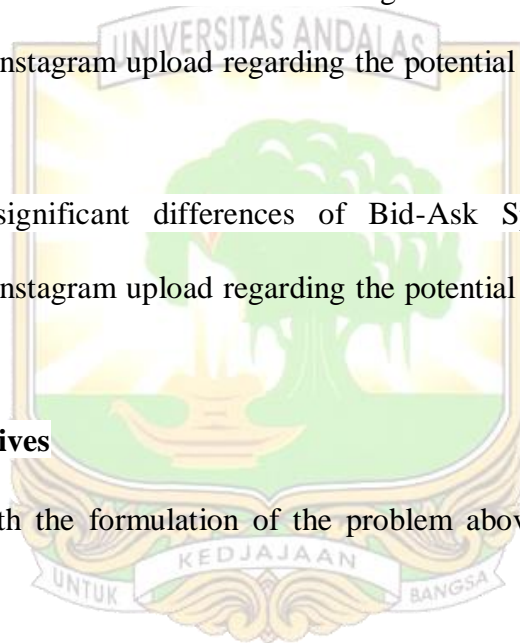
From the background of the problems stated above, several problems can be identified which will be studied later and more in depth discussion to obtain a further explanation. The problems of the study are:

1. Is there any significant differences of Abnormal Return before and after Belvintannadi's Instagram upload regarding the potential increase in the price of a share?
2. Is there any significant differences of Trading Volume Activity before and after Belvintannadi's Instagram upload regarding the potential increase in the price of a share?
3. Is there any significant differences of Bid-Ask Spread before and after Belvintannadi's Instagram upload regarding the potential increase in the price of a share?

1.3. Research Objectives

In accordance with the formulation of the problem above, the objectives of this study are:

1. To know the significant difference of Abnormal Return before and after Belvintannadi's Instagram upload regarding the potential increase in the price of a share.
2. To know the significant difference of Trading Volume Activity before and after Belvintannadi's Instagram upload regarding the potential increase in the price of a share.



3. To know the significant difference of Bid-Ask Spread before and after Belvintannadi's Instagram upload regarding the potential increase in the price of a share.

1.4. Research Purpose

This research is expected to give some benefits which are:

1. For researcher, this research is to know the differentiation between Abnormal Return, Trading Volume Activity and Bid-Ask Spread before and after Belvintannadi's Instagram upload regarding the potential increase in the price of a share.
2. For the trader and investor, this research is to know the next event, to make the decision whether buy, hold or sell their share and also to know how Belvintannadi's Instagram upload regarding the potential increase in the price of a share affect to Abnormal Return, Trading Volume Activity and Bid-Ask Spread.
3. For the reader, this research can be reference materials and source information in conducting forward similar research

1.5. Writing Systematic

The systematic in this research has five chapter. The first chapter is Introduction, discuss about general description that become research basic. Consist of the background of the problem, problem formulation, research objective, research purposes and writing systematic. Second chapter are literature review and prior research, discuss about theoretical frameworks to give the insight of the research conducted and also the review of previous research. Third chapters research methodology, provide overview of plan in doing the research. Along with theories from literature review, this chapter will

encompass the research. The chapter includes type of research, research limitation, types and sources data, and the analysis method. Four chapter are Analysis and Discussion, contain data processing result based on research methodology. Five chapter conclusion and suggestion, contains conclusion about research result. It also contain suggestions for the next research.

