

## The Impact of the down stop of JCI on Investment Interest of the Milenial Generation in the 4.0 Revolution

<sup>1</sup>I Gusti Agung Ayu Diah Pradnya Putri , <sup>2</sup>Ni Putu Eka Wahyuni ,  
<sup>3</sup>Kadek Melya Febriyanti

<sup>1,2,3</sup> *Mahasaraswati University Denpasar, Jl.Kamboja no 11A Kreneng,Denpasar*

**ABSTRACT:** This study aims to analyze the impact of the decrease in the Composite Stock Price Index (IHGS) on the investment interest of the millennial generation in the revolution. The COVID-19 pandemic has affected economic conditions, especially markets and industry this year. The Covid-19 pandemic had an impact on decreasing economic growth, decreased investment in the capital market, which was marked by the weakening of the Composite Stock Price Index on the Indonesia Stock Exchange. This study aims to analyze changes in the Composite Stock Price Index during the Covid-19 pandemic. The research method used is descriptive and verification methods with a qualitative approach. This Composite Stock Price Index affects the investment interest of investors in investing their capital in companies that are on the Indonesia Stock Exchange. However, in its development in recent years, the composite stock index has decreased. This has led to investors, one of whom is thinking back to investing in companies on the Indonesian stock exchange. This impact causes investors to decrease due to fluctuating share prices. However, this causes new investors to come to buy stocks which are currently plummeting. This is because stocks are a long-term instrument that will grow together with existing market values.

**KEYWORDS:** *JCI, Revolution 4.0, Investment, Millennial, Pandemic Covid-19*

### I. INTRODUCTION

#### Background

The capital market has a great role in the development of the national economy. Where the more advanced, especially in the economic sector, the development of the Capital Market in Indonesia has accelerated. So the development of the Composite Stock Price Index in the last 5 years. According to (Widianto, 2017) the JCI for the last 5 years starting from 2014 with a year-end IHSG value of 5,226.95 with a percentage of 22.29%, then in the following year, 2015, the year-end JCI value experienced a drastic decline. The JCI in Indonesia fell to a value of 4,593.01, a percentage decrease of -12.13% from the previous year. In the following year, namely 2016, the year-end JCI value gradually improved again by touching the level of 5,296.71 and the percentage increase reaching 15.32%,

The movement of the stock price index can be influenced by several external factors, both from within the country and from abroad (Ilham, 2013). Domestic factors can be formed as macroeconomic factors such as changes in exchange rates, interest rates, inflation, and gross domestic product. Meanwhile, factors originating from abroad are capital markets that are integrated globally or the state of the economy of a country. The exchange rate is one of the macroeconomic variables that affect the stock price index. When the Rupiah depreciates against the USD, the price of imported goods becomes more expensive which has an impact on domestic companies that use imported goods as a factor of production. The price level also has an impact on stock price movements because inflation lowers the value of money. According to Tandelilin (2010), inflation is relatively a negative signal for investors in the capital market. If investors are reluctant to invest in a company, it will reduce the company's stock price.

The Covid-19 outbreak is a world problem, and inflation is considered to have decreased due to a decline in public consumption after the outbreak. According to the Governor of Bank Indonesia (BI) Perry Warjiyo, this was due to the slowing down of volatile food inflation due to deflation of shallots and slowing inflation of various chili and rice varieties. However, the JCI's performance has not reflected a decline since the beginning of the month in 2020 until this March. The main trigger is clear because of the Covid-19 outbreak which has been declared by WHO as a world pandemic. It is not only the Composite Stock Price Index that has experienced this decline. The Dow Jones index also experienced it. Therefore, this phenomenon is the most perfect storm. What is meant by the ultimate perfect storm is the fall in stock prices and the Covid-19 outbreak.

Meanwhile, the decline in inflation that occurs will actually cause economic growth in Indonesia to slow down. This situation will reduce the interest of investors to invest in the capital market. In the end it will cause the stock price index to slow down. In addition to foreign investors, domestic investors such as the millennial generation are also interested in the movement of stock prices in the capital market.

Millennials are teenagers who currently have knowledge and interest in share ownership in the capital market. Through the development of technology, millennials are now starting to apply these developments by managing their finances. One of the financial sources developed by the millennial generation is financial development through stock investment. Many millennials are looking for opportunities to invest in shares on the Indonesia Stock Exchange. However, in recent years, the shares of the Indonesia Stock Exchange have experienced a significant decline. This of course causes investors who do it instead of not to suffer huge losses.

Based on the phenomena described above, the authors want to know about the impact of the decline in the composite stock price index on the Indonesian stock exchange. Therefore, the title of this article is Impact of the Decline in the JCI on Millennial Generation's Investment Interest in Revolution 4.0'

### Formulation of the problem

Based on the description of the background above, the formulation of the problem in this study is as follows

1. What is the impact of the decline in the JCI on millennial generation's investment interest in the 4.0 revolution?
2. How will the Covid-19 pandemic affect the decline in the Composite Stock Price Index in Indonesia?

### Destination

The objectives of this research are as follows

1. To find out about the impact of the decline in the JCI on millennial generation's investment interest in the 4.0 revolution
2. Knowing how the Covid-19 Pandemic has affected the decline in the Composite Stock Price Index in Indonesia.

### Benefit

#### Theoretical Benefits

1. As a means of increasing insight in terms of the impact of the decline in the JCI on millennial generation's investment interest in the 4.0 revolution
2. As a means of adding insight regarding the impact of the COVID-19 pandemic on the decline in the composite stock price index in Indonesia.

#### Practical Benefits

1. Provide a reference for Indonesian stock exchange companies or for other institutions related to the impact of the decline in the JCI on millennial generation's investment interest in revolution 4.0

### Method

In solving this problem formulation, we use a qualitative method which aims to describe in more detail the problems found in the field descriptively. Descriptive qualitative research is research that explains problem analysis supported by existing facts and data so that conclusions can be drawn and easier to understand. In addition, the types and data used to analyze the problems in this research are the types of data taken from the answers that arise from the problems in the research and the data sources used are secondary data sources where the researcher does not go directly but references seen on the internet. and other mass media related to the problem being analyzed.

### Results

#### Composite Stock Price Index

This article analyzes the decline in the Jakarta Composite Index (JCI)



Figure 1. Composite Stock Price Index

The Composite Stock Price Index (IHSG) continued to decline towards the end of trading closing. On March 30, 2021 at 14:10, the index was observed at the level of 606.61 with a correction of 1.70 percent. The index has continued to fall since opening in the red zone at 6163.72 levels in early trading today. At 14:28 WIB, the JCI had fallen 1.9 percent to the level of 6,046.47. Then, the index bounced back. The entire compact sector blushed. Likewise, of all the shares traded, only 105 stocks were able to turn green, while 379 turned red, and 132 others turned yellow or stagnant. Market capitalization is in the range of Rp.7177.04 trillion. The transaction value was recorded at around Rp8.01 trillion with foreign investors conducting net sells or net selling reaching Rp342.29 billion in all markets. A number of large stocks have fallen, such as PT Bank Rakyat Indonesia (Persero) Tbk. (BBRI) which corrected 4.87 percent. Followed by PT Bank Negara Indonesia (Persero) Tbk. (BBNI) which fell 4.13 percent.

### Interest

According to Nandar (2018), interest develops as a result of an activity and will be the cause for reuse in the same activity. One of the factors that influence interest is the inner urge factor, namely stimuli that come from the environment or scope that are in accordance with one's desires or needs will easily generate interest.

## II. DISCUSSION

The share price is the market value of each share of the company. The calculation of composite stock prices is carried out to determine the average development of all shares listed on the stock exchange. JCI is an indicator or a reflection of the overall stock price movement. Regarding the JCI, as previously mentioned, the JCI is an indication of the performance value of shares in the capital market as a whole, so that the JCI in the capital market has an effect on stock prices. The movement of stock prices is determined by the dynamics of supply and demand. Currently, there are 11 (eleven) types of indices on the Indonesia Stock Exchange, as follows ([www.idx.co.id](http://www.idx.co.id)):

- (1) JCI,
- (2) Sectoral Index,
- (3) LQ-45,
- (4) Jakarta Islamic Index (JII),
- (5) COMPASS100 Index,
- (6) Business Index-27
- (7) Pefindo25 Index,
- (8) SRI-KEHATI Index,
- (9) Main Board Index,
- (10) Index Development Board, and
- (11) Individual index.

Various types of stock price indices, in this study only use the JCI index as an object because the JCI is a projection of all movements of common stock and preferred stock listed on the IDX. The Composite Stock Price Index was first introduced on April 1, 1983. JCI as an indicator of price movements of all shares listed on the Jakarta Stock Exchange, both ordinary shares and preferred shares with a value of 100, was started on April 1, 1983.

Anoraga and Bannerman (2001: 100-104) simply called the price index is a number used to compare an event with other events. Likewise with the stock price index, the index compares changes in stock prices from time to time. Whether the stock price falls within a certain time, the measurement of the stock price index that we need also has two kinds of time, namely the right time and the applicable time. The time base will be used as the basis for comparison, while the valid time is the time at which the activities will be compared with the base period. The movement of the index value will indicate changes in the market situation that occur. The market is nervous or trading is active, as indicated by a rising stock price index. This condition usually indicates the desired state.

The declining JCI caused several things to attract investment, especially the millennial generation, namely:

### 1. Market movement marker

The first function of the JCI is as a marker of market movements. JCI is an index of stock movements listed on the IDX. Therefore, it can be concluded that the JCI position reflects the condition of the shares in the capital market. Therefore, the JCI can be a reliable reference to see the current condition of the stock market. If the JCI trend is rising, it means that stock prices on the IDX are also experiencing an increasing trend. On the other hand, if the JCI's position is weakening, it means that stock prices on the IDX in general are also declining.

### 2. Portfolio performance benchmark

Portfolio is a collection of investment assets that you own. With the JCI, investors can measure how good a portfolio is. For example, investors have been investing since 10 years ago. Then, the JCI has

strengthened by 198% in 10 years. If your portfolio's performance is still below that, it means there are things you need to pay attention to. Investors can also consider changing investment strategies.

### 3. Measuring the rate of profit

The next function of the JCI is to measure the average level of profit. For example, in 2008 the JCI was at the level of 1,400. In the next five years, the JCI continued to grow to the level of 4,400. Thus, it can be seen that the index growth in five years is 3,000 or 214%. On an annual basis, it can also be seen that the index growth shows a figure of 42.8%. So, investors can measure that the average level of investor profits in one year should be around that number.

### 4. Seeing economic growth

Finally, the function of the JCI that is no less important is to monitor the country's economic growth. Indeed, there are many factors that can determine the economic growth of a country. However, the JCI also has a big role in showing Indonesia's economic growth.

The Composite Stock Price Index also decreased, due to the Covid-19 pandemic which caused a world crisis. The spread of the Covid-19 pandemic in Indonesia made the JCI rate very volatile. A few days after the discovery of the first case of Covid-19 in Indonesia, market players panicked which caused the index rate to decline, causing the IDX to issue a lower asymmetric auto rejection (ARB) policy. In addition, throughout March 2020 alone, the Indonesian capital market has experienced 6 trading halts. The large increase in the number of Covid-19 cases in Indonesia per day has prompted the government to take several policies, one of which is the implementation of the PSBB in several big cities in Indonesia which indirectly causes the JCI to weaken. In this case, economic actors and the government must anticipate the impact of the Covid-19 pandemic. If there is no early anticipation, which will cause fluctuations in the exchange rate of the rupiah against the US dollar. The rupiah exchange rate is in a vulnerable position during the spread of the Covid-19 outbreak. Efforts to mitigate the spread of Covid-19 cases are very important so that the stock market in Indonesia does not weaken further. Weakening stock market conditions will of course have an impact on the real sector. Furthermore, the role of the stock market is important as an instrument of economic growth and accelerated development through transmission to the real sectors. Efforts to mitigate the spread of Covid-19 cases are very important so that the stock market in Indonesia does not weaken further. Weakening stock market conditions will of course have an impact on the real sector. Furthermore, the role of the stock market is important as an instrument of economic growth and accelerated development through transmission to the real sectors. Efforts to mitigate the spread of Covid-19 cases are very important so that the stock market in Indonesia does not weaken further. Weakening stock market conditions will of course have an impact on the real sector. Furthermore, the role of the stock market is important as an instrument of economic growth and accelerated development through transmission to the real sectors.

Good synergy is needed between the government, issuers, and investors to deal with and break the Covid-19 chain so that economic conditions and the Indonesian stock market return to normal. The existence of the capital market is very important to meet the investment needs of sustainable economic development. The existence of government policies can also affect stock prices. Some examples of government policies that cause stock price volatility include company policies, import-export policies, debt policies, and foreign investment policies.

## III. CONCLUSION

Based on the explanation above, it can be concluded that the Composite Stock Price Index (CSPI) is one of the instruments in the capital market. JCI always experiences movements or fluctuations that the market cannot predict. The JCI affects the investment interest of investors in investing their capital into companies listed on the Indonesia Stock Exchange. However, in the last few years, the JCI has decreased. This causes investors, one of which is to think again to invest in companies on the Indonesian stock exchange. This impact causes investors to be reduced due to fluctuating stock prices. However, this causes new investors to come to buy stocks that are falling.

## BIBLIOGRAPHY

- [1]. Agrawal, G., Kumar Srivastav, A. and Srivastava, A. (2010) 'A Study of Exchange Rates Movement and Stock Market Volatility', *International Journal of Business and Management*. doi: 10.5539/ijbm.v5n12p62.
- [2]. Dwiati, A. R. and Ambarwati, Y. B. (2016) 'Pengaruh Harga Emas Terhadap Indeks Harga Saham Gabungan Indonesia dengan Nilai Kurs Sebagai Variabel Moderating', *Pengaruh Harga Emas Terhadap Indeks Harga Saham Gabungan Indonesia Dengan Nilai Kurs Sebagai Variabel Moderating*, pp. 1–9.
- [3]. Desfiandi, A dkk. 2017. Composite Stock Price Index (IHSG) Macro Factor in Investment in Stock (Equity Funds). *International Journal of Economics and Financial Issues*. 7 (3) : 534 – 536

- [4]. Glints. 2021. Sebelum Investasi, Pahami Dulu Apa Itu IHSG Berbagai Fungsinya. *Internet*. Diakses 30 Mei 2021 dari <https://glints.com/id/lowongan/apa-itu-ihsg/#.YLOTw7czat8>
- [5]. Ismawati, L. 2020. Composite Stock Price Index During Covid-19 Pandemic at The Indonesian Stock Exchange. *Unikom* diakses 30 Mei 2021 dari <https://icobest.unikom.ac.id/submission/proceeding/download/85>
- [6]. Khoiri, H.A, dkk. 2020. Menganalisis Nilai IHSG Beserta Faktor-faktor Yang Mempengaruhi Di Era Pandemi Covid-19. *Jurnal Riset Akuntansi&Keuangan Dewantara*. 3 (2) : 112 – 121, diakses 30 Mei 2021 dari <file:///C:/Users/Ryaga/Downloads/677-1362-1-SM.pdf>
- [7]. Novia Nur Halisa and Selvi Annisa. 2020 . Pengaruh Covid-19, Nilai Tukar Rupiah dan Indeks Harga Saham Gabungan Asing Terhadap Indeks Harga Saham Gabungan Indonesia (IHSG) diakses 04 Juni 2021 dari [https://www.researchgate.net/publication/348173941\\_Pengaruh\\_Covid-19\\_terhadap\\_Pergerakan\\_Indeks\\_Harga\\_Saham\\_Gabungan\\_IHSG](https://www.researchgate.net/publication/348173941_Pengaruh_Covid-19_terhadap_Pergerakan_Indeks_Harga_Saham_Gabungan_IHSG)
- [8]. No title. Diakses 30 Mei 2021 dari <https://www.cnbcindonesia.com/market-data/quote/.JKSE>
- [9]. No title, diakses 30 Mei 2021 dari <https://id.investing.com/indices/idx-composite>
- [10]. Yani K.L.P dkk. Tt. Faktor-Faktor Yang Mempengaruhi Minat Mahasiswa Dalam Berinvestasi Di Pasar Modal (Studi Kasus Pada Investor Pemula Yang Terdaftar di Galeri Investasi Universitas Warmadewa ), diakses 30 Mei 2021 dari <file:///C:/Users/Ryaga/Downloads/1838-Article%20Text-8372-1-10-20200622.pdf>