

# Do investors become risk takers after receiving MLA and accounting information?

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## ABSTRACT

This study aimed to find out, empirically, the effect of myopic loss aversion and accounting information on the behavior of investors. The method used is pure experiment by using a 2×2 factorial design between subjects. The results show that myopic loss aversion and accounting information positively affects investor behavior. Another result reveals that there is a difference in treatment (frequent and infrequent) that was equally given accounting information. There is a difference of treatment (frequent and infrequent) that was not given accounting information, but the results return obtained by investors with the treatment of frequent is higher than investors with the treatment of infrequent, it indicates that investors that were treated frequently to be more willing to take a risk, and investors proved not to experience MLA. It was not found the difference in treatment (frequent and infrequent) with accounting information with those that were not given accounting information. It can be caused by a lack of understanding of investors (in this case by the students) in interpreting and analyzing accounting information as well as private signals that still dominate the investors.

## ABSTRAK

Penelitian ini bertujuan untuk mendapatkan bukti empiris pengaruh myopic loss aversion dan informasi akuntansi terhadap perilaku investor. Metode yang digunakan adalah eksperimen murni dengan menggunakan desain between subject faktorial 2×2. Hasil penelitian ini menunjukkan bahwa myopic loss aversion dan informasi akuntansi berpengaruh positif terhadap perilaku investor. Hasil lain dari penelitian ini ialah terdapat perbedaan perlakuan (frequent dan infrequent) yang sama-sama diberi informasi akuntansi. Terdapat perbedaan perlakuan (frequent dan infrequent) yang tidak diberi informasi akuntansi, akan tetapi hasil return yang diperoleh investor dengan perlakuan frequent lebih tinggi dibandingkan investor dengan perlakuan infrequent, hal ini menunjukkan bahwa investor dengan perlakuan frequent lebih berani mengambil risiko dan investor terbukti tidak mengalami MLA. Tidak ditemukannya perbedaan perlakuan (frequent dan infrequent) yang diberi informasi akuntansi dengan yang tidak diberi informasi akuntansi. Hal ini dapat disebabkan oleh kurangnya pemahaman investor (mahasiswa) dalam menginterpretasikan dan menganalisis informasi akuntansi serta sinyal pribadi yang masih mendominasi diri investor.

## 1. INTRODUCTION

The portfolio theory of Markowitz (1952) and the Efficient Market theory of Fama (1970) have become a major concern for investors to optimize their investment funds. These two theories assume that investors behave rationally in making an investment decision. A rational investor is considered able to optimize the investment funds when

using a variety of information available in the capital market. This theory is questioned, when there are several events, showing their behavior became irrational, such as the decline in the stock price of PT Nippon Indosari Corpindo Tbk (Sari Roti) when it appears jingle Sari Roti on Metro TV (July 19, 2011) as well as the case of the decline in stock prices MNC and VIVA caused by the delivery of

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news of Prabowo winning during the Presidential Election (Election) on July 9, 2014. This condition indicates that the standard financial theory cannot yet explain the irrational behavior of investors, where the irrational behavior can be explained by the theory of financial behavior (behavioral accounting).

The development of accounting, using behavioral psychology approach in explaining the phenomenon of irrational investor started from Solvic (1972), who examined the psychological aspects of the investment and stockbroker, Tversky and Kahneman (1974) describes the conditions of uncertainty that can produce heuristic or bias. Kahneman and Tversky (1979) with prospect theory, Thaler (1985) on mental accounting were developed into a theory of myopic loss aversion by Benartzi and Thaler (1995).

MLA is a combination of two theories of behavioral theory such as mental accounting and loss aversion. Mental accounting theory explains that there are three components in the process of mental accounting. The first component relates to how an outcome perceived and experienced thus serve as an experience then evaluate the decision. The second component involves activity in detail how an account as well as the business enterprise system in the accounts of the sources and uses of funds. The third component includes an account frequency evaluated Thaler (1985, 1999).

Besides the above argument, the theory of loss aversion, or also called prospect theory, explained how a person tends to behave irrationally by not risking the gain (gain) than losses (loss). A person, who is at a loss, tends to risk more desperately than in condition gaining profit. Under condition of speculation, someone as if he sensed that the defeat hurts more than the value of victory. Thus, in a situation of loss, someone tends to be more reckless to assume the risk, Kahneman and Tversky (1979).

MLA studies tested the theory with experiment design done by Gneezy and Potters (1997) by comparing the investment choice of two groups of participants with different evaluation periods. The results showed that the more often evaluated investment returns, the lower the average level of investment in riskier assets as well as the greater risk aversion of investors will do. Effect evaluation period is in line with the provisions of the MLA theory.

Haigh and List (2005) replicated the study by Potters (1997) by adding participants' professional traders in addition to students. they found a

stronger effect and both participants proven experience MLA. The same study was done by some other researchers are consistent with the effects of MLA them (Gatcher, Jhonson and Herermann (2007), Thaler et al. (1997), Bellemare et al. (2005), Agren (2006) and Fellner and Sutter (2008). in Indonesia, the experimental research on testing theories Myopic loss aversion conducted by Wendy (2010). in his experiments, by adding the variable of gender as a control variable was found that the participants showed consistency with the theory of MLA. the results of different studies found by Durant et al. (2004).

The result showed that the analysis Benartzi and Thaler (1995) not strong enough to explain the phenomenon of equity premium puzzle. Fielding and Stracca (2006) found that MLA can explain the equity premium puzzle only if the investor has a very short evaluation period. Blavatsky and Progebna (2009) evaluated the effects of experimental results Gneezy MLA and Potters (1997), Haigh and List (2005) and Langer and Weber (2005) found that most participants behavior is not consistent with the effects of MLA. Rutzler, Sutter and Zeileis (2013) replicate Gneezy and Potters (1997) in his experiments found that did not prove to all the participants experienced MLA.

In addition to psychological factors investors, the company's fundamentals are also considered by including investors in making an investment decision. One fundamental factor is the company's accounting information presented in the issuer's financial statements such as income statements, balance sheets and other financial statements. The financial report reflects the issuer and whether it contains information content. Beaver (1968) stated the extent to which the accounting information can explain the company's value and the investors investing and deciding to buy, sell or retain ownership of stocks. Even, it describes how the relationship between accounting information and the values of the market so that the investors can estimate the rate of return expectations or expected return as well as the potential risks of stock investments.

Research on accounting information related to the behavior of investors, especially investors' reaction to the announcement of financial statements was also conducted by Adikara (2010) stating that the accounting information has information content and the effect on the present revision and subjectivity on return on investment and risk. Puspaningtyas (2012) stated that information content of accounting is an essential issue and is often

used by investors in making investment decisions. Thus, it can be said that the accounting information is really useful for investors.

The study of investor behavior in decision making with the risky investments is interesting to do, for several reasons: 1) the behavior of investors is the main focus in the study of behavioral finance for the anomalous phenomena that occur in the world capital markets are not able to be explained by the analysis as presented in the financial theory such standard portfolio theory as well as the efficient market theory, 2) development of instrument is needed because of the limitations of previous experimental instrument that uses a system of betting. Proxy betting system before using the betting system is done by guessing one letter from three letters displayed. It does not reflect the reality of the conditions in the capital market. Modification of the instrument was carried by virtual trading system. 3) One of the factors that presumably affect the behavior of investors in the decision making process in predicting and assessing risks, is factor accounting information.

This study tries test the effect of MLA and accounting information with respect to the risk taking behavior of investors in determining how much money is at stake to acquire stock returns. The MLA consists of two levels of treatments such as frequent and infrequent treatments. Treatment of frequent and infrequent is a picture of investor behavior in how often investors evaluate investment results. The variable of accounting information consists of two levels of treatment the treatment group given accounting information and the group who were not given accounting information. Experimental manipulation refers Gneezy and Potters (1997) using a stock trading system off line.

The first part of the article begins with an introduction, and then the second part consists of a theoretical framework and hypotheses. Furthermore, the third part describes the research methods used. The fourth section describes the data analysis and discussion, and the fifth section concludes with conclusions, implications and limitations.

## **2. THEORETICAL FRAMEWORK AND HYPOTHESES**

This study uses the theory of mental accounting, prospect theory or loss aversion and the value of relevant theories to test the effect of myopic loss aversion and accounting information on the risk

taking behavior of investors in determining how much money is at stake to acquire stock returns. The development of behavioral finance theories began when finances cannot explain various phenomena that occur in the capital market. Theories that became the foundation of financial investment decisions are built based on various assumptions.

One of the main assumptions is that human beings are always rational thinking in every decision making process does. However, the basic assumption of rational investment decision is often overlooked by investors. Ricciardi and Simon (2000) state that the behavioral finance is a science explaining and understanding the various reasons that investors also include their emotional aspect and the influence on the decision making process.

Benartzi and Thaler (1995) developed a theory of myopic loss to answer the equity premium version puzzle that combines two of behavioral theory that mental accounting theory and the theory of loss aversion. Wendi (2010) states that the prospect theory is also a theory of loss aversion. Prospect theory states that people make decisions based on the value of potential losses and gains rather than the final result as well as those assessing these disadvantages and the advantages of using certain heuristics (Kahneman and Tversky, 1979). This theory also explains how people tend to behave irrationally by not taking the risks to get the gain than losses. Starmer (2000) assets that a person who is at a loss, tends to risk more desperately than in conditions of having profit. Under conditions of a bet, someone as if sensing that the defeat hurt more than the value of victory, so in a situation of loss of someone more desperate to bear the risk

Mental accounting theory developed by Thaler (1999) which states that mental accounting as a set of cognitive operations that are used by individuals and households to organize, evaluate, and track financial activity. There are three components in the process of mental accounting. The first component relates to how an outcome perceived and experienced thus serve as an experience then evaluate the decision. The second component involves activity in detail how an account as well as the business enterprise system in the accounts of the sources and uses of funds. The last component includes the frequency of an account is evaluated. Karlson (1998) shows that the more often an account evaluated then someone will be more careful in making further decisions. The advisability of individual financial decision

making, depending on a person's self control.

Puspitaningtyas (2012) states that the accounting information is one of the issuers of the available information in the market. Accounting information can be obtained from certain parts which are reflected in the issuer's financial statements. Beaver (1968) conducted a study on the reaction volume of stock trading transactions. Beaver found that after earnings announcements issuer information is released, it turned stock trading volume has increased dramatically.

Fama (1970) with the theory of Efficient Market Hypothesis, explaining that based on the information absorption rate, the level of market efficiency can be divided into three parts, namely the efficient market weak form, semi-strong form efficient market and strong form efficient market. Hartono (2012) says that the market is said to be a weak form efficient if the stock price a reflection of the past issuer information. The market is said to be semi-strong form efficient when stock prices reflect information the issuer's past and present. Efficient market is said to be shaped stronger when stock prices reflect information the issuer past, present and future. Scott (1997) suggest that changes in stock prices is closely linked to the concept of efficient capital markets. Efficient capital market is the capital market whose share price formed by the reflection of all the available information. When the information to be reflected only partially, then the market does not guarantee that the information has been efficiently contained in the stock price..

### **The Effect of Loss Aversion on Investors' Behavior**

Myopic Loss aversion is a combination of the psychology of financial behavior that is mental accounting and loss aversion that can affect investors in risk-taking. Gneezy and Potters (1997), Thaler et al. (1997), Haigh and List (2005), Fellner and Sutter (2008) and Wendy (2010) conducted an experiment to test the theory of myopic loss aversion in risk aversion.

For example, Gneezy and Potters (1997) in their experiments used treatment H (High frequency) and the treatment of L (Low frequency) with the number 9 rounds to each treatment. The results of the empirical findings indicate that the more often return in the evaluation, the greater the risk aversion of investors will do. This is because investors are basically more like a profit and the fear of loss.

Haigh and List (2005) in their experiments

used students and traders as participants. The number in experiments was similar to those developed by Gneezy and Potters (1997). The empirical findings show that both students and professional traders showed myopic loss aversion. These finding provides a good overview of the student participants and traders also experience fear of the loss giving rise to irrational behavior. Fellner and Sutter (2008) in his experiments developed a number of rounds into eighteen and just use students as participants. The results of empirical findings also showed participants experienced that myopic loss aversion.

Wendy (2010) in his experiments used experienced and not experienced investors as the participants with the treatment that frequent treatment (F) and the treatment infrequent (I). Treatment frequent (F) allows participants to evaluate the results of their trades in a relatively short time (per round), then treatment of infrequent (I) allows participants to evaluate the results of their trades in a relatively longer (per three rounds).

The results of the empirical findings indicate that investors are proved to have a myopic loss aversion as investors sought to have the choice to invest in safer assets by ignoring the higher rate of return and it affects the behavior of investors in making investment decisions risky. In reference to the above evidences, the hypothesis in this study can be developed are as follows:

H.1. Myopic Loss Aversion affects positively the investors' decision to get returns.

H.2. Stock Return of frequent group with accounting information is higher than those of the infrequent group of the accounting information.

H.3. Stock Return of frequent group that do not receive accounting information is lower than those of the infrequent group that do not receive accounting information.

### **The Effect of Accounting Information on Investors' Behavior.**

Live (1998) in Sitinjak (2013) used accounting information and market information in risk assessment and investment decision making. This experimental study was done to test investors' risk considerations and decisions to invest as influenced by individual variables (variance and covariance yields with yields on the market) and accounting risk measurement. Accounting data used in the study are current ratio, debt ratio, profitability ratios for the past five years, as well as market data such as market indices over the last five years. The result showed the variance, covariance,

the expectations of the yield affect the investment decisions and risk assessment.

Adikara (2010) found that the revision of beliefs and perceptions of subjectivity on the risk and return of investment is affected by the accounting information with a positive direction. The findings of this study indicate that the signal quality of accounting information has information content. Puspitaningtyas (2012) also found that the accounting information presented in the financial statements of listed companies have relevant value and this is useful for investors in making investment decisions. Based on the study of theory and previous empirical findings, the next hypothesis can be put forward as follows.

H.4. Accounting information has a positive effect on the decision of investors to obtain returns

H.5: Stock Return of frequent group that receives accounting information is higher than the group that does not receive frequent accounting information.

H.6: Stock Return of the infrequent group that receives accounting information is higher than the group that does not receive infrequent accounting information.

### 3. RESEARCH METHOD

This research uses experimental methods approach. This experimental study is pure experiment with a 2×2 factorial design between subjects. It has participants in which each group consists of 10 people so that the number of samples in this study is 40 students of S1 Accounting in Department of Economics, University Mahasarwati in Denpasar, Bali province. The participants were taken based on specific criteria such as students of S1 accounting majors who've taken Capital Market Theory courses and received training in the capital markets and the Indonesian Stock Exchange Corner. They also have got a training certificate. S1 students majoring in accounting who have never received a course theory of capital markets and capital market training in Indonesian Stock Exchange Corner are expected to have a good insight into the considerable investment and are able to take decisions based on the analysis of investment sharply.

The used laboratory experiments for the students because it took a long process. Thus, it most likely involves investors that actually would be very difficult to do. Control of confounding variables in this study was conducted by randomization of the participants. This is an activity that participants were divided into groups with ran-

domly on the provisions in which each participant has the same characteristics in the process of decision making for risky investments as indicated by the certificate of training in the respective capital market participants. Participants were totaled 28 people, before the experiment began randomly called to fill in the attendance list and enter the room to choose their own seat at random according to the four groups or cells that have been provided. Four groups or cells were given questions as follows:

1. Cells 1, the participants in the treatment group were given frequent accounting information.
2. Cell 2, the participants in the treatment group were not given any information frequent accounting.
3. Cells 3, the participants in the treatment group were given the infrequent accounting information.
4. Cell 4, the participants with infrequent treatment group who were not given accounting information.

Besides having the control of confounding variables with randomization, the researcher also conducted environmental control confounding variables in the experiment. This is to ensure that confounding variables did not affect the experimental results that is the effect of environmental conditions where the experiment is controlled. By doing so the environment is not noisy, with good microphone, air conditioner, and comfortable seats as well as the effect of other factors such as sense of mood and fatigue. This can be avoided by giving a gift to each participant.

Manipulation was done on the variable with the treatment of myopic loss aversion frequent (F) and the treatment of infrequent (I) while the variable accounting information to the accounting treatment of the information given and not given any accounting information. This was by considering there are limitations in experimental research on myopic loss aversion, the researcher used instruments developed by Wendy (2010) with some modifications. The recent research is now using a stock trading system with the system off line. The trading system of off line was closed the pricing system used by the closing price of the previous nine-day period, which reflects the actual closing share price. The participants declared victory when the number of shares sold price is higher than the purchase price of its shares.

The material of experimentation designed in four phases was done by all participants in the experiment in 90 minutes for all phases of the ex-

**Table 1**  
**Results of Data Normality Test of Return**

Description	Significance	Results
Frequent with accounting information	0.913	Normal
Frequent without accounting information	0.117	Normal
Infrequent with accounting information	0.419	Normal
Infrequent without accounting information	0.196	Normal

Source: Processed Data.

periment. Before the experiment began, all participants were required to bring a laptop and participants were given soft copy to record trading results in Microsoft Office Excel. They were asked to study the course of the game manual of trading the stocks contained in the experimental instrument. The time required to explain the course of the game manual trading of stocks is approximately 30 minutes. If there were things that they did not understand, they could ask the experimenter.

To answer the hypothesis 1 and hypothesis 4, it was filed with the design of experiments to test the effect of primary (the main effect) of MLA variables and accounting information on the behavior of investors. This test used parametric statistical tests by ANOVA with SPSS version 16. For hypothesis 2, 3, 5, and 6, the researcher examined treatment differences between groups. This was manipulated to conduct an independent investor statistical test using the t test one hand with SPSS version 16.

#### 4. DATA ANALYSIS AND DISCUSSION

##### Descriptive Statistics and Classical Assumptions of Regression

Prior to the actual experiment activities, the researcher did the test pilot. This was conducted on Monday, 6 April 2015, involving 19 participants of the students majoring in accounting S1, in the faculty of Economics, University Warmadewa. In general, all participants could understand the activities of experimentation and went on in accordance with the instructions contained in the experimental material of each group. The pilot test was done using e-smart program of BNI Securities and the stock price movement adjusted to the load time of the exchange (real time). Trading time was provided for each round for 5 minutes and the amount of capital provided for each participant was Rp. 10,000,000 in every round.

After correcting the results of the pilot test, the researcher did an experiment to have some improvements in instrument by doing as follows:

1) Using system of off line in the administration of the opening price and the closing price of shares in the respective rounds. This is intended for the movement of stock prices visible so that investors see the profit or loss obtained during the trading process taking place, and 2) the amount of the initial virtual capital previously was allocated Rp. 10,000,000 and raised to Rp 100,000,000. This was done to increase the purchasing power of investors, so investors more choices to create a portfolio.

Assumptions must be filled in by using ANOVA statistical tests according Ghozali (2013) that is a random sampling, homogeneity of variance, and multivariate normality. Before starting the experiment, all participants first gathered and formed into 4 groups. Each participant was assigned at random to get into a group that had been determined. Based on the results of testing homogeneity of variance, the Leven's test homogeneity of variance values obtained Leven's statistical significance  $p = 0.429$  that is greater than  $\alpha = 0.05$ . The test with normal distribution was done using different test of one Sample Kolmogorov-Smirnov as presented in Table 1.

Based on Table 1, it can be explained that the normality assumption for the 4-cell experimental group has been met and thus the analysis of ANOVA test to test hypotheses 1 and 4 can be done.

The first hypothesis test was done using two-way ANOVA as presented in Table 2. It indicates a significance value of 0.024. These statistical tests support the hypothesis 1 (H1). The results are consistent with Gneezy and Potters (1997), Thaler et al. (1997), Haigh and List (2005), Fellner and Sutter (2008) and Wendy (2010). This empirical evidence implies evidence that investors in making investment decisions to asset risk is always faced with the psychological state of investors who fear the loss resulting risk aversion as well as the impact on stock returns they obtained.

**Table 2**  
**Results of ANOVA Test of Two-Paths**

Hypotheses	F	Sig
H1: Myopic Loss Aversion towards Investors' Bravery	5.163	0.024*
H 4: Accounting Information towards Investors' Bravery	3.949	0.048*

\* Significance  $\alpha = 0.05$ .

Source: Processed Data.

**Table 3**  
**Results of the d-Test of Independent t-Test**

Hypotheses	Group	Means	Significance
H2	IA	27.27	0.041**
FIA- IIA	IIA	26.54	
H3	FNIA	27.85	0.069*
FNIA-INIA	INIA	27.19	
H5	FIA	27.27	0.059*
FIA-FNIA	FNIA	27.85	
H6	IIA	26.54	0.106
IIA-INIA	INIA	27.19	

\*\* Significance at  $\alpha = 0.05$  (one tale).

\* Significant at  $\alpha = 0.10$  (one tale).

Source: Processed Data.

Description:

FIA : Frequent with accounting information.

FNIA : Frequent without accounting information.

IIA : Infrequent with accounting information.

INIA : Infrequent without accounting information.

The hypothesis 4 test was done using two-way ANOVA as presented in Table 2. It indicates a significance value of 0.048. The statistical tests support the hypothesis 4 (H4). The results are consistent with Adikhara (2010), Puspaningtyas (2012). This empirical evidence implies that the investors in making an investment decision to risky assets besides using the psychological aspect of investors as a signal of a personal, they also pay attention to the accounting information as a public signal. They take a risky investment decisions so that they are more willing to take risks. It was also due to the impact on stock returns they got.

The first hypothesis test was done using two-way ANOVA as presented in Table 2. It also indicates a significance value of 0.024. The statistical tests support the hypothesis 1 (H1). The results are consistent with Gneezy and Potters (1997), Thaler et al. (1997), Haigh and List (2005), Fellner and Sutter (2008) and Wendy (2010). This empirical evidence implies that investors in making investment decisions to asset risk is always faced with the psychological state of investors who fear the loss resulting risk aversion as well as the impact on stock returns they got.

The hypothesis 4 test was done the same using two-way ANOVA as presented in Table 2. It indicates a significance value of 0.048. The statistical tests support the hypothesis 4 (H4). The re-

sults are consistent with Adikhara (2010), Puspaningtyas (2012). The empirical evidence of this implies that the investor in making an investment decision to risky assets besides using the psychological aspect of investors as a signal of a personal, investors also pay attention to the accounting information as a public signal to take a risky investment decisions so that they are more willing to take risks and also due to the impact on stock returns acquired investor.

Based on Table 3, it shows that the results support the hypothesis 2 (H2) which states that stock returns of frequent group that receives accounting information is higher than the infrequent group by accounting information. The average stock return of frequent investor group receiving information accounting that is 27.27 differ significantly from the average change in stock return infrequent investor group that receives accounting that is 26.54. The change in stock returns of the frequent group that receives accounting information is relatively higher than the change in stock return infrequent investor group that receives the information.

MLA theory explains that investors often evaluate return of investment with a tendency of fearing losses so that they are risk aversion and investment return obtained is also low or smaller. However, with the accounting information, they

focus not only on a personal signal, but also use accounting information as a public signal. By doing so, they can assess and evaluate the performance of the company as a fundamental aspect. With the accounting information as a public signal, the investors become more confident and brave so that they are risk aversion and they possibly get higher returns.

The different results are shown in testing hypothesis 3 (H3). Although the calculation results show that stock returns significantly different, the average return on investment shows that average stock returns of frequent group without accounting information is higher than the average stock return of infrequent group without accounting information. The statistical tests did not support the hypothesis 3 (H3). This is likely due to the use of virtual capital in an experiment in which the participants feel no burden when trading because after all the capital provided a virtual capital.

The above results are consistent with Durant et al. (2004) Blavasta and Progebena (2009), and Rutzler, Sulter and Zeileis (2013). This also provides evidence that the two groups did not experience MLA investors. MLA theory explains that investors often evaluate return of investment there is a tendency fear losses so that they are risk aversion and the investment return obtained is smaller. Yet, they do not experience MLA, making them more willing to take risks. The possibility of acquiring shares of investment return is also higher.

Based on Table 3, it provides evidence that Hypothesis 5 (H5) and hypothesis 6 (H6) are not supported. The ability of investors are limited in deciphering and interpreting information they received (Hartono; 2012). It is a viable hypothesis that is not supported 5 and 6. The limited ability of investors is likely due to the characteristics of participants who use the students who cannot fully analyze the accounting information in the context of real investors. This investor's limited ability to interpret the information often makes investors doing wrong decisions that lead to an assessment of the securities (stocks) to be not appropriate.

## 5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study shows that the behavior of investors in investing to obtain return is influenced by how often they are evaluated as well as the presence or absence of accounting information they received. These findings suggest that the more often investors evaluate the investment, the more tendency

they fear losses by risk aversion in order to obtain the expected return. Besides that, the investors can use the accounting information, for making an investment decision. As a public signal, accounting information can minimize signal that dominates the private investors. Thus, they become more rational.

The results also show that there are significant differences in the average return investor group by frequent and infrequent accounting information. This shows that the accounting information given to a group of investors who get frequent treatments become braver in investing so the return obtained is higher than the group of investors that are subjected infrequent.

Another result of this study is that there are significant differences in the average return investor of frequent group and infrequent group that were not given accounting information. But, the average return obtained by a group of investors of frequent group is higher than the those of infrequent group. This suggests that investors are not exposed to MLA. In addition, the possibility those investors feel a difference in real monetary value to the value of the virtual currency used in the trading process.

The different findings from this study is that there is no significant difference in the average return earned by frequent investor group for accounting information with frequent investor group who were not given accounting information. Also, there is no significant difference between the average return by infrequent investor group with accounting information and a infrequent investor group given accounting information. This could be due to having limited ability in interpreting accounting information.

Theoretically, it implies that this study can prove the theory of loss aversion, mental accounting theory and the theory of value relevance where myopic loss aversion and accounting information influence the courage of investors in investing as well as implications for practice in which they expected to consider the fundamental aspects of the company and the psychology of investors. Thus, in making investment decision, investors become more rational.

However, this study is lack of the presence of all participants, as its limitation, in the experiment so that the activities can affect the internal validity in the statistical results. Therefore, it is advisable for further study by inviting participants to use a written invitation, along with souvenirs that the presence of the participants in accordance with the



needs of the experiment. The results show that the behavior of investors in investing to obtain return is affected by how often the investments are evaluated as well as the presence or absence of accounting information they received.

These findings suggest that the more often investors evaluate the investment, the more tendency investors fear losses by risk aversion in order to obtain the expected return. Besides the accounting information received by investors, this can be used as a tool for making an investment decision. As a public signal, accounting information can minimize signal that dominates the private investors, so investors become more rational.

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