

ABSTRACT

The Indonesia Stock Exchange on January 25, 2021 launched 11 (eleven) new sectoral indices that are included in the IDX-IC Sectoral Index group, which will replace the Jakarta Stock Industry Classification (JASICA). The building construction sub-sector is one of the sub-sector stocks listed on IDX . During the second period of President Joko Widodo's government, large-scale infrastructure development activities that were built during the first period government will be continued during the second period government, starting from the infrastructure that connects production areas with distribution areas, then infrastructure that facilitates access to tourist areas become the target of President Joko Widodo's government in the second period, in order to boost new job opportunities to accelerate the added value of the people's economy. The infrastructure development will have a positive impact on increasing the share price in the building construction sub-sector listed on Indonesia Stock Exchange, and will attract many investors to invest in this sub-sector. Herding behavior in general can trigger a shift in market prices from equilibrium value.

The purpose of this study is to analyze the herding behavior on company shares in building construction sub-sector using secondary data in the form of daily price of Indonesia Composite Index and daily price of company shares in building construction sub-sector listed on Indonesia Stock Exchange during the period 2010 to 2019. The price data will be processed into return and dispersion return.

The research method used is a quantitative method, by identifying the relationship between the return dispersion and market returns. Stock return dispersion is measured using Cross Sectional Absolute Deviation (CSAD). The Generalized Autoregressive Conditional Heteroscedasticity (GARCH) method is used to detect herding behavior.

The research results found that there is no herding investor in the building construction sub-sector listed on Indonesia Stock Exchange, and also herding asymmetry does not occur in the building construction sub-sector, where herding behavior does not occur in up and down market condition.

Keywords: herding behavior, Cross-Sectional Absolute Deviation (CSAD), GARCH model