

ABSTRACT

Investing has gained considerable traction in Indonesia over the past few years, particularly among individuals in the productive age group. This surge in participation is partly driven by behavioral biases most notably heuristic tendencies that can shape and sometimes distort investment decisions.

To examine these biases, this study employed a quantitative approach and purposive sampling, targeting productive-age investors in West Java. A total of 464 respondents completed questionnaires distributed via Google Forms, social media, and direct community outreach. The collected data were analyzed using multiple linear regression to assess the influence of four behavioral factors heuristic biases, prospect behavior, herding behavior, and market behavior on investment decisions and performance.

The results reveal that heuristic biases, prospect behavior, and herding behavior have a significant impact on investment decisions and performance. Conversely, market behavior does not exhibit a significant influence on investment decisions. Nevertheless, when analyzed collectively, all four factors simultaneously affect both investment decision-making and performance outcomes for productive-age investors in West Java.

These findings underscore the importance of recognizing behavioral biases and mitigating their effects through adherence to established financial principles and, when necessary, seeking professional advice. By doing so, investors are more likely to make informed decisions that enhance their investment performance.

This study contributes to the behavioral finance literature by illuminating how specific biases affect investment behaviors among West Java's productive-age population. The insights provided can inform policymakers, financial institutions, and individual investors seeking strategies to foster sound, bias-aware investment practices.

Keywords: Behavioral Finance, Heuristic Bias, Prospect Behavior, Market Behavior, herding Behavior, Investment Decision Making, Investment Performance