

Corporate Securities Investment Decision-Making among Fund and Corporate Asset Managers in the Frame of the Endowment Effect

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Abstract

The decision-making landscape of corporate securities investment is rife with complexities, frequently influenced by cognitive biases. This paper delves into the intricate web of fund professionals' investment decision-making experiences, particularly in the frame of endowment effect. The endowment effect, a prominent cognitive bias in financial decision-making, typically manifests on personal ownership matters, where one values their own possession more than how others value the same good. Consequently, they become reluctant to relinquish their possession. This paper extends the understanding by examining the endowment effect within the domain of corporate securities investment among fund professionals. This paper employs a qualitative approach through semi-structured interviews, with four participants followed by content analysis. Although finance and economics are associated with rationality and objectivity, numerous fund managers can be vulnerable to the endowment effect to a certain extent. However, the tendency of fund managers to become regret averse generally retracts them from making irrational decisions. By weaving participants' experiences, insights gleaned from this paper carry implications for refining investment strategies and fostering a more robust financial landscape, notably for companies and organizations.

Keywords: *endowment effect, cognitive bias, securities, investment decision-making, fund and corporate asset managers*

Abstrak

Lanskap pengambilan keputusan dalam sekuritas perusahaan dikelilingi dengan kompleksitas yang seringkali dipengaruhi oleh bias kognitif. Penelitian ini menggali pengalaman pengambilan keputusan investasi para *fund professionals*, khususnya dalam kerangka *endowment effect*. Pada umumnya, *endowment effect*, salah satu bias kognitif yang paling umum dalam pengambilan keputusan keuangan, muncul dalam hal kepemilikan pribadi, di mana seseorang menilai kepemilikan mereka lebih tinggi dibandingkan penilaian orang lain terhadap aset tersebut. Akibatnya, mereka enggan untuk melepas kepemilikan mereka. Penelitian ini membahas *endowment effect* terhadap investasi sekuritas perusahaan di *fund professionals*. Penelitian ini dilaksanakan dengan pendekatan kualitatif melalui wawancara semi-struktural dengan empat partisipan yang diikuti dengan analisis konten. Meskipun keuangan dan ekonomi cenderung dihubungkan dengan rasionalitas dan objektivitas, banyak *fund managers* rentan terdampak *endowment*



effect sampai tahap tertentu. Sedangkan, kecenderungan *fund managers* dalam menjadi *regret averse* menahan mereka dalam membuat keputusan irasional. Dengan merangkai pengalaman partisipan, wawasan yang diperoleh dari penelitian ini membawa implikasi untuk mempertajam strategi investasi dan mendorong keberlanjutan fondasi keuangan yang kokoh, terutama untuk perusahaan dan organisasi.

Keywords: *endowment effect*, bias kognitif, sekuritas, pengambilan keputusan investasi, *fund and corporate asset managers*