ISSN No:-2456-2165

Analysis of Monday Effect and Friday Effect Towards the Return of 27 Business Index Shares in Indonesia Stock Exchange 2015-2020

Reza Muhammad Rizqi, M.Ak
Departement of Manajemen
Sumbawa University of Technology
Indonesia

Abstract:- This research Analysis of the Monday Effect and Friday effect on stock return. This research aimed (1) to find out the Monday effect on stock trading, (2) to find out the Friday effect on stock trading (3) to influence of the Monday effect and Friday effect at the return of the stock (4) to find out how big the correlation Monday effect of the returns stock (5) to find out how big the correlation Friday effect of the returns stock. This research was taking 16 companies that listed in Index Bisnis 27 and used daily stock return. This research was using analysis technique of Mann Whitney H1 and H2, multiple linear regression analysis for H3, correlation test of Monday effect (H4), and correlation test of Friday effect on (H5). The result showed that: (1) The Monday effect was exist on stock trading in Indonesia Stock Exchange. (2) The Friday effect exist on stock trading. (3) Find an influence on Monday effect and Friday effect on stock returns (4) there were is weak correlation between Monday effect with a return stock and (5) there were is weak correlation between Friday effect with a return stock.

Keyword:- *Return, Monday Effect, Friday Effect.*

I. INTRODUCTION

In an era of scarcity of capital, the capital market is an important economic institution in every country (Sharma, 2009). The capital market can be described as the place where the wealth of a country is bought and sold. This createsamenities for raise funds for investment in long-term assets (Elizabeth, 2012). Where the capital market has two main functions, namely as a means for investors to invest and a means for companies to get funds from investors (Haidar, 2015). Basically, the capital market is a place for trading various long-term financial instruments, such as debt, equity (shares), derivative instruments, and other instruments (Diana, 2013). Investing in stocks is one type of financial asset investment that is commonly carried out by investors on the market capital (Herlianto, 2013)

According to the Financial Services Authority, investment is investment, usually in the long term for the procurement of complete assets or the purchase of shares and other securities for profit. The main key to success in investing is choosing the right strategy so that the investment made provides optimal results or returns (Sandi, 2015). A nationneed a lot local and foreign investment for reach growth and economic development ones sustainable (Suryani, 2011). The parties who carry out investment activities are usually called investors (Tandelilin, 2010). Every investor always wants a high rate of return.

This Research using active and consistent stocks that are included in the calculation of the Bisnis-27 Index listed on the Indonesia Stock Exchange from October 2015 to September 2020. The reason for choosing this sample is to avoid taking samples that are potentially include sleep stocks (stocks that did not progress) in the analysis. Shares that are included in the Bisnis 27 Index are stocks with high liquidity and preferred stocks based on fundamental and technical performance parameters (Stock Exchange Indonesia) background explanation at above, then the researcher wants to do research regarding the day of phenomenon the week effect in stock trading on the Indonesia Stock Exchange with the title taken in this study is "Analysis of the Monday effect and Friday effect phenomena on the Stock Return of the Business Index. Based on this, the researchers are interested in conducting research and testing more in more about "Analysis Of Monday Effect And Friday Effect Towards The Return Of 27 Business Index Shares In Indonesia Stock Exchange 2015-2020".

II. THEORETICAL BASIS AND HYPOTHESIS DEVELOPMENT

Return stock is the rate of return that will be obtained by investors for investment in shares of a company (Rahmawati, 2016). The main objective of investing is to get the optimal return value by buying assets that have the highest income with a certain risk, so that investors require historical information to determine past stock price movements in a certain period (Diana, 2017). To find out the amount of return obtained by investors, it is reflected in the high or low stock price of a company. Indecision-making investment, an investor needs to analyze the trading day patterns that change every day (Istarini, 2011). This change is caused by changes in investor behavior in conducting trading activities on the exchange so that changes in investor behavior will affect the daily stock price movement pattern (Pratiwi, 2017). To be able to attractinvestors are suply fixed active transact, the capital market must be efficient.

An efficient market is a market where the price of the security reflects all available information (Tandelilin, 2010). According to efficient market theory, daily stock returns tend to be will have the same amount every day for five days (Monday - Friday) in the Fama trading period, 1970 in (Diana, 2017). However, in reality the theory of efficient markets is very difficult ornot forever can applied to the capital market. Several studies that have tried to prove the efficient market theory have found anomalies that oppose the concept of efficient markets (Meri, 2013). One of these anomalies is the daily return (return) pattern Monday effect and Friday effect (Windaswari, 2015). According to this phenomenon, the average daily return is not the same for five days (Monday-Friday) in a trading week (Bahure, 2019).

Anomaly is an event or event that is not anticipated and that offers investors the opportunity to obtain an abnormal return (Diana, 2017). There are at least four types of market anomalies in financial theory, namely firm anomalies, dating anomalies orseasona (calendar anomalies / seasonalanomalies), event anomalies (event anomalies) and accounting anomalies (accounting anomalies) (Sandi, 2015). Anomalies appear in the form of market efficiency, both in weak, semi-strong, and strong forms. The existence of empirical evidence of anomalies in the capital market appears in all forms of efficient markets,although mostly found in the efficient form of semi strong (semi strong) (Diana, 2017). Variations of the market anomaly phenomenon are the January effect, day of the week effect, Monday effect and Friday effect.

Research outside and within the countrymention there is a difference re0turn stocks due to trading day. The Monday effect states that there is a negative stock return on Monday, while the Friday effect states that a positive return occurs on Friday NII Cross 1973 in (Murhadi, 2015). Gibbons and Hess in (Rahmawati, 2016) state that the phenomenon of the Monday effect and Friday effect is more determined by psychological factors.which caused his presence less rational behavior and economic decisions will be more influenced by emotional factors, psychological behavior, and investor mood.

Monday is considered the worst day compared to other days throughout the week because it is the first day of work and vice versa, Friday is the best day because it is the last working day before a holiday (Udayani, 2016). This causes an investor to tend to feel pessimistic on Monday and optimistic on Friday. This tendency of behavior that is not rational enough makes Monday's return on average negative (Alteza, 2011). The worst thing on the last day of stock trading also makes stock returns on Monday tend to be negative. Investors will immediately sell their shares on Monday when they get bad information about the company (Ramdani, 2015). This includes investor overreaction behavior towards an up-to-date information. This condition is also inseparable from psychological factors because psychologically investors will react to bad information.

III. RESEARCH METHODE

A. *Research Desain*

The scope of research This research an empirical study of phenomena Monday effect and Friday effect to return daily shares that go inside ListBusiness Index 27 from October 2015 to September 2020di Exchange Effect Indonesia. Research this classified as a quantitative research, namely data in the form of numbers and data analysisalso use analysis quantitative. Data used is data secondary, that is form daily stock price data during the study period. Method of collecting datathat used is documentation method. Population and Sample The population used in this study are company which is included in the list of shares 27 Business Index on the Stock Exchange Indonesia during the periode October 2015 till September 2020. Research was carried out for 5 years to find out the trends that occur in the world investation.

The method of determining the sample in this research is purposive sampling method. Purposive sampling method, namely sampling carried out by taking samples from the population based on certain criteria (Jogiyanto, 2015). The criteria used in this study are:

1. Companies listed in the Business Index 27 for the period 2015-2020
2. Company consistent registered in Index Business 27 on period October 2015 till September 2020
3. Company which still doing transaction tradeshares for the period October 2015 utill September 2020

B. *Research Location*

This research was conducted at Sumbawa University of Technology (UTS) which is located at Jalan Raya Olat Maras District Moyo Hulu Sumbawa Regency, NTB. The location was chosen because UTS is the largest university on Sumbawa Island and with the largest number of students even though it is only 7 years old. UTS also has students from almost all provinces in Indonesia so it is interesting to research, and researchers want to make a positive contribution to the University related to how to improve people's decisions in choosing UTS related to marketing events and the image of higher education.

C. *Method of collecting data*

Data collection methods in this study is method documentation. Method documentation is a method data collection that's done with collect a wide variety document that related with a research problem (Martono, 2016). Data collection begins with preliminary research, that is to do study library with study books and literature, economic and business journals, and other reading materials associated with capital market. At the stagethis data review was carried out that needed, availability data, and overview how to obtain data. The next stage is collected whole data that needed for answer the problem research and enrich the literature to support the quantitative data obtained.

ISSN No:-2456-2165

D. Data analysis technique

The data analysis technique used in this study was the Mann Whitney difference test, normality test, and test classic assumptions (test heteroscedasticity, test autocorrelation and multicollinearity test), multiple linear regression test, model test (partial test) and correlation test.

IV. RESULTS AND DISCUSSION

Based on the results of the Mann Whitney Asymp.sig test (2 tailed), which is -0.035 is smaller than the probability value of 0.05, this indicates that, there is a significant difference between stock returns on Monday and stock returns on other days. The results of the Mann Whitney test (-0.035 <0.05) state that stocks on Monday are negative, which means a decline in stock prices on Monday. Negative returns on Monday or at the beginning of the week result in the Monday effect phenomenon, this phenomenon causes returns on Monday or early week to tend to be negative compared to returns on other trading days.

Stock returns on Monday or early week tend to be negative due to many factors, one of which is the mood of investors. When the investor's emotional condition is good (good mood) investors can invest better and more precisely. However, when the investor's mood is bad (bad mood) investors can make the wrong decision in investing. Bad mood of investors (bad mood) on the first day of work after the day holiday weekend cause less enthusiasm of the capital market and the lack of willingness of investors to invest their capital have resulted in low market performance.

Other factors that cause low stock returns can also Issuing companies usually postpone the announcement of news or information until Friday and the market responds to it on Monday. Bad information (bad news) on the weekends causing investors to sell their shares with a low price resulting in a decline in stock prices which makes Monday's return negative. Such as information or news from one of the companies that are members of the 27 Business Index, namely the shares of PT Bukit Asam Tbk which were issued from the Morgan Stanley Capital International (MSCI) Global Small Cap Index which caused foreign investors to sell PT Bukit Asam Tbk shares on a large scale so that the price PT Bukit Asam Tbk shares fell 14.23% (Kontan.co.id). The decline in stock prices resulted in a negative return on Monday or early week. The discovery of the Monday effect phenomenon is in line with research conducted by (Rahmawati, 2016) and (Muhardi, 2015) which found that the lowest or negative return occurred on Monday (Monday effect).

Based on the calculation results test Mannwhitney score Asymp.sig (2 tailed) of 0.045 is smaller than <value This 0.05 probability indicates that there is a significant difference between Friday stock returns and stock returns on other days. The results of the mann test whitney (0.045 <0.05) states that shares on Friday are positive, which means that there is an increase in stock prices on Friday. Positive return on Friday or at the end week resulting in the friday effect phenomenon, this phenomenon causes a return on Friday or weekends tend to be positive compared to returns on other trading days.

Stock returns on Friday or weekends tend to be positive due to many factors, one of which is that investors are moving aggressively transact after obtaining information or news from previous trading days. Investors to do assessment on a day-to-day basis beforehand and determine the right strategy to use on Friday trading.

Another factor that causes stock returns on Friday or weekends to be positive is that investors tend to take profit to face the holidays, which causes stock prices to rise. The increase in stock prices this Friday or weekend will result in a positive return on Friday. This is in line with research conducted by (Diana, 2017) who found that, The Friday effect phenomenon occurs where the return is positive and the highest occurs on Friday.

Based on the results of multiple linear regression analysis, the results of the study are for t test analysis (-5.8225) indicates that a trading day is Monday regularly partial effect Significantly negative, meaning that when the stock price increases Monday, the stock return on Monday will decrease so that the Monday return becomes negative.

The negative return on Monday is caused by many things, one of which is the demand to meet all basic needs every week could causing selling pressure. In accordance with the supply theory, namely the more goods offered, the lower the price will be, so that Monday returns tend to be negative. This is in accordance with French (1980) in (Hanafi, 2015: 406) which states that Monday stock returns are lower than returns on other days. This is based on the mood of investors, investors usually enter the first day of stock transactions after a holiday in a bad mood. The first day of stock transactions mostly occurs on Monday. On Monday the desire of individual investors to sell shares is higher than the desire of individual investors to buy shares. As a result, the stock price tends to be low so that the acquisition the return will be low or negative.

The Monday effect phenomenon is also caused by other factors, namely because investors postpone to conduct stock transactions on Monday, which is the first day of the stock exchange, because investors are still trying to determine strategies related to new information coming into the market so that investors carry out transactions in the following days. For example, implementing a switching strategy used by investors who are actively following market developments. The aim is to take advantage of the possibility of another share price increase in the hope that these investors will get capital gains in a short time.

While partially Friday has no significant effect on the return of shares index Bisnis 27 in the Indonesia Stock Exchange means when the price stock increases do not result in a return Friday stocks increased significantly so that Friday did not have a significant effect on stock returns.

This is in accordance with the Random Walk theory that past stock prices and the direction of stock prices or the market as a whole cannot be used forever as a tool for predicting future stock price movements because stock prices move randomly and cannot be predicted, the chance for a stock price to go up is the same as the chance to go down. Investors in the previous day have doneassessment for determine the right strategy by making purchases on stocks that are considered good before Friday. So that when dealing with trading on Friday, investors act normally. This is due to the cautious attitude taken by investors the previous day as wellanticipate it sluggish economic conditions.

Inner investor behavior responding to information that enters the market or investors' reactions to an event that subsequently affects investment strategies. Investors with a tendency different behavior can make buying and selling shares through consideration other factors regardless of the day trading. Friday trading day is not a matter for investors to consider buying and selling shares so investors do not have to worry about it changes in stock price movement patterns. The results of this study are in accordance with research conducted by (Melinda, 2016) and (Sedana, 2016).

The relationship or correlation between the Monday effect and stock returns is r = - 0.104 so that the direction of the negative relationship is obtained, which is running in the opposite, contradictory or opposite direction, which means that an increase or increase in stock prices on Monday will be followed by a decrease in stock returns.

The evenness of the relationship or correlation between the Monday effect and stock returns has a very weak relationship strength where the value of r = -0.104 is at the level of closeness of the relationship between 0.00- 0.20 which means that the correlation is very weak. This very weak relationship is caused by many things, one of which is because every investor has a different way of investing. When investing investors choose an analytical method to considerdecision choices investing in buying or selling stocks either using analysis fundamental as well as technical.

Most investors do not buy when prices fall and sell when prices are high, investors are not provoked by price fluctuations but investors first do fundamental analysis and absorb all information, investors are patient to reap bigger investment returns, fundamental analysis provides information to investors in addition to technical information to choose to sell or buy. The information received by investors may differ because not all information available on the market can be directly applied. The results of this study are in accordance with the research conducted by (Iradianty, 2016).

The relationship or correlation between the Friday effect and stock returns is r = 0.106, so that a positive direction is obtained, which is going in the same direction or parallel, which means that an increase or increase in stock prices on Friday will be followed by an increase in stock returns. The correlation or relationship between the Friday effect and stock returns has a very weak relationship strength.

This very weak relationship is caused by many Thing one of them due to differences in knowledge between one investor and another in making investment transactions and what strategies should be applied investors. Difference knowledge or competence from each investor affects the stock price movement which causes stock returns on Friday tends to be positive. Investors tend to be more careful in selling as well asactive because consider the risks that will be faced.

Another factor which led to a very weak relationship The Friday effect with stock returns is also due to the fact that on non-Friday investors have implemented a strategy in conducting transactions after conducting an information review. One of the strategies investors use is to start buying shares that are considered good after the assessment. Therefore, investors can get a positive return on a daybefore so act as usual on Friday transactions or trades. The results of this study are in accordance with the research conducted by (Ramadhani, 2015).

V. CONCLUSIONS AND IMPLICATIONS

A. Conclusions

Based on the results of the research and discussion that has been described previously concluded as following:

Based on the results calculations that have been conducted to show that there was a Monday effect phenomenon on the trading of Bisnis 27 Index shares on the Indonesia Stock Exchange for the period October 2015-September 2020, due to bad moods from investors and companies announcing bad news on the last day of trading.

Based on the result calculations that have been done show that there is a friday effect phenomenon in the trading of Business Index 27 shares on the Indonesia Stock Exchange for the period October 2015-September 2020, because investors are moving aggressively in transact after obtaining information from trading days earlier and investors tend to take profit taking to face the holidays.

Monday variable partial effect significant to the stock return of Bisnis Index 27 on the Indonesia Stock Exchange for the period October 2015-September 2020, because the demand to meet all basic needs every week causes selling pressure and investors postpone to conduct stock transactions on Monday.

The friday variable partially has no significant effect on return Business Index 27 shares on the Indonesia Stock Exchange for the period October 2015-September 2020, because the investors had done the previous day assessment for determine the right strategy by making purchases on shares that are considered good before Friday and investors with different behavioral tendencies can carry out share buying and selling transactions through consideration of factors. factor others without pay attention to the day trading.

Based on the results calculations that have been done show that there is a direction of a negative relationship with the strength of a very weak relationship between the Monday effect and stock returns of the Bisnis Index 27 on the Indonesia Stock Exchange for the period October 2015-September 2020, because investors have a different way, most investors do not buy when prices are down and sell when prices are high.

Based on the result calculations that have been done show that there is a direction of a negative relationship with the strength of a very weak relationship between the Friday effect and stock returns of the Business Index 27 in The Indonesia Stock Exchange for the period October 2015-September 2020, due to differences in knowledge between one investor and another, and investors began to buy shares that were considered good after the assessment.

B. Implications

For researchers or reader Furthermore, expected this research can be a reference and put in for adding insight. Researches In the future, it is hoped that it can add to other anomalous phenomena, not only the Monday and Friday effect and not only limited to revealing existence (existence) the phenomenon but it can also discloses the role of individual investors and institutional investors as well as important information as the factors cause the emergence of this phenomenon. The sample chosen in this study uses only the Business Index 27 not yet able to reflect the conditions of stock exchanges in Indonesia in a comprehensive manner.

REFERENCES

[1]. Alteza, M. (2011) Day Effects Trading Against Stock Returns: An Efficient Market Anomaly Review. vol 3 No 1-Year 2011.

[2]. Amelia, S. (2016). Monday Effect and Week Four Effect on the LQ45 Stock Price Index on the Indonesia Stock Exchange. Perbanas College of Economics Surabaya.vol 5 No 1- 2016 year

[3]. Ary, M. (2015). Correlation Analysis and Simple Regression with SPSS 17. Bandung: Library of AMIK BSI Bandung.

[4]. Basuki, A.T.(2010) Regression Multiple And Asusmi Test Classic with SPPS Muhammadiyah University Yogyakarta .Vol 12 No 1

[5]. Britama.Com (2020). Business Index 27. (Internet). (Accessed 29 October 2020). Available at: https://britama.com/index. php / stock-index / bei-index-business-27 /

[6]. Coenen, P. (2011). The weekend effect (How does it influence stock returns). Journal of Finance, Vol. 40, No.3, pp 777 - 790.

[7]. Detik Finance.Com (2009). IDX Launches Business Index 27. (Internet) (Accessed 29 October 2020). Available there https://finance.detik.com/ exchange-and-forex / d- 1074680 / bei-launch- index-business-27-

[8]. Diana Nur, FW (2017). Analysis of Monday Effect and Friday Effect on Liquidity Index 45 on the Indonesia Stock Exchange. faculty of Economics and Business Islamic University Poor.Vol. 16 No.2

[9]. Elizabeth, JM, (2012). Capital market as a veritable source of development in Nigeria economy. Journal of Accounting and Taxation Vol. 4 (1).

[10]. Ghazali, Imam. (2011). Multivariate Analysis Application with the IBM SPSS 19 Program. Semarang:Body Publisher Diponegoro University.

[11]. Hanafi, M. (2015). Financial Management Edition 1. Yoygayakarta: BPFE YOGYAKARTA.

[12]. Haidar, f. (2015). Legal Protection for InvestorsAgainst Practice Insider Trading Crimes in the Capital Market in Indonesia. Binus Business School Business Management. Vol 23 No 3

[13]. Hartono, J. (2010). Event Study: Examining the Capital Market Reaction Due to an Event. Yogyakarta: BPFE