

***THE EFFECT OF PERSONALITY TRAITS AND MOTIVATION
TOWARDS HERDING BEHAVIOR OF STOCKS INVESTORS IN
INDONESIA STOCK EXCHANGE***

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ABSTRACT

The purpose of this study was to determine the relationship between personality traits and investor motivation that causes herding behavior among individual investors on Indonesia Stock Exchange by referring to Karen Horney's (1945) CAD tripartite personality theory. Karen Horney detected an interpersonal orientation of various individual of personality traits and the tripartite personality scale has been used to classify investor personalities into (3) three category of personality traits (compliant, aggressive and detached).

The research method that has been carried out by the author to design this research is the online survey method by using a structured questionnaire with the help of the google form application. The research questionnaire was distributed to stock investors in the Indonesia Stock Exchange through the WhatsApp Group application and the author's personal contact by using random sampling technique. There were 408 respondents who filled in the data completely and used it as the primary data source which was then processed using the Multiple Linear Regression (MLR) analysis method with the help of SPSS Version 24.

The results of this study indicate that compliant and aggressive personality have a significant positive effect on herding behavior. Meanwhile, detached personality have a significant negative effect on herding behavior. Apart from that the motivational factors which consist of cognitive ability, social factors and emotional factors also showed a significant positive effect on herding behavior.

Keywords: *Herding Behavior, Financial Behavior, Karen Horney Theory, Personality Traits, Motivation Factors*