THE INFLUENCE OF FOREIGN AND DOMESTIC INVESTORS ON THE PRICE AND VOLUME OF STOCKS THE INDONESIAN STOCK EXCHANGE: TESTING JANUARY EFFECT

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Abstract
This research aims to test and find empirical theoretical evidence regarding the influence of January on changes in stock prices and volume by foreign and domestic investors. The research method uses a quantitative method. The researcher uses sample data on the LQ-45 company's stock return report on January 2, 2020 to 2023 from Indonesia Stock Exchange by using Multiple Regression Analysis with IBM SPSS 20. This research has found that partially foreign and domestic investor have significant impact on volume of stock while Domestic investor have significant impact on price stock but Foreign Investor does not significant impact on price stock. Simultaneously Foreign and domestic investor have significant impact on price and volume of stock. The contribution and benefit of this research is to expand the scientific and theoretical models of the January effect based on trading prices and share volume by foreign and domestic investors.

Keywords: Domestic, Foreign, Investor, Stock

1. Introduction

The context of capital raising in the capital market is the role of the number of stock trading transactions in the capital market by domestic and foreign investors. Foreign investors buying shares and investing in the Indonesian Stock Exchange is good news for the company's management, which is positively evaluated by foreign securities investors. This study shows that a portion of foreign and domestic investors have a significant impact on stock volume, while domestic investors have a significant impact on stock prices, but foreign investors do not. have a significant impact on stock prices. The same goes for domestic investors, who also play an important role in the progress of securities trading and capital markets on IDX. The higher the number of domestic investors, the better the liquidity of IDX shares, helping the company's management not have difficulty in raising capital. Domestic and foreign investors have a role to play in the capital markets, by increasing technology transfer at home and abroad, improving access to business information in all countries, financing short-term and long-term investments and by strengthening trade linkages in capital markets. Importance of increasing the openness of the Chinese bond market in local currency, in order to stabilize foreign investors' expectations (Hou et al., 2023) . Domestic investment, the short-term impact is higher than the short-term impact (Djokoto, 2023). Foreign institutional investors strategically sell illiquid stocks to save liquidity when market uncertainty increases (Zhang et al., 2021).

In improving capital market information, foreign investors and domestic investors experience trends in investment activities and stock trading in the capital market, one of which we are familiar with *January Effect. January effect* is a theory of investor behavior

in the capital market where in January investors experienced an increase in fund and stock transactions. *January effect* occurs because the final of stock trading at the end of the year will encourage positive sentiment at the beginning of the following year, the beginning of the year indicates new expectations so it is good to investment. Data collection on January 2, 2020-2023 due to the beginning of the trading year is a positive sentiment from investors to start investing in the new year. The novelty of the study is the sampling in January which is a case study of the influence of foreign and domestic investors on the price and volume of shares, especially LQ-45 companies on the Indonesia Stock Exchange 2020-2023 at the beginning of the year, namely January 2.

The problem under study is whether the significant influence of domestic and foreign investors on stock prices on the Indonesia Stock Exchange in 2020-2023? Will foreign investors be able to influence the price and volume of shares? Can domestic investors influence the price and volume of stocks? The Problem statement of this research such as foreign and domestic investors can have impact on price and volume of stock especially on Firms from LQ-45

The specific goal is to find empirical proof of the influence of Foreign and domestic investors on the price and volume of LQ-45 shares on the IDX in 2020-2023. The Feasibility study that an urgency to determine the trend of foreign and domestic investors in the Indonesia Stock Exchange so that we can know that the Indonesian capital market can advance and get appreciation and positive assessment from foreign and domestic parties.

A number of research developments that strengthen research on *January effect* a comparative study of the January effect (Kartikasari, 2017), size analysis on January securities in stock trading (Hendrawaty & Huzaimah, 2019), external and internal funding to investor reaction (Fikasari & Bernawati, 2021), whether foreign investors lotus? In the long-term impact of foreign institutional ownership (Bena et al., 2017). The study also reinforces the results of the daily stock beta on stock returns on the Indonesia Stock Exchange(Effendy & Pamungkas, 2018).

The focus of the research explained that the research is related to the focus and strategic plan of education in the field of economic and social and cultural citizenship which involves the organization of corporate business profits on the IDX by taking into account other aspects of the number of retail and institutional individuals as foreign investors who buy and sell shares on the IDX. The linkage of focus areas of research plans and strategies is research based on digital technology-based People economy. Stock trading research by domestic and foreign investors strengthens digital Economy Research in the field of investment. Thus, this research is still relevant and in accordance with the strategic plan of Higher Education. The contribution and benefit of this research is to expand the scientific and theoretical models of the January effect based on trading prices and share volume by foreign and domestic investors

2. Theoretical Background

2.1 Characteristics of the Indonesia Stock Exchange

Characteristics of investment in the Stock Exchange is stock investment has a relatively low-medium risk compared to other investment products, the expected return on stock investment is relatively stable based on the period of choice of investment, stock investment products on the Stock Exchange can occur on a daily, weekly and even annual basis, the method of calculating stock investment is also quite easy so that stock investors easily learn the method of calculating the value and price of shares. Buying stocks can be

an alternative investment option for all investors or the public so that it is not limited to economic actors between countries. Stock transactions can be done real time using the application smartphone and security website. The investors in the capital market are very many who come from securities companies and traders and brokers. Investment in the Stock Exchange has also received official supervision from the Financial Services Authority (OJK) so it is a safe investment. The technique for investors on the Stock Exchange is also quite easy to learn. Stock analysis techniques consist of fundamental techniques through analysis of the company's financial condition and stock price chart movement analysis techniques through curves head and shoulders and candlestick chart (Candle stick). Stock investors can conduct discussions related to their investment products through capital market study groups and securities companies on the Stock Exchange so that investors do not experience difficulties in investment decisions. In addition, every year there is an event related to the award of the largest number of stock transactions so that it becomes a stimulus for stock trading investors.

2.2 The January Effect

Theory *January effect* often associated with stock price movements that occur at the beginning of January or the beginning of the year. There are many studies that discuss *January effect* from the point of view of return is not normal stock transactions on the Stock Exchange that occurred at the beginning of the year in January. Theory *January effect* it is argued that at the end of December there is a tendency for investors and investment managers to sell poorly performing stocks in order to achieve good financial statements, realize capital gains, avoid tax burdens, and sell shares for consumption (Zarika et al., 2019).

But differences of opinion also refer to *January effect* it cannot prove in theory because it may be more on the March effect by tax sales, therefore, investors should look for their investment strategies in April as well. This research was conducted from a UK perspective and therefore applies only to the stock market culture in the UK. The return on investment is stronger than *January effect* but for April, July, August, September, and November due to sales tax loss. Furthermore, the presence of anomalies *January effect* not found. The study was conducted from a UK perspective and therefore applies only to the stock market culture in the UK (Lee & Hooy, 2023).

2.3 Stock Volume

Stock volume is the number of shares successfully traded by investors on the exchange, in this case on IDX. Stock volume reflects how well a stock is selling and in demand from investors, so the higher the volume, the better the stock. Good action has good performance. The advantage of calculating stock volume is that it determines how well a stock is performing in the capital markets. Company executives can determine the level of activity to stimulate the stock market. (Radermacher Jan & Zhou, 2013)*Share Volume* being a benchmark for the response of information circulating in the capital market, financial information is more vulnerable to investor responses than political information. The reason of investors to increase the volume of stocks is balancing the current stock portfolio of new information, testing it using intrinsic value analysis and *random walk theory* (Atiase et al., 2011). The volume of stock trading also indicates the activeness of shares in the capital market for trading. The volume of stock trading also reflects investors ' interest in buying or selling shares. The greater the volume of stock trading shows the company's stock price tends to rise because investors respond well. Higher stock prices

inform larger stock trading volumes, as well as firms that do stock splits that make stock prices lower tend to increase stock trading volumes which affects on stock prices (Chan et al., 2017) . Return expectations have a positive effect on the volume of stock trading *undervalue* however, expectations of negative returns on stocks *overvalued* (Han et al., 2022). Stock Volume (Padungsaksawasdi et al., 2019) significantly related to the return and volality of stock. Investors overreact to developed stock markets rather than developing stock markets. (Wibawa & Suryantini, 2019) there are abnormal return differences in the trading volume of shares in the right issue. The Stock Volume tends to increase as the current low stock price *stock split* and stock Volume formula based on (Merthadiyanti Luh & Yasa, 2019) is the percentage ratio of the total trading Volume and the number of shares outstanding.

2.4 Stock Price

Stock price is the inherent value of a stock either intrinsically or externally valued. Stock price consists of intrinsic price and market price meaning that the intrinsic price is the price based on written reports from accounting records, while the market price is the stock price according to market valuation. A positive stock price means that corporate investors benefit (Damanik & Tandelilin, 2022). In the discussion of stock prices contains several theories that can be considered, among others, the theory of asymmetry and signaling theory. The Theory of asymmetry was discovered by (SC Myers, 1977) in (Hanafi, 2008). There is a phenomenon that stock prices tend to fall when new shares are issued. There is an information asymmetry between shareholders and company managers. Information asymmetry theory explains pecking order theory the theory that companies choose to use internal funds and issue new shares as a last resort. Signaling theory was discovered by (Ross, 1977) in (Hanafi, 2008). The Dow Theory of Charles Henry Dow suggested that in forecasting stock prices in the capital market using information on price movements in the past. The Dow Theory is a guide in conducting technical analysis of stock prices. The Dow Theory is as follows: *The Average Discount Everything* Explain that the movement of stock prices reflected in the market index or *average* market. It is based on this opinion that Charles believes in the existence of an efficient market because relevant information enters the market and is reflected in the prices formed in the market (Sari & Putra, 2020). (b) *The Market Has Three trends* is a price movement formed in the long term (annual). *Primary trend* can be likened to waves in the sea. *Secondary Trend* is a price movement formed in the medium term (months). *Secondary trend* can be likened to waves. *Minor Trend* is a pattern of price movements that are formed in the short term. Minor trends can be likened to ripples of the waves. *Volume Theory Must Confirm The Trend* The Volume of transactions in the market confirms the trend. When the trend goes up, the price moves up so that the volume of transactions also rises and vice versa. The Dow Theory that the principles of the Dow Theory if we summarize the information that 1) technical analysis provides information on price movements in the market tells us where the price will move. 2) Technical Analysis provides information that the price moves on a certain trend until there is a trend signal will change. 3) Technical Analysis provides information that the pattern of price movements will be repeated in the future.

2.5 Random Walk Theory

Random Walk Theory posits that prices move randomly in the market. Prices that occur are not interrelated between certain other time periods. Robert found that stock price movements are not interdependent and have the same probability (Sari & Putra,

2020). The stock price is the price that occurs in the stock exchange market at a certain moment determined by market participants and determined by the demand and supply of the stock in question in the capital market(Areza Marta Brona, 2022). The price of a stock can changes up or down in a matter of time so quickly. The price of shares used for trading on the capital market is the price formed from the market mechanism, for example market supply and demand. The price of a stock can rises or fall in record time. This was made possible thanks to the large number of incoming orders. Therefore, investors or interested parties should regularly view or verify a company's stock price position through existing facilities. The act of demonstrating an individual or entity's participation or ownership in a corporation or limited liability company.

The types of actions are taken according to the method of transfer and based on the ability to collect rights or share claims. There are two main classes of Shares depending on the method of transfer: a) Anonymous shares that do not have the owner's name on the certificate so that they can be easily transferred from one investor to another. b) Shares in the name (registered shares) The certificate for these shares bears the name of the owner. The conversion method with the conversion text and then the name of the owner is recorded in the company book, which contains a list of shareholders' names. In addition, there are two types of shares based on the possibility of revoking the right or claim to the shares, namely a) Common shares (common shares) are shares that place their owners at the highest level. lower distribution of dividends and rights to assets. of the company upon its dissolution. b) Preference shares (preferred shares) Preference shares are shares that have the characteristics of a combination of bonds and common shares because they can generate fixed income but cannot produce the same results. investor expectations.

2.6 Investors

The Investor is a group of individuals or institutions who transfer funds to a company to purchase ownership and participation in shares in the company. Investors have a role and courage in supervising the performance of the company so that the role of investors has an impact on the price and volume of shares (Solekha & Winarto, 2020). Investors can be grouped according to the origin of the domicile of both domestic and foreign investors.

2.7 Foreign Investors

Foreign investors show a preference for large companies, companies that pay low dividends, and companies with large cash positions on their balance sheets. Foreign investors in large companies find that there is stock market liquidity in the international market as measured through export sales or listing on other exchanges, it seems to be better in foreign investment than private funding. Foreigners also tend to underestimate companies with dominant owners. Foreign investors are driven by domestic institutional investor bias rather than foreign investor bias. U.S. stocks fluctuate after two-day selloff as crude rebounds (Dahlquist & Robertsson, 2001).

Comparative analysis shows that there are significant differences in the funds of foreign investors in enterprises with domestic funds in terms of size, profit and management compensation. At the time of investment decisions, foreign funds tend to rely on some indicators of corporate governance, which are inconsistent with the results obtained from previous studies examining developed markets. In particular, foreign funds have a preference for companies with a high percentage of state-owned shares, while domestic funds are the opposite for policymakers in emerging markets, and China, in

particular, in measuring important drivers of foreign investment (Tanvir Ahmed, Qaisar Ali Malik, Babar Zaheer Butt, 2023). Investors wishing to allocate money to a foreign party face a choice between investing through an international money management company or a local investor, located in the same country as the target securities. Much of the literature investigates the effects of geographic distance on investor portfolio decisions and investment performance. Empirical evidence shows that the information asymmetry facing foreign investors is a determinant of their investment decisions, the phenomenon of home-bias. Home Bias may also be the result of an investor's rational choices, either because of an incentive to have a similar portfolio to their neighbors or to make their information set different from other investors. Investors ' preference for local stocks occurs not only internationally, but also domestically. Us money managers and analysts who are geographically closer to corporate headquarters seem to have an information advantage. Empirical evidence also shows that local investors outperform foreign investors on average (lMiguel A. Ferreira a, Pedro Matos b, João Pedro Pereira a, 2017).

2.8 Domestic Investors

Domestic investors are Indonesian investors who transact on the IDX. Domestic investors who actively traded shares on the IDX Exchange. Foreign investors are investors who trade shares in the IDX that come from outside Indonesia.(AVCI, 2015) studies show that foreign investors have an impact on stock returns.

2.9 Research Hypothesis

2.9.1 Foreign Investors and Stock Prices

Foreign investors are more vulnerable to surveillance because of language constraints in company reporting. Foreign investors can conduct surveillance remotely so it tends to information gaps from the company's management called information asymmetry.

The number of support Journal reference sources for research is *foreign ownership* and the value of the company (Sari, 2018), *foreign ownership* and *price to earnings ratio* (Pristin Prima Sari, 2018), (Hermuningsih et al., 2021) *abnormal return* stocks during the covid pandemic, (Hermuningsih et al., 2022) additional funding changes in 2019-2021. Foreign investors improve stock price information, especially in developed countries. This increase arose from new information brought in by foreign investors and the displacement of uninformed domestic retail investors. Foreign investors, especially from active investors, increase market liquidity, reduce the cost of equity of enterprises, and increase the growth of real investment of enterprises (Kacperczyk, 2021). Thus, the research hypothesis made is as follows:

H1: Foreign Investors Negatively Affect Stock Prices

2.9.2 Domestic Investors and Stock Prices

Domestic investors can give a positive response to stock prices because domestic investors more often and easily supervise stock prices. Domestic investors trust the market more on companies on the exchange. Journal source support is (Damanik & Tandelilin, 2022) trading investment performance, (Brzeszczyński & Ibrahim, 2019) *foreign and domestic information on trading of stock market*, (Choe et al., 2005) *domestic investor* in stock trading with foreign investors, (Chiang et al., 2012) trade *foreign and domestic investors,* (J. B. Kim & Yi, 2015) comparison *foreign* and *domestic* investors in stock trading, (K. Kim & Ryu, 2021) sentiment toward investor behavior in stock trading. Thus, the research hypothesis made is as follows:

H2: Domestic Investors Have a Significant Positive Effect on Stock Prices

2.9.3 Domestic Investors and Share Volume

Domestic investors who have positive confidence in the market can have an impact on increasing stock trading volume transactions. Positive influence of domestic investors on the Volume of shares. The Volume of stocks tends to rise from domestic investors. (Hersugondo et al., 2021) stock trading volume map , (Fajri et al., 2020) impact of trading volume on the composite index, Thus, the research hypothesis made is as follows :

H3: Domestic Investors Have a Positive Effect on The Volume of Shares

2.9.4 Foreign Investors on The Volume of Shares

Foreign investors tend to increase the volume of shares in line with cheap stock prices (Safitri & Wijanarko, 2010) The impact of globalization on trading volumes and abnormal stock prices. Thus, the research hypothesis made is as follows:

H4: foreign investors have a significant negative effect on the volume of shares.

2.10 Research Frame of Mind

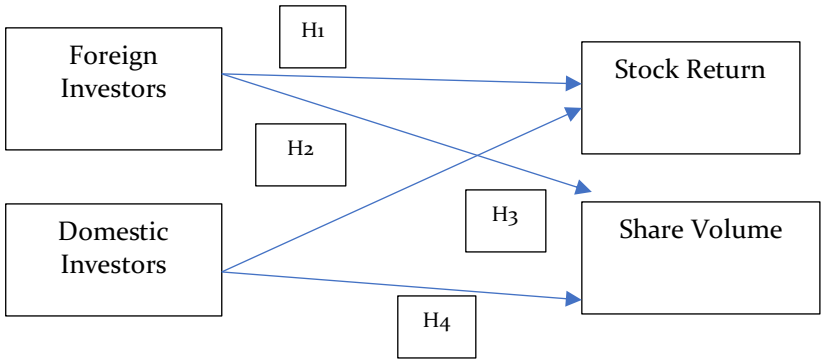

Figure 1. Frame Of Mind

This section describes the research design, scope or object (population and sample), data collection techniques, operational definitions of research variables, and analysis techniques.

3. Methods

Research methods are steps, ways and techniques in collecting research data and processing data using statistical tools. Research methods include research design, determining the population and sample, determining the subject and object of research, sampling techniques, data sources, research instruments, definition of operational variables, data analysis techniques and statistical tools used. In the methodology section it is determined that whether the research is qualitative or quantitative.

3.1 Research Design

(Bougie, 2012) explain, quantitative research method is a method based on numerical data and statistical analysis. This researcher used sample data from LQ-45 company stock return daily trading report on Indonesia Stock Exchange (IDX) from January 2, 2020 to 2023. from the website of the Indonesian Stock Exchange. Sampling techniques include purposeful sampling, which sampling techniques with specific criteria and objectives. The definition of the variable works as follows. Foreign investors are measured by the number of nominal shares purchased (net purchases) by foreign investors. Domestic

investors are measured by the number of nominal shares purchased (net buys) by domestic investors. Inventory performance is measured by the change in inventory performance from the current period to the previous period. The higher the rate of return on the stock market today compared to yesterday, the more profitable investors. The formula in this study is 1) Calculate the individual stock price level (Ri)

$$Ri,t = \frac{Pit - Pit\text{-}1}{Pit\text{-}1}$$

Foreign Investors

Fo = Ln (Net-buy Foreign)

Domestic Investors

Data analysis techniques using descriptive statistical tests, classical assumptions and test multiple Regression Analysis (multiple regression).

3.2 Data Analysis Techniques

This research using descriptive statistical tests, classical assumptions and test *multiple Regression Analysis* (multiple regression). Descriptive Statistical Test In descriptive statistics will be discussed ways of presenting data with ordinary tables and graph distributions. Descriptive statistical analysis is a statistic that describes the phenomenon or characteristics of the data that has been collected without any valid conclusions to be generalized. Descriptive statistics can be used in sample research when the researcher wants to describe the sample data, without intending to make conclusions that apply to the population from which the sample was taken (Gendro, 2011). Classical Hypothesis Testing Classical hypothesis testing aims to produce good accuracy in the regression model. To avoid errors in classical hypothesis testing, the number of samples used must be unbiased. Classical hypothesis testing includes testing for normality, variance, autocorrelation, and multi-colonization. Check for normality using K-S Kolmogorov Smirnov. The above Kolmogorov-Smirnov test shows that the data are normally distributed. Residual values are normalized to normal if Asymmp. Sig > alpha (0.05) is 0.231 > 0.05 indicating that all data contribute to the normal. This test is performed to determine the distributional nature of the data, whether it is normally distributed or not. Good data is data that is normally distributed, which can minimize the risk of bias. Multicollinearity test aims to evaluate whether from existing regression model there is a correlation between independent (independent) variables. A good model should not generate correlations between the independent variables. Multi-community can also be observed from the value tolerance and the coefficient of variance inflation (VIF). Based on the rules of tolerance and Variance Inflation Factor (VIF), then a vivid ≥ 10 or a tolerance of 0.10 indicates multitenancy. On the other hand, if the value of VIF is 10 or tolerance 0.10 shows no multicolor phenomenon. The change of variance test aims to check whether the regression model produces unequal variance in the residuals between one observation and another. When the variance of the residuals from one observation to another persists, we speak of homogeneity. However, if we call it another way, it is variable variance. A good regression model is variable homogeneity, also known as variable variance. Most cross-sectional data contain conditions for heterogeneity because the data collected represents the sizes of different data such as large, medium, and small. The heterogeneity can be determined using the Glejser method. This method has a provision that if the probability value is greater than the alpha value (0.05), it can be concluded that the sample does not have variable variance or it can also be said that the sample does not occur d variance. change is what you see when you count t.

Autocorrelation Test autocorrelation by Durbin Watson with DW value 1,839. Then the data passes the autocorrelation test. From Durbin Watson's numbers, the numbers are in the accepted range (-2 to +2), so the data passes the autocorrelation test. The data analysis technique commonly used in the field of managerial economics is regression analysis, similarly in this study it uses regression analysis. The most important thing in data analysis techniques is that the data must be reliable and valid. In addition, the data should not contain classical assumptions such as normality, variable heterogeneity, autocorrelation, and multicollinearity.

Regression Analysis (Lind et al., 2012) is a statistical test of the effect of independent variables on dependent variables. Multiple linear regression analysis is the effect of several independent variables on the dependent variable. Multiple Linear Regression Analysis, Multiple linear regression is a regression model used to analyze changes in the relationship between several independent variables to 1 (one) dependent variable. To determine the effect of independent variables on *return* stock, then used multiple linear regression techniques that incorporated independent and dependent variables into the regression model equation model, as follows:

Y1 price = a + B Foreign + B2 Domestic + e and Y2 Volume = A + B Foreign + B2 Domestic + e.

Specification:

Y1 = Variable *Share Price*

Y2 =Volume of Shares

a = *Intercept* or constant (the value of Y when $X_1, X_2,\ldots X_n = 0$)

β = Number of regression coefficients.

X_1 = Variabel *Investor Asing (Foreign)*

X_2 = Variable Domestic Investors (Domestic).

ε = *Standard Error*

3.3 T Test (Partial Test)

According to Ghozali (2012) The T-test or *partial* it is used to determine the influence of each Independent on the dependent variable. If the value of the probability of significance is smaller than 0.05 or 5% ($sig \leq 0.05$ or 5%). Coefficient Of Determination (R^2) Coefficient of Determination (R^2) conducted to test how far the ability of the model in explaining the variation of the independent variable. The value of the coefficient of its determination has 40 intervals between zero and One ($0 \leq R2 \leq 1$) (Ghozali, 2012). If the value *adjusted* R^2 the smaller means that the ability of the independent variable in describing the dependent variable is limited and vice versa if the value *adjusted* R^2 approaching one then means that the variable can provide information in predicting the dependent variable.

3.4 Hypothesis Test

Conducted research hypothesis testing of linear regression results with *robust check.* This test uses the F test by looking at *probability value (p-value)*, where if *p-value* test results less than 0.05 (<0.05) then the hypothesis is accepted. If *p-value* test results more than 0.05 (>0.05) then the hypothesis is rejected

4. Results and Discussion

The results consist of sample description, classical assumption test which includes normality test, heteroscedasticity test, autjorelation test and multicollenicity test, then regression test.

Table 1. Sample List of Companies

No	Code	Name
1	ACES	Ace Hardware Indonesia Tbk.
2	ADRO	Adaro Energy Indonesia Tbk.
3	ANTM	Aneka Tambang Tbk.
4	BBCA	Bank Central Asia Tbk.
5	BBNI	Bank Negara Indonesia (Persero) Tbk.
6	BBRI	Bank Rakyat Indonesia (Persero) Tbk.
7	BBTN	Bank Tabungan Negara (Persero) Tbk.
8	BFIN	BFI Finance Indonesia Tbk.
9	BMRI	Bank Mandiri (Persero) Tbk.
10	CPIN	Charoen Pokphand Indonesia Tbk
11	ERAA	Erajaya Swasembada Tbk.
12	EXCL	XL Axiata Tbk.
13	HMSP	H.M. Sampoerna Tbk.
14	ICBP	Indofood CBP Sukses Makmur Tbk.
15	INCO	Vale Indonesia Tbk.
16	INDF	Indofood Sukses Makmur Tbk.
17	KLBF	Kalbe Farma Tbk.
18	EMTK	Elang Mahkota Teknologi Tbk.
19	MEDC	Medco Energi Internasional Tbk.
20	MNCN	Media Nusantara Citra Tbk.
21	PGAS	Perusahaan Gas Negara Tbk.
22	PTBA	Bukit Asam Tbk.
23	SMGR	Semen Indonesia (Persero) Tbk.
24	ASII	Astra International Tbk.
25	WIKA	Wijaya Karya (Persero) Tbk.

Table 1 describes the list of samples used in the study during the period 2020-2023 for the January observation period. The sample comes from LQ45 companies that consistently experience being in the LQ45 rating category by the Indonesia Stock Exchange. The number of 25 samples became 100 observational data in the study.
Model 1 Dependent Variable of Price Stock

Table 2a. Test of Normality

		Price
N		100
Normal Parameters[a,b]	Mean	-2.3651
	Std. Deviation	1.73997
Most Extreme Differences	Absolute	.106
	Positive	.056
	Negative	-.106
Kolmogorov-Smirnov Z		1.063
Asymp. Sig. (2-tailed)		.209

Table 2 explains that the significance value of the stock price is 0.209 greater than 0.05, so the data is normally distributed. Data that is normally distributed can be continued in research.

Table 2b. One-Sample Kolmogorov-Smirnov Test 2

		Foreign	Domest	Price
N		100[c]	100[d]	100[e]
Poisson Parameter[a,b]	Mean	2.2476	3.3763	.

a. Test distribution is Poisson.
b. Calculated from data.
c. Poisson variables are non-negative integers. The value 1.24 occurs in the data. One-Sample Kolmogorov-Smirnov Test cannot be performed.
d. Poisson variables are non-negative integers. The value 3.35 occurs in the data. One-Sample Kolmogorov-Smirnov Test cannot be performed.
e. The mean was found to be -2.3651, but the parameter of the Poisson distribution must be positive. One-Sample Kolmogorov-Smirnov Test cannot be performed.

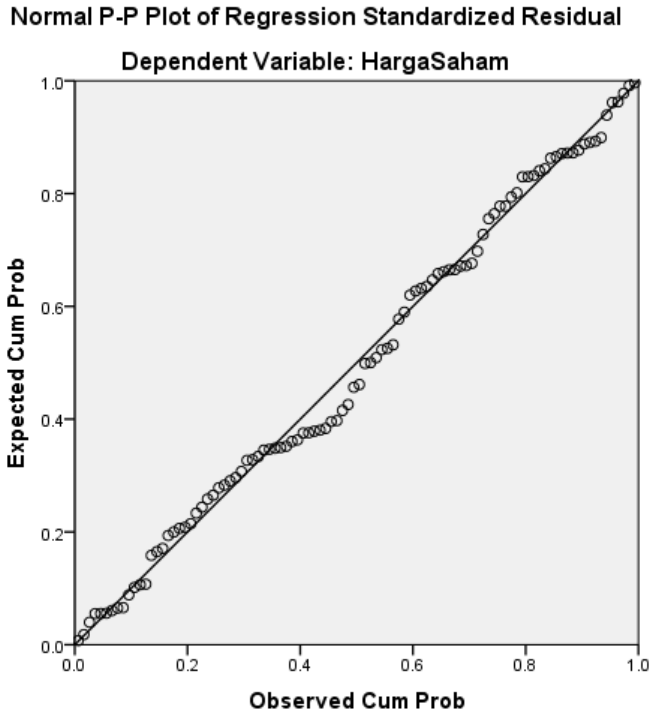

Figure 2 Normality

Figure 2 describes the P-P Plot Normality chart which can be used to test normally distributed data. Research data must pass the normality test because normally distributed data is good data in research. The data is normally distributed if the scatterplot is along the diagonal line of the P_P Plot graph.

The Test of Heteroskedastisitas

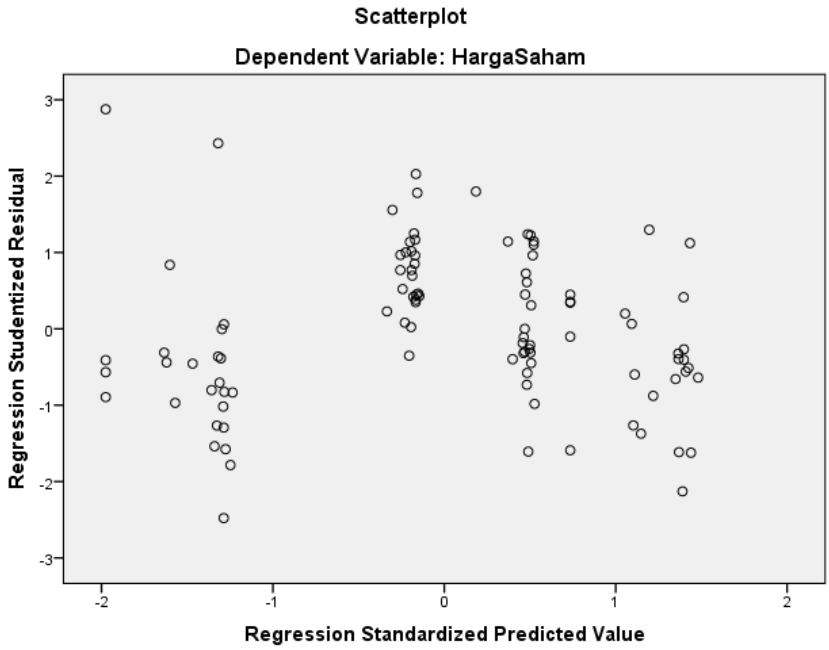

Figure 3 Scatterplots

Figure 3 Scatterplot explains that the scatterplot pattern spreads means that the data passes heteroscedasticity. Data passing the heteroscedasticity test is good data.

Table 3. The Test of Multicolenierity

Collinearity Statistics	
Tolerance	VIF
.996	1.004
.996	1.004

Source: Data processing

Table 4. The Test of Autocorelation

Durbin-Watson
1.676

Source: Data processing

Table 5. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.439[a]	.193	.176	1.57940	1.676

a. Predictors: (Constant), Domest, Foreign

b. Dependent Variable: Price

Source: Data processing

Table 5 explains the results of the coefficient of determination test showing that the adjusted square value of 0.176 means that 17.6% of the independent variables are able to

influence the dependent variable, while the remaining 82.4% of the dependent variables are influenced by other variables outside the research model.

Table 6. Uji F ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	57.755	2	28.877	11.576	.000[b]
	Residual	241.967	97	2.495		
	Total	299.722	99			

a. Dependent Variable: Price
b. Predictors: (Constant), Domest, Foreign

Source: Data processing

Table 6. The F test shows that the F number is 11.576 and the significance value is 0.000. The significance value of the F test is less than 0.05, meaning that the independent variables consisting of foreign investors, domestic investors have a significant effect on the dependent variable on stock prices.

Table 7. Uji t Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-134.249	27.656		-4.854	.000		
	Foreign	.197	.195	.092	1.007	.316	.996	1.004
	Domest	38.930	8.182	.435	4.758	.000	.996	1.004

a. Dependent Variable: Price

Source: Data processing

Y Price = -134,249 + 0,197 Foreign + 28,930 Domestic + e

The results of the t test are as follows:

a. Foreign Investor (Foreign) as measured by Ln Foreign Investor. Foreign investors show a significance number of 0.316 greater than 0.05, meaning that foreign investors do not significantly affect stock prices. The coefficient value of 0.197 means that foreign investors have no significant positive effect on stock prices.
b. Domestic investors (Domestic) are measured by Ln Domestic Investors or domestic investors. The results show that the significance number is 0.000 which is less than 0.05, meaning that domestic investors have a significant effect on stock prices. The coefficient value of 38.930 means that domestic investors have a significant positive effect on stock prices. The higher the domestic investors, the greater the increase in stock prices.

The Results of Model 2 Dependent Variable of Stock Volume

Table 8. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Volume	100	5.30	24.32	16.7090	1.98148
Foreign	100	.00	2.90	2.2476	.81410
Domest	100	3.35	3.40	3.3763	.01944
Valid N (listwise)	100				

Source: Data processing

Table 8 explains that the number of observations for the research sample is 100 data from 25 LQ45 companies on the Indonesia Stock Exchange 2020-2023. The average

volume value is 16.709, the minimum value is 5.3 and the maximum value is 24.32. The average value of foreigners or foreign investors is 2.24, the minimum value is 0.00 and the maximum is 2.90. While the average domestic or domestic investor value is 3.37, a minimum of 3.35 and a maximum of 3.40.

Table 9. One-Sample Kolmogorov-Smirnov Test

		Volume	Foreign	Domest
N		100	100	100
Normal Parameters[a,b]	Mean	16.7090	2.2476	3.3763
	Std. Deviation	1.98148	.81410	.01944
Most Extreme Differences	Absolute	.127	.297	.171
	Positive	.119	.212	.171
	Negative	-.127	-.297	-.158
Kolmogorov-Smirnov Z		1.268	2.974	1.707
Asymp. Sig. (2-tailed)		.080	.000	.006

a. Test distribution is Normal.
b. Calculated from data.
Source: Data processing

Table 9 normality above the significant value of the share volume of 0.080 greater than 0.05 means that the data is normally distributed then it can be continued in the study. Normally distributed Data is good data.

Table 10. One-Sample Kolmogorov-Smirnov Test 2

		Volume	Foreign	Domest
N		100[c]	100[d]	100[e]
Poisson Parameter[a,b]	Mean	16.7090	2.2476	3.3763

a. Test distribution is Poisson.
b. Calculated from data.
c. Poisson variables are non-negative integers. The value 5.30 occurs in the data. One-Sample Kolmogorov-Smirnov Test cannot be performed.
d. Poisson variables are non-negative integers. The value 1.24 occurs in the data. One-Sample Kolmogorov-Smirnov Test cannot be performed.
e. Poisson variables are non-negative integers. The value 3.35 occurs in the data. One-Sample Kolmogorov-Smirnov Test cannot be performed.
Source: Data processing

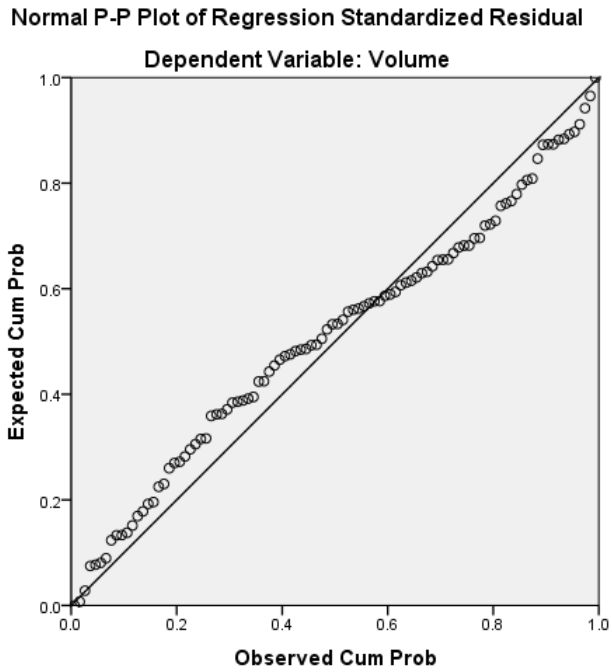

Figure 4 Normality

4.1 Autocorrelation Test

The autocorrelation test uses Durbin Watson where the DW value is 1.839. Then the data passes the autocorrelation test. Based on Durbin Watson's numbers, the numbers are in the acceptable area (-2 to +2) so that the data passes the autocorrelation test.

Table 10. The Test of Autocorelation (Test of D-W)

Durbin-Watson				
1.839				
Table 10b Correlations				
		Volume	Foreign	Domest
Pearson Correlation	Volume	1.000	.326	.313
	Foreign	.326	1.000	-.061
	Domest	.313	-.061	1.000
Sig. (1-tailed)	Volume	.	.000	.001
	Foreign	.000	.	.272
	Domest	.001	.272	.
N	Volume	100	100	100
	Foreign	100	100	100
	Domest	100	100	100

Source: Data processing

4.2 Uji Multikolonieritas

Table 11. The Test of Multicolonierity (Collinearity Statistics)

Tolerance	VIF
.996	1.004
.996	1.004

Source: Data processing

Based on Table 11 of the Multicollinearity Test, the VIF value is less than 10, so the data passes the Multicollinearity test and the tolerance value is less than 1, so the data also meets the Multicollinearity test requirements.

Table 12. The Test of Glejser Heteroscedastisity of Stock Volume

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-2.331E-014	17.510		.000	1.000		
	Foreign	.000	.124	.000	.000	1.000	.996	1.004
	Domest	.000	5.180	.000	.000	1.000	.996	1.004

a. Dependent Variable: Standardized Residual

Source: Data processing

Glacier coefficient test is as follows:

a. Foreign is a foreign investor where the significance value of 1,000 is greater than 0.05, which means that the data passes the heteroscedasticity test.
b. Domestic is a domestic investor where the significance value of 1,000 is greater than 0.05, which means that the data passes the heteroscedasticity test.

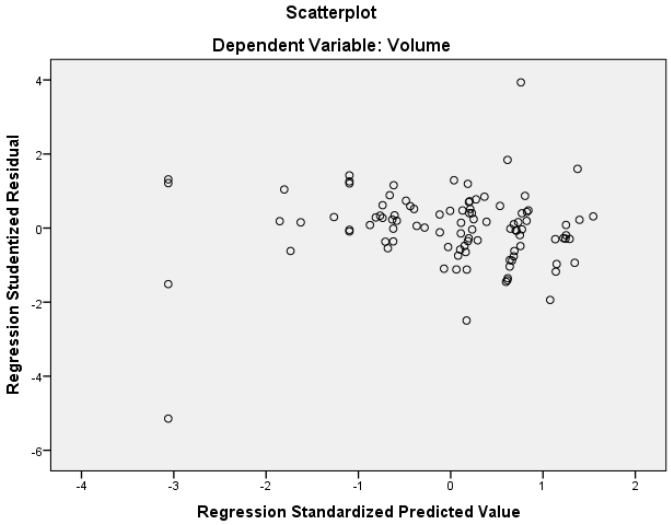

Figure 5 Heteroscedasticity

Figure 5 scatterplot shows that the scatter scatterplot image then the data escapes heteroscedasticity.

Table 13 Test Coefficient of Determination Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate	Durbin-Watson
1	.466[a]	.218	.201	1.77065	1.839

A. Predictors: (Constant), Domest, Foreign
B. Dependent Variable: Volume

Source: Data processing

Table 13 of the coefficient of determination shows that the value *adjusted square* of 0.201 means that 20.1% of the independent variable is able to affect the dependent variable, while the remaining 79.9% of the dependent variable is influenced by other variables outside the research model.

Table 14. Anova F test[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.584	2	42.292	13.489	.000[b]
	Residual	304.115	97	3.135		
	Total	388.699	99			

a. Dependent Variable: Volume
b. Predictors: (Constant), Domest, Foreign

Source: Data processing

Table 14 of the F test shows that the F number is 13.469 and the significance number is 0.000. The significance of the F test is less than 0.05 , which means that the independent variable consisting of foreign investors, domestic investors have a significant effect on the dependent variable of stock Volume.

Table 15. Test of t Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-100.364	31.005		-3.237	.002		
	Foreign	.843	.219	.346	3.847	.000	.996	1.004
	Domest	34.114	9.173	.335	3.719	.000	.996	1.004

a. Dependent Variable: Volume

Source: Data processing

Y volume = -100,364 + 0,346 Foreign + 0,335 Domestic + e

The results of the t-test are as follows (table 15) :

a. Foreign investors (Foreign) as measured by Ln *Foreign Investors.* Foreign investors show a significance number of 0.000 smaller than 0.05, meaning that foreign investors have a significant effect on the volume of shares. The coefficient value of 0.346 means that foreign investors have a significant positive effect on the volume of shares.
b. Domestic Investor (Domestic) is measured by Ln Domestic Investor or domestic investor. The results show that the significance figure of 0.000 which is smaller than 0.05 means that domestic investors have a significant effect on the volume of shares. The coefficient value of 0.335 means that domestic investors have a significant positive effect on the volume of shares. The higher the domestic investor, the greater the increase in stock Volume.

4.3 Discussion

The discussion is explained based on the results of research data. The theory for this finding such as january effect theory and signaling theory. The results of the data were analyzed based on the formulation of hypotheses. Analysis of the results of the study explains whether the research data show accept the hypothesis or reject the hypothesis. Good research is research that produces data in accordance with theoretical studies, previous research and accepts research hypotheses. However, for certain circumstances with adjustments to the economic, social and cultural background, the results of the study may differ from previous studies to produce new findings or reject the research hypothesis. Discussion of the research should make it clear that there is empirical support from previous research even though the results reject the research hypothesis. Thus, it is possible to know the group of research results that support the theory and reject the theory.

Based on the results of research that the model 1 stock price dependent as follows:

Foreign investors are not significant in stock prices due to the inconsistency of stock transaction data in January where there were 0 transactions in January which caused the data does not significantly affect stock prices. This first hypothesis (H1) is not supported. This result contradicts previous research that stock prices tend to decline significantly in foreign investors and domestic institutional investors and foreign investors have a greater impact on stock prices than domestic institutional investors (J. B. Kim & Yi, 2015). The results of this study contradict the results that foreign investors drive good impacts for companies rather than self-funding and institutional domestic investors are more biased than foreign investors based on data in the US (Dahlquist & Robertsson, 2001). However, the results of the study are in line with this that the perception of risk is not as a determinant of investment by investors (Herdjiono & Jumiati, 2022). There is no difference in risk and return between ethical and non-ethical stocks (Kewal & Putranto, 2023) so it can be said that foreign investors have no impact on stock returns. *January effect* it cannot prove in theory because it may be more on the March effect by tax sales, therefore, investors should look for their investment strategies in April as well. The study was conducted from a UK perspective and therefore applies only to the stock market culture in the UK (Lee & Hooy, 2023). These results different with signaling theory that investor will respond for price movement. Signaling theory was discovered by Ross (Hanafi, 2008). Foreign investor can be a signal that the manager sends to the market. This result also different with the theory of Dow that price movement based on the historical price. The Dow Theory of Charles Henry Dow suggested that in forecasting stock prices in the capital market using information on price movements in the past (Sari & Putra, 2020).

a. Domestic investors significantly affect stock prices meaning that purchases by domestic investors are able to influence stock movements in January. There is a belief from within the state that has an impact on the LQ 45 stock price. This second hypothesis (H2) is accepted. The results of this study are in line with the study of investor attention and stock market prices (Padungsaksawadi & Theerpongkaruna, 2023). This result is in line with signaling theory that investor will respond for price movement. Signaling theory was discovered by Ross (Hanafi, 2008). Foreign investor can be a signal that the manager sends to the market. This result also in line with the theory of Dow that price movement based on the historical price. The Dow theory of Charles Henry Dow suggested that in forecasting stock prices in the capital market using information on price movements in the past (Sari & Putra, 2020).

The performance of domestic institutional investor as good as with foreign institutional investors. Domestic and foreign institutional holdings are positively associated with future returns, but this relationship seems to come, on average, from the effects of price pressures, rather than from superior information. Foreign investors performed as well as local investors on average, but only domestic investors showed consistent trading patterns with information advantages. Results show the Smart Money effect of local institutions in countries subject to higher information asymmetry, non-English speaking countries, countries with less efficient stock markets, with poor investor protection, or high levels of corruption. Local gains are more noticeable in periods of market turmoil and illiquid stocks (lMiguel A. Ferreira a, Pedro Matos b, João Pedro Pereira a, 2017).

Model 2 dependent stock Volume results as follows:

a. Foreign investors significant on the volume of shares means that purchases by foreign investors are able to affect the number of purchases of shares in January. There is

confidence from overseas investors that affect the volume of LQ 45 shares. The third hypothesis (H3) is accepted. This result is in line with the results of previous research that the behavior of stock investors during the covid-19 pandemic through panel data (Padungsaksawadi & Theerpongkaruna, 2023) , premium stock liquidity has Trading volume (Stereńczak, 2021) , Foreign investors tend to stocks that have a large size while domestic prefer stocks with large dividend payments, low financial difficulties and high growth potential. U.S. investors are reluctant to invest in foreign companies with aggressive profit management, especially those from countries with poor disclosure regimes (J. B. Kim & Yi, 2015). Another example occurs in empirical studies (Hou et al., 2023) that multinational companies in China that have domestic and foreign investors in their work tend to decrease can then increase to be used as a sustainable development policy for the company. Foreign investor companies tend to positively have low export and import levels in domestic companies (Sarker & Serieux, 2022).

b. Domestic investors significantly affect the volume of shares means that purchases by domestic investors are able to affect the number of purchases of shares in January. There is confidence from within the country that affects the volume of LQ 45 shares. The fourth hypothesis (H4) is accepted. The results of the study are in line with previous researchers that investor attention and stock market prices (Padungsaksawadi & Theerpongkaruna, 2023), stock investor behavior during the covid-19 pandemic through panel data (Padungsaksawasdi et al., 2019), premium stock liquidity, and trading volume (Stereńczak, 2021). Another study support that foreigners prefer to invest in stocks with less information uncertainty to overcome information losses. Another stream of research focuses on the investment performance of foreign investors and domestic investors by providing mixed evidence. Domestic institutional investors in Korea such as domestic bank investors and insurance companies choose long-term investment goals, and reduce trading stocks for short-term gains, while domestic securities tend to engage actively in information-based trading for short-term gains. One can therefore expect that, among the various types of domestic institutions, Securities and investment trust companies play a more important role in facilitating the incorporation of company-specific information into stock prices through stock trading activities(J. B. Kim & Yi, 2015).

Discussion related to theory *January effect* states that the results are in line with previous researchers that the theory *january effect* have an impact on changes in stock prices (Nisar et al., 2022), difference *January effect* on (Zarika et al., 2019) , investor attention and stock market prices (Padungsaksawadi & Theerpongkaruna, 2023), stock investor behavior during the covid-19 pandemic through panel data (Padungsaksawasdi et al., 2019), premium stock Liquidity contained trading volume (Stereńczak, 2021). Differences in the assessment of domestic and foreign investors on the stock market (Kang et al., 2010). Domestic and foreign investment has an impact on the emergence of the market (Djulius et al., 2019) and both stock Volume and stock price are related based on Granger causal test so that financial variables become have a non-linear relationship (Behrendt & Schmidt, 2021). Based on the discussion, it can be seen that many empirical findings that examine related to foreign and domestic investors that represent the price and volume of shares that are part of the management assessment in advancing the company, especially for the benefit of performance and sustainable development.

Empirical study of the discussion of foreign investors and domestic has received several studies from research in several stock exchanges of other countries such as Taiwan (Chiang et al., 2012), Foreign and domestic investors on stock prices in India (Arora, 2016) which shows that domestic investors are contrarian investors who provide *feedback* negative while foreign investors in India can increase stock prices and in the example in six Asian countries showed that trading behavior and prices may be relevant to Asian equity market investors(Richards, 2005) which indicates that first, the flow of foreign investors to some markets shows positive trading with respect to global and domestic equity returns. The nature of this trade suggests it is due to behavioral factors of foreign investors absorbing information from recent returns, rather than portfolio securities. Second, the price impact associated with foreign trade was much greater than previously estimated. The results show that foreign investors and external conditions have a greater impact on emerging markets than previous studies.

5. Conclusion

The research has several findings based the problem. The F-test of foreign investors and Domestic investors is significant in stock prices. Foreign investors are not significant on the stock price, while Domestic investors significantly affect the stock price. The F-test of foreign investors and Domestic investors is significant on the volume of stocks. Foreign investors significantly affect the volume of shares, Domestic investors significantly affect the volume of shares. The implication of the study is that investors can choose stocks that generate large returns on stocks preferred by domestic investors, while investors can choose stocks that are purchased in large trading volumes by domestic and foreign investors. Limitations of the study and the implications of research results for users are also important to be reviewed. Research suggestions from researchers are driving the renewal of the application of research results. The limitation of the study was the number of samples that did not cover the entire LQ45 in the last four years of 2020-2023 caused by the number of companies entering and exiting LQ-45 Exchange members. The scope of the research period is still limited to January for four years 2020-2023 so it has not been able to get information on the old year.

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