KEIZAI: Jurnal Kajian Ekonomi, Manajemen, & Akuntansi
Vol. 6, No. 1 (2025): 176 - 190
http://jurnal.unda.ac.id/index.php/KEIZAI/index

p ISSN 2807-5668
e ISSN 2807-3967

DIVIDENDS AND ATTENTION: HERDING, NEGLECT, AND DISTRACTION AMONG INDONESIAN RETAIL INVESTORS

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History of Article : received March 2025, accepted March 2025, published March 2025

Abstract - This study explores retail investor behavior in the context of dividend events by testing three interrelated hypotheses: the *dividend-herding hypothesis*, the *neglected firm hypothesis*, and the *divided attention hypothesis*. Utilizing the Google Search Volume Index (SVI) as an innovative proxy for measuring retail investor attention, the study analyzes 642 dividend events in the Indonesian stock market. The empirical findings support all three hypotheses. First, retail investors demonstrate limited attention to dividend-paying stocks, despite extensive evidence of positive price reactions, suggesting a herding pattern driven by inattention. Second, dividend announcements serve as attention-grabbing events that increase visibility for previously overlooked or neglected firms. Third, when multiple companies announce dividends on the same trading day, retail investor attention becomes fragmented, resulting in reduced focus on individual stocks. These findings offer new insights into behavioral finance in emerging markets and highlight the importance of investor attention in understanding market reactions to corporate events.

Keywords: *Attention, Dividends, Herding Behavior, Indonesia*

Abstrak - *Penelitian ini mengkaji perilaku investor ritel dalam konteks peristiwa dividen dengan menguji tiga hipotesis yang saling terkait: dividend-herding hypothesis, neglected firm hypothesis, dan divided attention hypothesis. Studi ini menggunakan Google Search Volume Index (SVI) sebagai pendekatan baru untuk mengukur perhatian investor ritel. Dengan menganalisis 642 peristiwa dividen di pasar saham Indonesia, temuan empiris mendukung ketiga hipotesis tersebut. Pertama, investor ritel menunjukkan tingkat perhatian yang rendah terhadap saham yang membagikan dividen, meskipun terdapat bukti kuat bahwa peristiwa dividen biasanya berdampak positif terhadap harga saham—menunjukkan pola herding yang didorong oleh kurangnya perhatian. Kedua, pengumuman dividen terbukti meningkatkan visibilitas perusahaan yang sebelumnya kurang diperhatikan oleh investor ritel. Ketiga, ketika banyak perusahaan mengumumkan dividen pada hari yang sama, perhatian investor ritel menjadi terbagi, sehingga mengurangi fokus terhadap masing-masing saham secara individu. Temuan ini memberikan wawasan baru dalam bidang keuangan perilaku di pasar negara berkembang dan menekankan pentingnya perhatian investor dalam memahami reaksi pasar terhadap peristiwa korporasi.*

Kata Kunci: *Atensi, Dividen, Perilaku Herding, Indonesia*

INTRODUCTION

Herding behavior, defined as investors' tendency to mimic the actions of others rather than relying on independent analysis, is a well-documented phenomenon in financial markets. This behavior reflects the propensity of individuals to conform to group actions, often driven by psychological biases such as the fear of missing out (FOMO), overconfidence, and uncertainty avoidance. Such behavior exerts a significant influence on market efficiency, frequently leading to price distortions, heightened volatility, and deviations from fundamental asset values. While herding has been extensively investigated in developed market contexts, its dynamics within emerging markets, particularly Indonesia, remain relatively underexplored. Indonesia's burgeoning capital market (IDX), marked by a rapidly expanding retail investor base and unique socio-economic conditions, presents a compelling opportunity to examine herding behavior, especially during salient corporate events such as dividend

announcements. Notably, 99% of investors in IDX are retail investors with a significant transaction contribution of 45% - 47% daily[1].

Dividend events, widely recognized as pivotal moments in financial markets, serve as indicators of a firm's financial health and stability. In theory, rational investors should react to dividend announcements based on their implications for firm valuation. However, empirical evidence suggests that behavioral biases frequently mediate investor responses. In the Indonesian context, retail investors, who constitute a substantial portion of the market, are known to exhibit behavioral tendencies, including herding (Trisno & Vidayana, 2023). These tendencies may be amplified during dividend events due to factors such as limited financial literacy, reliance on social cues, and heightened market sentiment. For instance, studies have demonstrated that Indonesian investors with lower financial literacy are more susceptible to herding, particularly when influenced by credible stock influencers or social media platforms (Rahayu et al., 2021).

Early scholars posited that cognitive biases may predispose investors to herding behavior (Devenow & Welch, 1996). Subsequent research has investigated the impact of herding on investment decisions, revealing associations with irrationality, market instability, and excessive volatility (Ahn et al., 2024; Wang et al., 2022). The potential for profit from herding can induce a desire to follow and be followed. This occurs when investors observe others profiting from trading or speculating in specific stocks, leading them to imitate without fully considering the associated risks. Imitating other investors' patterns, particularly among less sophisticated investors, can create a perceived sense of security (Shahzad et al., 2024). Irrational herding typically occurs when investors blindly imitate each other, disregarding the importance of rational analysis (Bashir et al., 2024).

Retail investors, who invest in securities in relatively small amounts for personal gain, have seen increased market participation due to the greater availability of retail investment products. Banks and financial institutions have provided a wider array of tools that facilitate individual investor participation. However, numerous studies suggest that retail investors often exhibit irrational judgment and lack the requisite decision-making skills, sometimes characterizing them as "noise traders" (Cui et al., 2025; Sakariyahu et al., 2024). In the stock market, retail investors frequently act as noise traders, relying on personal judgment or subjectivity. Retail investors are more prone to herding than institutional investors (Saranj & Zolfaghari, 2025). The prevalence of noise traders and high herding levels can deter informed investors from market participation (Bouri et al., 2021).

The prevalence of herding behavior among Indonesian retail investors can also be attributed to psychological factors such as risk perception and overconfidence. Research indicates that investors with elevated risk perceptions are more likely to engage in herding as a strategy to mitigate perceived uncertainties (Ahmed et al., 2022). Similarly, emotional factors, such as overconfidence, can exacerbate herding tendencies by promoting impulsive decision-making (Sutejo et al., 2023). These behavioral patterns are particularly pronounced during market stress or uncertainty periods, such as economic crises or corporate earnings announcements (Ah Mand et al., 2023). Furthermore, investors with lower financial literacy or higher trust in stock influencers tend to exhibit greater susceptibility to herding, while those with superior financial knowledge tend to rely on independent judgment (ALHarbi & Abdul Hamid, 2024). Herding is often intensified by uncertainty and the availability of public information, which may prompt investors to imitate others' actions rather than conduct independent analysis (Din et al., 2021). Despite these insights, the specific manifestation of herding behavior around dividend events in Indonesia remains under-researched.

This research offers a novel perspective on the herding behavior exhibited by retail investors. While prior studies on dividend events in Indonesia have predominantly examined their effects on stock

[1] https://infobanknews.com/pasar-modal-tambah-1-juta-investor-baru-mayoritas-ritel/?utm_source=chatgpt.com

prices and abnormal returns, such as the works by Desliniati (2018), Robiyanto & Yunitaria (2022), and Desliniati & Hilaliyah (2021), which provide evidence of price fluctuations and abnormal returns around dividend announcements on the IDX, suggesting that such announcements do influence market activity. Similarly, investigations into LQ45 firms—representing the most liquid and highly capitalized stocks on the IDX—demonstrate that dividends continue to play a significant role in investor decision-making, despite theoretical arguments regarding dividend irrelevance (Nababan et al., 2025). However, the existing literature primarily addresses market price responses, often overlooking whether investors are attentive to dividend information. This study seeks to bridge that gap by examining the herding tendencies of retail investors, specifically by assessing whether the observed price movements surrounding dividend events are accompanied by heightened investor attention. The findings will help determine whether significant price reactions in the absence of investor attentiveness reflect pronounced herding behavior, whereas attentive investors are more likely to engage in analytical evaluation of dividend announcements.

Investor attention has emerged as a significant concept within behavioral finance, describing the extent to which investors concentrate on particular information or events when making investment decisions. Evidence from international markets highlights the pivotal role of investor attention in influencing trading volumes and price dynamics around corporate events such as earnings releases or dividend announcements (Frydman & Wang, 2020). In the Indonesian context—characterized by information asymmetry and diverse levels of financial literacy—gaining a deeper understanding of investor attention is especially important. Asnawi et al. (2022) report that many Indonesian investors tend to favor capital gains over dividends, influenced by behavioral biases like overconfidence and the disposition effect. This observation raises pertinent questions regarding whether retail investors actively track dividend announcements or if their attention is diverted by other factors.

Notably, the limited number of event studies in Indonesia has provided mixed evidence regarding investor attention to dividend announcements. For instance, analyses of abnormal returns surrounding dividend announcements have often found no significant differences, suggesting that such information may not be universally prioritized by investors. These results are consistent with findings from other emerging markets, where dividends may be less influential compared to capital gains or speculative trading motives. Conversely, some studies have inferred that Indonesian investors are cognizant of dividends, as indicated by positive price reactions and abnormal returns. Nonetheless, there remains a lack of research that directly and rigorously measures investor attention to dividend events in Indonesia.

This study employs the Google Search Volume Index (Google SVI) as a proxy for measuring the attention of retail investors. As outlined by Da et al. (2011) and subsequent research, Google SVI is a normalized indicator sourced from Google Trends that reflects the relative frequency of search queries for particular keywords or topics in proportion to the overall volume of Google searches. The index ranges from 0 to 100, where a value of 100 indicates the highest search interest for a term within a defined period and geographic area. For instance, search interest in the term "hotel" tends to peak during extended holidays and decline during regular working months. In financial research, the accuracy of Google SVI data can be improved by applying filters to isolate finance-specific queries. On the Indonesia Stock Exchange (IDX), each listed stock is identified by a unique four-letter ticker symbol, which, when combined with appropriate filters, enhances the precision of the Google SVI in capturing investor attention toward specific stocks.

Google SVI is widely regarded as a more accurate proxy for investor attention compared to traditional measures (Da et al., 2011). Conventional indicators—such as trading volume, abnormal returns, media coverage, or advertising expenditure—are indirect and often rest on assumptions that

may not hold universally. For instance, fluctuations in trading volume or returns could stem from factors unrelated to investor attention, such as liquidity constraints or institutional trading activities. Similarly, media mentions presuppose that investors read or engage with the content, which is not guaranteed. In contrast, Google SVI captures active engagement by measuring how frequently individuals search for stock-specific information online. This method offers a more direct and granular indicator of investor interest at any given moment. Moreover, while traditional proxies tend to reflect attention with a delay, Google SVI offers real-time or near-real-time insight. Trading and pricing data are generally retrospective, and media coverage may not coincide with periods of heightened investor curiosity. In using search behavior, Google SVI effectively detects immediate surges in retail investor interest, making it a more responsive and timely measure.

Da et al. (2011) contend that Google SVI is particularly well-suited for capturing the behavior of retail investors. Unlike institutional investors, who typically depend on proprietary data sources and professional advisory networks, retail investors are more inclined to seek information through publicly accessible platforms such as Google. As a result, Google SVI serves as a more targeted and effective proxy for retail investor attention, relative to traditional indicators that may also reflect institutional market activity. While their study finds that Google SVI is positively correlated with conventional proxies—such as trading volume and extreme stock returns—it also offers distinct informational value. Specifically, increases in SVI tend to predict short-term price appreciation over the subsequent two weeks, likely driven by increased buying pressure. However, these gains are often followed by price reversals within a year, aligning with behavioral finance theories, including the price pressure hypothesis proposed by Barber & Odean (2008). These findings suggest that Google SVI captures dimensions of investor sentiment and behavior that are not fully accounted for by traditional attention measures.

The central hypothesis of this study posits the existence of herding behavior among Indonesian retail investors during dividend-related events. This hypothesis is examined by assessing the level of investor attention directed toward dividend announcements. It is supported if evidence shows that retail investors exhibit low attentiveness to dividend-paying stocks, despite substantial empirical findings indicating that dividend events typically have a positive impact on stock prices. Several studies suggest that retail investors generally disregard dividend-related information. For instance, Wisnantiasri (2023) find that retail investors tend to prefer non-dividend-paying stocks over those that offer dividends. Although some subgroups—such as older or lower-income investors—may favor dividends due to tax considerations or income requirements, retail investors as a whole demonstrate limited interest in dividend-paying stocks, as reflected in their portfolio allocations, which show significantly lower exposure compared to institutional portfolios. Furthermore, retail investors are less inclined to engage in trading around dividend events, such as ex-dividend dates. Havakhor et al. (2025) argue that, despite greater access to technology-enabled financial tools, retail investors frequently disregard fundamental indicators like dividends, favoring instead momentum-based and speculative trading strategies. Their trading behavior is heavily influenced by recent price performance rather than income signals. This inattentiveness is often driven by behavioral biases, such as overconfidence and a preference for lottery-like payoffs. Supporting this, Barber & Odean (2008) highlight that retail investors tend to be attention-driven, gravitating toward stocks that receive high media exposure or display extreme price movements, while largely overlooking dividend-paying stocks—unless such events are framed in a way that captures widespread attention.

In examining retail investor attention to dividends, this study introduces two additional research questions. The first explores whether dividend announcements can draw investor attention to previously overlooked or “neglected” stocks. The corresponding hypothesis posits that dividend events serve as a

catalyst for attracting retail investor interest in these low-visibility stocks. In other words, stocks that typically receive little to no attention may experience a surge in interest when they announce dividends. This proposition is grounded in behavioral finance theories suggesting that investors with limited attention tend to ignore certain stocks until a salient event—such as a dividend announcement—brings them into focus (Da et al., 2011). Such investors often overreact to prominent signals while neglecting less noticeable information. Therefore, when neglected firms pay dividends, they may experience disproportionate shifts in investor attention. This view is further supported by Xu et al. (2023), who find that neglected dividend payers can indeed attract sudden attention during corporate announcements, consistent with the asymmetric nature of attention allocation among retail investors.

The second additional research question investigates whether the number of dividend-paying firms on the cum-dividend date influences the level of retail investor attention. The dataset reveals considerable variation in this regard—on some days, only a single firm announces dividends, while on others, as many as 26 firms do so concurrently. This variation raises the possibility of attention competition among dividend announcements. Ben-Rephael et al. (2017) demonstrate that retail investor attention, as captured by Google SVI, declines when multiple stocks or news events vie for attention on the same day. Unlike institutional investors, who have more robust informational processing capabilities, retail investors face cognitive limitations that restrict their ability to process multiple stimuli simultaneously. As a result, firm-specific news may be overlooked when several events compete for attention. Similarly, Ham et al. (2023) argue that during periods of dense information flow—such as earnings seasons or macroeconomic announcements—retail investor attention is fragmented, leading to reduced market responses, narrower ownership dispersion, and limited liquidity improvements for individual stocks. Yang et al. (2023) further confirm that when multiple firms disclose earnings or dividends simultaneously, investor attention per stock diminishes due to cognitive resource constraints. Building on this literature, the present study formulates a "divided attention hypothesis," which posits that retail investor attention to a given stock decreases as the number of concurrent dividend-paying firms increases on the same trading day.

By addressing underexplored dimensions, this study contributes to both theoretical development and methodological innovation within the field of behavioral finance, while also offering practical implications for policymakers and market participants. For policymakers, the findings can inform the design of targeted financial literacy initiatives aimed at improving investor awareness and mitigating common behavioral biases. Corporate managers, in turn, may gain a deeper understanding of how their dividend policies shape investor perceptions and decision-making processes. The study's insights are expected to significantly enrich the literature on dividend behavior and behavioral finance, particularly within the context of emerging markets. By focusing on retail investor attention—a behavioral factor often neglected in traditional finance models—this research provides a novel lens through which to understand the influence of dividends on market dynamics in Indonesia's evolving capital market. Furthermore, the introduction of a new methodological approach to detect herding behavior offers a valuable contribution to the empirical analysis of investor behavior and lays the groundwork for future research in this area.

RESEARCH METHODOLOGY

Sample

This study covers all dividend events in IDX from January 2022 to December 2023. The initial sample size is 751 dividend events in total. Nevertheless, some events are eliminated due to some considerations. First, some four-letter ticker codes are too common to be used in many settings, even in finance. For example, a ticker code of "AMAN" means safe or low risk, which could be a relevant

search for other stocks or investing strategies, and not exclusive to the ”AMAN” stock. The list of all eliminated stocks can be seen in the appendix. Second, two dividend events are eliminated from the sample due to extreme changes in Google SVI. The clean final sample contains 642 dividend events. Table 1 shows the process to achieve the final sample.

Measuring the attention of retail investors

Following Kesuma et al. (2022), retail investors' attention is measured by the difference between the Google SVI during and before the dividend event. An increase in Google SVI indicates that retail investors are attentive to the dividend event and *vice versa*. This study uses cum-dividend date as the anchor of the dividend event. The cum-dividend date (D) is the last date on which an investor must own a company's stock to be eligible to receive its dividend. Investors qualify for the dividend if they purchase the stock on or before the cum date.

Table 1. Sample selections and sample sizes

The initial number of dividend events (Jan 2022 - Dec 2023)		751
Excluded dividend events		
Dividend events with ticker code ambiguity issues	107	
Dividend events with extreme changes in Google SVI	2	
Total excluded dividend events		109
Final sample size to be tested		642

Source: Created by the author (2025)

To calculate the Google SVI before the dividend event *i* ($SVI^{i}_{D-14,D-8}$), I calculate the average daily Google SVI within the before-dividend period, which is D-8 until D-14. The formula to calculate $SVI^{i}_{D-14,D-8}$ is as follows:

$$SVI^{i}_{D-14,D-8} = \frac{\sum_{t=H-14}^{H-8} SVI_{t,i}}{7} \quad \text{.....(1)}$$

where $SVI_{t,i}$ is the Google SVI of the dividend event *i* on day *t*.

To calculate the Google SVI during the dividend event *i* ($SVI^{i}_{D-7,D+7}$), I calculate the average daily Google SVI within the dividend period, which is D-7 until D+7. The formula to calculate $SVI^{i}_{D-7,D+7}$ is as follows:

$$SVI^{i}_{D-7,D+7} = \frac{\sum_{t=H-7}^{H+7} SVI_{t,i}}{15} \quad \text{.....(2)}$$

To calculate the attention of the dividend event *i* (ΔSVI_i), I calculate the difference between the Google SVI during the dividend event *i* and the Google SVI before the dividend event *i*. A positive and significant ΔSVI_i indicates that retail investors are attentive to dividend events. Higher ΔSVI_i means a greater level of attention from retail investors. The formula to calculate ΔSVI_i is as follows:

$$\Delta SVI_i = SVI^{i}_{D-7,D+7} - SVI^{i}_{D-14,D-8} \quad \text{.....(3)}$$

Other Variables Operationalization

There are two more variables in this study. The first variable is the neglected stock. This variable measures whether the stock is neglected before the dividend events. This is a dummy variable that has a value of 1 if the stock has an average of zero Google SVI within the before-dividend period and has a value of 0 if otherwise. The second variable represents the number of dividend events that happen on the same day (NoDE). Let's say that two dividend events happen on Jan 20th, then each dividend event on Jan 20th will have this variable a value of 2.

Data

The source of Google SVI data is https://trends.google.com/trends/. The following filters are used in this study when downloading the Google SVI data:

1. The region is Indonesia.
2. The period is a customized time range. For each dividend event, we look for D-14 until D+7, where D is the cum-dividend date.
3. The category is finance.
4. The search is a web search.

There is a chance that no data is available after we click the search button. In case this situation happens, where it shows there is no Google SVI data regarding the keyword, change the period into a longer period, which is D-15 until D+15. This may help the algorithm get us the data. If this method does not work, assume there is no search (zero Google SVI) regarding the keyword throughout the time range.

Data analysis and estimations for hypothesis testing

To test the first hypothesis that there is a dividend-herding phenomenon among retail investors in the Indonesian stock market, we need to analyze the attentiveness of those investors. We use the independent t-test to explore the significance of the attention. The dividend-herding hypothesis is rejected if the retail investors are attentive to the dividend events, as shown by the higher average increase in Google SVI compared to zero. Nevertheless, the hypothesis is not rejected otherwise. In statistical terms, the hypothesis is tested as follows:

$$H_{0,1}: \Delta SVI_i > 0$$
$$H_{a,1}: \Delta SVI_i \leq 0$$

To test the second hypothesis that neglected stocks get attention from retail investors when those stocks pay dividends, we employ a Generalized Linear Model estimation to execute a cross-sectional regression. The reason for using a Heteroscedasticity Autocorrelation Correction Generalized Linear Model is that the residual series of the regression most probably will not follow a normal distribution and heteroscedastic; thus, the Ordinary Least Squares estimation is not feasible. The estimation model is shown in equation 4 as follows:

$$\Delta SVI_i = \beta_0 + \beta_1 NEG_i + e_{1,i} \quad \text{.....(4)}$$

where NEG_i is a dummy variable that has a value of 1 if the stock has an average of zero Google SVI within the before-dividend period of the dividend event *i* and has a value of 0 if otherwise, and e_i is the residual series. This hypothesis is not rejected if the impact of NEG_i is positive and statistically significant; thus, the statistical hypothesis is as follows:

$$H_{0,2}: \beta_1 \leq 0$$
$$H_{a,2}: \beta_1 > 0$$

To test the third hypothesis that retail investors' attention will be lower as there are more dividend payers on that same day, we estimate the same Generalized Linear Model to run a cross-sectional regression. The estimation model is shown in equation 5 as follows:

$$\Delta SVI_i = \beta_{10} + \beta_{11} PAY_i + e_{2,i} \quad \text{.....(5)}$$

where PAY_i is the number of dividend events that happen on the same day as the event *i*. This hypothesis is not rejected if the impact of PAY_i is negative and statistically significant; thus, the statistical hypothesis is as follows:

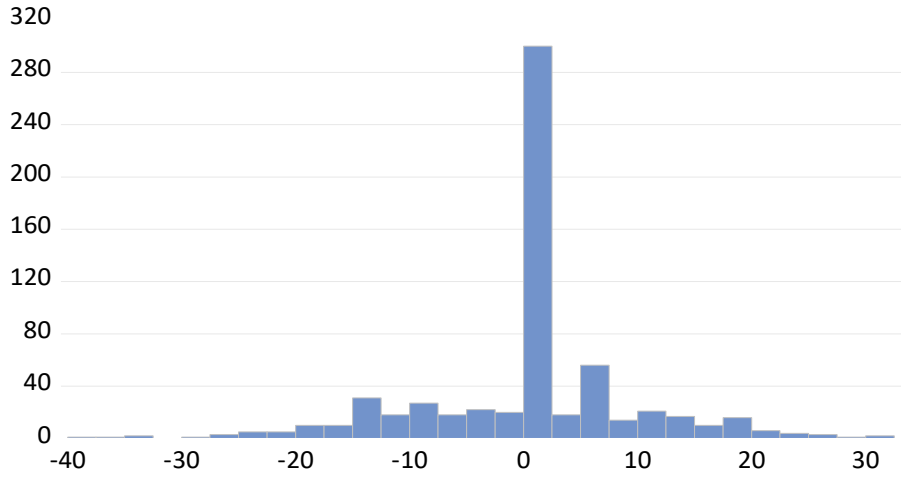
$$H_{0,3}: \beta_{11} \geq 0$$
$$H_{a,3}: \beta_{11} < 0$$

RESULTS AND ANALYSIS

Summary Statistics

Figure 1 shows the histograms of the retail attention variable (ΔSVI_i). The histogram is very leptokurtic with a mode of zero attention. This figure indicates that retail investors are not attentive to dividend events. Table 2 summarizes the descriptive statistics of the variables in this study. Once again, the dependent variable, retail attention, has an average, median, and mode value of zero, strengthening the proposition of inattentive retail investors. These early results signal a dividend-herding phenomenon among retail investors in the Indonesian stock market.

Figure 1. The histogram of the dependent variable, the retail attention (ΔSVI_i)
Figure 1 shows the histogram of the dependent variable, which is the retail attention (ΔSVI_i). The X-axis is the retail attention to the dividend event. The Y-axis is the frequency of the data observed within 642 sample size.



Source: Created by the author (2025)

Table 3 confirms the existence of the dividend-herding phenomenon among retail investors in the Indonesian stock market. The difference in retail attention between the tested periods is zero and not statistically significant. In Table 4, Columns 1 and 3, the average retail attention, shown by the intercept value, is also zero and not statistically significant. The first hypothesis, the dividend-herding hypothesis, is not rejected. Retail investors are inattentive to the stocks that pay dividends, even though abundant studies show the positive price impact of dividend events. This supports the notion that behavioral biases (e.g., overconfidence and gambling preferences) may lead to inattentiveness to dividends and non-rational price discovery.

Table 2. Summary statistics
Table 2 summarizes the descriptive statistics of the main variables. Attention (ΔSVI_i) is the retail investors' attention to dividend events. Attention is measured by the increase in the average Google SVI during dividend events compared to the normal level of Google SVI. NoDE is the number of dividend events that happen on the same day.

	Main Variables		
	Attention	**NoDE**	**NoDE (Exc. Extreme Events)**
Mean	0.00	5.59	4.73
Median	0.00	4.00	4.00
Mode	0.00	1.00	1.00
Maximum	32.42	26.00	11.00
Minimum	-39.71	1.00	1.00
Std. Dev.	9.54	5.05	2.88
Skewness	-0.21	2.58	0.39

	Main Variables		
	Attention	**NoDE**	**NoDE (Exc. Extreme Events)**
Kurtosis	4.80	11.02	2.06
Obs.	642	642	616

Source: Created by the author (2025)

Table 4, Columns 2, 4, and 6 provide the necessary tests for the second hypothesis. The results support our neglected firm hypothesis that neglected stocks get attention from retail investors when those stocks pay dividends. All coefficients of the neglected stock variable are significantly positive and consistent throughout all estimations. Neglected dividend payers may attract sudden attention during dividend announcements. This aligns with behavioral theories where limited attention causes investors to overlook stocks until specific events (e.g., dividends) trigger focus (Da et al., 2011). Investors with attention constraints overreact to salient information (e.g., dividends) while underreacting to less visible data. Neglected stocks paying dividends may experience asymmetric attention shifts. Supports the idea that neglected dividend payers can attract sudden attention (Xu et al., 2023).

Table 3. Retail investors' attention to dividend events during dividend and pre-dividend events
Table 3 shows the independent sample t-test of retail investors' attention. The average daily Google SVI within the before-dividend period is D-8 until D-14. The average daily Google SVI within the dividend period is D-7 until D+7. The t-test prob. is the independent sample t-test-based probability value of the difference between the average SVI during and before the dividend period.

	Before the Dividend Period	**During the Dividend Period**	**Difference**
Average SVI	15.33	15.33	0.002
t-test prob.			0.996

Source: Created by the author (2025)

Table 4. Regression results to investigate all hypotheses
Table 4 compiles all regression results to test the hypotheses. The dependent variable is retail investors' attention (ΔSVI_i) for each of the regressions. Columns 1 and 2 are regressed using 642 sample size. Columns 3, 4, 5, and 6 are regressed using 616 sample size which excludes the 26 outliers. Neglected stock refers to a dummy variable that has a value of 1 if the stock has an average of zero Google SVI within the before-dividend period of the dividend event *i* and has a value of 0 if otherwise. NoDE is the number of dividend events that happen on the same day. The symbols of *, **, and *** reflects a significancy of 10%, 5%, and 1%, respectively.

Dependent Variable: Retail Investors' Attention (ΔSVI_i)						
	Sample Size: 642		**Sample Size: 616 (exc. Outliers)**			
	1	**2**	**3**	**4**	**5**	**6**
Intercept	0.00	-2.06**	-0.01	-2.02**	0.82	-0.96
Neglected Stock		3.99***		4.02***		4.13**
NoDE					-0.18*	-0.24***

Source: Created by the author (2025)

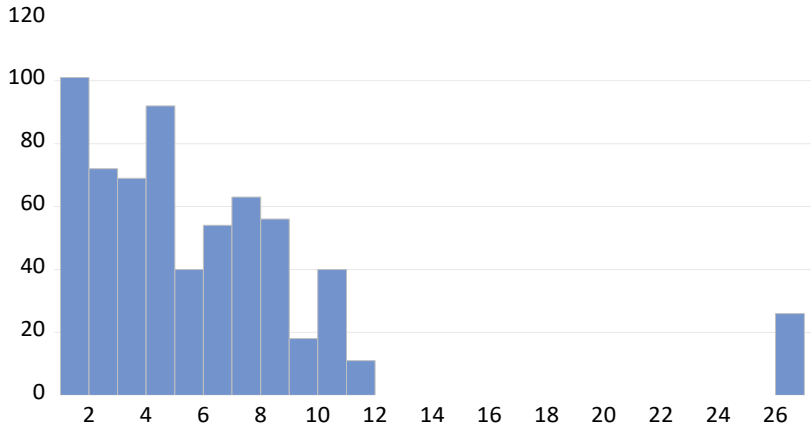
To test the third hypothesis that retail investors' attention will be lower as there are more dividend payers on that same day, we make the NoDE variable. Nevertheless, this NoDE variable has an outlier problem. As seen in Table 2, there is an event with 26 dividend payers in the same event window. Comparing Figures 2 and 3, that extreme event is a definite outlier, thus needs to be excluded from the sample.

Table 4, Columns 5 and 6 display the regression results to test the third hypothesis that retail investors' attention will be lower as there are more dividend payers on that same day. All coefficients are significantly negative. These results verify the divided attention hypothesis. Ben-Rephael et al. (2017) shows that retail investor attention is significantly lower when multiple stocks or news events

compete for attention on the same day. Yang et al. (2023) finds that when multiple firms release earnings or dividends on the same day, individual stock-level attention decreases. Retail investor attention is finite and easily diluted by competing events or stocks in the news.

Figure 2. The histogram of the number of same-day dividend events

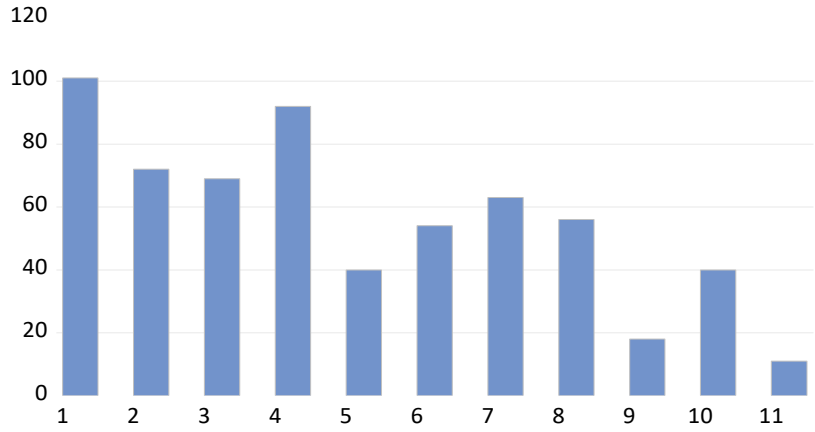
Figure 2 shows the histogram of the number of same-day dividend events variable (NoDE). The X-axis is the number of dividend events that happen on the same day. The Y-axis is the frequency of the data observed within 642 sample size.



Source: Created by the author (2025)

Figure 3. The histogram of the number of same-day dividend events, excluding extreme events

Figure 3 shows the histogram of the number of same-day dividend events variable (NoDE) after excluding the outliers. The X-axis is the number of dividend events that happen on the same day. The Y-axis is the frequency of the data observed within 616 sample size.



Source: Created by the author (2025)

CONCLUSION AND FURTHER RESEARCH

This study investigates three core hypotheses: the dividend-herding hypothesis, the neglected firm hypothesis, and the divided attention hypothesis. It introduces a novel approach to analyzing retail investor herding behavior by employing Google Search Volume Index (SVI) as a proxy for investor attention. Based on an analysis of 642 dividend events in the Indonesian stock market, the findings provide empirical support for all three hypotheses. First, the results reveal that retail investors show

limited attention to dividend-paying stocks, despite robust evidence that such events generally lead to positive price movements—indicating the presence of dividend-related herding behavior. Second, dividend announcements are found to increase visibility for previously neglected stocks, attracting greater retail investor attention. Third, when multiple firms pay dividends on the same trading day, retail investor attention becomes diluted, leading to reduced focus on individual stocks.

Future research could extend this work by examining the moderating role of dividend size in influencing investor attention and herding behavior. Additionally, further studies may consider testing these hypotheses across other relevant corporate event dates, such as annual general meetings or initial dividend announcements. Enhancing future analyses by incorporating control variables that capture other determinants of retail trading activity, such as sentiment and market conditions, as well as isolating pure dividend events from those accompanied by overlapping corporate actions, would strengthen the robustness and improve the explanatory power of the findings.

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APPENDIX

List of all eliminated stocks from the sample

No	Ticker Code	Elimination Reasoning
1	AMAN	Referring to the safe or low-risk context, which is a general search text in investment
2	AMOR	Referring to amortization, which applies to most financial statement search
3	ATAP	Referring to the roof, which is sold by multiple listed companies in Indonesia
4	AUTO	Searchable for many stocks
5	BAYU	A very common name for Indonesians, including managers, directors, and commissioners
6	BEER	Sold by multiple listed companies in Indonesia
7	BELL	Sold by multiple listed companies in Indonesia. Furthermore, it also refers to the opening time of the IDX market.
8	BIKE	Sold by multiple listed companies in Indonesia
9	BIRD	A very common word for many products from multiple companies in Indonesia
10	BLUE	May related to many things, such as trading accounts profit color, product color of multiple merchandise, and brand images
11	BOBA	Sold by multiple listed companies in Indonesia
12	BOLA	Sold by multiple listed companies in Indonesia
13	BOLT	Sold by multiple listed companies in Indonesia
14	BUAH	Referring to the unit of sold products in Indonesia, which applies to many products. For example, *satu buah laptop* means one unit of laptop
15	BUDI	A very common name for Indonesians, including managers, directors, and commissioners
16	CAMP	Sold by multiple listed companies in Indonesia
17	CITA	Referring to a happy feeling towards something that happens. This word may be used while searching for good or profitable stocks.
18	CRAB	Sold by multiple listed companies in Indonesia
19	DEPO	Referring to a place or spot to collect trash in Indonesia, commonly written in most companies' ESG reports.
20	EAST	A ubiquitous word
21	ELIT	Part of the elite word, which refers to many things in finance
22	ENAK	Referring to a delicious taste in Indonesia. A ubiquitous search word for the food and beverage industries.
23	FISH	Sold by multiple listed companies in Indonesia
24	GEMS	Sold by multiple listed companies in Indonesia. Moreover, it is also commonly embedded with another word, such as hidden gems, to look for a recommended stock to invest.
25	GOOD	A ubiquitous word
26	HEAL	A ubiquitous word, especially in the healthcare industry
27	HOKI	Referring to being lucky, which is a widespread word in finance
28	IDEA	A ubiquitous word
29	JAYA	Referring to being successful or delivering good results. This word could be in tandem with any searches by retail investors when they are looking for some information.
30	KEJU	Referring to cheese, which is a common ingredient used in many foods and products sold by many companies
31	LIFE	A ubiquitous word
32	LINK	A ubiquitous word
33	MARK	A ubiquitous word
34	MASA	Referring to a period. For example, the future is *masa depan* and the past is *masa lalu* in Indonesian.
35	MEGA	A ubiquitous word
36	MERK	A ubiquitous word
37	PADA	Referring to "to", which is a ubiquitous word
38	PALM	Sold by multiple listed companies in Indonesia
39	PURI	The word "puri" in Indonesian often refers to a traditional palace or residence, typically associated with royalty or nobility. Historically, in many regions of Indonesia, a puri was the dwelling place of kings, queens, or other high-ranking members of society. It signifies grandeur, cultural heritage, and historical importance.
40	RAJA	A direct translation of the king. In finance, this word can also be attributed to something

No	Ticker Code	Elimination Reasoning
		delivering the best results (i.e., stock returns).
41	ROTI	Referring to bread. Sold by multiple listed companies in Indonesia
42	SHIP	Used by many companies in Indonesia as the crucial transport of their products, especially in the mining and transportation industries.
43	SOHO	Referring to Small Office Home Office, which is a trend in Indonesia following the COVID-19 outbreak.
44	SOUL	A ubiquitous word
45	TOBA	Referring to the most famous lake in Indonesia. One of the top tourism destinations in Indonesia. Many companies, especially in the tourism and hospitality industries, operate their business around that location.
46	TOTO	Aside from Toto Ltd., a Japanese company known for manufacturing high-quality bathroom fixtures and sanitaryware, Toto also refers to a popular lottery system or betting in Indonesia.
47	TUGU	Referring to statues or big monumental buildings in Indonesia. Moreover, many road names in Indonesia contain the word tugu.
48	WINE	Sold by multiple listed companies in Indonesia
49	WOOD	Sold by multiple listed companies in Indonesia
50	ZONE.	A ubiquitous phrase, especially true in finance, such as the red zone for losing stocks.