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The Meaning of Risk in Stock Investment: A Phenomenological Study of Beginner Investors

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Abstract

The development of the capital market in Indonesia has increased the number of novice investors investing in stocks through various digital platforms. However, this increased participation has not been fully accompanied by a deep understanding of investment risk. Most previous studies have focused on quantitative risk measurement, while the meaning of risk based on investors' lived experiences is still relatively rare. This study aims to understand the meaning of risk in stock investment from the perspective of novice investors using a phenomenological approach. This study employed a qualitative method with a phenomenological approach. Informants were selected through purposive sampling technique, namely novice investors who have actively invested in stocks, have experienced both profits and losses, and are willing to share their investment experiences. Data were collected through in-depth interviews, observation, and documentation, then analyzed using phenomenological analysis stages through bracketing, horizontalization, grouping themes, and compiling textural and structural descriptions to uncover the essence of informants' experiences. The results show that risk is interpreted as an integral part of stock investment, not simply the potential for financial loss. Experience with losses, market fluctuations, and emotional stress shapes investors' perspectives to become more rational, cautious, and able to control their emotions when making investment decisions. Furthermore, the social environment and digital media influence risk perception, although personal experience is a key factor in developing a more mature understanding. This research contributes to the development of behavioral finance studies by demonstrating that the meaning of risk is a construct of investors' lived experiences. The research findings also offer practical implications for regulators, securities firms, and educational institutions in designing investment education programs that emphasize risk understanding and managing investor behavior.

INTRODUCTION

The development of digital technology has brought significant changes to people's behavior in managing their finances and making investments. Ease of access to information via the internet, the availability of various digital-based investment applications, and increased financial literacy among the public have driven the growth of investors in the Indonesian capital market. Stock investment, previously considered exclusive to certain groups, has now become more inclusive and accessible to the wider community, including students, young workers, and business owners. This phenomenon demonstrates that stock investment has become part of the modern lifestyle, oriented not only toward increasing wealth but also as a form of long-term financial planning. However, the increasing number of new investors is not always accompanied by an adequate understanding of the characteristics of stock investment, particularly regarding the risks inherent in each investment decision. Many novice investors are attracted to the capital market by the potential for high returns, but they lack the understanding that the greater the potential for profit, the greater the risks involved. This situation makes risk a crucial aspect that requires a deeper understanding, particularly from the perspective of individual experience as an investor (Widjaja et al., 2025).

In the world of investment, risk is an inseparable consequence of every decision an investor makes. Stock investment risks can include price fluctuations, economic uncertainty, changes in government policy, and psychological factors that influence investor decision-making. Beginner investors generally lack sufficient experience in navigating complex market dynamics, making them more susceptible to errors in determining investment strategies (Parno et al., 2026). Many investors purchase stocks based on social media trends, influencer recommendations, or information that lacks a solid analytical basis. As a result, when stock prices decline, they tend to panic, sell assets hastily, or even stop investing. This phenomenon demonstrates that investment risk is not solely financial but also involves psychological, emotional, and social dimensions that influence how investors interpret each experience (Choeroh & Syariah, 2024).

Previous studies on stock investment have generally used a quantitative approach to measure the relationship between risk levels, returns, financial literacy, investor behavior, and investment decisions (Agustin & Gunawan, 2026; Ekuitas et al., 2022; Nur & Purnamasari, 2025). This approach has made significant contributions in explaining the factors influencing investment behavior based on statistical data (Setianingsih et al., 2026). However, quantitative research often fails to fully describe how novice investors interpret risk based on their direct life experiences. However, risk perception is not always objective but is influenced by personal experience, educational background, economic conditions, social environment, and experiences of success and failure during investment. Therefore, a research approach that explores the subjective meaning of investor experience is needed to provide a more comprehensive understanding of how novice investors perceive, feel, and deal with risk.

The phenomenological approach is a relevant method for understanding individual life experiences when facing a particular phenomenon. In the context of stock investment, phenomenology allows researchers to explore the authentic experiences of novice investors when they first enter the capital market, face stock price uncertainty, experience profits and losses, and build an understanding of the meaning of risk based on these experiences. Through this approach, research focuses not only on the mathematical magnitude of risk but also on how risk is understood as part of the learning process, building self-confidence, controlling emotions, and making investment decisions. Thus, phenomenology can yield a deeper understanding of investors' subjective experiences, which often cannot be explained solely through statistics (Jariyah et al., 2023).

The growing number of young investors in Indonesia further reinforces the urgency of research into the meaning of stock investment risk. Most new investors come from the younger generation, characterized by their adaptability to digital technology, but also a tendency to be exposed to a wide variety of investment information through social media. While this presents a significant opportunity for increased public participation in the capital market, it also increases the potential for speculative investment behavior due to a lack of experience and understanding of risk. Novice investors often construct risk perceptions based on personal experiences, stories from fellow investors, investment communities, and information circulating on digital platforms. Therefore, understanding how they interpret risk is crucial to explaining the process of developing rational, responsible, and sustainable investment behavior. The results of this study are also expected to provide input for educational institutions, capital market regulators, and securities companies in designing investment education programs that are more oriented towards investors' real-life experiences (Septiani et al., 2021).

Based on this description, this study attempts to examine the meaning of risk in stock investment from the perspective of novice investors using a phenomenological approach. This study aims not only to identify the forms of risk perceived by novice investors but also to explore how experiences facing uncertainty shape how they understand, accept, and manage risk in investment activities. By uncovering the subjective experiences of investors, this study is expected to provide theoretical contributions to the development of behavioral finance and lived-experience investment studies, while also providing practical contributions to developing more effective, contextual, and tailored investment education strategies to the needs of novice investors in the digital era .

METHODS

This study uses a qualitative approach with a phenomenological method to understand the meaning of risk in stock investment based on the lived experiences of novice investors. The phenomenological approach was chosen because the study focuses on how individuals interpret, perceive, and interpret the risks they face while investing in the stock market. Research informants were selected using a purposive sampling technique, with the criteria being investors who have been actively investing in stocks for at least six months to three years, aged 18–35 years, and have experienced both profits and losses in their investment activities. The number of informants was determined based on the principle of data saturation, which occurs when the information obtained is repetitive and no significant new themes are found.

Data collection was conducted through in-depth interviews as the primary technique, supported by observation and documentation in the form of field notes and relevant documents. The data obtained were analyzed using the stages of phenomenological analysis, namely bracketing (epoche) to minimize researcher bias, horizontalization to identify important statements from informants, grouping meanings into essential themes, and compiling textural descriptions (what the informant experienced) and structural descriptions (how the experience occurred) to obtain the essence of the meaning of risk in stock investment for novice investors. Data validity was maintained through source triangulation, member checking, and increased researcher diligence in the data collection and analysis process, so that the research results have a good level of credibility, dependability, and confirmability.

RESULTS AND DISCUSSION

Risk is defined as the uncertainty that always accompanies stock investment.

Interview results indicate that all informants view risk as an integral part of stock investment. Before starting to invest, most novice investors understood that stocks offered the potential for high returns. However, after becoming directly involved in the capital market, they realized that stock price fluctuations are unpredictable. Experience with rising and falling stock prices taught informants that risk is not only the possibility of financial loss, but also a form of uncertainty that must be accepted as a key characteristic of investing.

Most informants revealed that their perception of risk changed with increasing experience. Initially, they viewed risk as something to be avoided, but after experiencing various market conditions, they began to understand that risk is a natural consequence of any investment decision. They realized that no investment instrument can provide high returns without a commensurate risk. Therefore, risk is no longer perceived as merely a threat, but rather as part of the learning process to become a more mature investor (Mandala & Wahyuni, 2019).

These findings demonstrate that the meaning of risk for novice investors is dynamic and develops through direct experience. From a phenomenological perspective, the experience of facing uncertainty creates a new awareness of the nature of stock investment (Junaedi et al., 2023). Investors no longer perceive risk merely as a theoretical concept, but as a concrete experience experienced in daily investment activities. The results of this study align with the *risk-return trade-off* *theory* , which explains that the greater the potential return on an investment, the greater the risk involved. However, this study demonstrates that understanding this relationship is not formed solely through formal education, but rather through real-life experiences that provide personal meaning for each investor.

Losses Become a Learning Process in Forming a Perspective on Risk

All informants admitted to experiencing losses since starting to invest in stocks. These losses stemmed from various factors, such as buying stocks at excessively high prices, following recommendations without analysis, and panicking during market downturns. Although these experiences led to disappointment and even regret, most informants viewed the losses as valuable learning experiences.

Several informants stated that losses made them more careful in selecting stocks, studying company financial reports, understanding economic conditions, and not easily following opinions circulating on social media (Anisa et al., 2023). They began to realize that investing requires knowledge, patience, and the ability to control emotions. The experience of loss plays a crucial role in shaping investment behavior. Losses serve as a learning tool, helping investors understand past mistakes and thus improve their investment strategies in the future (Ananda et al., 2023).

From a *behavioral finance perspective* , negative experiences play a role in shaping more rational decision-making processes. Investors begin to reduce speculative behavior and rely more on analysis than emotional impulses. Thus, risk is no longer seen as failure, but as an experience that enriches investment skills.

Emotions Play a Key Role in Understanding Risk

Interviews revealed that almost all informants experienced emotional changes when faced with stock price fluctuations. When prices rose, they felt optimistic, confident, and even encouraged to buy more shares. Conversely, when prices dropped sharply, they felt fear, anxiety, panic, and fear of experiencing greater losses.

Some informants admitted that investment decisions they regretted were made when they were emotionally unstable. For example, selling shares due to panic *selling* or buying shares simply out of fear *of missing out (FOMO*). This finding suggests that the meaning of risk is shaped not only by economic factors but also by emotional experiences. In a phenomenological approach, emotional experiences are a crucial part of an individual's awareness when confronted with a phenomenon (Vanessa, 2026).

The research findings support behavioral finance theory, which explains that emotions often influence investment decisions. Beginner investors tend to have limited emotional control, making them more susceptible to market conditions. As they gain experience, they begin to understand the importance of discipline, patience, and self-control in dealing with risk.

Social Environment and Digital Media Shape Risk Perceptions

Most informants obtained investment information through social media, investment communities, online forums, and capital market influencers. This information served as a primary source for making initial investment decisions. However, several informants admitted to experiencing losses due to relying too heavily on recommendations from others without conducting their own analysis. After these experiences, informants began to be more selective in accepting information. They no longer rely on social media as the sole basis for decision-making, but instead combine it with fundamental and technical analysis.

This phenomenon demonstrates that the meaning of risk is also shaped by social interactions. The environment plays a significant role in influencing one's perception of investment opportunities and threats (Fahira et al., 2024). From a phenomenological perspective, social experiences are part of the meaning-construction process. Investors don't construct their understanding solely individually, but through interactions with their communities, family, friends, and digital media. Therefore, sound investment literacy is crucial for critically analyzing the information received (Sadeli et al., 2021).

Risk is Interpreted as a Means of Building Investor Maturity

Research shows that the longer investors invest, the more their perception of risk changes. Initially, risk is perceived as a threat that evokes fear. However, after gaining experience with both profits and losses, risk begins to be understood as part of the investor's character-building process.

Informants reported that they became more patient, more disciplined in managing capital, more cautious in decision-making, and more able to accept that not all investments yield immediate returns. The meaning of risk identified in this study demonstrates a transformation in experience. Risk is no longer simply the possibility of losing money, but rather an experience that shapes maturity in thinking, acting, and decision-making (Nikmah et al., 2025).

From a phenomenological perspective, life experiences have the power to change how individuals perceive phenomena. Beginning investors who have undergone various investment experiences develop a new awareness that investment success is determined not only by the ability to analyze the market but also by the ability to manage oneself (Maghfiroh & Rifardi, 2025).

Therefore, the meaning of risk has evolved into a symbol of the learning process, emotional control, increased financial literacy, and the formation of an identity as a wiser and more responsible investor.

CONCLUSION

This study aims to understand the meaning of risk in stock investment based on the life experiences of novice investors through a phenomenological approach. The results show that risk is not only interpreted as the possibility of financial loss, but also as a subjective experience that shapes investors' thinking, attitudes, and behavior in making investment decisions. The meaning of risk evolves with increasing investment experience, resulting in novice investors experiencing a shift in perception from a fear of loss to an understanding that risk is an inseparable consequence of stock investment.

This study also found that experiencing losses is a crucial learning experience for novice investors. This experience encourages them to increase their knowledge of the capital market, be more careful in selecting stocks, resist the influence of recommendations not based on analysis, and manage their emotions when faced with stock price fluctuations. Furthermore, the social environment and digital media play a role in shaping risk perceptions, although ultimately, personal experience is the primary factor in developing a more mature understanding of investing.

Theoretically, this research contributes to the development of behavioral finance studies by demonstrating that risk perception is a construct of lived experience, and is therefore influenced not only by economic factors but also by psychological, emotional, and social aspects. Practically, the research findings are expected to provide input for capital market regulators, securities companies, and educational institutions in developing investment education programs that emphasize not only potential profits but also provide a comprehensive understanding of risk management and emotional control. It is recommended that future research involve informants with more diverse backgrounds, such as experienced investors or investors from various age groups and professions, to generate a broader understanding of the meaning of risk in stock investment activities.

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