ABSTRACT

This study examines the effect of investor attention on analyst recommendation ambiguity and consensus among non-financial companies listed in the LQ45 Index on the Indonesia Stock Exchange during the 2023–2024 period. Investor attention is proxied using the Abnormal Search Volume Index (ASVI) derived from Google Trends, ambiguity is measured by the Dispersion of Price Target (DPT), and consensus is measured by the Percentage Dominant Buy (%DB). The study employs a panel dataset of 30 companies with 210 effective quarterly observations sourced from the Bloomberg Terminal, analyzed using the Random Effect Model (REM) with quarterly time fixed effects and cluster-robust standard errors. Control variables include Firm Size, Liquidity based on the Amihud Illiquidity Ratio, and the Book-to-Market Ratio (BTM), grounded in the Attention-Based View, Behavioral Finance Theory, Efficient Market Hypothesis, and Information Processing Theory.

The results show that investor attention has a positive and significant effect on analyst recommendation ambiguity. This confirms that a surge in investor attention in the preceding quarter increases the dispersion of analyst price targets in the subsequent quarter through information overload and cognitive distraction mechanisms. In contrast, investor attention does not significantly affect analyst recommendation consensus. The negative coefficient direction suggests that surges in investor attention tend to be followed by a decline in the proportion of buy recommendations in the subsequent quarter, explained through corrective rebalancing mechanisms and the more experienced analyst profile covering LQ45 stocks. Among the control variables, Firm Size shows a positive and significant effect on Percentage Dominant Buy, while the remaining control variables do not demonstrate significant effects.

Keywords: Investor attention, ASVI, Google Trends, analyst recommendation ambiguity, analyst recommendation consensus, dispersion of price target, percentage dominant buy, LQ45 Index, Indonesia capital market, behavioral finance.