FACTORS AFFECTING INVESTMENT DECISIONS OF INDIVIDUAL

A Dissertation Submitted to Office of the Dean Faculty of Management in the Partial Fulfillment of the Requirement for the Degree of Masters of Business Studies (MBS)

By

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CERTIFICATION OF AUTHORSHIP

I hereby declare that the **FACTORS AFFECTING INVESTMENT DECISIONS OF INDIVIDUAL** submitted to the office of the Dean, faculty of management, Tribhuvan University is my original work in the partial fulfillment of the requirement for Master of Business Studies (MBS) conducted under the direct supervision and guidance of Asso. Prof. Dr. Jitendra Pd Upadhya and Murari Shah Of Nepal Commerce Campus.

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Date: 31 March,2021

RECOMMENDATION

This is to certify that the Dissertation
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Dipak Khadka
Entitled

FACTORS AFFECTNG INVESTMENT DECISIONS OF INDIVIDUAL
has been as approved by this department in the prescribed formant of the faculty of management. This is forward for examination.

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We, have examined Dissertation entitled **"FACTORS AFFECTING INVESTMENT DECISIONS OF INDIVIDUAL"** presented by Dipak Khadka for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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Mr. Dipak Khadka has Defended research Proposal entitles **FACTORS AFFECTING INVESTMENT DECISIONS OF INDIVIDUAL** successfully. The research committee has registered the dissertation for future progress. It is recommended to carry out the work as per suggesting and guidance supervisor Murari Shah and submit the Dissertation for evaluation and viva voce examination.

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Dipak Khadka

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ABBREVIATIONS

ANOVA - Analysis of Variance

ASE - Athens Stock Exchange

NEPSE - Nepal Stock Exchange

SPSS - Statistical Package for the Social Sciences

UK - United Kingdom

US - United States of America

ABSTRACT

This study aims to discuss how investment behavior and investment factors affect investment decision in Nepalese stock market. The research targets are randomly selected NEPSE market investors. Through use of examining the frequency distribution tables and one-way ANOVA, background descriptive variables of investors were explored in an examination of how these variables affect the investment decision. To further analyze the correlations among variables, this study implemented Pearson Correlation Coefficient. Model summary and ANOVA were adopted to analyze regression between decision factors and predictive variables. This study result concluded that there existed the mixed sign of relationship between Independent Variables (age, gender, education, income, and decision sources) and Dependent Variables (Number of Share Holding and Investment Portfolio). There is a significant relationship, which is moderate but positive between Dependent Variable (Number of Share Holding) and Independent Variables (Age, Gender, Income, and Education). However, there is not a significant relationship, which is weak but positive between Dependent Variable (Number of Share Holding) and Independent Variables (Age, Gender, Income, and Education).

CHAPTER I
INTRODUCTION

1.1 Background of the Study

The investment decision of individual investors and their behavioral factors is the matter of the study of this dissertation. The study intends to analyze the most influencing factors for investment decisions and the expectation of investor while making their investment in security markets. Adhikari (2004) Different types of securities as equity shares, preference shares, debentures, government bonds and mutual funds are available for trading in the NEPSE. Nevertheless, being so many investment alternatives available in Nepal, many investors have restricted their investment areas and are skeptic of the risky investment opportunities available.

An investment is denoted as a commitment of funds made in desire of some positive rate of return. If the investment is properly attempted, the return will be comparable with the risk the investor assumes. Funds to be invested originate from assets already owned, borrowed money and savings or forgone consumption. By foregoing their present consumption today and investing the savings, investors hope to improve their future consumption outcomes by increasing their wealth. Individuals choose to invest to supplement their income, to earn capital gains, and to experience the excitement of the investment process (Mahat, 1981).

Investment environment refers to the financial structure wherein investors operate, consisting of the kinds of marketable securities available for buying and selling and how and where these securities are bought and sold. It incorporates all the internal as well as external factors that have a bearing on the working of investment decisions. Investment

environment covers securities, security markets and financial intermediaries. The following section includes a brief description of each of these components:

Securities

Securities are the piece of paper confirming the investor's right to the assets. It is the legal representation of the right to get forthcoming benefits under stated conditions and to buy or sell ownership interests. Share, bond, preferred stock, Treasury bill, commercial paper, for instances, are all examples of securities.

Security Market

(Shrestha & Bhandari, 2007) Security market otherwise called financial market is a mechanism intended to encourage the trading of financial assets or securities by bringing buyers and sellers of securities together. Security market enables suppliers and demanders of funds to make transactions. Security market is categorized on the basis of life span as money market and capital market and on the basis of economic function as primary market and secondary market.

Financial Intermediaries

Financial intermediaries or institutions are the organizations that channel the savings of governments, businesses, and individuals into loans or investments. They channel the funds between borrowers and savers. The role of the financial intermediaries is to accumulate funds from various savers and lend those funds to borrowers and thus they actively participate in the money market and the capital market. Savings and loan associations, banks, mutual funds, pension funds, credit unions, life insurance companies etc are the examples of financial intermediaries (Shrestha & Bhandari, 2007).

Investment Alternatives

Shrestha & Bhandari (2007) There are different investment choices available to investors in the market. Some of them are marketable and liquid while others are non-marketable. Some of them are highly risky while some others are almost riskless. Investors choose proper alternatives from among them depending on the preferences, needs and ability to assume risk. The investment options includes money market instruments, capital market instruments, derivative instruments, real instruments and other instruments as pension funds, mutual and closed end funds, employee provident fund and insurance policies.

1.2 Problem Statement

The investment, speculation and betting are used reciprocally in numerous contexts yet there are such a significant number of contrasts between them which need to be understood mainly by the existing and potential investors to make their investments decisions. Investment includes less risk than both speculation and gambling and is also associated with relatively longer time horizon. Investment decision is dependent on the examination of large amount of information available whereas speculation and gambling decision is based on limited information analysis.

Investors are the foundation of the economic well-being of the nation so investors should be urged to make investments in security markets by creating friendly investment environment. Government policies with respect to the financial sector and security market should be positive. With this expansion of market, a number of new investment alternatives are increasing day by day. It is observed that there is lack of proper government rules and regulations and also no favorable environment to develop the security market and to encourage investors to invest in the potential investment environment. In this backdrop, what is the pattern of investment of individual investors is the major concern of the study. Addressing this worry, the study attempts to discover the answers of the following questions:

a) What is the pattern of investment of individual investors?
b) What is the expectation of investors while making investment decision?
c) What is the most influencing factor for investor's decision making?
d) Why do they prefer particular type of financial instrument?

1.3 Objectives of the Study

In general, the objective of this studyare beto analyze the investment pattern and behavior of investors? The specific objectives of the study are:

a) To analyze the perception of people towards different investment avenues.
b) To analyze the investment trend of the existing investors.
c) To explore the most influencing factors for investment decision.

1.4 Research Questions/ Hypothesis

H1: There is significant relationship between age and gender and investment decision.

H2: There is significant relationship between income level and level of education and investment decision.

1.5 Limitation of the Study

The major hurdles during the study were:

a) The patrons were not willing to provide their accurate income
b) There was a language barrier in the way respondents had understood investment decision and its influencing factors
c) The fewer number of respondents covered in random sampling probably might not reflect the nature of investment pattern of the whole population.

1.6 Chapter Plan

This study will be organized in five chapters, which are:

Chapter I: Introduction of the Study

This first chapter deals with introduction, problems of the study, and objective of the study, limitation of the study, need of the study, research methodology and method of analysis.

Chapter II: Review of Literature

The second chapter consists of review of literature, review from different studies review from journal, article and magazine and review from master's thesis for concerned topic.

Chapter III: Research Methodology

The third chapter presents methodologies adopted for the research. It comprises research design, sources of data method of analysis and its descriptive presentation.

Chapter IV: Results and Discussion

The fourth chapter deals with the techniques used in analyzing the collected data and its presentation in the descriptive and analytical manner. This is the most important chapter of this study this chapter will deals with the presentation and analysis of data with the help of different tools specified methodology and the interpretation of data.

Chapter V: Summary and Conclusion

The fifth chapter consists of conclusion and implication about the topic concerned. The researcher has researched some conclusion and recommended some guidelines to the sample organization for improving weakness factor and offers several suggestions for stake holders and future researcher.

CHAPTER II

LITERATURE REVIEW

2.1 Conceptual Review

2.1.1Prospect Theory

The prospect theory was proposed by (Tversky and Kahneman, 1992).The theory holds that individuals express varied emotional levels towards gains and losses. The theory argues that people get higher degree of stress from prospective losses compared to the degree of happiness from equivalent gains (Trepel, Fox & Poldrack, 2005). The theory insists that losses seem larger than equivalent gains and the value of money changes when it goes deep into people's pockets. Prospect theory also attempts to explain reasns for investors holding onto losing stocks arguing that people often take more risks to prevent losses than to obtain gains. Chandra& Kumar (2011) applied this theory in India and found out that investors willingly hold onto risky stock positions, hoping the prices will improve in a similar fashion with gamblers who on a losing streak, increasing their bets and frequency in an attempt to recoup their losses. Further, Jagongo and Mutswenje (2014) used this theory in their study and determined that despite people's rational aspirations to obtain returns on risks they take, they tend to value things they possess higher than the price they would normally be willing to pay for such things.

The prospect theory was important in the present in determining why retail investors choose to hold onto their losing stocks and sell their winning stocks in the belief that today's losers may soon outperform today's gainers. The theory was suitable for the study as investors often make the mistake of chasing market action by investing in options which are spotlight or generating more attention.

2.1.2 Reliability Theory

Reliability theory was proposed by (Gavrilov and Gavrilova, 2001). This theory is used to describe the probability of a system successfully undertaking its expected function(s) in a certain time interval (Gavrilov and Gavrilova, 2001). The theory has been used as a model by companies in calculating profitable rates to be charged to the customers. The theory stipulates that investment decisions are primarily set up for assessment and control of risks. The theory further argues that weak organizational systems produce more eaningful output and thus greater cost (Kinney, 2000). According to Gavrilov and

Gavrilova (2001), the ability to determine weaknesses of any organization is largely judgmental. The theory argues that upon

the formulation of the process and system reliability estimates, comparison with past financial data may provide a more reliable basis for judgment on the effect of firm's system on the income risk of the said firm. Messier and Austen (2002) used this theory in their study and demonstrated strength of the reliability theory which they pointed out as being its close relationship to the needs of an organization regarding understanding the organizational system and control risk assessment. Other scholars who obtained similar results were (Kannadhasan, 2006) and (Kannadhasan, 2015).

The reliability theory was important in the present study due to its basis on the notion that an implemented system should be able to meet its expected function. The theory focuses on the effect of risk assessment on financial performance of firms which was likely to affect the investment decisions in Kenyan retail investors.

2.1.3 Definition of key terms

(i) Age

Previous researchers (for example, Lease, Lewellen & Schlarbaum (1974), Epstein (1975), Firer (1988), Anderson (1999), Naser, Nuseibeh and Al-Hassaini (2003), and Brijlal (2007) found a significant relationship between age and the perceived usefulness of accounting information related to their investment decisions. Investors in the New York Stock Exchange who are aged over 65 years used fundamental analysis and invested in the long-term capital gain, according to (Lease, Lewellen & Schlarbaum, 1974). Epstein's (1975) study found that age affects an individual's usage of financial statements, which is supported by the observations made in a study within the Johannesburg Securities Exchange (JSE) in South Africa, where investors who were retired or close to retirement paid close attention to dividend income reported in company income statements (Firer 1988). In addition, a study in the US indicated that investors who were 47 years of age and older preferred to invest in individual stock, equity unit trusts, and long-term financial goals (Anderson 1999). Nevertheless, a later study in the JSE in South Africa found that the majority (92 per cent) of middle aged investors (36-55 years old) were investing for long-term capital gain (Brijlal 2007), and a similar study by

Naser, Nuseibeh& Al-Hassaini (2003) found that the average age of Kuwaiti investors was 34 years.

(ii) Gender

Early research by Lee and Tweedie (1975) and Bartlett and Chandler (1997), found that gender difference affected the perceived importance of items in financial reports, and this influenced the investment decision-making by UK shareholders. In these studies, the majority of the respondents were male, (83 per cent and 59 per cent respectively). Circumstances indicated, based on a number of previous studies concluded that a significantly larger proportion of investors may be male (Baker & Haslem 1973). For example, the findings of Firer (1988) and Alattar and Al-Khater (2007) and Brijlal (2007) were 84 per cent male, 85 per cent male and 89 per cent male, respectively. On the other hand, the study of investors' perceptions of earnings quality, auditor independence, and the usefulness of audited financial information in the US found a predominance of female respondents 68 per cent (Hodge 2003).

Even though Baker & Haslem (1973), Lee and Tweedie (1975), Firer (1988), Hodge (2003), Alattar and Al-Khater (2007), and Brijlal (2007) commented on gender proportions of the investors they surveyed, they only commented on "perceived" differences of financial reports, with an alleged gender bias without being specific how the reports varied with information that may be suitable for males as opposed to females. This represents a significant failing within the research as there appears to be an absence of this type of data. However, as the findings in this study show, through original research, there was no difference between the female (47 per cent) and male (53 per cent) in their responses to reports to influence their decision making.

(iii) Level of education

Numerous researchers found that the level of education affects the perceived usefulness of financial information shareholders and investors when making their investment decisions (Baker & Haslem 1973; Epstein 1975; Firer 1988; Anderson & Epstein 1996; Naser, Nuseibeh& Al-Hassaini 2003; Alattar & Al-Khater 2007; Brijlal 2007).

The perception of investors of company financial reports related to a level of education in various countries has been investigated in a number of studies. An early study in the US

found a significantly larger proportion of educated investors, and also that the information these people used was influenced by their previous education when analysing the informed information (Baker & Haslem 1973). Furthermore, the educational level also affected the US investors' perceived usefulness of financial statements (Epstein 1975). The proportion of the Johannesburg Securities Exchange investors who had a bachelor degree or post graduate qualification increased from 50 per cent in the 1980s to 64 per cent in 2007 (Firer 1988; Brijlal 2007). Anderson and Epstein (1996) asserted that investors' level of education in the US was positively associated with the usefulness of the 'footnotes' sections of a company's annual report. A study in Kuwait found that 84 per cent of respondents held a bachelor's degree and more than 35 per cent revealed that they obtained their degrees in the US and UK, which they claimed helped them to understand the information in financial reports (Naser, Nuseibeh& Al-Hassaini 2003). The majority of Qatar respondents (81 per cent) had a bachelors or higher degree, and it was claimed that they considered the annual 94 report as an important and useful source of information for investment decisions (Alattar & Al-Khater 2007).

(iv) Investment Decision

Cutlers, Poterba & Lawrence (1989) believed decision-making is a baffling phenomenon. The common analytical methods in practices are categorized into fundamental, technical, traded volume and political factors. Precious and excess information sometimes leads to inconsistent decisions. This study also believed investors' psychology and expectations are also key factors to investment performance.

Within the conceptual framework conducted in the literature review, certain relationship has been identified between dependent and independent variables. In this study, the dependent variable is Investment Decisions and the independent variables are age, gender, marital status, income level, level of education, availability of information, return from investment, goodwill and friends and relatives.

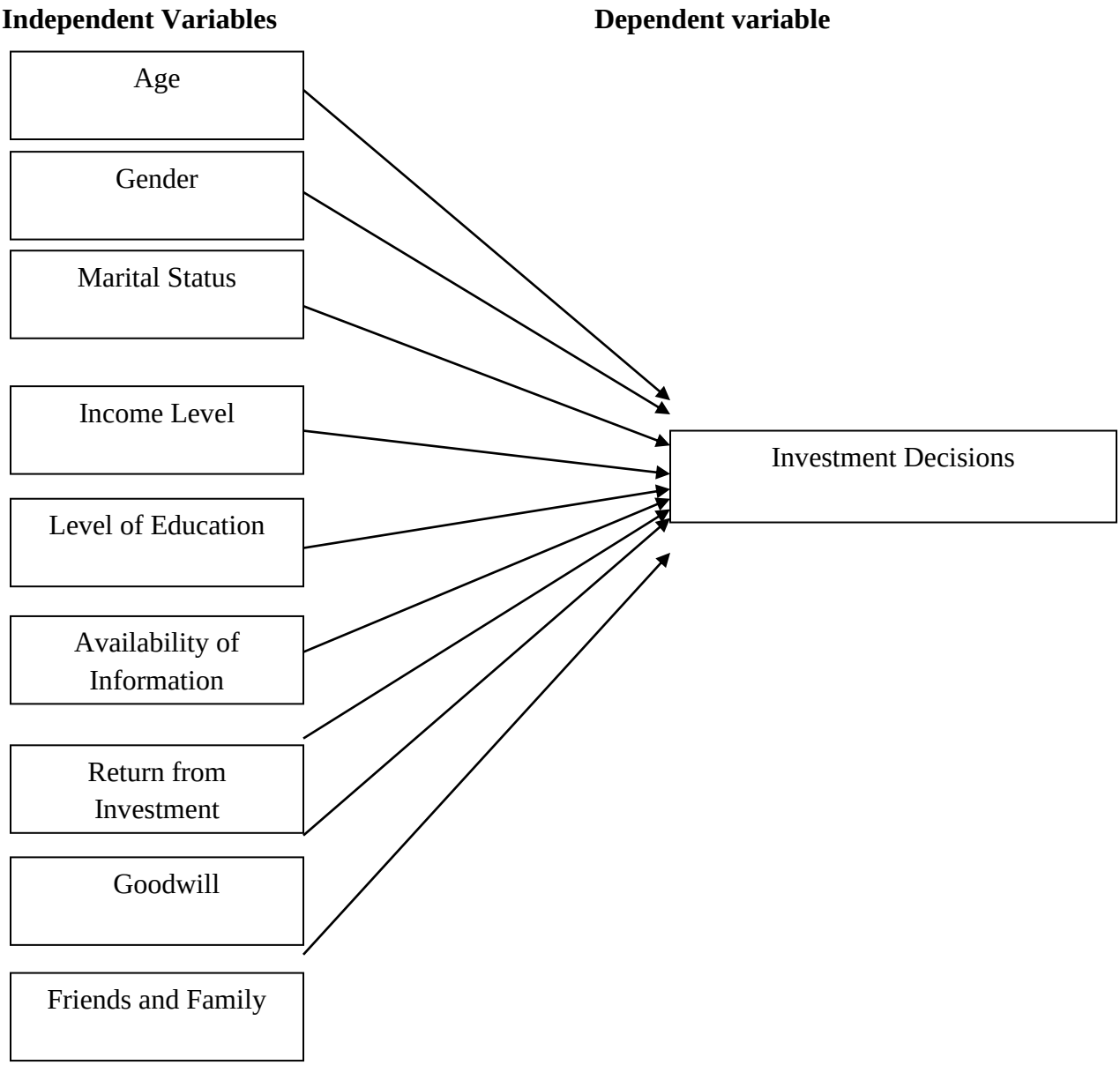

Fig 1: Conceptual Framework

2.2 Review of Previous Studies

Merikas et al. (2011) conducted an empirical survey of economic factors and individual investor behavior in a stock exchange based on Greek's Athens Stock Exchange (ASE) context. The findings were based on the views of 150 respondents who revealed a certain degree of correlation between the factors identified in behavioral finance theory literature as well other previous empirical influenced by the overall trends prevailing at the time of the survey in the ASE. The study held the position that that expected corporate earnings,

condition of financial statements, or firm status in the industry which falls under classic wealth maximization criteria were rated as having significantly high influence on individual investors' decisions. The study noted that these factors reliable criteria which can be considered in evaluating stock investments, as the respondents in this study were experienced investors who had survived the bubble burst of the Greek stock exchange that started at the end of 1999. Lakonishok*etal.(*1994) also indicated that investing in a growth stock is an investment style which is based on a company's fundamentals such as earnings, dividends, cash flows and book value of company and it is be considered as a rational style on behalf of investors.

Qureshi and Hunjra (2012) studied the factors affecting investment decision making among equity fund managers using data collected from 327 equity fund managers of insurancecompanies, commercial banks, and equity investment companies applying stratified random sampling technique. The results of the study demonstrated that a positive and significant relationship exist among heuristics, use of financial tools, risk aversion, firm-level corporate governance and investment decision making. The results further showed that corporate governance issues at the firm-level played a key role and is a significant factor when evaluating investment options. Equity fund managers of institutions used heuristics and financial tools in their investment decisions. Institutional equity fund managers were also found to be risk averse. Obamuyi (2013) sought to determine the factors influencing investment decisions in capital market in Nigeria. The findings of the study indicated that the five significant factors on investment were past performance of the firm's stock, projected security capital bonus, projected firm earnings, the dividend policy and the get rich quick mentality. The study observed that opinions of family members' opinions, rumors, religious affiliation, brand loyalty to firm's services and possible losses in other investments as have little influence on investment decisions. The study further determined that the demographic, social and economic factors of the retail investors including gender, age, marital status and educational attainment had statistical and significant influence on the investment decisions. Aroni, Namusonge and Sakwa (2014) studied the effect of financial information on investment in shares through a survey of retail investors in Kenya. The study used primary data which were gathered from 311 respondents randomly selected form 836 investors involved at the Nairobi

Securities Exchange as at March, 2013. The data were analyses through descriptive and linear regression. The results showed that financial information as a consideration had significant and positive influence on shares investment decisions in Kenya.

Murphy (2010) studied ethical behaviour and investment decisions in the United States and found that investors' ability of to make informed ethical choices is hampered by the quality of information received. The study noted that in the case of tobacco companies they do not admit that they have intentionally made their products unnecessarily addictive and governmental regulations have not fully rectified this issue. The accuracy of emissions and other environmental reports as issued by key conglomerates such as Exxon are also usually suspicious, and the information publications companies such as Enron and WorldCom which have been found guilty of serious fraudulent and false accounting practices. Jagongo and Mutswenje (2014) indicated that the most important factors that influence investment decisions were: reputation of the firm, firm's status in industry, expected corporate earnings, profit and condition of statement, past performance firms' stock, price per share, feeling on the economy and expected divided by investors

Maginn et al. (2007) while studying management of investment portfolios established that an understanding on the past performance of the relevant assets is important to enable investors in making their investment decisions. The study also noted that there is need to consider investor's tolerance for risk based on his responsibilities and his personality before investing in assets that bear considerable risk. The study found that personal investment decisions on how much money an individual investor wants to commit each month or the amount of a lump sum should be guided by the amount expected once the investments mature. The study further posited that an investor who wants to diversify his/her investments to include foreign holdings must consider factors, such as the national economic growth rates and the stock market liquidity. The investor must consider a country's capital gains tax policies and the integrity of its dispute resolution system. The investor must confirm that the country protects the rights of foreign investors and that its central bank holds adequate currency reserves. Lam (2014) established that past market trends, risk appetite, understanding past performance of changes in varied asset classes before planning investment finances and ability to tolerate

risk differs from individual to individual. Lam also noted that ability to bear risks depends on factors such as financial obligations, personality characteristics which make understanding the capacity to bear risks an important consideration in investment decision making. The study also observed that the expected rate of returns was crucial factor as it guides the choice of investment. Based on the expectations, an investor can decide whether to invest heavily into equities or debt or balance the portfolio. Ndiege (2012) studied the factors influencing investment decision in equity stocks at the Nairobi securities exchange among teachers in Kisumu municipality. The study established that investors were subject to optimism and pessimism that caused prices to deviate systematically from their fundamental values and later exhibited mean reversion. This was consistent with behavioral decision theory where investors are systematically over confident in their ability to forecast either future stock prices or future corporate earnings. Further, the study isolated subjective factors including perceived firm ethics, feelings towards firm products and services, community participation and employee as well as unbiased information through media coverage and political statements played a role in the relative neglect of the consideration of significant traditional variables in Kisumu municipality. A negative significant relationship was found to exist between the subjective factors and investment decisions.

Sarwar and Hussan (2016) studied the factors affecting the individual decision making in Islamabad Stock Exchange. The study used questionnaire to collect data from 253 individual investors trading at the Islamabad Stock Exchange. The findings reveal positive significant relationship between advocate advice, unbiased information, self-image/firm image convergence and individual investor investment decision making. However, the study found no evidence with regard to the relationship between accounting information, classical wealth maximization and personal financial needs. The study noted the need for further studies focusing on advocacy factors due to possibilities that the stock markets could easily be manipulated when investors rely on other advice in their investment decision making process. Wendo C. (2015) on her study on the factors influencing individual investors' participation in the Nairobi securities market. A case of advocates in Nairobi County, Kenya found out that that investment decisions are

influenced by popular opinion in the market, recent trends in returns and profitability and by the opinions of friends and colleagues.

Gunathilaka (2014) examined the equity investment decision process of retail investors in Sri Lanka using an analysis of data from 168 respondents who revealed that the perceived firm value had the largest influence on equity choice decisions. The study found accounting information, recommendations from advocates' and self-image/firm-image to be significant homogeneous groups of the factors with an influence on stock selection. The risk and historical prices were noted to be the second order factors in the process by the study. The study also held that decisions were influenced by political stability expectations, economic condition/outlook and good governance. The study identified firm's goodwill, liquidity, dividend payout and public news as marginal factors influencing investment decisions. Religious beliefs, family background advocates' opinion and content of the annual financial statements were found not to have an influence while the on the decision making. Ali and Tariq (2013) studied the factors affecting individual equity investor's decision making in Pakistan. The study found significant influence by convergence of self-image and firm-image, unbiased information in addition to advocate proposals on individual equity investor decision making. On the other hand, the study found that there were no influences of factors like individual's financial needs, classic wealth maximization and accounting information on individual equity investor's decision making in the Pakistan's context. Sultana and Pardhasaradhi (2012) conducted empirical analysis on influence of varied factors on individual equity investors' decision making and behavior in India. The study applied factor analysis where 40 attributes were condensed into ten factors. These factors were categorized as individual eccentric, social obligations, wealth maximization, risk reduction, brand perception, financial prospects, accounting disclosures, government together with the media, economic outlook and advocate advice. The factors were to have varying degree of influence on investment decisions made by individual market participants.

Chong and Lai (2011) studied how accounting disclosures, unbiased information, social relevance and advocates' advice related to investment decision among Malaysian investors. The study collected data from 199 respondents with the results showing that unbiased information appeared to the most significant factor for the Malaysian investors.

The second most significant factor was found to be accounting disclosures. Social relevance and advocates' advice followed in that order in influencing equity selection process. Unbiased information was positively correlated while accounting disclosures were negatively correlated with return expectations. Social relevance factor was found to be significant for female investors unlike their male counterparts. With regard to the stock market experience viewpoint, investors with five to ten years and those with 15 to 20 years' experience were found placing emphasis on accounting disclosures to make their investment decisions while investors who had more than 20 years of experience did not like using the accounting information. The study concluded that investment of investors' decisions making was affected by diverse interlinked advocacy factors.

Farooq and Sajid (2015) studied the factors which affect investment decisions using evidence derived from equity fund managers and individual investors in Pakistan. The study was designed to evaluate the effects of behavioral factors such as risk aversion, heuristics, financial tools usage and internal corporate governance on investment decision making. The study collected data using one hundred research questionnaires administered to individual investors and equity fund managers. The study established that financial tools usage, heuristics and internal corporate governance had positive and significant effect on investment decision making. On the other hand the study found that risk aversion had significant impact though negative on investment decision making. Moreover, all behavioral factors, internal corporate governance and investor's decision making had strong positive relationship with each other. Li, Rhee and Wang (2009) studied the differences in herding behaviour between institutional and individual investors in the Chinese market. Their findings indicate that institutional investors who are the better informed exhibited intense herding compared to the less informed individual investors although individual investors were more likely to influence market sentiments and demand as they tended to rely heavily on public information.

Chandra and Kumar (2011) studied the determinants of individual investor behaviour and noted that some psychological issues among them conservatism, low esteem, caution and informational asymmetry influenced investments decision making. The study further demonstrated that psychological factors have domineering influence on investor's

decision making process and that the micro economic variables as well as social factor do influence investment securities selection. Kumar and Lee (2006) carried out a study on retail investor sentiments and find that the trading retail investors buy or sell one group of stocks and they tend to buy or sell other groups exhibiting herding behaviour. Phuoc and Doan (2011) explored how behavioral factors influence individual investors' decisions at the Ho Chi Minh Stock Exchange using semi-structured interviews distributed to managers at the Ho Chi Minh Stock Exchange. The result showed that there were five behavioral factors affecting the investment decisions. These were market outlook, overconfident gamblers' fallacy herding and the bias associated with anchoring ability. The heuristic behaviors were found to have the highest positive impact on the investment performance while the herding behaviors were reported to influence positively the investment performance at the lower level. The study found that market outlook had high influence. On the contrary, prospect behaviors were found to have a negative effect on the investment decision outcomes. In Kenya, Mwangi (2011) studied behavioural factors which influence investment decisions in the property market where it emerged that heuristic factors including the ability to anchor, representativeness & availability bias had pronounced influence on property investment decisions.

2.3 Research Gap

The study has reviewed some of the available literature which had relevant information factors that influence investment decisions. The literature offered some valuable lessons for the study including the empirical evidence for indicators of the variables as well as offering the theoretical perspectives which have been used to study investment decisions. However the emerges several knowledge gaps which the study sought to attempt to address. First it emerges that the existing studies have also taken a broad approach where they have studied the factors under the personal and psychological categories without focusing on specific identifiable factor(s).The available local studies have not also employed inferential statistics to understand link between investment decisions and factors identified

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

Research design is the logical and systematic planning and directing a piece of research. It serves as a framework for the study, guiding the collection and analysis of the data, the research instruments to be utilized, and the sampling plan to be followed.

In this study descriptive as well as explorative research design is adopted. The study explores and describes various factors influencing investment decisions and trend of investors. This research adopts both quantitative and qualitative approaches. The study design and the structure of questionnaire surveys and interviews were explained, followed by detail on the questionnaire surveys and interviews.

The research plan is designed as follow:

- Various related articles and literatures are reviewed.
- Questionnaires is be prepared and distributed to the selected samples.
- Analysis and interpretation of collected data is done.
- Findings are presented and final reports submitted.

3.2 Population and Sample

Sample is a collection of items or elements from a population or universe. It is only a portion or subset of the whole population.

The population of the study is the total number of individual investors investing in financial instruments in Nepalese Stock Market. Since, the study aims at analyzing the trend of investment and behavior of investors' only active investors is taken into consideration. As per the recently undertaken research there are about 1200 active investors. Only 5 % of total population i.e.60 investors are taken as a sample for this study. A random sampling technique is applied because the population will be too large to study due to limited time.

3.3 Type and Sources of Data

To collect the primary data, as per necessity structured and some unstructured questionnaires are prepared and are collected form 60 patrons. To achieve the objectives

of this research, the present study employed a mixed research methodology, which combined quantitative and qualitative methods. The questionnaire used in this study was designed after having reviewed the literature to find factors influencing the investment decision-making of individuals. Questions used a multiple-choice and open and closed-ended approach to suit the content of each construct investigated. The questionnaire comprised two parts. Part one contained questions about age, gender, marital status, income, education, and part two sought individuals' opinions on the type of information they seek while making investment decisions. The questionnaires thus are administered to the selected samples at the time and pace of respondents' convenience. On the other hand the previous journals, articles, books and publications published from sources like SEBON, NEPSE and NRB and master degree thesis related to this research are used to collect secondary data according to the objective of the study.

3.4 Collection of Data

Collecting data is the connecting link to the world of reality for the researcher. Data collection methods often used in program evaluations include literature search, file review, natural observations, surveys, expert opinion, and case studies.

Survey method is used as a data collection technique including observations and interview. The study has considered both of the primary as well as the secondary data.

3.5 Tools for Analysis

Data analysis is an important stage of the research process. The purpose of analyzing the data is to change it from an unprocessed form to an understandable presentation. The analysis of data consists of organizing, tabulating, performing statistical analysis and drawing inferences.

The collected data is analyzed with the help of tabulation and various graphs and figures for meaningful representation as per requirement of the collected information. Statistical methods like Ms Excel and SPSS software are also be used to test and measure the variables.

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Data Presentation and Analysis

This chapter is the backbone of the research. In this chapter, the collected dataare presented in systematic manner and analyzed by using different appropriatetools and techniques. This chapter is divided into four sections.

1. The first section is related with back ground description of various indicators of investment decision factors.
2. In the second section of this chapter mean, standard deviation and coefficient of variation are computed to measure the average andvariation among various indicators of investment decision.
3. The third section of this chapter attempts to find out the association between the indicators of investment decision with the help of correlation matrix.
4. And the fourth or last section of this chapter examines the casual relationship between economic investment decision and its indicators by using regression analysis and testing of hypothesis.

4.1.1 Background Description of Data

I. Gender Summary

Table:1 Gender (source: survey response)

	Frequency	Percent
Male	45	75.0
Female	15	25.0
Total	60	100.0

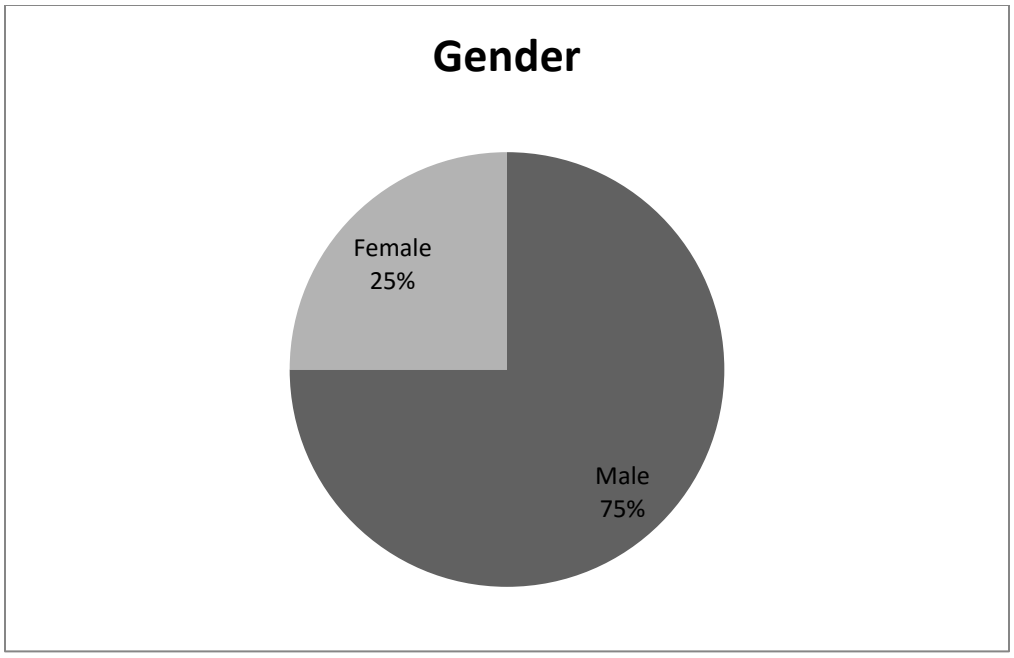

Fig 2: gender

Three-fourth of the total respondents in this survey was male and a quarter of them were female.

II. Marital Status

Table 2: Marital Status (source: survey response)

	Frequency	Percent
Single	26	43.3
Married	29	48.3
Separated	4	6.7
Divorced	1	1.7
Total	60	100.0

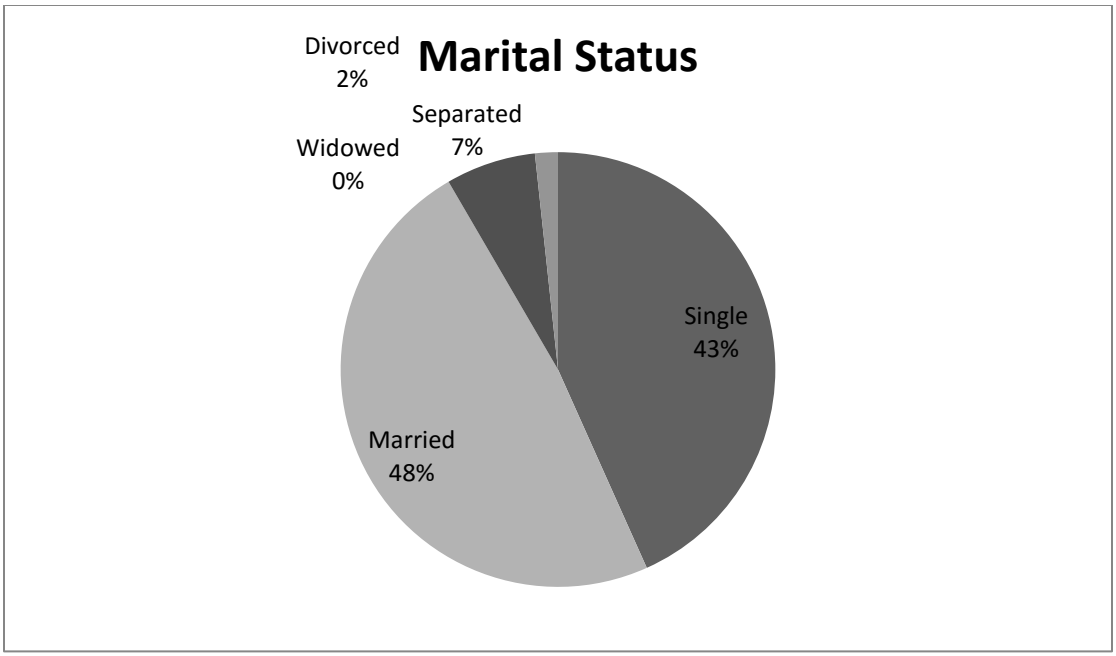

Fig 3: marital status

The highest number of survey takers was married person representing 48% of the total sample size.

III. Age Group

Table 3: Age (years) (source: survey response)

	Frequency	Percent
18-25	15	25.0
26-33	14	23.3
34-41	17	28.3
42-49	12	20.0
above 50	2	3.3
Total	60	100.0

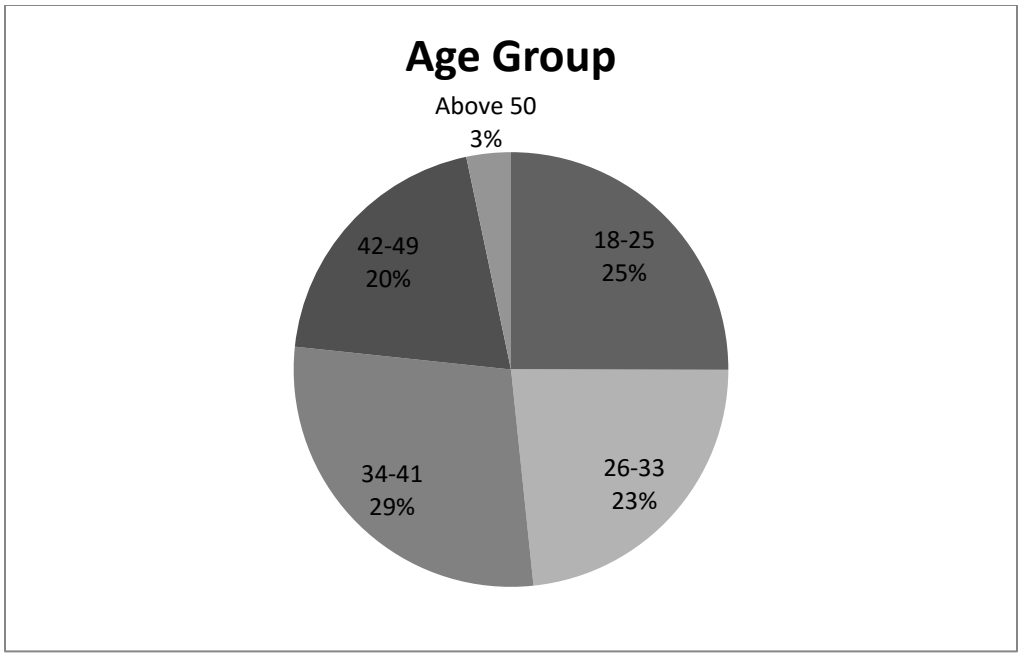

Fig 4: Age Group

Age distribution in the sample was categorized as 18-25, 26-33, 34-41, 42-49 and over 50. Age range between 34-41 is highly represented in the sample which was 28.3% of the sample. Age ranges above 55 was less represented in the sample which was 3.3 %.

IV. Education

Table 4: Education (source: survey response)

	Frequency	Percent
below +2	7	11.7
+2	15	25.0
Undergraduate	22	36.7
graduate & above	16	26.7
Total	60	100.0

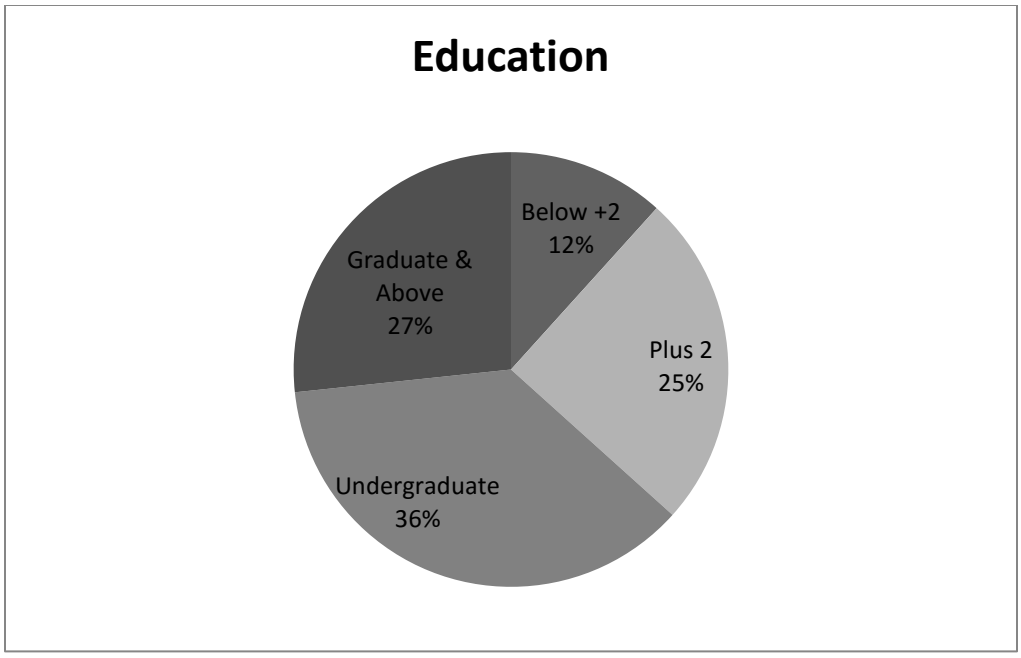

Figure 5: Education

Education level of the investors was categorized into four groups such as below +2, +2, undergraduate, and graduate. Just above 35%, the highest percentage of the candidates surveyed were people having undergraduate degree. Very small percentage of respondents was 11.7 % consisted of below +2.

V. Income

Table 5: Income (monthly NRS) (source: Income)

	Frequency	Percent
below 15000	16	26.7
15000-30000	13	21.7
30000-45000	16	26.7
above 45000	15	25.0
Total	60	100.0

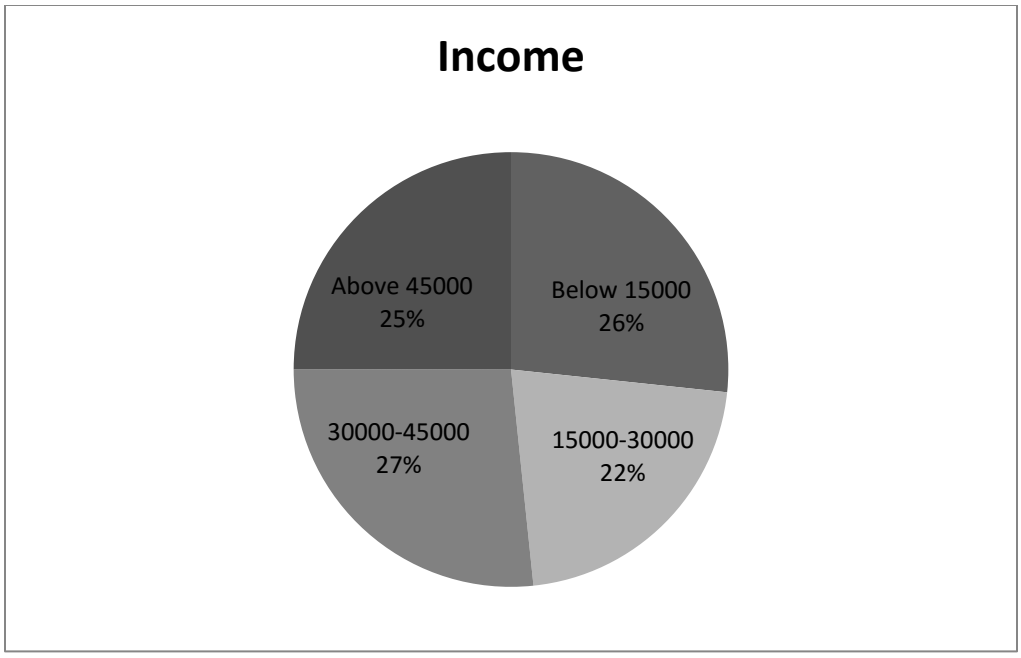

Figure 5: Income

Income distribution in the sample was categorized as below 15,000,15000- 30,000, 30,000-45,000, and over 45,000. Income between 30,000-45,000 is highly represented in the sample which was 27% of the sample. The respondents were normal distributed throughout the income group with having at least 22% in each range.

Table 6: Income (monthly NRS) * Education Crosstabulation (source SPSS output)

Count

		Education				Total
		below +2	+2	undergraduate	graduate & above	
Income (monthly NRS)	below 15000	6	8	2	0	16
	15000-30000	1	5	6	1	13
	30000-45000	0	1	8	7	16
	above 45000	0	1	6	8	15
Total		7	15	22	16	60

The percentage of respondents who had income below 15000 and who had education below +2 was 85%. Similarly, among respondents who had +2 education, more than half had income below 15000. Likewise, there were 22 patrons having undergraduate degree, 36% of them had income between 30000-45000. People having graduated and above degree had income either in the range of 30000-45000 or in the range above 45000.

VI. Industry Preference

Table 7: In which industry do you hold shares? (source: survey response)

	Frequency	Percent
banking and financial	11	18.3
Hydropower	15	25.0
Telecommunications	6	10.0
Hospitality	10	16.7
Others	18	30.0
Total	60	100.0

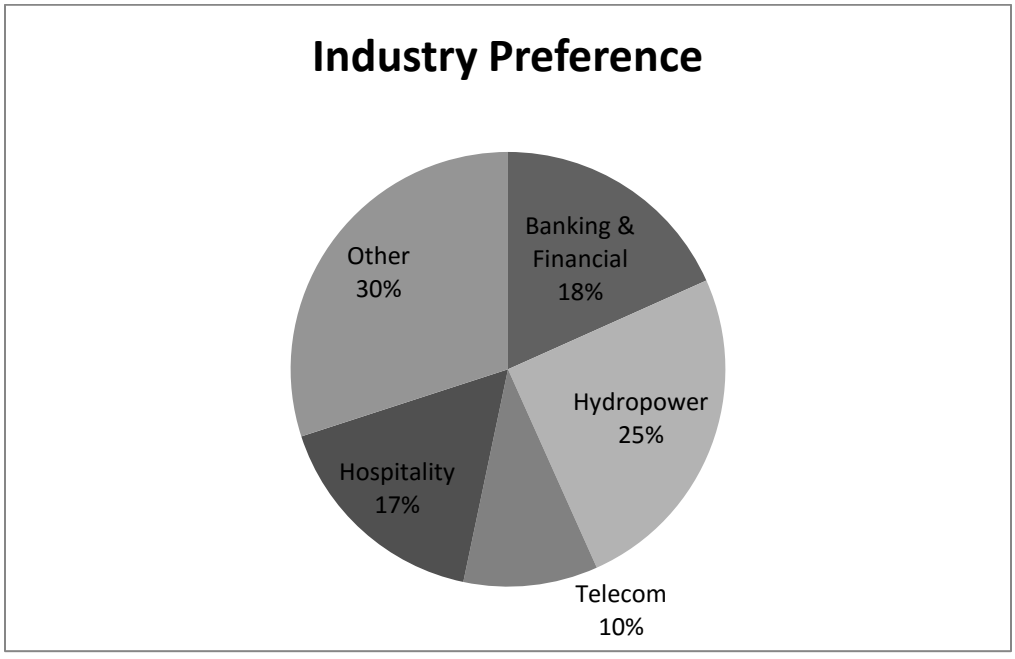

Figure 7: Industry Preference

Telecommunication is the least preferred portfolio constituting by just 10% of the total respondents. Almost, 30% had the two or more combination of stock portfolio in their investment.

VII. Number of Portfolio

Table 8: In how many companies do you directly hold shares in the industry listed above?
(source: survey response)

	Frequency	Percent
1	22	36.7
2-3	25	41.7
4-10	12	20.0
more than 10	1	1.7
Total	60	100.0

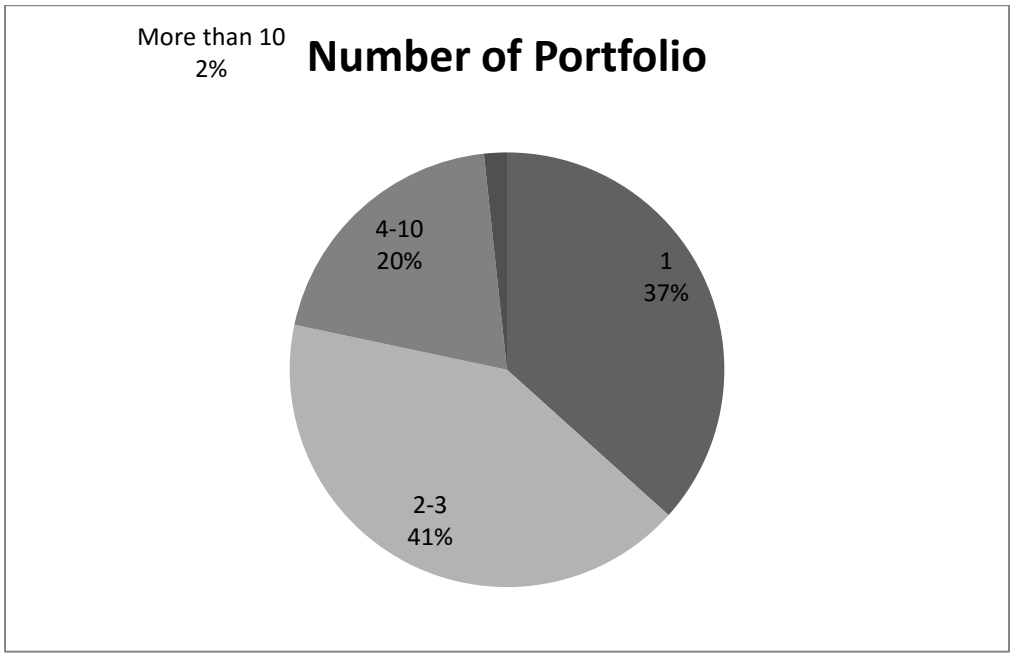

Figure 8: Number of Portfolio

Nearly, half of the respondents surveyed had 2-3 numbers of portfolios in their investment.

Table 9: Most Distributed Variables (source: SPSS output)

Variables	Most Distributed Variables	Number of People	Percentage (%)
Gender	Male	45	75%
Marital Status	Single	26	43.3%
Age	34-41	17	28.3%
Education	Undergraduate	22	36.7%
Income	Below 15000	16	26.7%
Investment Portfolio	Other	18	30%
Number of Portfolio	2-3	25	41.7%
Sources of Information for Decision Making	Dividend Yield, Share Price, PE Ration, Financial Opinions from Media	Na	Na

Table above shows respondents' highest education levels, where the majority (36.7 per cent) had a bachelor's degree. Likewise, majority of the participants (26.7 per cent) earned income below 15000.

4.1.2 Correlation and Regression Analysis

The correlation analysis has been carried out to examine the relationship between variables. Correlation measure the degree of correspondence between variables. This shows the relationship is mutual or reciprocating. The Pearson correlation coefficient between selected independent variables and dependent variables has been chosen for the correlation analysis. Before conducting correlation and regression analysis test of reliability have been carried out to meet the general assumption of correlation and regression of the variables that have been studied.

I. Test of Reliability

Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively correlated (Cavana, Delahaye & Sekaran 2001). Cronbach's alpha is based on the average correlations of the issues within a test when the items are standardised, and when the items are not standardised it is based on average covariance among the items (Coakes, Sherodan, Steed & Ong 2010). As this measure is the most commonly-used approach to estimate an item's reliability, it was used in this research.

Cronbach's Alpha provides a measure of the internal consistency of a test or scale. It is expressed as a number between 0 and 1. Internal consistency describes the extent to which all the items in a test measure the same concept or construct and hence it is connected to the inter-relatedness of the items within the test. Internal consistency should be determined before a test can be employed for research or examination purposes used for research or testing purposes to ensure validity. Also, reliability estimates show the amount of measurement error in a test. Put simply, this interpretation of reliability is the correlation of the test with itself. As stated by Hair et al. (2006), in confirmatory studies the accepted lower value for Cronbach's alpha is 0.7. Furthermore, as Cronbach's alpha is a measure of internal consistency, based on the average inter-items correlation, alpha scores above 0.9 are considered as excellent, above 0.8 as good, and above 0.7 as acceptable in exploratory studies (George & Mallery 2009; Turner 2007). Therefore, the higher the coefficients, the better the measuring instrument (Cavana, Delahaye & Sekaran 2001).

Table 10: Reliability Statistics (source: SPSS output)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.952	.952	11

In the above table, the Cronbach's Alpha score (.952) indicates excellent internal consistency based on the average inter-items correlation. It means the inter-relatedness among the questions set in the questionnaire is excellent and these questions are reliable for our particular analysis purpose.

A. Correlation Analysis

The correlation analysis has been carried out to examine the relationship between variables. Correlation measure the degree of correspondence between variables. This shows the relationship is mutual or reciprocating. Correlation can take any value in the range [-1, 1]. The sign of the correlation coefficient indicates the direction of the relationship, while the magnitude of the correlation (how close it is to -1 or +1) indicates the strength of the relationship.

B. RegressionAnalysis

Regression analysis helps to understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. Regression Analysis is known as the useful device to determine the strength of relationship between independent and dependent variables. In statistical modeling, regression analysis is a statistical process for estimating the relationships among variables.

a. Interpretation of R

In statistics, Pearson correlation measures the degree of strength and direction of a linear relationship between two variables when the data (X and Y values) consist of numerical scores from an interval or ratio scale of measurement. The value of R is always between +1 and –1.

b. Interpretation of adjusted Require

R square shows how well terms (data points) fit a curve or line. Adjusted R square also

indicates how well terms fit a curve or line, but adjusts for the number of terms in a model. Adjusted R square will always be less than or equal to R square.

If we add more and more useless variables to a model, adjusted R square will decrease. If we add more useful variables, adjusted R square will increase. Both R square and the adjusted R square give us an idea of how many data points fall within the line of the regression equation. However, there is one main difference between R square and the adjusted R square. R square assumes that every single variable explains the variation in the dependent variable but the adjusted R square tells us the percentage of variation explained by only the independent variables that actually affect the dependentvariable.

c. Interpretation of P-Value

The customary levels of significance are 0.10, 0.05, and 0.01 and so on. Present researcher has used 5 per cent ($\alpha = 0.05$) level of significance for analysis in thisstudy. Therefore, If, $p>0.05$: Null hypothesis will be accepted, and If, $P<0.05$: Null hypothesis will be rejected.

4.1.2.1 Correlation and Regression for the Number of Share Holding

Table 11: Correlation between number of share holding and Independent Variables (Age, Gender, Education, Income) (source: SPSS output)

Correlations						
		In how many companies do you directly hold shares in the industry listed above?	Age (years)	Gender	Education	Income (monthly NRS)
Pearson Correlation	In how many companies do you directly hold shares in the industry listed above?	1.000	.279	-.147	.423	.525
	Age (years)	.279	1.000	.066	.474	.481
	Gender	-.147	.066	1.000	.050	-.187
	Education	.423	.474	.050	1.000	.707
	Income (monthly NRS)	.525	.481	-.187	.707	1.000

Table 11 shows that the Pearson Correlation between the number of share holdings and predictive variables measured at Sig. (2-tailed) is .279, -.147, .423, and .525 for Age, Gender, Education, and Income respectively. It means the direction of the relationship is positive for age and investment decision (i.e., age and investment decision are positively correlated), meaning that these variables tend to increase together. The magnitude of the association is weak (.1</r/<.3). Similarly, the direction of the relationship is negative for gender and investment decision (i.e., gender and investment decision are negatively correlated), meaning that these variables tend to change in opposite direction. The magnitude of the association is weak (.1</r/<.3). Likewise, the direction of the relationship is positive for education and investment decision (i.e., education and

investment decision are positively correlated), meaning that these variables tend to increase together. The magnitude of the association is moderate (.3</r/<.5). Finally, the direction of the relationship is positive for income and investment decision (i.e., income and investment decision are positively correlated), meaning that these variables tend to increase together. The magnitude of the association is strong (.5</r/).

Regression Analysis for the number of share holding and Predictive Variables

Table 12: Model Summary (source: SPSS output)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.536[a]	.287	.235	.692	.287	5.528	4	55	.001

a. Predictors: (Constant), Income (monthly NRS), Gender, Age (years), Education

Table 12 provides the R and R^2 values. The R value represents the simple correlation and is .536. The R^2 value indicates how much of the total variation in the dependent variable, the number of share holding, can be explained by the independent variables. In this case, 28.7% can be explained, which is an average.

The number of share holding ANOVA Table

Table 13: ANOVA[a](Source: SPSS output)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.591	4	2.648	5.528	.001[b]
	Residual	26.342	55	.479		
	Total	36.933	59			

a. Dependent Variable: In how many companies do you directly hold shares in the industry listed above?

b. Predictors: (Constant), Income (monthly NRS), Gender, Age (years), Education

The p-value associated with the F value is very small (0.001), which is less than 0.05.

Hypothesis Test 1:

Since p-value (0.001) < 0.05 (alpha level), there is a significant relationship between the number of share holding and independent variables, that means the group of independent variables reliably predict the dependent variable.

4.1.2.2 Correlation and Regression for Investment Portfolio

Table 14: Correlation between Investment Portfolio and Independent Variables (Age, Gender, Education, Income) (source: SPSS output)

Correlations						
		In which industry do you hold shares?	Age (years)	Gender	Education	Income (monthly NRS)
Pearson Correlation	In which industry do you hold shares?	1.000	.068	.044	.124	.111
	Age (years)	.068	1.000	.066	.474	.481
	Gender	.044	.066	1.000	.050	-.187
	Education	.124	.474	.050	1.000	.707
	Income (monthly NRS)	.111	.481	-.187	.707	1.000

Table 14 shows that the Pearson Correlation between the Investment Portfolio and predictive variables measured at Sig. (2-tailed) is .068, .044, .124, and .111 for Age, Gender, Education, and Income respectively. It means the direction of the relationship is positive for age and investment portfolio (i.e., age and investment portfolio are positively correlated), meaning that these variables tend to increase together. The magnitude of the association is very weak (.1</r/<.3). Similarly, the direction of the relationship is positive for gender and investment portfolio (i.e., gender and investment portfolio are positively correlated), meaning that these variables tend to change together. The magnitude of the association is very weak (.1</r/<.3). Likewise, the direction of the relationship is positive for education and investment portfolio (i.e., education and investment portfolio are positively correlated), meaning that these variables tend to increase together. The magnitude of the association is weak (.1</r/<.3). Finally, the direction of the relationship is positive for income and investment portfolio (i.e., income and investment portfolio are positively correlated), meaning that these variables tend to increase together. The magnitude of the association is weak (1</r/<.3).

Regression Analysis for the number of share holding and Predictive Variables

Table 15: Model Summary[b] (Source: SPSS output)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.138[a]	.019	-.052	1.578	.019	.267	4	55	.898

a. Predictors: (Constant), Income (monthly NRS), Gender, Age (years), Education

b. Dependent Variable: In which industry do you hold shares?

Table 15 above provides the R and R^2 values. The R value represents the simple correlation and is .13/8. The R^2 value indicates how much of the total variation in the dependent variable, the number of share holding, can be explained by the independent variables. In this case, 19% can be explained, which is an average.

The number of share holding ANOVA Table

Table 16: ANOVA[a] (source: SPSS output)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.655	4	.664	.267	.898[b]
	Residual	136.995	55	2.491		
	Total	139.650	59			

a. Dependent Variable: In which industry do you hold shares?

b. Predictors: (Constant), Income (monthly NRS), Gender, Age (years), Education

The p-value associated with the F value is very large (0.87), which is greater than 0.05.

Hypothesis Test 2:

Since p-value (0.898) > 0.05 (alpha level), there is not a significant relationship between the investment portfolio and independent variables, that means the group of independent variables does not reliably predict the dependent variable.

4.1.2.3 Correlation and Regression for Decision Source Variables

Table 17: Correlation between Investment Decision (the Number of Share Holding) and Decision Source Variables (source: SPSS output)

Pearson Correlation Sig. (2-Tailed	Rating Scale	EPS	Profit or Rate of Return	Dividend Yield	PE Ratio	Reputation of BOD	Auditor's Report	Financial Opinions	Others
The Number of Share Holding	-.147	.072	.279	.423	.525	-.011	-.048	-.128	-.188

Table 17 shows that the Pearson Correlation between the Investment Decision and predictive variables measured at Sig. (2-tailed) is -.147, .072, .279, .432, .525, -.011, -.048, -.128, -.188 for rating scale, EPS, profit, dividend yield, PE ratio, reputation of BOD, auditor's report, financial opinion, and other respectively. It means the direction of the relationship is positive for EPS, profit, dividend yield, and PE ratio with investment decision (i.e., EPS, profit, dividend yield, and PE ratio and investment decision are positively correlated), meaning that these variables tend to increase together. The magnitude of the association is very weak (.1</r/<.3) for EPS and profit while moderate (.3</r/<.5) for dividend yield and very strong (.5</r/) for PE ration. Similarly, the direction of the relationship is negative for rating scale, reputation of BOD, auditor's report, and financial opinion with investment decision (i.e., rating scale, reputation of BOD, auditor's report, and financial opinion and investment decision are negatively correlated), meaning that these variables tend to change in opposite direction. The magnitude of the association is very weak (.1</r/<.3).

Regression Analysis between the number of share holding and decision source variables

Table 18: Model Summary[b] (source: SPSS output)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.623[a]	.388	.160	.725	.388	1.703	16	43	.083

a. Predictors: Decision Source Variables

b. Dependent Variable: Investment Decision

Table 18 above provides the R and R^2 values. The R value represents the simple correlation and is .623. The R^2 value indicates how much of the total variation in the dependent variable, GDP per capital, can be explained by the independent variables. In this case, 38.8% can be explained, which is very large.

Table 15: Number of Share Holding ANOVA Table

Table 19: ANOVA[a] (source: SPSS output)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.328	16	.895	1.703	.083[b]
	Residual	22.606	43	.526		
	Total	36.933	59			

a. Predictors: Decision Source Variables

b. Dependent Variable: Investment Decision

The p-value associated with the F value is large (0.083), which is greater than 0.05.

Hypothesis Test 3:

Since p-value (0.083) >0.05 (alpha level), there is not a significant relationship between Inflation at current price and independent variables, that means the group of independent variables does not reliably predict the dependent variable.

4.1.2.4 Correlation and Regression for Investment Portfolio

Table 20: Correlation matrix (source: SPSS output)

Pearson Correlation Sig. (2-Tailed	Rating Scale	EPS	Profit or Rate of Return	Dividend Yield	Share Price	PE ratio	Reputation of BOD	Auditor's Report	Financial opinion from media
Investment Portfolio	.158	.098	.014	.055	-.060	.004	.010	.001	-.074

Table 20 shows that the Pearson Correlation between the Investment Portfolio and predictive variables measured at Sig. (2-tailed) is .158, .098, .014, .055, -.060, .004, .010, .001, -.074 for rating scale, EPS, profit, dividend yield, share price, PE ratio, reputation of BOD, auditor's report, and financial opinion respectively. It means the direction of the relationship is positive for rating scale, EPS, profit, dividend yield, PE ratio, reputation of BOD, and auditor's report with investment portfolio (i.e., rating scale, EPS, profit, and dividend yield and investment portfolio are positively correlated), meaning that these variables tend to increase together. The magnitude of the association is very weak (.1</r/<.3). Similarly, the direction of the relationship is negative for share price and financial opinion with investment portfolio (i.e., PE ratio and financial opinion and investment decision are negatively correlated), meaning that these variables tend to change in opposite direction. The magnitude of the association is very weak (.1</r/<.3). Regression Analysis between the number of share holding and decision source variables**Table 21: Model Summary (source: SPSS output)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.539[a]	.291	.027	1.518	..291	1.102	16	43	.383

a. Predictors: Decision Source Variables

b. Dependent Variable: Investment portfolio

Table 21 above provides the R and R^2 values. The R value represents the simple correlation and is .539. The R^2 value indicates how much of the total variation in the dependent variable, GDP per capital, can be explained by the independent variables. In this case, 29.1% can be explained, which is around average.

Table 22: Investment Portfolio ANOVA Table (source: SPSS output)

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	40.607	16	2.538	1.102	.383[b]
	Residual	99.043	43	2.303		
	Total	139.650	59			

a. Predictors: Decision Source Variables

b. Dependent Variable: Investment Portfolio

The p-value associated with the F value is large (0.383), which is greater than 0.05.

Hypothesis Test 4:

Since p-value (0.383) >0.05 (alpha level), there is not a significant relationship between Inflation at current price and independent variables, that means the group of independent variables does not reliably predict the dependent variable.

4.2 Major Findings

From the analysis of correlation and regression result of four models, the major findings of the results are presented in below table:

Table 23: Results of Correlation and Regression Analysis

Independent variables →	Age Gender Income Education
Dependent variables ↓	
Number of Share Holding	Moderate Positive Significant
Investment Portfolio	Weak Positive Insignificant

Independent variables →	Decision Source Variables (Rating Scale, Share Price, PE Ration, Dividend Yield, etc.)
Dependent variables ↓	
Number of Share Holding	Strong Positive Insignificant
Investment Portfolio	Moderate Positive Insignificant

i. **Finding 1**

There is a significant relationship, which is moderate but positive between Dependent Variable (Number of Share Holding) and Independent Variables (Age, Gender, Income, and Education).

ii. **Finding 2**

There is not a significant relationship, which is weakbutpositive between Dependent Variable (Number of Share Holding) and Independent Variables (Age, Gender, Income, and Education).

iii. **Finding 3**

There is aninsignificant relationship, which is strong and positive between Dependent Variable (Number of Share Holding) and Independent Variables (Decision Source Variables).

iv. **Finding 4**

There is not a significant relationship, which is moderatebut positive between Dependent Variable (Investment Portfolio) and Independent Variables (Decision Source Variables).

v. **Finding 5**

The results of the questionnaires reveal that 75 per cent of the respondents were men.. The majority of respondents (28.3 per cent) were aged between 31-41 years of age. The majority of respondents (36.7 per cent) had a bachelor degree as their highest level of academic qualification. Shareholders invested in two to three (41.7%) selected major industries: 30 per cent invested in other than explicitly mentioned industries, with an average of shares owned in 2-3 companies by each direct shareholder.

4.3 Discussion

The survey respondents agreed that information in financial statements is useful and important for their decision-making. Shareholders make their investment decisions based

firstly on PE ratio, which is dependent on the net profit of the company. In cases when a company declares high dividend, the shareholders have greater confidence to invest in that company.The findings in this study showed that shareholders dividend yield and PE ration as highly important in making investment decisions.

Age, gender, education, and income reliably predict the investment decision while the decision sources (rating scale, EPS, profit, dividend yield, share price, PE ratio, reputation of BOD, auditor's report, and financial opinion) doesn't help in the decision making to the extent as expected. Reliability theory was proposed by (Gavrilov and Gavrilova, 2001). This theory is used to describe the probability of a system successfully undertaking its expected function(s) in a certain time interval (Gavrilov and Gavrilova, 2001). The theory has been used as a model by companies in calculating profitable rates to be charged to the customers. The theory stipulates that investment decisions are primarily set up for assessment and control of risks. The theory further argues that weak organizational systems produce more meaningful output and thus greater cost (Kinney, 2000). According to Gavrilov and Gavrilova (2001), the ability to determine weaknesses of any organization is largely judgmental. The theory argues that upon the formulation of the process and system reliability estimates, comparison with past financial data may provide a more reliable basis for judgment on the effect of firm's system on the income risk of the said firm. Messier and Austen (2002) used this theory in their study and demonstrated strength of the reliability theory which they pointed out as being its close relationship to the needs of an organization regarding understanding the organizational system and control risk assessment. Other scholars who obtained similar results were (Kannadhasan, 2006) and (Kannadhasan, 2015).

CHAPTER V

SUMMARAY AND CONCLUSION

5.1 Summary

An investment is denoted as a commitment of funds made in desire of some positive rate of return. If the investment is properly attempted, the return will be comparable with the risk the investor assumes. Funds to be invested originate from assets already owned, borrowed money and savings or forgone consumption. By foregoing their present consumption today and investing the savings, investors hope to improve their future consumption outcomes by increasing their wealth. Individuals choose to invest to supplement their income, to earn capital gains, and to experience the excitement of the investment process (Mahat, 1981).

Financial intermediaries or institutions are the organizations that channel the savings of governments, businesses, and individuals into loans or investments. They channel the funds between borrowers and savers. The role of the financial intermediaries is to accumulate funds from various savers and lend those funds to borrowers and thus they actively participate in the money market and the capital market. Savings and loan associations, banks, mutual funds, pension funds, credit unions, life insurance companies etc are the examples of financial intermediaries (Shrestha & Bhandari, 2007).

Investors are the foundation of the economic well-being of the nation so investors should be urged to make investments in security markets by creating friendly investment environment. Government policies with respect to the financial sector and security market should be positive. With this expansion of market, a number of new investment alternatives are increasing day by day. It is observed that there is lack of proper government rules and regulations and also no favorable environment to develop the security market and to encourage investors to invest in the potential investment environment. In this backdrop, what is the pattern of investment of individual investors is the major concern of the study

5.2 Conclusion

In this study, multiple-correlation and multiple-regression analysis have been carried out to analyze the relationship between Independent Variables (age, gender, education, income, and decision sources) and Dependent Variables (Number of Share Holding and Investment Portfolio) in Nepal using data from 60 respondents. The results documented in this study find the mixed sign of relationship between Independent Variables (age, gender, education, income, and decision sources) and Dependent Variables (Number of Share Holding and Investment Portfolio). Their correlation coefficients as well as estimated regression coefficients are found statistically significant for some variables while insignificant for other variables to predict stock investment decision. Independent Variables (age, gender, education, and income) and Dependent Variables (Number of Share Holding) shows significant relationship. On the other hand Independent Variables (age, gender, education, income, and decision sources) and Dependent Variables (Number of Share Holding and Investment Portfolio) show insignificant relationship.

With regard to first objective, the study concludes that that the age, gender, education, and income affect the investment decision. The study also concludes that the investment decisions are correlated with the share price, EPS, PE ration, and dividend yield to some extent. The study also concludes that the opinions from investment groups, business news, stock brokers and other stakeholders greatly influence the investment decisions. These factors are important during the decision making on which stock and in which sector to invest in among the retail investors. Pertaining the second objective, it was deduced that the information on decision sources (rating scale, EPS, profit, dividend yield, share price, PE ratio, reputation of BOD, auditor's report, and financial opinion) do not influence the investment decision. This study thus concludes that the investment decisions do not depend on the available information. The study holds that the investors may be using the information wrongly or that they do not deem the information as being important for their decision on which stocks to invest in. The findings of this study are consistent with the findings by Epstein's (1975), Lee and Tweedie (1975). However, the findings of this study contradict from the findings by Aroni, Namusonge and Sakwa (2014),

5.3 Implication

Investors have got awareness on the most influencing factors in order to achieve their ultimate objective of maximizing wealth. Policy makers and administers of the companies have identified which factors are focusing by investors to make their investment decisions. Therefore, current study identified two most important factors and four least important factors to influence their investment decisions.

For academicians, finally, there is a lot of scope for research in this particular field. Finding the contribution of stock market to the economy and research study in this area are new phenomena. Therefore, in case of Nepal, as well, the extended and comprehensive study in this field will be just as timely and appropriate. Even, this particular study can be extended by including more and more specific variables and designing the research ore appropriately. The study attempted to discuss theoretical hypothesis on the factors affecting investment decisions and compares it with empirical evidences from previous research works. The present study adds several primary contributions to the existing literature in this field.First, it extends the literature by examining the demographic factors in relation to decision source factors in the context of Nepalese economy and intends to be a basic coverage for further research.

This study provides an investigation and analysis of the influences on the decision-making of shareholders in Nepal. A key finding was that the majority of shareholders depended on the Dividend Yield and PE ratio for investment decision-making. Given the paucity of research in this area, this study provides a significant contribution to knowledge through providing insights into the effects on shareholders' decision-making in industries that have a large asset base.

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CHAPTER I
INTRODUCTION

1.6 Background of the Study

The investment decision of individual investors and their behavioral factors is the matter of the study of this dissertation. The study intends to analyze the most influencing factors for investment decisions and the expectation of investor while making their investment in security markets. Adhikari (2004) Different types of securities as equity shares, preference shares, debentures, government bonds and mutual funds are available for trading in the NEPSE. Nevertheless, being so many investment alternatives available in Nepal, many investors have restricted their investment areas and are skeptic of the risky investment opportunities available.

An investment is denoted as a commitment of funds made in desire of some positive rate of return. If the investment is properly attempted, the return will be comparable with the risk the investor assumes. Funds to be invested originate from assets already owned, borrowed money and savings or forgone consumption. By foregoing their present consumption today and investing the savings, investors hope to improve their future consumption outcomes by increasing their wealth. Individuals choose to invest to supplement their income, to earn capital gains, and to experience the excitement of the investment process (Mahat, 1981).

Investment environment refers to the financial structure wherein investors operate, consisting of the kinds of marketable securities available for buying and selling and how and where these securities are bought and sold. It incorporates all the internal as well as external factors that have a bearing on the working of investment decisions. Investment environment covers securities, security markets and financial intermediaries. The following section includes a brief description of each of these components:

Securities

Securities are the piece of paper confirming the investor's right to the assets. It is the legal representation of the right to get forthcoming benefits under stated conditions and to buy or sell ownership interests. Share, bond, preferred stock, Treasury bill, commercial paper, for instances, are all examples of securities.

Security Market

(Shrestha & Bhandari, 2007) Security market otherwise called financial market is a mechanism intended to encourage the trading of financial assets or securities by bringing buyers and sellers of securities together. Security market enables suppliers and demanders of funds to make transactions. Security market is categorized on the basis of life span as money market and capital market and on the basis of economic function as primary market and secondary market.

Financial Intermediaries

Financial intermediaries or institutions are the organizations that channel the savings of governments, businesses, and individuals into loans or investments. They channel the funds between borrowers and savers. The role of the financial intermediaries is to accumulate funds from various savers and lend those funds to borrowers and thus they actively participate in the money market and the capital market. Savings and loan associations, banks, mutual funds, pension funds, credit unions, life insurance companies etc are the examples of financial intermediaries (Shrestha & Bhandari, 2007).

Investment Alternatives

Shrestha & Bhandari (2007) There are different investment choices available to investors in the market. Some of them are marketable and liquid while others are non-marketable. Some of them are highly risky while some others are almost riskless. Investors choose proper alternatives from among them depending on the preferences, needs and ability to assume risk. The investment options includes money market instruments, capital market instruments, derivative instruments, real instruments and other instruments as pension funds, mutual and closed end funds, employee provident fund and insurance policies.

1.7 Problem Statement

The investment, speculation and betting are used reciprocally in numerous contexts yet there are such a significant number of contrasts between them which need to be understood mainly by the existing and potential investors to make their investments decisions. Investment includes less risk than both speculation and gambling and is also associated with relatively longer time horizon. Investment decision is dependent on the

examination of large amount of information available whereas speculation and gambling decision is based on limited information analysis.

Investors are the foundation of the economic well-being of the nation so investors should be urged to make investments in security markets by creating friendly investment environment. Government policies with respect to the financial sector and security market should be positive. With this expansion of market, a number of new investment alternatives are increasing day by day. It is observed that there is lack of proper government rules and regulations and also no favorable environment to develop the security market and to encourage investors to invest in the potential investment environment. In this backdrop, what is the pattern of investment of individual investors is the major concern of the study. Addressing this worry, the study attempts to discover the answers of the following questions:

e) What is the pattern of investment of individual investors?
f) What is the expectation of investors while making investment decision?
g) What is the most influencing factor for investor's decision making?
h) Why do they prefer particular type of financial instrument?

1.8 Objectives of the Study

In general, the objective of this study are beto analyze the investment pattern and behavior of investors? The specific objectives of the study are:

d) To analyze the perception of people towards different investment avenues.
e) To analyze the investment trend of the existing investors.
f) To explore the most influencing factors for investment decision.

1.9 Research Questions/ Hypothesis

H1: There is significant relationship between age and gender and investment decision.

H2: There is significant relationship between income level and level of education and investment decision.

1.10 Limitation of the Study

The major hurdles during the study were:

d) The patrons were not willing to provide their accurate income

e) There was a language barrier in the way respondents had understood investment decision and its influencing factors
f) The fewer number of respondents covered in random sampling probably might not reflect the nature of investment pattern of the whole population.

1.6 Chapter Plan

This study will be organized in five chapters, which are:

Chapter I: Introduction of the Study

This first chapter deals with introduction, problems of the study, and objective of the study, limitation of the study, need of the study, research methodology and method of analysis.

Chapter II: Review of Literature

The second chapter consists of review of literature, review from different studies review from journal, article and magazine and review from master's thesis for concerned topic.

Chapter III: Research Methodology

The third chapter presents methodologies adopted for the research. It comprises research design, sources of data method of analysis and its descriptive presentation.

Chapter IV: Results and Discussion

The fourth chapter deals with the techniques used in analyzing the collected data and its presentation in the descriptive and analytical manner. This is the most important chapter of this study this chapter will deals with the presentation and analysis of data with the help of different tools specified methodology and the interpretation of data.

Chapter V: Summary and Conclusion

The fifth chapter consists of conclusion and implication about the topic concerned. The researcher has researched some conclusion and recommended some guidelines to the sample organization for improving weakness factor and offers several suggestions for stake holders and future researcher.

2.1 Conceptual Review

2.1.1Prospect Theory

The prospect theory was proposed by (Tversky and Kahneman, 1992).The theory holds that individuals express varied emotional levels towards gains and losses. The theory argues that people get higher degree of stress from prospective losses compared to the degree of happiness from equivalent gains (Trepel, Fox & Poldrack, 2005).

The theory insists that losses seem larger than equivalent gains and the value of money changes when it goes deep into people's pockets. Prospect theory also attempts to explain reasns for investors holding onto losing stocks arguing that people often take more risks to prevent losses than to obtain gains. Chandra& Kumar (2011) applied this theory in India and found out that investors willingly hold onto risky stock positions, hoping the prices will improve in a similar fashion with gamblers who on a losing streak, increasing their bets and frequency in an attempt to recoup their losses. Further, Jagongo and Mutswenje (2014) used this theory in their study and determined that despite people's rational aspirations to obtain returns on risks they take, they tend to value things they possess higher than the price they would normally be willing to pay for such things.

The prospect theory was important in the present in determining why retail investors choose to hold onto their losing stocks and sell their winning stocks in the belief that today's losers may soon outperform today's gainers. The theory was suitable for the study as investors often make the mistake of chasing market action by investing in options which are spotlight or generating more attention.

2.1.2 Reliability Theory

Reliability theory was proposed by (Gavrilov and Gavrilova, 2001). This theory is used to describe the probability of a system successfully undertaking its expected function(s) in a certain time interval (Gavrilov and Gavrilova, 2001). The theory has been used as a model by companies in calculating profitable rates to be charged to the customers. The theory stipulates that investment decisions are primarily set up for assessment and control of risks. The theory further argues that weak organizational systems produce more meaningful output and thus greater cost (Kinney, 2000). According to Gavrilov and Gavrilova (2001), the ability to determine weaknesses of any organization is largely

judgmental. The theory argues that upon the formulation of the process and system reliability estimates, comparison with past financial data may provide a more reliable basis for judgment on the effect of firm's system on the income risk of the said firm. Messier and Austen (2002) used this theory in their study and demonstrated strength of the reliability theory which they pointed out as being its close relationship to the needs of an organization regarding understanding the organizational system and control risk assessment. Other scholars who obtained similar results were (Kannadhasan, 2006) and (Kannadhasan, 2015).

The reliability theory was important in the present study due to its basis on the notion that an implemented system should be able to meet its expected function. The theory focuses on the effect of risk assessment on financial performance of firms which was likely to affect the investment decisions in Kenyan retail investors.

2.1.3 Definition of key terms

(i) Age

Previous researchers (for example, Lease, Lewellen & Schlarbaum (1974), Epstein (1975), Firer (1988), Anderson (1999), Naser, Nuseibeh and Al-Hassaini (2003), and Brijlal (2007) found a significant relationship between age and the perceived usefulness of accounting information related to their investment decisions. Investors in the New York Stock Exchange who are aged over 65 years used fundamental analysis and invested in the long-term capital gain, according to (Lease, Lewellen & Schlarbaum, 1974). Epstein's (1975) study found that age affects an individual's usage of financial statements, which is supported by the observations made in a study within the Johannesburg Securities Exchange (JSE) in South Africa, where investors who were retired or close to retirement paid close attention to dividend income reported in company income statements (Firer 1988). In addition, a study in the US indicated that investors who were 47 years of age and older preferred to invest in individual stock, equity unit trusts, and long-term financial goals (Anderson 1999). Nevertheless, a later study in the JSE in South Africa found that the majority (92 per cent) of middle aged investors (36-55 years old) were investing for long-term capital gain (Brijlal 2007), and a similar study by Naser, Nuseibeh& Al-Hassaini (2003) found that the average age of Kuwaiti investors was 34 years.

(ii) Gender

Early research by Lee and Tweedie (1975) and Bartlett and Chandler (1997), found that gender difference affected the perceived importance of items in financial reports, and this influenced the investment decision-making by UK shareholders. In these studies, the majority of the respondents were male, (83 per cent and 59 per cent respectively). Circumstances indicated, based on a number of previous studies concluded that a significantly larger proportion of investors may be male (Baker & Haslem 1973). For example, the findings of Firer (1988) and Alattar and Al-Khater (2007) and Brijlal (2007) were 84 per cent male, 85 per cent male and 89 per cent male, respectively. On the other hand, the study of investors' perceptions of earnings quality, auditor independence, and the usefulness of audited financial information in the US found a predominance of female respondents 68 per cent (Hodge 2003).

Even though Baker & Haslem (1973), Lee and Tweedie (1975), Firer (1988), Hodge (2003), Alattar and Al-Khater (2007), and Brijlal (2007) commented on gender proportions of the investors they surveyed, they only commented on "perceived" differences of financial reports, with an alleged gender bias without being specific how the reports varied with information that may be suitable for males as opposed to females. This represents a significant failing within the research as there appears to be an absence of this type of data. However, as the findings in this study show, through original research, there was no difference between the female (47 per cent) and male (53 per cent) in their responses to reports to influence their decision making.

(iii) Level of education

Numerous researchers found that the level of education affects the perceived usefulness of financial information shareholders and investors when making their investment decisions (Baker & Haslem 1973; Epstein 1975; Firer 1988; Anderson & Epstein 1996; Naser, Nuseibeh& Al-Hassaini 2003; Alattar & Al-Khater 2007; Brijlal 2007).

The perception of investors of company financial reports related to a level of education in various countries has been investigated in a number of studies. An early study in the US

found a significantly larger proportion of educated investors, and also that the information these people used was influenced by their previous education when analysing the informed information (Baker & Haslem 1973). Furthermore, the educational level also affected the US investors' perceived usefulness of financial statements (Epstein 1975). The proportion of the Johannesburg Securities Exchange investors who had a bachelor degree or post graduate qualification increased from 50 per cent in the 1980s to 64 per cent in 2007 (Firer 1988; Brijlal 2007). Anderson and Epstein (1996) asserted that investors' level of education in the US was positively associated with the usefulness of the 'footnotes' sections of a company's annual report. A study in Kuwait found that 84 per cent of respondents held a bachelor's degree and more than 35 per cent revealed that they obtained their degrees in the US and UK, which they claimed helped them to understand the information in financial reports (Naser, Nuseibeh& Al-Hassaini 2003). The majority of Qatar respondents (81 per cent) had a bachelors or higher degree, and it was claimed that they considered the annual 94 report as an important and useful source of information for investment decisions (Alattar & Al-Khater 2007).

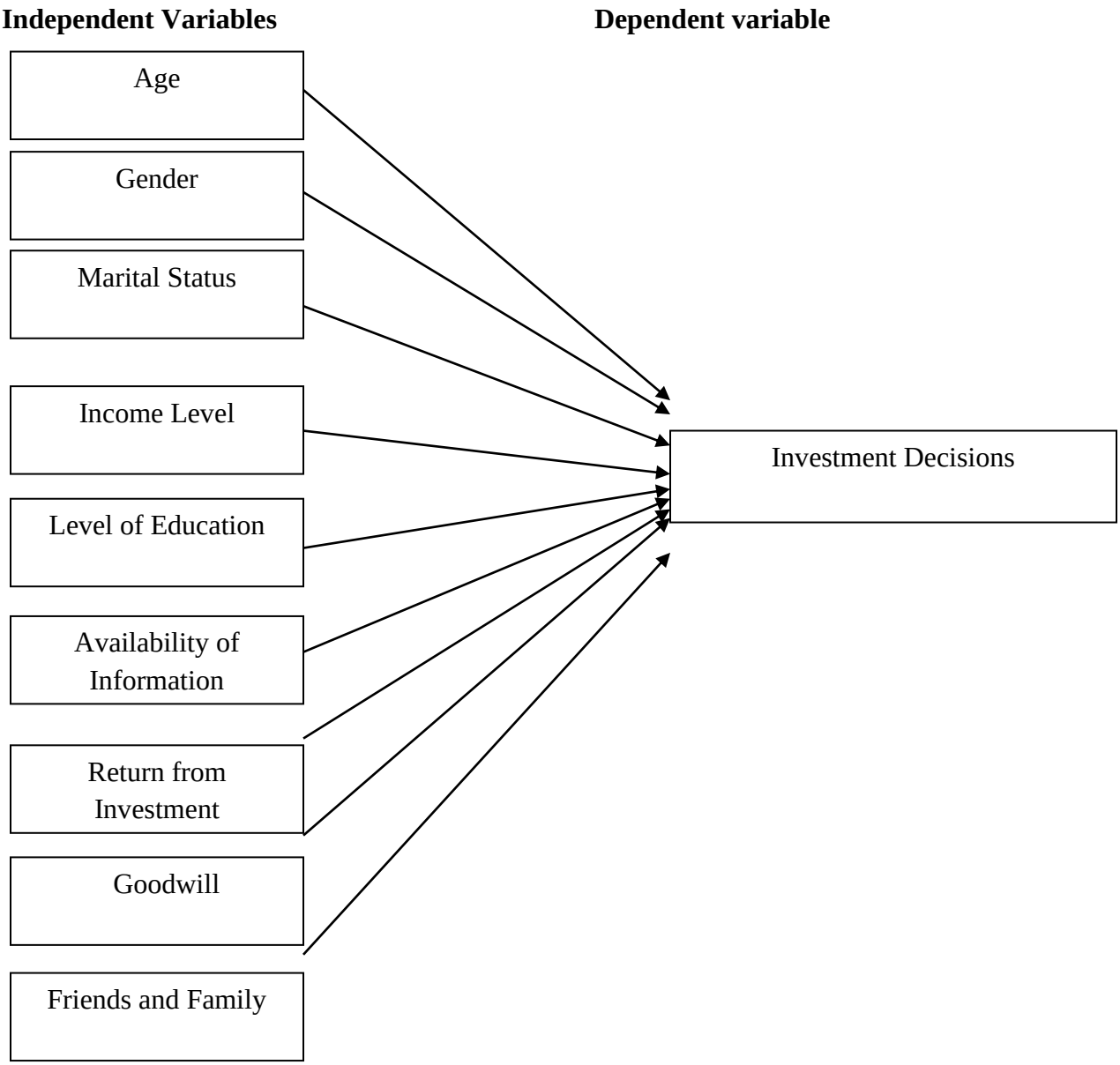

Fig 1: Conceptual Framework

2.2 Review of Previous Studies

Merikas et al. (2011) conducted an empirical survey of economic factors and individual investor behavior in a stock exchange based on Greek's Athens Stock Exchange (ASE) context. The findings were based on the views of 150 respondents who revealed a certain degree of correlation between the factors identified in behavioral finance theory literature as well other previous empirical influenced by the overall trends prevailing at the time of the survey in the ASE. The study held the position that that expected corporate earnings,

condition of financial statements, or firm status in the industry which falls under classic wealth maximization criteria were rated as having significantly high influence on individual investors' decisions. The study noted that these factors reliable criteria which can be considered in evaluating stock investments, as the respondents in this study were experienced investors who had survived the bubble burst of the Greek stock exchange that started at the end of 1999. Lakonishok*et al.(*1994) also indicated that investing in a growth stock is an investment style which is based on a company's fundamentals such as earnings, dividends, cash flows and book value of company and it is be considered as a rational style on behalf of investors.

Qureshi and Hunjra (2012) studied the factors affecting investment decision making among equity fund managers using data collected from 327 equity fund managers of insurancecompanies, commercial banks, and equity investment companies applying stratified random sampling technique. The results of the study demonstrated that a positive and significant relationship exist among heuristics, use of financial tools, risk aversion, firm-level corporate governance and investment decision making. The results further showed that corporate governance issues at the firm-level played a key role and is a significant factor when evaluating investment options. Equity fund managers of institutions used heuristics and financial tools in their investment decisions. Institutional equity fund managers were also found to be risk averse. Obamuyi (2013) sought to determine the factors influencing investment decisions in capital market in Nigeria. The findings of the study indicated that the five significant factors on investment were past performance of the firm's stock, projected security capital bonus, projected firm earnings, the dividend policy and the get rich quick mentality. The study observed that opinions of family members' opinions, rumors, religious affiliation, brand loyalty to firm's services and possible losses in other investments as have little influence on investment decisions. The study further determined that the demographic, social and economic factors of the retail investors including gender, age, marital status and educational attainment had statistical and significant influence on the investment decisions. Aroni, Namusonge and Sakwa red that heuristic factors including the ability to anchor, representatives & availability bias had pronounced influence on property investment decisions.

2.3 Research Gap

The study has reviewed some of the available literature which had relevant information factors that influence investment decisions. The literature offered some valuable lessons for the study including the empirical evidence for indicators of the variables as well as offering the theoretical perspectives which have been used to study investment decisions. However, the emerges several knowledge gaps which the study sought to attempt to address. First it emerges that the existing studies have also taken a broad approach where they have studied the factors under the personal and psychological categories without focusing on specific identifiable factor(s). The available local studies have not also employed inferential statistics to understand link between investment decisions and factors identified.

RESEARCH METHODOLOGY

3.1 Research Design

Research design is the logical and systematic planning and directing a piece of research. It serves as a framework for the study, guiding the collection and analysis of the data, the research instruments to be utilized, and the sampling plan to be followed.

In this study descriptive as well as explorative research design is adopted. The study explores and describes various factors influencing investment decisions and trend of investors. This research adopts both quantitative and qualitative approaches. The study design and the structure of questionnaire surveys and interviews were explained, followed by detail on the questionnaire surveys and interviews.

The research plan is designed as follow:

- Various related articles and literatures are reviewed.
- Questionnaires is be prepared and distributed to the selected samples.
- Analysis and interpretation of collected data is done.
- Findings are presented and final reports submitted.

3.2 Population and Sample

Sample is a collection of items or elements from a population or universe. It is only a portion or subset of the whole population.

The population of the study is the total number of individual investors investing in financial instruments in Nepalese Stock Market. Since, the study aims at analyzing the trend of investment and behavior of investors' only active investors is taken into consideration. As per the recently undertaken research there are about 1200 active investors. Only 5 % of total population i.e.60 investors are taken as a sample for this study. A random sampling technique is applied because the population will be too large to study due to limited time.

3.3 Type and Sources of Data

To collect the primary data, as per necessity structured and some unstructured questionnaires are prepared and are collected form 60 patrons. To achieve the objectives of this research, the present study employed a mixed research methodology, which combined quantitative and qualitative methods. The questionnaire used in this study was designed after having reviewed the literature to find factors influencing the investment decision-making of individuals. Questions used a multiple-choice and open and closed-ended approach to suit the content of each construct investigated. The questionnaire comprised two parts. Part one contained questions about age, gender, marital status, income, education, and part two sought individuals' opinions on the type of information they seek while making investment decisions. The questionnaires thus are administered to the selected samples at the time and pace of respondents' convenience. On the other hand the previous journals, articles, books and publications published from sources like SEBON, NEPSE and NRB and master degree thesis related to this research are used to collect secondary data according to the objective of the study.

3.4 Collection of Data

Collecting data is the connecting link to the world of reality for the researcher. Data collection methods often used in program evaluations include literature search, file review, natural observations, surveys, expert opinion, and case studies.

Survey method is used as a data collection technique including observations and interview. The study has considered both of the primary as well as the secondary data.

3.5 Tools for Analysis

Data analysis is an important stage of the research process. The purpose of analyzing the data is to change it from an unprocessed form to an understandable presentation.

The analysis of data consists of organizing , tabulating, performing statistical analysis and drawing inferences.

The collected data is analyzed with the help of tabulation and various graphs and figures for meaningful representation as per requirement of the collected information. Statistical methods like Ms Excel and SPSS software are also be used to test and measure the variables.

Appendix

Questionnaire

Part I: Demographic Details:

Gender: Male ☐ Female ☐ Others ☐

Marital Status:

Single ☐

Married ☐

Widowed ☐

Separated ☐

Divorced ☐

Age:

18-25 years ☐ 26-33 years ☐ 34-41 years ☐ 42-49 years ☐ Above 50 years ☐

Income		Education	
☐	Below 15000	☐	Below +2
☐	15000-30000	☐	+2
☐	30000-45000	☐	Undergraduate
☐	Above 45000	☐	Post Graduate & above

Part II Decision Factors

In which industry do you hold shares?

Banking and Financial companies ☐

Hydropowers ☐

Telecommunications ☐

Hotels ☐

Others ☐

In how many companies do you directly hold shares in the industry listed above?

1 ☐ 2-3 ☐ 4-10 ☐ More than 11 ☐

Which of the following information do you use while making investment decisions?

Please circle the importance of the following statements that affect your decision in buying shares.

	Not Important	Low Importance	Some importance	Moderate Importance	High Importance
Rating-Scale	1	2	3	4	5

Statements	1	2	3	4	5
1. Earnings Per Share (EPS) 2. Profit or rate of return 3. Dividend yield 4. Share price 5. Price earnings ratio 6. Reputation of managing director 7. Auditors' report 8. Financial opinions from media 9. Financial opinions from financial advisor/stockbroker 10. Others(please specify)…….					