PSYCHOLOGICAL FACTORS AND INVESTMENT DECISIONS AMONG UNITED STATES INTERNATIONAL UNIVERSITY STUDENTS.
NAIROBI COUNTY, KENYA

BY
DAVID WANYOIKE

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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A Research Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Masters of Business Administration (MBA)

SPRING 2016
STUDENT’S DECLARATION
I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: _______________________  Date: _________________________

David Wanyoike Kamau (ID No. 640885)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: _______________________  Date: _________________________

Francis Gatumo

Signed: _______________________  Date: _________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of the study was to investigate the influence of psychological factors on investment decisions among United States International University students in Nairobi County, Kenya. The following specific objectives guided the study: examine the relationship between attitudes on investments decisions among USIU students, investigate the effect of subjective norms on investments decisions among USIU students, and assess the influence of perceived behavioural control on investments decisions among USIU students.

The researcher adopted an exploratory research design. The target population for the study was the 5,932 enrolled students of the United States International University 2015. The researcher employed the Yamane sample size formula which produced a sample size of 197 respondents. The researcher was able to collect 167 questionnaires which corresponded to a response rate of 86.0%. Data for this study was collected through a survey. The questionnaire contained five sections; these sections covered the background information, influence of attitude on investment decisions, influence of subjective norm on investment decisions, influence of perceived behaviour control on investment decisions and intention to invest. The researcher adopted both descriptive (mean, standard deviation, frequencies and percentages) and inferential statistics (correlation and regression analysis) to make meaning of the data and measure relationships. Tables were used to present data collected for ease of understanding and analysis.

The Pearson’s correlation results show that attitudes ($r = 0.072; p > 0.358$) did not have a statistically significant influence on intention to invest among USIU students. The researcher further conducted a multiple regression analysis to establish the influence of attitudes, subjective norms and perceived behaviour control on student’s investments. The regression analysis showed that attitudes ($\beta = -0.033; p > 0.372$) did not have a statistically significant influence on students intention to invest. The Pearson’s correlation results show that subjective norms ($r = 0.440; p < 0.000$) had a statistically significant impact on plans to invest in USIU students. The regression analysis showed that subjective norm ($\beta = 0.357; p <0.000$) had a statistically significant prediction of the independent variable. The Pearson’s correlation results show that perceived behavioural control ($r = 0.472; p < 0.000$) had a statistically significant influence on intention to invest by USIU students, however the regression analysis
showed that perceived behaviour control ($\beta = 0.335; p < 0.000$) had a statistically significant prediction of the independent variable.

The study concluded that attitudes towards investment decisions are not an important factor. However, the study finds that subjective norms were significant predictor of student intention to invest. Perceived behaviour control was found to be the second most significant predictor of student decision to invest.

The study recommended that USIU students should have positive attitudes on financial investments as this would enhance their investment portfolio. Therefore, USIU students should not over rely on information from significant others as this information may not be of a professional nature and may risk poor investments and lose on actual investments. The study further recommends that a similar study be conducted in other universities to corroborate the study findings.
ACKNOWLEDGEMENT

I thank God for guiding me and holding my hand all through the course. I would also wish to express my sincere gratitude and appreciate to the professional assistance provided by my supervisor, Prof. Francis Gatumo. I thank him for his valuable time, guidance and counsel that has ultimately made this project a success.

To my wife, Joan Njambi, I appreciate all the support and encouragement along the way. Finally, I thank David Wanjohi, Alvin Muchai and Ruth Waweru who were of great help during the data collection process.
DEDICATION

To My Late Father, Mr G. K. Macharia, thank you for creating in me a scholarly attitude. Without your constant and unwavering support, my path could have been unfavourably different.

To My Mother, Lucy Wairimu, thank you for instilling the much needed discipline and self-reliance at an early age. From you, I learnt that everything has a solution, and the only obstacle to my success can only be me.

To My Wife Joan and extended family, may the Almighty God guide your steps for prosperity and success.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Investment behaviour is critical to an individual’s future and that decision-making process may be contingent on many factors. It has been argued that attitudes among other variables can predict the investment decision process (Alleyne & Broome, 2010). In stock markets, the investors may decide whether to purchase or not to buy a particular stock because they are or are not interested in the name of its company - an instinctive but inefficient decision (Lucey & Dowling, 2005). Also, the decision making of the investors is not always based on rational factors but also influenced by the psychological ones (Sehgal & Singh, 2012).

The study investigated the influence of psychological factors and investment decisions among United States International University students. The study was guided by three specific objectives; to examine the relationship between attitudes on investments decisions among USIU students; investigate the effect of subjective norms on investments decisions among USIU students and assess the influence of perceived behavioural control on investments decisions among USIU students.

Neumann and Morgenstern (1947) study proposed that investors are completely consistent and deal with risky choices to increase their wealth. The utility theory states that, individual investors choose the portfolio that grow their expected business measured in expected return while decreases the risks or losses. The study on economic theory does not cater to the investor’s decisions. Instead, it focuses on macroeconomic models that elaborate the mass market behaviour (Nagy & Obenberger, 1994). However, due to the lack of the information and their mathematical capacities, the investors are bounded to be rational, except for the knowledge they store and experience which is all limited (Hoffmann, Eije & Jager, 2006).

Phan and Zhou (2014a) argue that conventional financial theories, especially the market efficiency hypothesis, assume that investors’ reasoning always optimise the expected values and hence their behaviour does not include psychological factors. As a result, behavioural finance is taken as a new approach to explain individuals’ behaviour in the market. Behavioural finance recognises human beings from a solid lens. Accordingly, individuals in the market are
human. Hence, they are either partly or entirely influenced by psychological factors (Thaler, 2005).

According to prospect theory (Kahneman & Tversky, 1979), people express a different degree of emotion towards gains than towards losses. Individuals are more stressed by prospective losses than they are happy from equal gains. The theory argues that Investors often make the mistake of chasing market action by investing in stocks or funds which garner the most attention. This implies the significance of information on investment decision making. This theory has dominated the financial discipline and proposes that investment decision making is based on individuals rationality. Indeed, investors’ decision-making is not always based on rational factors but also influenced by the psychological ones (Sehgal & Singh, 2012). In fact, psychological factors may leave a significant impact on their attitude and behaviour; namely, when people are in good mood, they become more optimistic in their judgements but turn out to be pessimistic when they are not. Since the market actors appear improper, it is also understandable that researchers believe that psychological factors play a decisive role (Akerlof & Shiller, 2009). Evidence suggests that psychological and cognitive factors always find a role in the financial market. Its however believed that psychological factors are not necessarily “irrational” but shows the way people process information and apply it (Gärling, Kirchler, Lewis & van Raaij, 2010).

In the literature, studies on investment behaviours have been conducted using various different methods. The theory of Reasoned Action (TRA) as well as the Theory of Planned Behaviour (TPB) have proved to be relatively useful in predicting various human responses (Sheppard, Hartwick & Warshaw, 1988). The TPB (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980) was proposed to give answers on a few limitations in the TRA. TRA is limited since it assumes that actions are totally under volitional control. Therefore, it assumes that people are rational in nature, hence they hold the ability to act and evaluate the available data as well as account for the influence of their possible actions and then shape their behavior on such reasoning decision (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980).

The great contribution of the TPB is the introduction of perceived behavioural control. Perceived behavioural control includes those non-volitional elements of uncertainty that are
beyond individual’s volition, thus reflecting the perceived ease or difficulty associated with execution of future behaviour. When the proper degree of actual control and opportunity is available, individuals are able to act on this intention and practise the behaviour. The perceived behavioural control is especially relevant when personal investment in the stock market is analysed. This is because, the behavioural control it is associated with risks and uncertainty (Thaler & Benartzi, 2004) and, on the contrary, because investors usually take into account a wide range of factors in their decision-making process (Oberlechner & Hocking, 2004).

However, the theory of planned behaviour has not been widely employed in research on the behaviour of the investors in the stock market where the behaviors of their investments are usually affected by factors that are internal which include education, gender, experience and cultural factors especially the influence of psychological factors (Phan & Zhou 2014b). The theory of planned behaviour posits that attitudes, subjective norms and perceived behavioural control are determinants of behavioural intention and actual behaviour. The intention is assumed to be a necessary condition for voluntary action, which may be triggered by perceived opportunities. Thus, there is a strong association between intention and action in investment decision making (Alleyne & Boome, 2010).

Kenyans are expressing a growing interest in equity investments, especially shares, at the Nairobi Securities Exchange (NSE). Past Initial Public Offerings (IPOs) such as the Kenya Electricity Generating Company (KenGen) and Safaricom IPOs attracted massive subscriptions with huge financial investments. The country’s capital markets marked a milestone with the injection of 10 billion additional shares through Safaricom’s IPO. Wabwire, Owuor, Onyuma and Njuguna (2013) noted that the Nairobi Stock Exchange’s (NSE) market capitalization after Safaricom Limited’s IPO display an impressive improvement by hitting Ksh. 1.3 Trillion. Over the last five years, turnover at the NSE has grown phenomenally from KShs. 2.9 billion in 2002 to KShs 95 billion in 2006 while the number of CDSC accounts opened in the last two years have increased from 80,000 in 2005 to over 1,000,000 investors in 2013.

Given this tremendous growth of stock trading, it is imperative for Kenyans, especially the beginners, to understand the worth of investing long-term. The Capital Markets Authority
(CMA), through its investor education campaign, has succeeded in increasing the level of participation in the capital markets by proactively engaging in outreach programmes (Nfirangu, Ouma & Munyaka, 2014).

1.2 Statement of the Problem

The decisions of investors on the stock market play a significant role in defining the market trend, which in turn has an influence on the economy. Individual investors engage in the stock market by buying and selling different stocks and it is crucial to identify various economic and behavioural motivations that affect their purchasing decisions (Waruingi, 2011). Past experiments (Sehgal & Singh 2012, Phan & Zhou 2014a) show that psychological factors have a significant and direct influence on attitude towards investment behaviour made by individuals.

Studies (Mandell, 1997; Volpe, Chen & Pavlicko, 1996; Alleyne & Boome, 2010) have shown that students are not receiving sound education on financial investments and, as a result, have inadequate knowledge on investing. According to these studies, students were leaving school unprepared to make important financial decisions. Volpe et al. (1996) found that university students scored on average 44 % in their test on knowledge of investments, thus suggesting inadequate knowledge. If consumers are not equipped with adequate knowledge about financial investing, they will not make optimal decisions. Brau, Holmes and Israelsen (2010) agree that society is not responding well to the increased level of personal responsibility for retirement planning. Due to financial illiteracy, people make excessively conservative investment decisions, cannot recognise scams, choose not to contribute to retirement plans and withdraw retirement-plan funds early.

The purpose of the study is to comprehend that the financial investment decision making among students is important to enhance the investment behaviour of these future investors. To the best of the researchers’ knowledge, there has been little research in Kenya concerning what motivates students to participate in an investment transaction, considering its relevance today with the upheaval in the markets focusing on future investment participants. 75% percent of Kenya's population of 28.7 million is the youth who are under 30 years of age. This represents a huge number of the country’s future investors. The researcher undertook an exploratory study
borrowing from behavioural psychology and financial management theory to explore psychological factors that influence investment decisions of prospective investors. The researcher conducted the study among university students who are assumed to be the next generation of investors and USIU was chosen as a case due to the familiarity of the researcher with the institution.

1.3 General Objective
The general objective of the study was to investigate the influence of psychological factors on investment decisions among United States International University students.

1.4 Specific Objectives
The following specific objectives guided the study:
(i) Examine the relationship between attitudes on investment decisions among USIU students
(ii) Investigate the effect of subjective norms on investment decisions among USIU students
(iii) Assess the influence of perceived behavioural control on investment decisions among USIU students

1.5 Justification of the Study
1.5.1 Individual Investors
The study will be of significance to individual investors as it will provide information on the influence of psychological factors on their financial decision-making process which will assist them in making rational investment decisions in the future.

1.5.2 Investment Banks
The study will support investment organisations management by providing insight into the decision making of their financial managers and raise awareness to the issue of subjectivity and performance prompting them to help reduce these biases to improve profitability. The study will also point out a gap in finance research thus providing a platform for further research.
1.5.3 Scholars and Academia
The study will be of value to the existing body of knowledge and research in financial economics, investment policy and practice. The study will make significant contributions to the area of financial economics through exploring the relationship between psychological factors that influence the financial investment decisions. It will expose the previously unimagined relationship between finance and psychology.

1.5.4 Students
The study will also be of importance to students as future investors. The study will provide information on the psychological factors influencing their decision to invest. The study will assist students to see the influence of their environment in their decision-making process regarding investments, thus might potentially help them in maximising future returns.

1.6 Scope of the Study
The study focused its investigation on the psychological factors that influence investment decision making. These factors included attitudes, subjective norms and perceived behavioural control which are derived from the Theory of Planned Behaviour. The study was based on investigating enrolled year 2015 United States International University students in Nairobi. The study limited its scope of future investment decisions on Initial Public Offerings (IPOs).

1.7 Definition of Terms
1.7.1 Psychological Factors
These are individual-level processes and meanings that influence mental states affecting financial decision-making behaviour. In this study, psychological factors will include attitudes, subjective norms and perceived behavioural control (Ajzen, & Fishbein, 1980).

1.7.2 Investment Decision Making
The investment decision making refers to the thought process of selecting a logical choice from the available financial investment options. In this study, investment decision making refers to
the process of choosing investment options in the Capital Markets Authority among USIU students (Ngoc, 2013).

1.7.3 Subjective Norms
The Subjective norm refers to a perceived social pressure arising from one's perception (Ajzen, & Fishbein, 1980). In this study, subjective norms refer to the social influence of an individual’s environment that affects their investment decision making.

1.7.4 Attitudes
Refers to a person's opinion about whether a behaviour is positive or negative (Ajzen, & Fishbein, 1980). In this study, attitudes refer to the favourable and unfavourable outcomes of making an investment decision.

1.7.5 Perceived Control Behavior
The perceived control behavior to a person's perception is the ease or difficulty of performing the behaviour of interest (Ajzen, & Fishbein, 1980). In this study, perceived behaviour control will refer to the perceptions of students in making the investment.

1.7.6 Initial Public Offering
Initial Public Offerings (IPO) happens when a company gives common stock or shares to the public for the first time ever (Gregoriou, 2006). In this study, an initial public offering, or IPO, will refer to the first sale of stock by a company to the public.

1.8 Chapter Summary
This chapter presents the background of factors influencing individual investment decisions. It introduces the psychological Theory of Planned Behaviour (TPB) and its relationship with investor behaviour. The chapter also outlined the problem statement, general objective, specific objectives of this research, importance of the study, the scope of the study as well as the working definitions of specific terms used in the project. The next chapter captures the literature review which is based on the study’s research objectives.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter presents reviewed literature of the study which is submitted according to the three research objectives. The summary of the literature review is presented.

2.2 Relationship between Attitudes and Investments Decisions
Past studies on investments adopt psychological theories to explain or predict investment behaviours. Ajzen (1991) used the theory of planned behaviour to explain behavioural intentions in the investment context. This study aims to explore the influence of potential investors’ attitudes and other factors on their plans to invest in different ventures or business opportunities. Ajzen (1991) and Alleyne and Broome (2011) stated that ‘past behaviour is the best predictor of future conduct, thus, he argued that attitudes might influence one’s behavior.

Ajzen (1991) and Alleyne and Broome (2011) defined attitudes toward behavior as “the degree to which a person has a favourable or unfavourable evaluation or appraisal of the behavior in question. Corter and Chen (2006) asserted that individuals’ risk attitudes predict their comfort level with different investment strategies, and perhaps their level of unhappiness with unfavourable investment outcomes. Previous research indicates that the attitudes brought up by risks are linked to investment behavior (Wood & Zaichkowsky, 2004; Funfgeld & Wang, 2009).

Many studies have claimed a significant effect of attitude on behavioural intention (Teo & Pok 2003; Shih & Fang, 2004; Ramayah & Suki, 2006). Due to this, and regarding individual investment, it is believed that a single investor is more favourable to the investment and they are more motivated to take the action than those who are less favourable (Grover & Vernekar, 2015).

Abadallah and Hilu (2015) argue that investors’ risk attitudes are influenced predominantly by their level of overconfidence, or how they view their abilities (Shefrin, 2007). The standard of overconfidence rests on investors’ perception of their knowledge and rises with the belief of knowing more than others (Hilton, et al., 2011). Individual perceptions are prone to errors due to various biases; excessive optimism, overconfidence, confirmation bias, and illusion of
According to Shefrin (2007), overconfidence may result in overestimation, which may further lead to either favourable or unfavourable outcomes, and can underestimate risk or to perceive risk correctly (Mueller & Brettel, 2012). Paarsch and Shearer (2007) argued that any focus on particular financial issues may not be a good indicator of one’s attitudes and behaviour towards financial matters. However, attitudes can be quite influential in explaining an individual’s investment behaviour.

Sondari and Sudarsono (2015) conducted research using the theory of planned behaviour in predicting intention to invest in Indonesia. The study tested the applicability of the theory of planned behaviour in predicting intention to invest using samples of 359 civil servants in Indonesia. The result from data analysis using partial least square (PLS) showed that attitudes toward investment and subjective norms have significantly influenced the intention to invest.

In the United Kingdom (UK) quantitative and qualitative research indicates that attitudes to investment risk depend on factors such as personality, circumstances, educational attainment, the level of financial knowledge and experience, and extent of the financial product portfolio. Similarly, in the United States (US), quantitative research carried out identifies a similar range of factors, including income, wealth, age, marital status, gender and level of education (Finke & Huston, 2003).

Ali (2011) conducted a study on predicting individual investors’ intention to invest using experimental analysis of attitude as a Mediator. An online survey method was employed to collect data from 136 respondents. The study concluded that investors’ attitudes towards companies’ brands can be expected to play a significant role alongside cognitive evaluation of the companies in predicting their final behaviours of investing in the companies’ stocks.

Ali, Zani and Kasim (2014) conducted a study on factors influencing investors’ behaviour in Islamic unit trusts using the theory of planned behaviour. The target population for the study were 180 academic staff who were randomly selected and of these, 172 responses were usable for further analysis. The regression analysis revealed that attitude was one of the most important factors in influencing investors’ intention to invest in Islamic unit trust funds proven by a higher beta value ($\beta = 0.712$). The researchers concluded that once investors have a positive attitude; indirectly the intention to invest will be higher.
Shanmughama and Ramya (2012) conducted a study on the impact of social factors on individual investors’ trading behaviour. The research employed the theory of reasoned action (TRA) and the Theory of planned behaviour (TPB) to explain individual investor behaviour. The researchers distributed questionnaires to 500 respondents based on the snowball sampling technique who were active in the stock market. The study found that there exists a strong positive relationship between attitude and intention towards trading as indicated by the high positive correlation coefficient of $p = 0.885$ at $p = 0.001$ level of significance.

Schmidt (2010) argues that attitude should be positively related to intentions about investment decision making. The better the attitude on a particular financial product, the higher should be the likelihood of buying such product. The possibility of buying can be caused by numerous factors, such as positive experiences made and communicated to others – which could also indicate a link between subjective norms – own positive experiences or even through media coverage. Mohan and Bhuvanam (2014) contributed to financing literature from modelling investors' behaviour toward online share trading by adopting Theory of Planned Behaviour. Results of this study indicate that social factors, subjective norms, and perceived behavioural control have a strong positive relationship between behavioural intentions. Furthermore, attitude is not significant with behavioural intention and attitude is a weak predictor in Mohan's and Bhuvanam conclusion.

Previous studies have shown that an individual’s investment behaviour has been linked to specific areas such as attitudes to risk. Alleyne and Broome (2011) argued that any focus on particular financial issues may not be a good indicator of one’s attitudes and behaviour to financial matters. However, attitudes can be quite influential in explaining an individual’s investment behaviour. Alleyne and Broome argue that attitudes may influence one’s behaviour.

Veeramani and Karthikeyan (2014) conducted An Analytical Study on Risk Perception and Return for Individual Investment. This study aims to gain knowledge about key factors that influence investment behaviour and ways these factors impact investment risk tolerance and decision making process among men and women and among different age groups. The study
concluded that investors’ attitudes on the total investment risk and return predominantly decides the capacity of investors.

Jothilingam and Kannan (2011) were conducted a study to find out the main objective of the investors in Namakkal District towards making investments and to assess the investors’ attitude towards the investment avenues. The study concluded that investors prefer less-risky investment avenues like gold, mutual funds and bank deposits. This could probably because of their tendency to avoid high risks. Sasirekha and Jerinabi (2015) conducted a study on investor’s attitude towards investment and risk. The outcome of the study shows that, the attitude toward investment and risk are same for both the men and women. The level of awareness is the most important factor that motivates to make investment and also an important determinant for creating attitude towards investment and risk.

Bennet, Selvam, Indhumathi, Ramkumar and Karpagam (2011) sought to identify various factors that influence retail investors’ attitude towards investing in equity stock markets. They applied a structured questionnaire to retail investors in Tamil Nadu, India. Collected data were analyzed through descriptive statistics and factor analysis. According to the test results, out of the total 26 variables, it was found out that five factors (investors’ tolerance for risk, strength of the Indian economy, media focus on the stock market, political stability and government policy towards business) had a very high influence over retail investors’ attitude towards investing in equity stocks.

Quantitative and qualitative research carried out in the UK indicates that attitudes to investment risk depend on factors such as personality, circumstances, educational attainment, level of financial knowledge and experience, and extent of financial product portfolio Quantitative research carried out in the US identifies a similar range of factors, including income, wealth, age, marital status, gender and level of education (Finke & Huston, 2003). The literature reviewed in this section argues that there is evidence to suggest that attitudes influence investment decisions.


2.3 Effect of Subjective Norms on Investments Decisions

Ajzen (1991) and Alleyne and Broome (2011) defined subjective norms as “the perceived social pressure to perform or not to perform the behaviour” Subjective norm refers to the influence of one’s peers, family and referent others in performing the behaviour. In the study of individual investors’ behaviour, several authors over the last years have studied Subjective Norm. According to Fishbein and Ajzen (1980), subjective norm is the social pressure from others who are important to and individual on whether or not to engage in a certain behaviour. The rationale for the effect of SN is that a person may choose to engage certain behaviour, even though it is not a favourable one at first. If their important referents think they should, they will comply with the particular behavior (Tan et al., 2012). Several studies have shown a positive relationship between subjective norm and consumer intention (Al Muala, Al-Majali & Al Ziadat, 2012; Kim, 2008; Prendergast, Tsang & Yu, 2008; Tan et al., 2012).

Investors’ decisions may be influenced by other investors’ commentaries or by traditional beliefs and conversations between investors (Hirshleifer, 2001; Pascual-Ezama, Scandroglio & Gil-Gomez de Liaño, 2013). Subjective norms affect the investors’ intentions (Gopi & Ramayah, 2007) and (Alleyne & Broome 2010). These subjective norms can be described as nearest recommendations, expert analyses, or other investors. The more influential outsiders or recommendations from others, the more influence the investment decisions made by investors.

A study conducted by Nagy and Obenberger (1994) on establishing the reasons that affect decision-making of individual equity investors with significant holdings in successful fortune 500 firms. According to empirical evidence, wealth-maximization criteria were found significant among respondents while the effect of recommendations of brokerage houses, individual stock brokers, family members and co-workers were identified as insignificant. Subjective norms are related to the influence of society such as friends, relatives, peers and other influential members of the behavioural intention of the decision-maker. In the case of investment decision-making, two major powers are the influence of close friends or relatives and the influence of the advisors who recommend various policies to the decision-maker.
Applying the belief and norm of planned behaviour as well, the subjective norm has a considerable bearing on investor’s investment decision (Sharma & Gupta, 2011; Croy, Gerrans, & Speelman, 2009). Social influence theory suggests that peers and other important referents are essential factors in the investment decision-making.

Hong, Kubik & Stein (2010) expounded that a market seems more attractive to an investor when he sees his peers participating. On the other hand, some studies prove insignificant links between the two constructs, i.e., subjective norms and investment behaviour (Lewis et al., 2003). The mixed conclusions regarding the predicting ability of subjective norm on intention could however still hint a significant link between them. It is, therefore, rational to predict that if an individual investor perceives supporting subjective norms, they may have an intention of investing more than those who do not feel similar pressure.

According to Septyanto and Adhikara (2014), attitudes toward securities investment decision can be positive because it is formed from the experience and knowledge of the investor as well as the experiences of others who can change direction due to the influence of people such as friends, observers, and regulators. If the attitude of investors toward securities is in a positive decision (in the sense of investors supporting securities investments) while their friends do not support his position, then the investor intentions can change contradictory.

Mahastanti and Hariady (2014) conducted a study in determining the factors which affect the stock investment decisions of potential female investors in Indonesia. The study found that the culture of Indonesian women, family members and friends have big influences in making references before they make decisions because they have good relationships.

Lee (2009) conducted a study in predicting and explaining the adoption of online trading by investigating how stock investors perceive and adopt online trading in Taiwan. A research model which integrated perceived risk, perceived benefit and trust, together with technology acceptance model (TAM) and theory of planned behaviour (TPB) perspectives to predict and explain investors’ intention to use online trading was examined through empirical study involving 338 subjects. The study revealed that subjective norms had no significant effect and perceived behavioural control is significant to adopt online trading.
Syed et al. (2012) discovered that subjective norm has no significant direct relationship to the intention in Islamic home financing. Innan and Moustaghfir (2012) conducted the study in the insurance industry. They discovered that perceived behavioural control and subjective norm were found to have much greater influence on employees’ intention to purchase the healthcare insurance rather than attitude. These findings suggest that there is no conclusive evidence on the importance of subjective norm on the investor behaviour of individuals.

Sharma and Gupta (2011) conducted a study on Role of Subjective Norm in Investment Decision Making of Casual Investors. The study revealed that subjective norm (financial advisor's influence) has a significant bearing on casual investors' investment decision. The authors concluded that various factors affecting investment decisions in India included risk, return, peer influence, the recommendation of financial advisors and market trends which were in the environment of the casual investor.

In Barbados, West Indies, Alleyene and Broome (2010) conducted an exploratory study of factors influencing investment decisions of potential investors. The study used a questionnaire to a sample of business students in undergraduate institutions. It was found that subjective norms and risk propensity were significant predictors of investment intentions. Shive (2010) examined whether social influence affects individual investors' trading and stock returns. The researcher found significant social effects on individual investor trading using data on all individual investor trades in the twenty most frequently-traded Finnish stocks between 1995 and 2003.

In Indonesia, Listyarti and Suryani (2014) conducted a study on Individual investors’ behaviour in decision making on securities investment in Indonesia’s Stock Exchange. This study was a causality survey on the opinions, attitudes, experiences, or characteristics of the individual study subjects among 182 investors. The study found that subjective norms positively affect the investment intentions and subjective norms have a positive influence on belief revision. The researchers concluded that the behaviour of investors in Indonesia is more like encouragement from the people around them to invest and imitate the behaviour of others to get approval.
Listyarti and Suryani (2014) conducted a study on determinant factors of investors’ behaviour in investment decision in Indonesian capital markets. The study was carried out by a survey design and involved 190 individual investors in three big cities of Indonesia (Jakarta, Surabaya, and Bandung). The study found that Subjective norms that usually had a significant effect on the investor intention turned out to have no significant impact. Thus, the investors’ behaviour moved toward sophisticated investors. The researchers concluded that Indonesian individual investors were rational and sophisticated investors. They were not affected by the actions of other investors, analyst opinions, and media.

The study by Arrozi and Septyanto (2011) on the determinants of stock investments shows that investors tend to rely on long-term profitability. This factor rests on the characteristics of the securities that are risky instruments with market risk. The next deciding factor is the rapid gains in the short term, following the advice of people / friends, as well as having the authority in possession. It is proved that the subjective norm that relied on a friend's suggestion indicates that no major sequence in shares investment discretion. In a study on student use of credit cards, Kennedy (2013) found that some norm groups may be more influential in terms of financial matters. Results from one study suggested that parents’ attitudes toward money and financial behaviour are the most influential reference group for college students in financial matters (Palmer, Pinto, & Parente, 2001).

Results from another study suggested that college students who had parents who had large sums of credit card debt, or commonly made minimum payments on their credit cards, also had greater amounts of credit card debt (Hancock, Jorgensen & Swanson, 2012). In contrast, those students whose parents taught their children about money as part of their parenting practices were found to be less likely to have credit card debt (Norvilitis & Mendes-Da-Silva, 2013).

Furthermore, these findings suggested that only information from parents is related to decreased credit card debt and information from peers, media, or schools does not play a significant role in influencing credit card debt (Palmer, et al., 2001). Despite this finding, additional research examining subjective norms in terms of peer and familial influences found subjective norms to have a positive and significant relationship with reported credit card debt.
In relation to the role of subjective norms in credit card debt, results from these studies suggest that a measure containing parental, familial, and peer aspects of subjective norms may provide a more complete assessment of the construct (Kennedy, 2013).

2.4 Influence of Perceived Behavioural Control on Investments Decisions

The control belief in TPB is represented by Perceived Behavioural Control (PBC). The PBC structure is added to overcome the disadvantages of TRA model and to apply in contexts where individuals do not have the full control of resources to conduct the behaviour. Ajzen (2005) defines PBC as individual’s perception of the ease or the difficulty of holding certain behaviour. Hence, it means that in the model of TPB, the stronger one’s PBC is, for example that of a single investor, the more likely they would practise the behaviour (Ajzen, 2005). And vice versa, the chances will be less. Consequently, the performance of behaviour is correlated with one’s confidence in their ability to conduct the behaviour (Phan & Zhou, 2014).

The TPB (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980) was proposed to predict and explain behaviour under certain conditions. Ajzen (1991) specified these conditions for the strong function of the theory. The measurement of intentions and behaviour should correspond to the same level of generality in terms of time, action, target and context. Intentions should remain the same when the actual behaviour is measured and the behaviour under examination should be under volitional control. Kiriakidis (2015) shows that PBC was a significant predictor of behaviour when the behaviour under consideration was a familiar one as, a person is likely to have more information on past behaviour, thereby providing a good measure of actual ability and, in turn, serving as a good predictor of the behaviour.

The construct of perceived behavioural control reflects beliefs regarding access to resources and fulfilment of requirements needed to perform a particular behaviour covering two components. Firstly, the controllability required engaging in the behaviour, e.g. external constraints. Secondly, the focal persons self-confidence or self-efficacy in the skills and ability to perform the behaviour in question, representing internal resources (Schmidt, 2010).

Ajzen (1991) and Alleyne and Broome (2011) defined perceived behavioural control as “the perceived ease or difficulty of performing the behaviour which is assumed as the reflection of experience as well as anticipation of impediments and obstacles”. The perception of the degree
of ease or difficulty of performing an action can encourage or inhibit the performance of the actual behaviour. Perceived behavioural control is built from experience and part is from old information acquired via communication with relatives, family, and friends and via factors that help control the perceived ease or difficulty of behaviour performance (Ajzen, 1991).

Perceived behavioural control or simply behavioural control is one’s perceived ease or difficulty in performing one particular behaviour (Ajzen, 2005). To explain the perception related to this perceived behavioural control, Ajzen distinguishes it from the locus of control suggested by Rotter (1966). Locus of control is related to one’s beliefs which are relatively stable in all situations. Perceived behavioural control on the other hand, may change depending on situations and kinds of behaviours to be performed. Locus of control is concerned with one’s beliefs that one’s success in doing something depends on one’s own effort (Rotter, 1966). If this belief is related to specific achievements, such as one’s belief in mastering computing skill well, then it is called perceived behavioural control.

According to Dayaratne and Wijethunga (2015) the TPB model defines the behavioural intention as the motivational factors that influence a given behaviour where the stronger the intention to perform the behaviour, the more likely the behaviour will be performed. Intention to buy shares in the stock market is induced by several factors. Higher return compared to other available avenues for investment, if the investor is willing to accept risk, the investor will get more return. Therefore, the aggressive investors who are capable of bearing more risk have stronger intention to buy shares and more likely the behaviour will be performed.

The other inducing factor is the liquidity, the existence of secondary market assists the investors to sell their shares when they need to sell them. Therefore, the investors who look for the liquidity aspect of the shares have a stronger intention to buy highly liquid shares and more likely the behaviour will be performed. Further, some investors have an attitude that, having a good investment portfolio is a social prestige. Those investors have a stronger intention to buy shares and more likely the behaviour will be performed (Dayaratne & Wijethunga, 2015).

The main argument of the perceived behaviour control is that past experiences can influence future decision making. Jullisson, Karlsson and Garling (2005) indicated that past decisions affect the decisions people make in the future. It is because when positive results occur out of
a decision, other people will also like to make decisions in a similar manner if having a similar situation. Sagi and Freidland (2007) state that a lot of people tend to avoid repeating previous mistakes. This is significant to the extent that future decisions made based on past experiences are not necessarily the best decisions.

Moreover, increased availability of resources for opportunities, money or time to improve the believed control increases the possibility of performing that biased behaviour (Ajzen 1991). Many experimental studies show that PBC could be accounted for considerable variance in intention and behaviour, and also prove a positive link between PBC and intention (Shih & Fang, 2004; Fu, Farn & Chao, 2006).

In their study of determining the factors which affect the stock investment decisions of potential female investors in Indonesia, Mahastanti and Hariady (2014) found that there is only one significant variable, perceived behavioural control, while the others, such as subjective norms and attitudes, do not have any significant effect towards intentions to buy financial products. The results of the regression analysis show that perceived behavioural control affects the plan to buy commercial products. The authors concluded that lack of support and the belief that investing in the stock market is risky made Indonesian women not to have behavioural intentions to buy financial products.

Phan and Zhou (2014) conducted an empirical study on factors influencing individual investor behaviour of the Vietnamese stock market. The researchers’ analysed data collected from a national survey of 472 individual investors. Their study found that the practiced behavioural control is also pinned down by positive force in driving investors’ behavioural intention, ranking after attitude only. The authors concluded that this captures the observations that investment attitude among Vietnamese individuals investors is affected by whether their close ones think they should invest or not. In this research, it is expected that individual with higher PBC would be more likely to have investing intention than those with less PBC.

Mahastanti and Hariady (2014) investigated the factors which influence the investment intentions for women in Indonesia, by employing the Theory of Planned Behaviour. They used the theory of Planned Behaviour to describe more deeply about the relationships between beliefs and behaviour. This result indicated that the intention to buy financial products was
influenced by perceived behavioural control but it was not affected by subjective norms and attitudes.

Akhtar, Rehman and Hunjra (2011) the openness to experience is the factor, which also effects the investment decision making. It is linked to the way how individuals perceive the world. Many facets relating to this factor have been pointed out, like imagination and depth, ingenuity, intellect, competences, reflection, introspection, quickness, creativity. The fundamental nature of this factor is related to intellectuality and curiosity. Many researchers have tried to focus on this area of psychology.

According to some of the researchers, well educated people feel that technological problems are less risky and they are scientifically better able to understand the complexities of these problems. Thus, it could be inferred that open minded individuals see various issues and problems under different angle as compared to others. The real meaning of this factor which could be the determinant of investment decision making is that it is close to the notion of open mind and the idea of "live and let live." Thus, it could be projected that more open people would be less risky and problematic than others (Akhtar et al., 2011).

According to Phan and Zhou (2014) the theory of planned behaviour also claims that perceived behaviour control could influence behaviours in two ways: (1) PBC could affect the intention to perform behaviour; (2) PBC could directly affect the behaviour, in a way dependent from the concerned intention. Both of these two control influences could involve in the investors’ process of decision-making and in their behaviours. Such control influences could include internal factors, such as individual knowledge, experience, skills or emotions, and external factors, namely financial resources and time or partners’ cooperation (Ajzen 2005).

2.5 Chapter Summary
This chapter presented the literature review of the study which was guided by study objectives. The next chapter of the study presents the research design, population and sample, data collection methods, sampling design and sample size, research procedures, data analysis methods.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
The chapter was organised in the following seven sections: the research design, population and sample, data collection methods, sampling design and sample size, research procedures, data analysis methods and lastly the chapter summary.

3.2 Research Design
Kothari (2004) defines research design as the structure that guides the execution of a research process, and the subsequent analysis of acquired data. It provides a framework for the generation of evidence that is suited both to a certain set of criteria and to the research question in which the investigator is interested. The researcher proposes to adopt an exploratory research design to the study. The method used for data collection was based on the exploratory nature of research using descriptive survey design. This strategy was adopted in past research (Alleyene & Broome, 2010; Waruingi, 2011) in behavioural finance.

3.3 Population and Sampling Design

3.3.1 Population
Population is a well-defined set of people, services, elements and events, group of things or households that are being investigated (Ngechu, 2004). The target population for the study are United States International University (USIU) students, Nairobi. The target population for this study was therefore 5,932.

3.3.2 Sampling Design and Sample Size

3.3.2.1 Sampling Frame
A sampling frame is the source material or device from which a sample is drawn. It is described as the list of everyone within a population and can be sampled and it may therefore include individuals, households or institutions (Ngechu, 2004). The sampling frame is the list of students in the United States International University (USIU), Nairobi.
Table 3.1: Sampling Frame

<table>
<thead>
<tr>
<th>Students</th>
<th>Male</th>
<th>Female</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>2,289</td>
<td>2,464</td>
<td>4,753</td>
</tr>
<tr>
<td>Masters</td>
<td>417</td>
<td>641</td>
<td>1,058</td>
</tr>
<tr>
<td>Doctorate</td>
<td>50</td>
<td>71</td>
<td>121</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,756</strong></td>
<td><strong>3,176</strong></td>
<td><strong>5,932</strong></td>
</tr>
</tbody>
</table>

*Source: United States International University, Nairobi*

3.3.2.2 Sampling Technique

Sampling can be said to be a selection of a given part of a whole item or population which is used to make judgements about the whole aggregate or totality. Sampling can also be said to be the process of obtaining information about an entire population of examining only a part of it (Haque, 2008). The researcher adopted the stratified random sampling strategy. When conducting a stratified random sampling, the sample is initially divided into different homogeneous group or strata which may be based on a single criterion. The researcher divided the population of the study into levels of degree at the USIU. These are Bachelor’s degree students, Master’s degree students and Ph.D/Doctrate of Business Administration (DBA) students.

Stratified random sampling may be of two categories. These are proportionate and disproportionate stratified sampling. In proportionate random sampling method, the researcher stratifies the population according to known characteristics and subsequently, randomly. He then draws the sample in a similar proportion from each stratum of the population according to its proportion while in the disproportionate stratified sampling, the sampling unit in each stratum is not necessarily as per their population (Haque, 2008). The study adopted the proportionate stratified sampling procedure to have a representative sample of the student population in USIU.

3.3.2.3 Sample Size

To identify the sample size for the study, the researcher proposes to adopt the Yamane (1967) sampling formula, Where; \( n = \) sample size, \( N = \) study population, \( e = \) tolerance at the preferred
level of confidence, take $\alpha = 0.07$ at 93% confidence level. The sample size for the study was therefore 197 respondents.

According to Yamane (1976) the formula can determine the sample size:

$$n = \frac{N}{1 + N \left(\alpha^2\right)}$$

Thus, the sample of USIU students shall be:

$$n = \frac{5,932}{1 + 5,932 \left(0.07\right)^2}$$

$$= \frac{5,932}{30.067}$$

$$= 197$$

The sample size for each category was calculated as follows: the population of individual category of staff divided by the total population of all categories (target population) multiplied by the sample size of 197 thus:

$$\frac{\text{Population of the individual category of student’s}}{\text{Total Target Population}} \times 197$$

### Table 3.2: Sample Size Distribution

<table>
<thead>
<tr>
<th>Strata</th>
<th>Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>4,753</td>
<td>157</td>
</tr>
<tr>
<td>Graduate</td>
<td>1,058</td>
<td>36</td>
</tr>
<tr>
<td>Doctorate</td>
<td>121</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,932</strong></td>
<td><strong>197</strong></td>
</tr>
</tbody>
</table>

### 3.4 Data Collection Methods

Data for this research was fundamentally collected through a survey in the form of a questionnaire. Primary data refers to data, which is collected for a specific purpose and which is required to complement secondary data (Sekaran & Bougie, 2011). This method is chosen for some reasons. The first reason is that as the research questions are defined clearly, the
questionnaire is the best choice to have standardised data, which is easy to process, and analyse. Especially, as no interviewers are present when the questionnaires are completing, the results may not be affected by the interviewers (Bryman & Bell, 2007).

Moreover, the questionnaire is cheaper than other methods (Bryman & Bell, 2007). Furthermore, this method helps to save time (Bryman & Bell, 2007) so hundreds of questionnaires can be sent out in one batch. As the respondents are investors, they may not have much time for interviews, thus, questionnaires may make them feel more comfortable because they can do it whenever they have free time. Questionnaires also are more convenient for respondents in case they need to provide some sensitive information, in other words; they tend to be more honest than in an interview (Bryman & Bell, 2007).

The questionnaire contained five sections. These sections covered the Background Information, Influence of Attitude on Investment Decisions, Influence of Subjective Norm on Investment Decisions, Influence of Perceived Behaviour Control on Investment Decisions and intention to invest. The researcher proposes to adopt Likert scale questions and open-ended questions items for the questionnaire. The 5-point Likert scale, which is rating scales have been widely used for asking respondents’ opinions and attitudes (Fisher, 2010). The Likert scale will be utilised to ask the individual investors to evaluate the degrees of their agreement with the impacts of behavioural factors on their investment decisions.

The attitudes of investing were measured by using five-point adequately anchored semantic differential scales, ranging from 1 to 5. Respondents were asked to state their attitudes in applying shares in an established public company. In this study, the researcher utilised scales which have been widely used and found to have high internal reliability in prior research (East, 1993; Ajzen, 1991; Carpenter & Reimers, 2005; Alleyne & Broome, 2011).

Subjective norms were measured using a three-item scale, adapted from East (1993), Brown et al. (1996) and Alleyne and Broome (2011). All items were measured using a five-point Likert’s scale, ranging from 1 = extremely unlikely to 5 = extremely likely. The items were combined to form an average score. Higher scores on this magnitude represent a higher attachment to the referent groups.
Perceived behavioural control was measured by using three items adapted from The East (1993) and Alleyne and Broome (2011). These measures were analysed based on five-point Likert’s scale, ranging from 1 = extremely unlikely to 5 = extremely likely. The items were combined to form an average score. Higher scores on this scale represent higher perceived behavioural control towards the behaviour.

The independent variable of the study is students’ intention to invest in the future. The variable was measured by using a three-item scale, adapted from The East (1993), Brown et al. (1996), Alleyne and Broome (2011) and Mahastanti and Hariady (2014). These measures were analysed based on five-point Likert’s scale, ranging from 1 = extremely unlikely to 5 = extremely likely. The items were combined to form an average score. Higher scores on this magnitude represent higher perceived behavioural control towards the behaviour.

3.5 Research Procedures

The researcher prepared a letter of introduction which was attached to the research instrument. This letter contained the purpose of the study and its objectives. The letter also guaranteed the informant’s anonymity and confidentiality of any information thereof provided. The researcher included his contact information. To determine the reliability and validity of the instrument, the researcher adopted question items for which validity and reliability had been established in past studies. Adoption of questionnaires that have already been deemed reliable and valid in previous studies is an approach that researchers can use to enhance the reliability and validity of their instruments (Kothari, 2004). To collect the data, self-administered questionnaire was applied. According to Sekaran and Bougie (2011), self-administered questionnaires allow quick responses to be collected.

3.6 Data Analysis Methods

The updated questionnaire was checked for consistency and completeness. The data was put into codes for enhancing the grouping in various categories. The responses were edited, classified, coded and tabulated to analyse quantitative data using Statistical Package for Social Science (SPSS) version 20.0. The researcher adopted descriptive (mean, standard deviation, frequencies and percentages) and inferential statistics (correlation and regression analysis) to
make meaning of the data and measure relationships between the independent and dependent variable. Tables were used to present data collected for ease of understanding and analysis.

3.7 Chapter Summary

This research adopted an exploratory, descriptive research design. The study used a stratified random sampling procedure to identify the sample for the study. The researcher used the questionnaire for the data collection which will be self-administered to motivate the respondents to answer. The study applied both descriptive and inferential statistics to analyse the data which will be presented in tables and researchers own interpretation.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results and findings of the study. The chapter is presented regarding the demographic information, attitudes and investment decisions among university students; subjective norms and investment decisions among university students and perceived behaviour control and investment decisions among university students. The results are presented regarding the descriptive statistics and the inferential statistics. The researcher was able to collect 167 questionnaires which met the criteria for data analysis. This corresponded to a response rate of 86.2%.

4.2 Demographic Information

4.2.1 Age

Table 4.1 shows the highest age bracket was 20-30 years with 73.1%, 31-40 years had 22.2%, 41-50 years had 4.2% and those respondents above age 51 years took 0.6%.

Table 4.1: Age of Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>122</td>
<td>73.1</td>
</tr>
<tr>
<td>31-40</td>
<td>37</td>
<td>22.2</td>
</tr>
<tr>
<td>41-50</td>
<td>7</td>
<td>4.2</td>
</tr>
<tr>
<td>Above 51</td>
<td>1</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.2 Gender

The results show female respondents accounted for 50.3% and male respondents accounted for 49.7% as shown in Table 4.2.

Table 4.2: Gender of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>83</td>
<td>49.7</td>
</tr>
<tr>
<td>Female</td>
<td>84</td>
<td>50.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.2.3 Education Level
Respondents who had attained a master’s degree represented 73.1% of the total population while those with a bachelor’s degree took 22.8%. Respondents who had achieved a doctorate received 4.2%.

Table 4.3: Education Level of Respondents

<table>
<thead>
<tr>
<th>Education level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelors Level</td>
<td>38</td>
<td>22.8</td>
</tr>
<tr>
<td>Masters Level</td>
<td>122</td>
<td>73.1</td>
</tr>
<tr>
<td>Doctorate</td>
<td>7</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.4 Marital Status
Table 4.4 showed the marital status of the respondents 70.1% were married and 29.9% were single.

Table 4.4: Marital Status of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>50</td>
<td>29.9</td>
</tr>
<tr>
<td>Single</td>
<td>117</td>
<td>70.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.5 Employment Type
Regarding the type of employment, respondents who were employed permanently and full time and those who were self-employed had equal rankings at 38.9%. Permanent part time were 11.4% and temporary/seasonally employed 10.8%.

Table 4.5: Employment Type of Respondents

<table>
<thead>
<tr>
<th>Employment</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Fulltime</td>
<td>65</td>
<td>38.9</td>
</tr>
<tr>
<td>Permanent part-time</td>
<td>19</td>
<td>11.4</td>
</tr>
<tr>
<td>Self-employed</td>
<td>65</td>
<td>38.9</td>
</tr>
<tr>
<td>Temporary/Seasonal</td>
<td>18</td>
<td>10.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.2.6 Monthly Income

In table 4.6, the majority of the respondents earned above Ksh. 60,000 which was equivalent to 47.9%. 21% earned between Ksh. 0-20000, 19.2% earned between Ksh. 21000-40000 while 12% earned between Ksh. 41000-60000.

Table 4.6: Respondents Monthly Income

<table>
<thead>
<tr>
<th>Monthly Income</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-20000</td>
<td>35</td>
<td>21.0</td>
</tr>
<tr>
<td>21000-40000</td>
<td>32</td>
<td>19.2</td>
</tr>
<tr>
<td>41000-60000</td>
<td>20</td>
<td>12.0</td>
</tr>
<tr>
<td>Above 60000</td>
<td>80</td>
<td>47.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3 Attitudes and Investment Decisions among University Students

The study measured the students attitudes using measures adopted from previous studies. The respondents were required to indicate whether investment decisions were bad-good, foolish-wise, punishing-rewarding, unpleasant-pleasant and unbeneficial-beneficial

4.3.1 Bad/Good

In Table 4.7, respondents were queried about their attitudes towards investments whether they thought it was good or bad. 57.5% responded extremely likely, 18.6% likely, 15% moderately likely, 5.4% unlikely and 3.6% extremely unlikely.

Table 4.7: Bad/Good

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>6</td>
<td>3.6</td>
</tr>
<tr>
<td>Unlikely</td>
<td>9</td>
<td>5.4</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>25</td>
<td>15.0</td>
</tr>
<tr>
<td>Likely</td>
<td>31</td>
<td>18.6</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>96</td>
<td>57.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.3.2 Foolish/Wise

Table 4.8 sought to establish whether respondents thought the investment was a foolish or wise idea. 46.7% responded extremely likely, 21% likely, 14.4% moderately likely, 10.2% extremely unlikely and 7.8% unlikely.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>17</td>
<td>10.2</td>
</tr>
<tr>
<td>Unlikely</td>
<td>13</td>
<td>7.8</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>24</td>
<td>14.4</td>
</tr>
<tr>
<td>Likely</td>
<td>35</td>
<td>21.0</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>78</td>
<td>46.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3.3 Punishing/Rewarding

About whether their attitudes towards investing were punishing or rewarding, Table 4.9, 56.3% responded extremely likely, 22.2% likely, 13.2% moderately likely, 4.8% unlikely and 3.6% extremely unlikely.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>6</td>
<td>3.6</td>
</tr>
<tr>
<td>Unlikely</td>
<td>8</td>
<td>4.8</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>22</td>
<td>13.2</td>
</tr>
<tr>
<td>Likely</td>
<td>37</td>
<td>22.2</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>94</td>
<td>56.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3.4 Unpleasant/Pleasant

In Table 4.10, 34.1% responded extremely likely to have an unpleasant or pleasant attitude towards investment, 28.1% were likely, 19.2% were moderately likely, 12.6% were unlikely and 6% were extremely unlikely.
Table 4.10: Unpleasant/Pleasant

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>10</td>
<td>6.0</td>
</tr>
<tr>
<td>Unlikely</td>
<td>21</td>
<td>12.6</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>32</td>
<td>19.2</td>
</tr>
<tr>
<td>Likely</td>
<td>47</td>
<td>28.1</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>57</td>
<td>34.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3.5 Unbeneficial/Beneficial

Most of the respondents, 52.1% responded extremely likely to have a unbeneficial/beneficial attitude towards investment, 25.1% likely, 10.8% moderately likely, 7.2% unlikely and 4.8% extremely unlikely.

Table 4.11: Unbeneficial/Beneficial

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>8</td>
<td>4.8</td>
</tr>
<tr>
<td>Unlikely</td>
<td>12</td>
<td>7.2</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>18</td>
<td>10.8</td>
</tr>
<tr>
<td>Likely</td>
<td>42</td>
<td>25.1</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>87</td>
<td>52.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4 Subjective Norms and Investment Decisions among University Students

The study assumed that subjective norms influenced students’ decision to invest. The researcher, therefore, used three statements from past studies that adopted the theory of planned behaviour on investment decision making. This section presents the results of the respondents according to these three statements.

4.4.1 Influence of significant others to buy shares

Regarding the influence of significant others to buy shares, 34.1% thought it was moderately likely that important people would think that the respondents should buy shares in a public company and 22.2% unlikely. An equal number of respondents, 17.4% responded extremely likely and likely that their significant others think that defendants should buy shares in a public company and 9% extremely likely.
Table 4.12: Most people who are important to me would think that I should buy shares in a public company

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>15</td>
<td>9.0</td>
</tr>
<tr>
<td>Unlikely</td>
<td>37</td>
<td>22.2</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>57</td>
<td>34.1</td>
</tr>
<tr>
<td>Likely</td>
<td>29</td>
<td>17.4</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>29</td>
<td>17.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.2 Significant others think buying shares is a good idea

Table 4.13 shows the respondents answers to whether significant others think buying shares is a good idea 34.1% responded moderately likely that important people to them would consider it a good idea to buy shares in a public company, 25.1% likely, 18.6 unlikely, 16.8% extremely unlikely and 5.4% extremely unlikely.

Table 4.13: People who are important to me think that buying shares in a public company are a good idea

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>9</td>
<td>5.4</td>
</tr>
<tr>
<td>Unlikely</td>
<td>31</td>
<td>18.6</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>57</td>
<td>34.1</td>
</tr>
<tr>
<td>Likely</td>
<td>42</td>
<td>25.1</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>28</td>
<td>16.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.3 People who are important to me think that buying shares in a public company would be a wise idea

Table 4.14 shows results to 32.3% of the respondents believe that important people would think it a wise idea to buy shares in a public company, 26.3% think it’s likely, 25.1% extremely likely, 10.2% unlikely and 6% extremely unlikely.
4.5 Perceived Behaviour Control and Investment Decisions among University Students

The study measured the influence of perceived behaviour control on the decision to invest in students. The study adopted three measures from previous studies on the construct of perceived behaviour control which was represented by three statements where respondents were required to indicate to what extent these influenced their decision to invest.

4.5.1 Intention to buy shares in public company

The majority of the respondents think that it is moderately likely easier to buy shares in a public company, this accounts for 31.1% of the total population. 29.9% likely, 21.6% extremely likely, 11.4% unlikely and 6% think they can easily buy shares from public companies.

4.5.2 Knowledge to buy shares in a public company

Table 4.16 shows 26.9% of the respondents who are likely to have the knowledge to buy shares in a public company, 25.7% extremely likely, 18% moderately likely, 16.8% extremely unlikely and 12.6% unlikely.
Table 4.16: I have the knowledge to buy shares in a public company

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>28</td>
<td>16.8</td>
</tr>
<tr>
<td>Unlikely</td>
<td>21</td>
<td>12.6</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>30</td>
<td>18.0</td>
</tr>
<tr>
<td>Likely</td>
<td>45</td>
<td>26.9</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>43</td>
<td>25.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.5.3 There is plenty of opportunities to buy shares in public companies

Table 4.17 shows respondents opinion on opportunities to buy shares in public companies where 24.6% of the respondents are of the opinion that it is likely there is the availability of opportunity to buy shares in a public company, 22.8% moderately likely, 22.2% likely, 15.6% extremely likely and 15% unlikely.

Table 4.17: There is plenty of opportunities for me to buy shares in a public company

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>26</td>
<td>15.6</td>
</tr>
<tr>
<td>Unlikely</td>
<td>25</td>
<td>15.0</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>38</td>
<td>22.8</td>
</tr>
<tr>
<td>Likely</td>
<td>37</td>
<td>22.2</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>41</td>
<td>24.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.6 Students Intention to Invest

Student intention to invest was measured by three statements which required students to indicate the likelihood of investments these were: I plan to buy shares in a public company in the future; If I have the opportunity, I will buy shares in a public company in future and I will never buy shares in a public company within the next 12 months.

4.6.1 I plan to buy shares in a public company in the future

Regarding students plan to buy shares in a public company in future, the results in Table 4.18 show that it is extremely likely for 34.7% of the respondents to buy shares in a public company. 25.7% would probably buy shares, 19.8% moderately likely, 15% extremely unlikely and 4.8% unlikely.
Table 4.18: I plan to buy shares in a public company in the future

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>25</td>
<td>15.0</td>
</tr>
<tr>
<td>Unlikely</td>
<td>8</td>
<td>4.8</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>33</td>
<td>19.8</td>
</tr>
<tr>
<td>Likely</td>
<td>43</td>
<td>25.7</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>58</td>
<td>34.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.6.2 If I have the opportunity, I will buy shares in a public company in future

The students indicated that they were likely (38.9%) to buy shares in a public company in future if they had the opportunity. Table 4.19 shows that 31.1% were extremely likely, 13.8% were moderately likely, 7.8% were unlikely and 8.4% were extremely unlikely.

Table 4.19: If I have the opportunity, I will buy shares in a public company in future

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>14</td>
<td>8.4</td>
</tr>
<tr>
<td>Unlikely</td>
<td>13</td>
<td>7.8</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>23</td>
<td>13.8</td>
</tr>
<tr>
<td>Likely</td>
<td>65</td>
<td>38.9</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>52</td>
<td>31.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.6.3 I will never buy shares in a public company within the next 12 months

Table 4.20 shows the results regarding students’ likelihood of buying shares in a public company in the next year. The results show that 46.7% were extremely unlikely that respondents will never buy shares from a public company, 14.4% were likely and 13.8% were moderately likely, 12.6% were unlikely and extremely likely respectively.

Table 4.20: I will never buy shares in a public company within the next 12 months

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Unlikely</td>
<td>78</td>
<td>46.7</td>
</tr>
<tr>
<td>Unlikely</td>
<td>21</td>
<td>12.6</td>
</tr>
<tr>
<td>Moderately Likely</td>
<td>23</td>
<td>13.8</td>
</tr>
<tr>
<td>Likely</td>
<td>24</td>
<td>14.4</td>
</tr>
<tr>
<td>Extremely Likely</td>
<td>21</td>
<td>12.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.7 Inferential Statistics

4.7.1 Correlation Analysis

Table 4.21 shows Pearson’s correlation results indicating there was a positive association between perceived behaviour control and intention to invest ($r = 0.472$). There was also a positive association between subjective norms and intention to invest ($r = 0.440$) and this was also the same for attitudes and intention to invest ($r = 0.072$). This means that an increase in each of the independent variables (Attitudes, subjective norms and perceived behaviour control) there will be an increase in the students intention to invest. Regarding the significance, the relationship between subjective norms ($p = 0.00$) and perceived behaviour control ($p = 0.00$) are statistically significant as their sig. values are less than $< 0.05$. However, the relationship between attitudes ($p = 0.35$) and intention to invest are not statistically significant because its sig. value is greater than 0.05.

Table 4.21: Correlations

<table>
<thead>
<tr>
<th></th>
<th>Attitudes</th>
<th>Subjective Norms</th>
<th>Perceived Behaviour Control</th>
<th>Intention to Invest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitudes</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subjective Norms</td>
<td>Pearson Correlation</td>
<td>.279(**)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Perceived behaviour control</td>
<td>Pearson Correlation</td>
<td>.047</td>
<td>.130</td>
<td>1</td>
</tr>
<tr>
<td>Intention to Invest</td>
<td>Pearson Correlation</td>
<td>.072</td>
<td>.440</td>
<td>.472</td>
</tr>
</tbody>
</table>

4.7.2 Regression Analysis

The researcher conducted a regression analysis to measure the influence of the independent variables (attitudes, subjective norms, perceived behaviour control) on the dependent variable (intention to invest). Table 4.22 shows the coefficient of determination ($R^2 = 37.2$) which means that students decision to invest are influenced by our independent variables by 37.2 %. This means that there are other factors not included in our model that influence students’ decision to invest.
Table 4.22: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.610(a)</td>
<td>.372</td>
<td>.360</td>
<td>2.14507</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Perceived behaviour control, Attitudes, Subjective Norms

Table 4.23 shows intention to invest was predicted it was found that subjective norms (Beta = 0.36, p < .01), sociability (Beta = 0.34, p < .05) were significant predictors. Attitudes was not a significant predictor (Beta = -0.33, p > .05. the overall model fit was (R^2 = 0.37). Thus our regression model is:

\[ Y = a + b X_1 + cX_2 + dX_3 + \varepsilon_j \]

Where

Y = intention to invest

a = constant, b, c and d are coefficients of X_1, X_2 and X_3 respectively.

X_1 = attitudes

X_2 = subjective norms

X_3 = perceived behaviour control

\[ Y = 3.452 - 0.033b + 0.357c + 0.335d + \varepsilon_j \]

Table 4.23: Coefficients (a)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>B</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.452</td>
<td>.918</td>
<td></td>
<td>3.758</td>
</tr>
<tr>
<td>Attitudes</td>
<td>-.033</td>
<td>.036</td>
<td>-.058</td>
<td>-.895</td>
</tr>
<tr>
<td>Subjective Norms</td>
<td>.357</td>
<td>.058</td>
<td>.401</td>
<td>6.151</td>
</tr>
<tr>
<td>Perceived behaviour</td>
<td>.335</td>
<td>.050</td>
<td>.423</td>
<td>6.738</td>
</tr>
<tr>
<td>Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Dependent Variable: Intention to Invest

4.8 Chapter Summary

This chapter showed and presented the research’s results which were summarised in tables and researcher’s interpretation. The next chapter of the study presents the discussion, conclusions and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion, conclusion and recommendations of the study which are presented according to the research questions of the study.

5.2 Summary

The purpose of the study was to investigate the influence of psychological factors on investment decisions among United States International University students. The research followed the following specific objectives: to examine the relationship between attitudes on investments decisions among USIU students; investigate the effect of subjective norms on investments decisions among USIU students and assess the influence of perceived behavioural control on investments decisions among USIU students.

The researcher adopted an exploratory research design to the study. The target population for the study was the 5,932 students of the United States International University. The researcher adopted the Yamane sample size formula which produced a sample size of 197 respondents. Data for this study was collected through a survey in the form of a questionnaire. The questionnaire contained five sections. These sections covered the Background Information, Influence of Attitude on Investment Decisions, Influence of Subjective Norm on Investment Decisions, Influence of Perceived Behaviour Control on Investment Decisions and intention to invest. The questionnaire was administered at the USIU Nairobi campus between the 3rd to the 11th February 2016. The researcher was able to collect 167 questionnaires which met the criteria for data analysis. This corresponded to a response rate of 86.2 %. The researcher adopted both descriptive (mean, standard deviation, frequencies and percentages) and inferential statistics (correlation and regression analysis) to make meaning of the data and measure relationships. Tables were used to present data collected for ease of understanding and analysis.
5.3 Discussion

5.3.1 Relationship between Attitudes and Investments Decisions among USIU Students

The highest mean was observed for punishing/rewarding (M=4.22; SD=1.07); this means that students ranked among their attitudes towards punishing/rewarding. The standard deviation was small and. Therefore, this meant that majority of the students attitude towards investment was either punishing or rewarding. The least ranked construct among the five was unpleasant/pleasant (M=3.71; SD=1.22).

This means that students attitude towards investment was not unpleasant/pleasant. In an attempt to measure the relationship between students’ attitudes and decision to invest, the researcher used scales which have been widely used and found to have high internal reliability in prior research (East, 1993; Ajzen, 1991; Carpenter & Reimers, 2005; Alleyne & Broome, 2011). These three constructs were used to measure the attitudes towards investment decisions and were bad-good, foolish-wise, punishing-rewarding, unpleasant-pleasant and unbeneﬁcial-beneﬁcial.

The results show there was a positive association between attitudes and students intention to invest. This results meant that an increase in attitudes would result in an increase in intention to invest. The Pearson’s correlation results show that attitudes ($r = 0.072; p > 0.358$) did not have a statistically significant influence on intention to invest among USIU students. The researcher further conducted a multiple regression analysis to establish the influence of the independent variables on the dependent variable. The regression analysis showed that attitudes ($\beta = -0.033; p > 0.372$) did not have a statistically significant influence on students intention to invest.

These findings disagree with (Gopi & Ramayah 2007, Hung, Lai & Chou, 2010) which found that attitude toward investment to have the most significant impact on behavioural intention, which complies with the results of previous studies about applications of TPB. These studies explained that the fact that all investment activities of individual investors are self-determined and mostly guided by their attitude. Those investors take responsibility for their behaviours. Therefore, if such attitude is positive, it is likely that they will perform the investment behaviour.
Moreover, Ali, Zani and Kasim (2014) conducted a study on factors influencing investors’ behaviour in Islamic unit trusts using the theory of planned behaviour. The target population for the study were 180 academic staff who were randomly selected and of these, 172 responses were usable for further analysis. The regression analysis revealed that attitude was one of the most important factors in influencing investors’ intention to invest in Islamic unit trust funds proven by a higher beta value (\( \beta = 0.712 \)). The researchers concluded that once investors have a positive attitude; indirectly the intention to invest will be higher.

These findings agree with Mohan and Bhuvanam (2014) that subjective norms, perceived behavioural control) have a strong positive relationship between behavioural intention but attitude is not significant with behavioural intention and attitude is a weak predictor towards investment decisions.

5.3.2 Effect of Subjective Norms and Investments Decisions among USIU Students

The descriptive statistics showed that highest ranked item was “People who are important to me think that buying shares in a public company would be a wise idea” (M=3.54; SD=1.14). The least ranked item was “Most people who are important to me would think that I should buy shares in a public company” (M=3.11; SD=1.20). In order to measure the impact of subjective norms on students’ investment decision making. Subjective criteria will be measured using a three-item scale, adapted from The East (1993), Brown et al. (1996) and Alleyne and Broome (2011). The scale included three statements, of which the first was “most people who are important to me would think that I should buy shares in a public company.” The second was “People who are important to me think that buying shares in a public company are a good idea.” The final statement was “People who are important to me think that buying shares in a public company would be a wise idea.”

The results show there was a positive association between subjective norms and students intention to invest. This results meant that an increase in subjective norms would result in an increase in intention to invest. The Pearson’s correlation results show that subjective criteria (\( r = 0.440; \ p < 0.000 \)) had a statistically significant influence on intention to invest among USIU students. The regression analysis showed that subjective norm (\( \beta = 0.357; \ p <0.000 \)) had
a statistically significant prediction of the independent variable. This means that subjective norms of students influenced their intention to invest.

These study findings disagree with Listyarti and Suryani (2014) who found that subjective norms had no significant effect on the investor’s intention. This explains that the investors did not use outside parties in determining the decision when they invested in the capital market. They believed in their ability to process and to analyse all the information they had to make right investment decisions. Similarly, Tan and Teo (2000) found there is no effect on subjective norms on intention. This is due to the relationship seen only under the influence of any personal (friends, colleagues, and family) and does not see from external influences.

These findings agree with Aduda, Odera and Mactosh (2012) in that the subjective Norm had a significant and positive impact on the mental investment. Aduda explained that investors recognised the strength of the influence of the people around them, from a friend of investors, observers, and mass media. Septyanto and Adhikara (2014) agree that subjective norms can persuade a potential investor to invest. Septyanto and Adhikara argue that assertiveness toward investment decisions can be positive because it is formed from the experience and knowledge of the investor as well as the experiences of others who can shift direction due to the impact of people such as friends, observers, and regulators. These findings showed the strong influence of friends and relatives and the importance of easy access to funds as well as financial criteria of profit and security of investment within investment decision making.

Dayaratne and Wijethunga (2015) conducted a study on the impact of psychology on behavioural intention in investing in capital markets. The study concluded that social influence (subjective norms) played a significant role in an individual’s decision to invest. The study explained that subjective norms toward behavioural intention measured through family, close friends, job peers, investment advisors and media. The findings of this study confirm that investor's belief that opinion of peers and other important parties to individual investors is impact on their behavioural intention toward investing.

5.3.3 Perceived Behavioural Control and Investments Decisions among USIU Students
The descriptive statistics showed that the highest ranked mean was If I want to buy shares in a public company, I can easily do it so (M=3.49; SD=1.12), followed by I have the knowledge to buy shares in a public company (M=3.32; SD=1.41) and the least ranked item was there is plenty of opportunities for me to buy shares in a public company (M=3.25; SD=1.38. In order to measure the influence of perceived behaviour control on students’ investments decision making. Perceived behavioural control was measured by using three items adapted from East (1993) and Alleyne and Broome (2011). The scale was based on three statements, these were: If I want to buy shares in a public company, I can easily do it so; I have the knowledge to buy shares in a public company and there is plenty of opportunities for me to buy shares in a public company.

The results show there was a positive association between Perceived behavioural control and students’ intention to invest. This results meant that an increase in Perceived behavioural control would lead to an increase in plans to invest. The Pearson’s correlation results show that perceived behavioural control (r = 0.472; p < 0.000) had a statistically significant influence on intention to invest among USIU students. The regression analysis showed that perceived behaviour control (β = 0.335; p <0.000) had a statistically significant prediction of the independent variable. This means that perceived behaviour control of students influenced their intention to invest.

These findings agree with Phan and Zhou (2014) who found that perceived behavioural control is also pinned down by positive force in driving investors’ behavioural intention, ranking after attitude only. Similarly, Thaler (1980) demonstrated that if the investor perception of control is high, they tend to be more self-confident on their investment and they also invest larger amounts of money. The study results also agree with Mahastanti and Hariady (2014) findings that perceived behavioural control influenced the intention to buy financial products but it was not affected by subjective norms and attitudes.

According to Phan and Zhou (2014), the theory of planned behaviour also claims that perceived behaviour control could influence behaviours in two ways: (1) PBC could affect the intention to perform behaviour; (2) PBC could directly affect the behaviour, in a way dependent from the concerned intention. Both of these two control influences could involve in the investors’
process of decision-making and in their behaviours. Such control influences could include internal factors, such as individual knowledge, experience, skills or emotions, and external factors, namely financial resources and time or partners’ cooperation.

This notion is further supported by Akhtar, Rehman and Hunjra (2011), who argue that the openness to experience is the factor, which also effects the investment decision making. It is linked to the way how individuals perceive the world. Many facets relating to this factor have been pointed out, like imagination and depth, ingenuity, intellect, competences, reflection, introspection, quickness, creativity. The fundamental nature of this factor is related to intellectuality and curiosity.

The main argument of the perceived behaviour control is that past experiences can influence future decision making. This means that if an individual had a positive result with an investment decision they are more likely to invest again. It is because when positive results occur out of a decision, other people will also like to make decisions in a similar manner if having a similar situation (Sagi & Freidland, 2007). Sagi and Freidland state that a lot of people tend to avoid repeating previous mistakes. This is significant to the extent that future decisions made based on past experiences are not necessarily the best decisions.

5.4 Conclusions

5.4.1 Relationship between Attitudes and Investments Decisions among USIU Students
The study concludes that perceived behavioural control and subjective norm were found to have much greater influence on employees’ intention to purchase the healthcare insurance rather than attitude. The study concludes that attitudes towards investment decisions are not a significant factor. The study finds that the attitude variable cannot operate on its own but would also rely on social influences and also the experience and control of the individual towards behaviour.

5.4.2 Effect of Subjective Norms and Investments Decisions among USIU Students
The study concludes that subjective norms were the most significant predictor of student intention to invest. The study concludes that the experiences and information that students receive from those around them play a major role in determining their decision to invest. The
study concludes that the information that an individual gets from their internal environment is a significant predictor towards investment decision making.

5.4.3 Perceived Behavioural Control and Investments Decisions among USIU Students
The study concludes that perceived behaviour control is the second most significant predictor of student decision to invest. The researcher concludes that the perceived behavioural control is especially relevant when individual investment in stock market is analysed because, on the one hand, it is associated with risks and uncertainty and, on the contrary, because investors usually take into account a wide range of factors in their decision-making process. The study concludes that it is important that investors can control their behaviour when making an investment decision. The longer investors participate in investment activities; the more experienced they become and they hence know when to make the investment.

5.5 Recommendations
5.5.1 Recommendations for Improvements
5.5.1.1 Relationship between attitudes and investments decisions by USIU students
The study recommends that USIU students should have positive attitudes on financial investments as this would enhance their financial portfolio in future. This can be achieved by imparting financial skills to students by introducing a general course for new and graduating students.

5.5.1.2 Effect of subjective norms and investments decisions by USIU students
The study recommends that USIU students should not over rely on information from significant others as this information may not be of a professional nature and may risk poor investments and miss on actual investments. The researcher recommends for introduction of financial investment mentors in USIU courses.

5.5.1.3 Perceived behavioural control and investments decisions by USIU students
The study recommends that USIU students should conduct more research and interests in the investment options available and this access to information will allow them to make informed decisions on investments. The researcher recommends that students be assisted with practical tutorials on financial investments in classes to gain experience in financial investments.
5.5.2 Recommendations for Further Study

The study was embodied on psychological factors influencing investment decision making among the USIU students. The psychological factors were limited to the theory of planned behaviour (attitudes, subjective norms, perceived behaviour control). The study recommends that a similar study be conducted in other universities to corroborate the study findings.
REFERENCES


Dear Respondent,

RE: Request To Participate In Data Collection Exercise

I am a graduate student at United States International University pursuing a Degree of Masters of Business Administration (MBA). I have designed a questionnaire to gather information on Psychological Factors and Investment Decisions among United States International University Students, Nairobi County, Kenya. As a USIU student, you have been selected to participate in this survey.

The instrument asks questions regarding the influence of your attitudes, subjective norms and behaviour control towards investing in (Initial Public Offers). The questions are based on a 5 point Likert scale. You are required to rate with a tick the in the spaces provided alongside the statements. The information provided will only be accessible to the researcher for analysis and will remain anonymous and kept with confidence.

Thank you for taking time to complete this survey.

Yours Faithfully,

David Wanyoike (Researcher)
APPENDIX II: QUESTIONNAIRE FOR USIU STUDENTS

Please indicate with a (√)

Section 1: Background Information

1. What is your Age?
   - 20-30 ( )
   - 31-40 ( )
   - 41-50 ( )
   - Above 51 ( )

2. What is your Gender?
   - Male ( )
   - Female ( )

3. What is your Education Level?
   - Bachelors ( )
   - Masters ( )
   - PhD ( )

4. What is your Marital Status?
   - Married ( )
   - Single ( )

5. What is your Employment status?
   - Permanent full-time ( )
   - Permanent part-time ( )
   - Temporary / Seasonal ( )
   - Self-employed

6. What is your monthly income in Kenya Shillings?
   - 0-20,000 ( )
   - 21,000-40,000 ( )
   - 41,000-60,000 ( )
   - Above 60,000 ( )
Section 2: Influence of Attitude on Investment Decisions

7. The following statements refer to attitudes towards investments. Please rate these statements on a scale of 1-5 where: 1=extremely unlikely, 2=unlikely, 3=moderately likely, 4=likely, 5=extremely likely

<table>
<thead>
<tr>
<th>Attitudes toward investment</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>bad-good</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>foolish-wise</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>punishing-rewarding</td>
<td></td>
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<td></td>
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<tr>
<td>unpleasant-pleasant</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>unbeneficial-beneficial</td>
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</tbody>
</table>

Section 3: Influence of Subjective Norm on Investment Decisions

8. The following statements refer to the influence of society towards investments. Please rate these statements on a scale of 1-5 where: 1=extremely unlikely, 2=unlikely, 3=moderately likely, 4=likely, 5=extremely likely

<table>
<thead>
<tr>
<th>Subjective norms statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most people who are important to me would think that I should buy shares in a public company</td>
<td></td>
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</tr>
<tr>
<td>People who are important to me think that buying shares in a public company are a good idea</td>
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<tr>
<td>People who are important to me think that buying shares in a public company would be a wise idea</td>
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</tr>
</tbody>
</table>
Section 4: Influence of Perceived Behaviour Control on Investment Decisions

9. The following statements refer to attitudes towards investments. Kindly rate these statements on a scale of 1-5 where: 1=extremely unlikely, 2=unlikely, 3=moderately likely, 4=likely, 5=extremely likely

<table>
<thead>
<tr>
<th>Perceived behaviour control statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>If I want to buy shares in a public company, I can easily do it so</td>
<td></td>
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<td></td>
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<tr>
<td>I have the knowledge to buy shares in a public company</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>There is plenty of opportunities for me to buy shares in a public company</td>
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<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Section 5: Intention to invest

The following statements refer to plan to invest. Please rate these statements on a scale of 1-5 where: 1=extremely unlikely, 2=unlikely, 3=moderately likely, 4=likely, 5=extremely likely

<table>
<thead>
<tr>
<th>Intention to invest statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I plan to buy shares in a public company in the future</td>
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<tr>
<td>If I have the opportunity, I will buy shares in a public company in future</td>
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<tr>
<td>I will never buy shares in a public company within the next 12 months</td>
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</tbody>
</table>