FACTORs INFLUENCING PERSONAL INVESTMENT DECISIONS: CASE OF USIU-A GRADUATE STUDENTS

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UNITED STATES INTERNATIONAL UNIVERSITY-
AFRICA

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STUDENT’S DECLARATION

I, the undersigned, declare this my original work and has not been submitted to any other college, institution or university other than United States International University-Africa in Nairobi for academic credit.

Signed __________________________ Date: __________________________

Engelhard Gift Streidwolf (ID: 639190)

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

Signed __________________________ Date: __________________________

Dr. Peter N. Kiriri

Signed __________________________ Date: __________________________

Dean, Chandaria School of Business
ABSTRACT

The general objective of the study was to explore the factors influencing personal investment decisions among United States International University-Africa graduate students. The study was guided by the following specific objectives: to determine the influence of individual factors on personal investment decisions, to establish investment related factors on personal investment decisions and to determine the influence of external factors on personal investment decisions.

This research adopted a descriptive research design. The graduate students' population at USIU-Africa was 1531 drawn from various programs: MBA Global Business Management and Health Leadership & Management, Masters of Business Administration, Masters of Science in Management and Organizational Development, Masters in International Relations, Masters in Counselling Psychology, Masters in Clinical Psychology, Masters in Information Systems Technology and Masters of Art in Communications Studies. This study adopted stratified random sampling technique. The data was collected using structured questionnaires which were distributed using drop and pick method.

A sample size of 286 respondents was an adequate size relative to the objectives of the study. The study gathered primary data using questionnaires and data was analyzed using descriptive statistics such as percentages and the mean to describe each variable. Correlation was used to assess the relationship between investment decisions and the other variables. Simple Linear Regression Analysis was also used to determine the factors influencing personal investments decisions. The outcomes of the study were presented using tables and figures. Data analysis was carried out using the Statistical Package for Social Science (SPSS version 23).

The findings showed that majority of the respondents agreed that income influences their decision to invest. The findings also revealed that willingness to bear risk and cost of investment influence respondent’s decision to invest. Level of knowledge acquired on different investment instruments was also an important factor in determining investors’ personal investment decision. Different investments are suited for various investors and this may influence their investment decision.
This study determined that majority of the respondents agreed that the benefits of investment project influence their decision to invest. The findings revealed that risk of an investment project influences their individual decision to invest. Expected return on investment was a significant factor in determining the investors’ personal investment decision. Duration of investment played an important role in setting return objectives and defining liquidity constraints in regards to the investment. Majority of the respondents were concerned with the benefits of an investment project when making investment decisions.

A number of respondents agreed that the availability of investment market opportunities influences their investment decision. The frequency of return on investment was a common factor for all investors. Additionally, the risk involved in investment capital growth of investment influences investor’s decision to invest. Political stability of the country and rules and regulations of a country play an important roles but also posed a significant challenge for investors. Commercial and economical environment influence decision to invest while high taxes constrained personal investment decision. The prevailing of interest rates plays a big role in deciding whether or not to invest. Few respondents agreed that there were few investment avenues for investment.

The main conclusion of the study is that the individual factors, investment related factors and external factors influence personal investment decisions. Furthermore, the study recommends that graduate students in all programs should be equipped with adequate knowledge on different investment instruments for them to invest confidently. Graduate students must have good knowledge about the cost of investment as well as the willingness to bear risk before making investment decisions, this can help avoid making wrong investment decisions. Potential investors should be mentored on how to approach risk in business and adapt to the business changes over time. These kinds of training help existing and potential graduate students that seek different investment preferences to maximize their wealth. Individual facts must be considered before making the right personal investment decision.

The study recommends that political stability should be ensured to stimulate graduate students investment decisions. Identification of investment opportunities and development of
investment project proposals are important for investment decisions. Favourable interest rates play a big role in the decision to invest and this could lead to an increase in the number graduate students investing. Graduate students should be aware of investment options since it will help in successful investment. In addition, external factors should be considered as they can complicate investment decisions.
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DEDICATION

This project is dedicated to my family and friends for their support and encouragement throughout the preparation and completion of this project.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Many individuals reckon investments to be extremely interesting because they can get involved in the decision making process and see the outcomes of their choices (Glover, 2006). Not all investments will be yielding profit, as investor will not at all times make the correct investment decisions. However, an investor can earn favourable return on a diversified portfolio. Investing is not a game but a significant subject that can have a serious impact on investor’s future wellbeing (Johnson & Powell, 2004).

Each of these investments has recurrent characteristics such as the risk to bear and potential return. The future is unknown, and an investor must ascertain how much risk they are prepared to bear since higher return is associated with taking more risks (Lopes, 2007). An individual investor can start by identifying their investment goals. Once these goals are established, the individual should be aware of the mechanics of investing. These include the process by which securities are issued and subsequently bought and sold, the regulations and tax laws that have been approved by various levels of government, and the sources of information regarding investment that are available to the individual (Wang, 2004).

Today the scope of investment is even more dynamic than it was a decade ago. World events are changing the values of assets an investor has and there are so many assets to choose from. Beside the amount of information available to the individuals is continually growing and staggering (Bernard & Ralp, 2005). The key to a successful financial plan is to keep apart a considerable amount of savings and invest it intelligently. The turnover rate in investments should be greater than the inflation rate and cover taxes as well as allow the investor to earn an amount that compensates the risks taken. Savings accounts, money at low market and interest rates accounts do not contribute significantly to future rate accumulation (Arano, Parker & Terry, 2010).
Olusoji (2003) affirms that, savings represent that part of net income that is not spent on current consumption but applied to capital investment output increases. In other words, saving is giving up on current consumption that yields for accumulation of capital. It is the act of preserving income for future use and not immediate use. We can also say that savings is the part of income not depleted on current expenditures since a person does not know about the future and therefore money should be saved to pay for unexpected or emergencies events. For example, it is possible that an individual’s dishwasher could break, medical emergency could take place or car may malfunction.

Without savings, unforeseen events can become huge financial burdens. Therefore, savings help a family or an individual to be financially secure. Money can also be saved to acquire expensive items that are too expensive to buy with monthly income. Purchasing a new camera, paying for a vacation or buying an automobile can all be achieved by saving a part of income. Individuals with a saving attitude are in an ideal situation to climate monetary stuns, for example, loss of income, to construct assets for the future and are less dependent on credit cover to sudden costs. The manner in which people save can range from holding surplus income as cash, having basic casual reserve funds systems such as savings to investment funds or non-monetary investment funds such as livestock or property (Olusoji, 2003).

Investment refers to commitment of capital to the purchase of an asset in order to gain profitable returns (Yio, 2014). Investment is the purchase of an asset with the hope that it will generate income or appreciate in the future. It involves committing money to an investment vehicle in the hope of making a financial gain with the possibility of losing it. Although some people use savings and investments interchangeably, from the professional point of view, saving is different from investment.

Investing is an important part of any individual’s personal financial plan. People invest money in order to increase their future wealth. An investment involves the commitment of funds to one or more assets that will be held over some investment horizon (Jones, 2007). Cummings (2007) says there is need for investment planning. He affirms that money hidden does not bring profitable returns to the owner and should be put for profitable returns. This means that for
savings to earn a return, they should be put to useful work. Not all investments will be profitable, as an investor will not always make the correct investment decisions over the period of years. However, you should earn a positive return on a diversified portfolio (Bodie, Kane & Marcus, 2007).

Financial literacy is a blend of the mindfulness, learning, abilities, attitude and behavior which are important to settle on sound budgetary choices and accomplish individual monetary prosperity (Atkinson & Messy, 2012). A few nations or authors utilize the term budgetary ability with a similar significance; others utilize financial literacy proficiency just to allude to monetary information and skills. Absence of financial literacy can act as an obstruction to savings: if individuals do not deal with their cash well they might not have enough left to save after everyday costs or may accumulate debt they cannot reimburse. Absence of financial literacy likewise implies individuals don't prepare or see how monetary items can help meet reserve funds objectives (Atkinson, McKay, Kempson, & Collard, 2006).

Globally, various nations have now completed financial literacy reviews of their adult population, which give bits of knowledge into reserve funds related information, dispositions and behavior. These reviews suggest that individuals are not well prepared to take complex financial decision, they do not prepare adequately and they have a poor comprehension of speculation ideas like hazard and enhancement. For instance, in the UK financial capability standard review, 40% of individuals with a stocks and shares Individual Savings Account (ISA) did not know they were presented to stock market risk (Atkinson et al., 2006). Individuals were additionally poor at preparing. 70% of individuals had made no arrangement for a sudden drop in income; 81% thought the state benefits would be deficient for their retirement, yet 37% of this gathering had not made extra arrangement (Atkinson et al., 2006).

Across countries, financial literacy is for the most part low amongst young people, the extremely old, ladies and those with low income, those without a school education, the fiscally barred, individuals who lease instead of possess their home, and specific ethnic groups (Collard, 2009). In any case, extraordinary groups have diverse financial skills. For instance, the UK standard overview found that those on low livelihoods were competent at following
along and dealing with their cash every day, but poor at planning ahead. The discoveries from these overviews are also borne out by other research, which indicates there is across the board absence of information and comprehension about investment risk (Collard, 2009).

Even when individuals comprehend the need to diversify, they may receive basic techniques like sharing their cash equally among the choices on offer. There is a general inclination for equities among those choosing how to apportion their pension fund, yet one US study found that a few people place nothing in equity and others everything. Those on higher income have a tendency to invest a significant portion of their pension fund in equities, as do those with alternative annuity sources, regardless of whether they are in private sector (Lu, 2011).

Many are left to gain financial guidance from their parents or by individual involvement in their lives. This announcement is predictable with a momentum of roughly 76% of American studies reviewed cash administration from their very own encounters or from family. This stimulated the United States Congress to approve the Excellence in Economic Education Act in 2001, which make room for expanded funding of projects in financial literacy (Balkundi & Harrison, 2006).

Lewis and Messy (2012) say that financial instruction and mindfulness is complementary to budgetary customer security. Direction will dependably be important to a specific degree as even the most financially literate purchaser will not have adequate learning and comprehension to defeat data asymmetries, particularly in the intricate field of investment. In any case, even the best exposure record will contain technical information which the customer needs to comprehend and evaluate, and hence financial education is essential.

Financial education and mindfulness activities can take numerous structures. Financial education incorporates direction in individual fund ideas with the financial services administrations scene, the improvement of the skills, states of mind, behavior expected to settle on the right decisions for the person. Components of the landscape may incorporate kinds of financial institutions, products, how customers are secured, and getting counsel. Skills would incorporate for instance, understanding danger and reward, budgeting and planning, assessing
information, and contrasting products. Behaviors and attitudes are especially unpredictable in the zone of savings and investment, as individual risk inclinations fluctuate generally. It is important that education prompts a mindfulness of risk craving and different drivers of saving behavior. In addition, to expanding the capacity to settle on sound financial decisions. Financial training ought to prompt to more proper savings as individuals pick up certainty and the skills to decide on financial objectives and the methods for meeting them (Lewis & Messy, 2012).

United States International University-Africa (USIU-Africa) located in Nairobi, Kenya is the oldest private secular university in Eastern Africa. The university received its accreditation in 1999 from the Commission for Higher Education (CHE) in Kenya and in 2008 received accreditation as an independent university from the Western Association of School and Colleges (WASC) in the United States (USIU-Africa, 2018).

Over the years the university has grown to a student population of over 6,000 comprising undergraduate, graduate and doctoral students. The institution is multicultural and the student population is diverse with representation of students from 70 countries worldwide. The university has four schools which include the Chandaria School of Business, School of Humanities and Social Sciences, School of Science and Technology and lastly School of Pharmacy and Health Sciences with a faculty representation including fulltime and part-time lecturers. (USIU-Africa, 2018). At the time of the study, the graduate students’ population at USIU-Africa was 1531 students. Important to note is that the graduate and undergraduate students include both working and non-working students who are referred to as students in this study (USIU-Africa, 2018).

1.2 Statement of the Problem
Prior studies have been carried out to ascertain the pattern of institutional investor’s investment but Studies dealing with investment pattern of individual investors are very few. Previous studies mostly concentrate on differences in individual investing pattern on the basis of gender. Differences on the basis of age in investment pattern is a new direction for research. Earlier studies conclude that women invest their asset portfolios more consciously than their male
counterparts. The number of women investing has been lower than that of men for several reasons, including social and different demographic concerns. However the differences continue to be remarkable even after controlling of individual attributes (Schmidt & Sevak, 2006). To bridge the gap between men and women investment plans, the current study aimed to provide insight for the differences in their investment decisions.

Internationally, Collins and O'Rourke (2010) carried out the first study in Australia. The study population was first year university students and the findings established that financial literacy was poor. Similar results were established by Chen & Volpe (2005) who conducted a study and has found that participants with higher financial literacy were able to handle their finances and investment decisions more successfully. Furthermore, a study in the UK indicated that while financial literacy was low across the entire population, highly educated people were expected to have better financial skills and knowledge than those who were less educated (Smith, 2005).

In most African families, personal financial decisions are mostly made by the head of the house who are men (Imegi & Okanta, 2015). The question would be whether the personal investment decisions made are guided by other factors or financial knowledge. Imegi and Okanta (2015) found that many Africans living standards are below the poverty line not because of low income or low salaries but possibly, absence of deficiency in investments, savings, budgeting and insurance. Imegi and Okanta (2015) state that in Nigeria individuals spend more on food, since there is a tendency of high consumption and low savings. In order to understand personal financial decision by USIU-Africa graduate students, there is a need to understand the factors that influence personal investment decisions.

According to Lusardi (2008), financial literacy is far reaching among the U.S. population and is especially intense among specific demographic groups, for example, those with low education, African-Americans, Hispanics and women. Xu and Zia (2012) state that even though there have been many studies on financial education for students in the U.S, national surveys are lacking for most low-income and middle income countries that there is not enough cross country analysis of financial literacy levels and financial knowledge.
Rajarajan (2007) predicts individual investment choices (such as stocks, bonds, real estate) based on lifestyle and demographic attributes. These investors see rewards as contingent upon their own behaviour (Rajarajan, 2007). Arano et al. (2010) argues that designing a portfolio for a client is much more than merely picking up securities for investment. The portfolio manager needs to understand the psyche of his client while designing his portfolio. Risk tolerant investors behave as though they can control risk. This suggests that risk tolerance serves as a proxy for an ‘illusion of control’ and thus overconfidence (Daniel & Huberman, 2003). The current study aims to demonstrate how having a financial plan is critical for the success of an investment (s). In this relation, the purpose of this study is to determine the relationship between the respondents’ demographics (such as age, gender and education level) and their level of awareness as an influence in their investment decisions. Therefore, the present study points on key factors that influence investment behaviour and ways these factors impact investment risk tolerance and decision making process among different individual investors in the same situation.

1.3 General Objectives
The general objectives of this study was to determine the factors influencing personal investment decisions.

1.4 Specific Objectives
1.4.1 To determine the influence of individual factors on personal investment decisions.
1.4.2 To establish the influence of investment related factors on personal investment decisions.
1.4.3 To determine the influence of external factors on personal investment decisions.

1.5 Importance of the Study
1.5.1 USIU-Africa
Personal investment decisions are important to any graduate student in any institution. This is because a graduate student are expected to make good financial management decisions concerning investment, savings, budgeting and retirement. The graduate student’s financial well- being is determined to some extent by their level of financial literature.
1.5.2 Economy
Any economy would thrive better if its people understood the benefits of personal financial decisions and would come up with strategies to better financial management. Most of the people who make such decisions are assumed to have good financial education to run the economy.

1.5.3 Businesses
Personal financial decisions would have an impact on the economy because an educated person is assumed to make better financial decisions. Businesses are operated better by people who make good and sound business financial decisions.

1.5.4 Investment Advisors
The study will assist investment advisors to give satisfactory information to suit the needs of individuals who enquire about investing their resources and assets wisely. Investment advisors will then help such individuals make informed financial decisions.

1.5.5 Researchers and Academicians
This study will add value to the body of knowledge and for that reason will be of interest to both researchers and academicians who seek to investigate personal financial decisions strategies.

1.6 Scope of the Study
The target population for this study was graduate students at USIU-A, the study was conducted in Nairobi. This graduate students were enrolled in MBA Global Business Management and Health Leadership & Management, Masters of Business Administration, Masters of Science in Management and Organizational Development, Masters in International Relations, Masters in Counselling Psychology, Masters in Clinical Psychology, Masters in Information Systems Technology and Masters of Art in Communications Studies. The study took place between January and April 2018.
1.7 Definitions of Terms

1.7.1 Individual Investor
An individual investor is an individual who buys little measure of securities for themselves (Schmidt & Sevak, 2006).

1.7.2 Investment Decision
Investment decision refers to the assurance of where, when, how, and how much funding to spend and debt to incur the quest for making a profit. An investment decision is often reached between an investment advisor and an investor (Rajarajan, 2007).

1.7.3 Investments
Investment is commitment of capital to the purchase of an asset in order to gain profitable returns (Yio, 2014).

1.7.4 Savings
Olusoji (2003) affirms that savings represent that part of net income that is not spent on current consumption, but applied to capital investment output.

1.7.5 Financial Literacy
Financial literacy is a mix of the awareness, skills, knowledge, behavior and attitude important to settle on sound financial decisions and accomplish individual financial prosperity (Atkinson & Messy, 2012).

1.8 Chapter Summary
This chapter presented the background information of the research problem, identifies the problem statement, expresses the aim of the study and lists the research objectives tackled in the research project. It additionally presents the importance of the study, scope and terminologies used. Chapter two reviews literature on the factors effecting personal investment decisions; it determines the influence of individual factors on personal investment decisions, it establishes the influence of investment related factors on personal investment decisions and it determines the influence of the external factors on personal investment decisions. Chapter
three describes the research methodology. Chapter four presents the findings of the study while chapter five presents conclusions, recommendations and suggestions relevant to the study.
2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on factors influencing personal investment decisions. In the first section 2.2, the chapter explains the influence of individual factors on personal investment decision. The second section 2.3 examines the influence of investment-related factors on personal investment decisions, and the last section 2.4 discusses the influence of external factors on personal investment decisions. The chapter concludes with a summary of the literature review.

2.2 Influence of Individual Factors on Personal Investment Decisions

2.2.1 Age of the Investor

Age is widely used as a variable to explain investor behaviors. Alexander et al. (2008) found that the median age of fund holders is 43 years old and that those below 43 are more likely to hold funds by means of pension plans. Younger investors are significantly more likely to invest in mutual funds through their pension plans, while bank, broker, and direct fund company purchasers are each significantly older as a group than are their counterparts who purchase their mutual fund shares elsewhere. Schmidt and Sevak (2006) argued from the theoretical perspective that investors tend to cut down their investments on stocks when they grow old and that the older the investors, the less they dislike risks.

According to Baker and Fletcher (2007), the stage in the family life cycle is another factor that can influence investment decision. Baker and Fletcher (2007) reveal that individuals have different financial objectives at different stages in the family life cycle. These objectives include emergency-meeting, mobility maintenance, large quantities of purchase, payment of children education, retirement, future earnings and enhancement of assets (Stanley, Harlow & Keith, 2005). In life-stage categorization, investment policies and specifically risk tolerance, are governed by one’s progress on the journey from period of being a child to youth, adulthood, maturity, retirement and death.
Theoretically, a person’s capacity to accept risk should start at a high level and slowly decline through lifetime, while readiness to assume risk should be steered largely by cash flow considerations (income against expenses). The human financial circumstance is driven by additional factors, such as living conditions, life experiences are starting point on the personal abilities, scale of wealth and ambitions. For the sake of demonstration, an individual’s investment policy can be seen as going through four phases which are foundation, accumulation, maintenance and distribution (Chow & Riley, 2007).

In the acquisition phase, earnings gain momentum as returns accumulate from the marketable skills and capabilities acquired during the foundation period and slowly reach their highest point. In the early years of the acquisition phase, income increases and investable assets begin to accrue. Expenses also increase during this period, through the organization of family, acquisition of homes, nurture and education of children (Arano et al., 2010). In the middle and later years of wealth acquisition, expenses normally begin to deteriorate as children reach middle age, educational needs are achieved and home acquisitions are completed. Income normally continues to increase as the individual arrives at peak productivity. If an individual’s distinctive spending way of life do not change, the rift between income and expenses may broaden throughout the acquisition phase, allowing for a rise in savings. Some individuals may give up investing their increasing wealth and as an alternative increase spending on indulging items or possibly make gifts to charities or relatives. For investors, on the other hand, the accumulation phase is illustrated by increased risk tolerance, propelled by their increasing wealth and a still long-term time horizon (Wang, 2004).

During the support phase, the individual progresses into the later years of life and normally has retired from day to day employment or the burdens of owning a business. This phase concentrates on supporting the financial security and desired lifestyle (Mayo, 2008). Safeguarding accumulated wealth starts to increase in significance, while the advancement of wealth may start to deteriorate in importance. Risk tolerance will start to deteriorate and not only is the individual’s time range of experience shortening but his self-confidence in the capacity to replace capital or recuperate from losses is often reduced (Bernard & Ralp, 2005).
In the support phase, investors will normally reduce vulnerability to higher-volatility asset category such as common stocks and increase vulnerability to lower-volatility investments such as intermediate-term bonds. Since the individual now has a shorter time to recuperate from poor investment outcomes, portfolio security becomes increasingly significant. In this phase, the problem is to attain a desired level of portfolio security and maintain vulnerability to risky assets adequate to safeguard the portfolio’s purchasing power. Investors who become too skeptical too soon after retirement may come to an elderly age with assets that have experienced significant deterioration in purchasing power (Baker & Fletcher, 2007).

In the distribution phase, acquiring wealth is transferred to other entities or persons. For many, this phase starts when the individual is still receiving the benefits of the support phase and retirement. For most, the phase entails a conscious decision to start transferring wealth. Dealing with tax restrictions often becomes a significant consideration in investment planning as investors attempt to maximize the after-tax worth of assets entrusted to others. Despite the fact that asset distribution may take place in the subsequent stages of life, planning for such commitment can start much earlier. For individuals with considerable wealth, the distribution phase may be a well-planned program carried out during the course of several years. Well organized wealth transfers take advantage of tax laws, market conditions and various transfer mechanisms. An individual may consider various transfer strategies: establishing trusts or foundations for heirs or charities, make outright gifts of cash or assets, modify the legal ownership structure of certain assets, and make advance provisions for care in the event of health problems and to pay wealth transfer taxes (Stanley et al., 2005).

According to Baker and Fletcher (2007), for each of the above phases, particular circumstances are a driving force in how an individual reacts to each cycle of life. The foundation phase will be more unfamiliar to those who begin life with a base of inherited wealth than those who come from families of modest means. The distribution phase can grow to be increasingly complex for the very wealthy but continue to be quite basic for those with little wealth. Because of lifestyle and obligations, few investors do not at all leave the accumulation phase. For others, the stress of an unfavourable life experience such as living through an economic war or
calamity may overrule all phases and never permit them to properly match their ability and willingness to assume risk in an acceptable investment program.

2.2.2 Income of the Investor
Income level and return requirements may influence personal investment decisions. Since income level determines tax rate, certain investment alternatives may be more appealing because of their moderate after-tax appeal. Income may also affect risk preferences (Johnson & Powell, 2004). High-income investors may be more prepared to choose riskier strategies since they can effortlessly contribute extra investment capital should they bear losses.

If an investor must depend on their portfolio to satisfy income needs, they may be restricted in the size of positions they take in illiquid, non-income yielding investments. According to Alexander et al. (2008), the investors who buy funds by means of brokers, pension plans, or those who purchase directly from fund companies have larger incomes than those who invest through other channels such as banks and insurance companies. In terms of income, mutual fund investors have a median household income of $58,800, which is close to the median household income of fund owners reported elsewhere.

2.2.3 Gender of the Investor
Most of the past research on gender and investing has found that females tend to have a greater risk aversion than males in investment decisions (Graham, Stendardi, Myers & Graham, 2007). But in more recent studies, the results are mixed (Arano et al., 2010). It is a standard belief that females are more risk averse than males. This becomes an issue for females in two situations: careers and retirement funds. According to Bruce (2005), 80-90% of females will be accountable for their finances at any point in their lives. Since females are regarded to be more risk averse than males, investment brokers regularly encourage females to invest in less risky portfolios which results in lower expected returns (Wang, 2004). This becomes a very big problem as females tend to live longer than males and will need more money than males to sustain themselves throughout retirement.
In addition, not all females may be risk averse, but brokers are assuming without question that females would prefer to invest their assets in less risky options. Second, since females are perceived to be less risk-prone than males, there is a glass ceiling on how they are able to climb the corporate ladder (Johnson & Powell, 2004). Females may not be able to be promoted to the same levels as males since it is believed that females will not be capable of handling such a position. However, prior research on gender and risk aversion shows mixed results. One important limitation is that researchers consider different samples. Some of the researchers do not consider whether or not the males and females being researched are comparable to one another.

2.2.4 Literacy of Financial Knowledge

Although many females control the day-to-day finances of their household, not many have any experience in investing their assets. In general, males tend to have more financial knowledge and wealth, which means they are more confident in their investment decisions, and more apt to take risks (Bruce, 2005). A study done over the period of 2003-2004, found that male and female fund managers have the same returns, but that they each have different strategies to obtain their returns (Glover, 2006). The study also discovered that the mutual fund industry is dominated by males, with females representing only ten percent of the industry. Since females are underrepresented, the majority of females are uneducated on how to best invest their assets.

According to past research, as financial knowledge and wealth increase, a person’s risk aversion decreases. In particular, Arano, Parker and Terry (2007) conducted a mail survey from September to October 2003. The mail surveys were sent to tenure-track faculty at Kansas Regents institutions who were 50 years of age or older. The survey collected information on income, wealth, distribution of retirement assets, and investment decisions made by married households. Arano et al. (2007) found that greater risks are taken when a person has greater wealth. They also found that in general males have larger incomes, so this could be one reason why males take greater risks when investing their assets. As wealth increased, risk aversion decreased. Lastly, when it comes to education, the mutual fund investors are considerably well educated, with 54.6 percent having at least completed college. Direct and broker Fund
Company customers probably have at least a college degree compared to customers in the alternative distribution channels.

2.2.5 Unique Needs and Preferences of the Investor

Every investor has unique needs, circumstances and preferences. Hence different investments are suited for various investors. For example, some investors prefer a balanced mix of investment options, some have a low degree of risk and others have a higher degree of risk but may yield greater returns, but the emphasis would be on investment options that have a higher degree of risk but may yield greater returns (Arano et al., 2007).

Another category of investors would select only investment options that have a higher degree of risk but a greater potential for higher returns. The diversification of investments may be appropriate for investors who seek aggressive growth and who can tolerate wide fluctuations in market values, especially over the short term (Johnson & Powell, 2004). Others would have a preference for growth and can withstand significant fluctuations in market value and some may want capital appreciation and some growth to withstand moderate fluctuations in market value (Mayo, 2008).

It is therefore important to understand why investors have completely divergent views on the worth of an investment. One person may believe that an asset is overvalued and hence seek to sell it, while another may seek to buy it in the belief that it is undervalued (Wang, 2004). Valuation may be very subjective, which leads to such inconsistencies as one person is buying while the other is selling. That does not mean that one person is necessarily irrational or incompetent. People's goals and perceptions (or estimates) of an asset’s potential may change, affecting their valuation of the specific asset (Bernard & Ralp, 2005).

2.2.6 Investor Attitudes

Not every person is similar in his or her investment personality or goals. Some people like to be effectively engaged in the investment process, while others like to sit on the sidelines. Some investors are willing to take high risks for high return to accomplish ambitious goals, while others are more moderate in perspective and grade towards a more careful approach. Finally,
some invest acquire quick return, while others are substance to surrender their profits to future returns (Mayo, 2008).

**2.2.7 Investor Willingness to Bear Risk**
Risk tolerance is ordinarily characterized as portfolio change or the instability in the value of assets over time. At an individual level, risk can mean the probability that you will not achieve an objective or the risk of losing invested funds. Comprehending the resilience for risk which vary for every investor is vital to determining an investment program (Arano et al., 2002 as cited in Schmidt & Sevak, 2006). Resilience for risk is largely an individual characteristic that might not be easy to decide and may change after some time. An investor’s emotional nature assumes a role in their planning to take risk. But their objective is the capacity to bear risk, given the financial needs and investor wealth which are important too (Johnson & Powell, 2004).

An investor’s age can also influence how much risk he or she can venture in. As an individual becomes older, there is not such a great amount of time to recoup from poor investment decision and the enthusiasm to take risk can adjust but the investor’s wealth and conditions will perhaps change too (Wang, 2004). An investor risk tolerances might fluctuate for different parts of the portfolio, for example, cash proposed for educational funds for children and retirement.

**2.3 Influence of Investment Related Factors on Personal Investment Decisions**

**2.3.1 Risk of the Investment Project**
Market risk refers to the tendency of security prices to move together. The four standard market risk factors include: equity risk or the risk that stock prices will change; interest rate risk or the risk that interest rates will change; currency risk or the risk that foreign exchange rates will change and commodity risk or the risk that commodity prices such as grains and metals will change (Lee, 2003).

While it may be frustrating to invest in a firm that appears to have a minimum amount of business risk and financial risk and then to watch the price of its securities fall as the market
as a whole declines, that is the nature of market risk. Security prices do fluctuate, and the investor must either accept the risk associated with those fluctuations or not participate in the market (Lee, 2003).

While market risk is generally applied to stocks, the concept also applies to other assets, such as stamps, art objects, and real estate. The prices of each of these assets fluctuate. If the value of houses were to rise in general, then the value of a particular house would also tend to increase. But the converse is also true because the prices of houses could decline, causing the value of a specific house to fall. Market risk cannot be avoided if the individual acquires assets whose prices may fluctuate (Lee, 2003).

2.3.2 Interest Rate Risk
Interest rate risk refers to the tendency of security prices, especially fixed-income securities, to move inversely with changes in the rate of interest. The prices of bonds and preferred stock depend in part on the current interest rate. Rising interest rates decrease the current price of fixed-income securities because current purchasers require a competitive yield (Mayo, 2008). The investor who acquires these securities must face the fact that interest rates can and do fluctuate, thus causing the price of these fixed-income securities to fluctuate.

The source of this risk depends on the demand and supply of credit. Thus, diversification cannot affect interest rate risk because it applies to all securities. Instead the investor may alter the term (such as length of time to maturity) of the securities acquired to reduce the impact of interest rate fluctuations (Bernard & Ralp, 2005).

2.3.3 Cost of the Investment Project
The cost of investment is critically important in investment decisions. Cost of investment is the minimum required rate of return a project must earn in order to cover the cost of raising fund being used by the firm in financing of the proposal (Agarwal, 2007). It may be defined in two phase i.e. operational term and economic term. Firstly, it refers to the discount rate that would be used in deciding the present value of approximate future cash proceeds and finally determining whether the project is worth to commit to or not.
Economic term is further divided into two categories which are good and services (Dayananda, Beal & Delpachitra, 2007). Initial value of capital is the value of acquiring the fund needed to finance the intended project such as the borrowing rate of the firm. In term of lending rate it refers to the opportunity cost of the funds to the firm i.e. what the firm could have earned by investing fund elsewhere. In both cases cost of capital connotes rate of return prevailing in the market and anybody seeking capital from the market will have to promise to pay this rate to the suppliers or anyone investing funds will receive return at the same rate (Mayo, 2008).

2.3.4 Returns of the Investment Project
Gaining a positive return is a habitual aim of all the investors. Return is frequently expressed in percentages. It is then referred to as the rate of return, which is the return that is earned by the investment relative to its cost. Before purchasing an asset, the investor anticipates that the rate of return will be greater than that of other assets of similar risk. Without this anticipation, the purchase would not be made. The realized rate of return may be different from the anticipated rate of return. That is the element of risk (Maser, 2005).

A sound investment structure is said to be one which aims at maximizing investor return with minimum risk. In such a scenario the investor profits should be maximized and hence an individual investment outlay should be achieved. It is very important for an individual to maintain a liquidity position and avoid insolvency. On the other hand, unprofitable investments should be disposed off once they become non profitable to avoid insolvency (Mayo, 2008). The process of determining an investor’s desired required returns should take place simultaneously with the conversation of risk tolerance. Lastly, the investment must present a return goal that is achievable given the portfolio’s risk limitations (Bernard & Ralp, 2005).

2.3.5 Payback of the Investment Project
Payback period is an investment appraisal technique which tells the amount of time taken by the investment to recover the initial investment or principal. An individual must use different capital investment decision tools to predict whether they will profit from investing. Some of the tools similar to payback period are effective on capital investment decisions. This tool helps the investors to decide which capital investment project would permit the company to
recuperate their investment at the earliest possible time (Dayananda et al., 2007). Many investors would rather invest in projects where they could recuperate their investments at the earliest possible time if all other elements are constant. For example, alternative a capital investment decision would create cash inflows of Ksh. 200,000 a year and result in a ten year payback period of factory equipment that values Ksh. 2,000,000. Alternative B capital investment decision would create cash inflows of Ksh. 400,000 and result in a five year payback period of factory equipment that also values Ksh. 2,000,000. Here, applying Alternative B is the effective capital investment decision to make. Certainly the payback period is influential on capital investment decisions (Flynn, 2005).

2.3.6 Security of the Investment Project
Security or safety is very important in investing. Because, an investor is going to invest hard money then definitely he or she will expect good returns. The safety of the funds invested should be the first priority of any investment and the returns should be in proportion to the level of risk taken. Part of financial socialization is a person’s sense of financial security during childhood. The majority of Asians and whites indicate while growing up, they felt their family’s financial situation was either secure or very secure (Hira & Loibl, 2006). On the other hand, fewer than half of African Americans or Hispanics felt similar levels of financial security during childhood.

A person’s financial socialization may influence how investment decisions are made in each household. Many respondents such as one-third among African Americans and Asians and one-fourth among Hispanics and whites made investment decisions alone (Hong, Kubik & Stein, 2004). However, most of respondents made investment decisions together with their spouse. A very small proportion of respondents other than adults are involved in investment decision-making and this proportion was highest among Hispanics and whites. Investors may begin their financial socialization as children at home, but one’s financial education rarely ends there (Hira & Loibl, 2006). Therefore, investors use various sources of information and prefer to learn about secure investments in specific ways.
2.3.7 Opinion of Peers

Previous studies show that personal portfolio decisions are influenced by peers such as co-workers (Duflo & Saez, 2007), neighbors (Hong, Kubik, & Stein, 2004) or spouses (Lyons, Neelakantan, & Scherpf, 2008), even though no attempt is made in these articles to relate peers’ characteristics to investment decisions. Elison and Fudenberg (2003) give reasons why information which is correct or not obtained from co-workers may be a significant factor in determining whether to take part in and how to invest giving rise to peer effects. In addition, savings decisions may be affected by social beliefs and norms of the society. By observing co-workers, people gain an understanding about the decent behaviour of their social groups, as emphasized by conformity (Bernheim, 2004). Individuals might want to uphold the same consumption level as that of their social group.

Mansi (2003) argues that if persons of the same group share a common environment it may influence the way they behave. In addition, when individuals are unsystematically assigned to a peer group, people with the same preferences tend to be part of the same group. Both of these lead to a correlation between individual behaviour and group behaviour which does not specify any causal relationship between the two. Finally, there might be a causal relationship between the attributes of the peer group members and individual behaviour which does not reflect either conformity or learning (Mansi, 2003).

2.3.8 Investor Awareness of the Investment Project

Awareness of investment is consisting of knowledge of risk and financial literacy. Personal investment is affected by the level of knowledge an individual investor possesses about different investment instruments. The knowledge of the relationship between risk and return along with the knowledge of the industrial sectors, economic indicators, company’s performance analysis techniques, portfolio management techniques affect the investment decisions of individuals (Gerhardt & Hackethal, 2009). The sources of information regarding investment avenue also guide the investment decisions.

Alexander et al. (2008) established that knowledge of risk influences investors’ alternative of channels. However, there are some individuals who do not think they will suffer a loss when
investing money on funds. This helps to separate individual investors to a certain extent. Alexander et al. (2008) also came up with the concept of financial literacy. In their study they made a test on the various individuals’ financial literacy. Many people have heard of funds but however, a majority of them inadequately knew about the mutual funds. Even so the mutual fund has many advantages and permits non-professionals to take part in investment with a comparatively low risk, thus acquiring capital gains (Shanghai Securities News, 2004).

2.3.9 Hedging of the Investment Project

Investment advisors have significant influence on private investors' financial decisions. The investors feel that before making any decision about investments, it is good to take suggestions from experts of this field and always go for large duration investment, since this option gives more time to evaluate investment (Gerhardt & Hackethal, 2009). One of the most important factors influencing private investors' investment decisions and thus potentially helping them to reduce investment mistakes are professional investment advisors: They are the main source of information for private investors and a large majority follow the recommendations of their advisors.

Gerhardt and Hackethal (2009) reported that 80 percent of clients of a German bank rely on advisors as their main source of information. Guiso and Jappelli (2005) show similar values for the Italian market having conducted a survey among 1,834 Italian investors. Furthermore, Zhao (2005) finds that the clients of advisors are relatively uninformed and purchase the product which is recommended by the advisor. According to a survey conducted by the Investment Company Institute (2007), around 15 percent of mutual fund shareholders who consult a professional financial advisor delegate all purchase decisions to the advisor; around 75 percent select a fund from among several recommended by the advisor. Given these facts it is important to apprehend the precise role played by financial advisors and the quality of their advice.

Thus empirical studies show that the large majority of private investors consult an investment advisor and most investors also implement the recommended trading decision or completely delegate this task to advisors. However, despite this high level of the importance of investment
advisors within process of interaction between private investors and the capital market, studies of the behaviour of advisors are rare. Hence Elton and Gruber (2000) cited by Guiso and Jappelli (2005) states that finance literature pays almost no attention to investment advice but comprise various articles about analyst recommendations and earnings estimates.

2.3.10 Duration of Investment Returns
The investment horizon period has already been seen to play a significant role in defining liquidity constraints and setting return objectives. No general definition of “long-term” or “short-term” exists, however, and discussion is frequently left in relative rather than absolute terms. In numerous planning contexts, a horizon period greater than 15 to 20 years can be seen as comparatively long term and horizons of less than 3 years as comparatively short term. Between 3 years and 15 years, there is an adjustment from intermediate to long term that different investors may comprehend differently (Arano et al., 2010).

A second matter relating to the investment period is either the investor faces a single or multistage horizon. Certain investor situations, such as an older investor with restrained financial resources are stable with a single-stage time horizon. Given the distinctive nature and complexity of nearly all individual investors’ situations, however, the time horizon limit most often takes a multistage form (Schmidt & Sevak, 2006). Stage of life as discussed prior, often presume that the investment time horizon shortens moderately as investors move through the different stages of life. Although this presumption may often be true, it is not on every occasion. Once the original investors’ needs and financial security are assured, the process of setting risk and return goals may take place in the circumstance of multigenerational estate planning.

2.3.11 Benefits of the Investment Project
Any investment is made with the primary objective of earning returns on the invested sum. Based on the type of investment instruments, returns can vary. The returns can be of two types, repetitive cash receipts, capital gain or loss. The gain or loss of capital makes the difference between the purchase price and selling price of the security (Schmidt & Sevak, 2006). The total sum on any instrument should be calculated by adding all cash receipts to the change in
price of that instrument over a period of time divided by the purchase price of that instrument. The more an investor is ready to take risks, the more the return an investor can get (Bronson, Scanlan & Squires, 2005).

2.4 Influence of External Factors on Personal Investment Decisions

2.4.1 Effect of Interest Rates on Investments

Interest rate risk refers to the tendency of security prices, especially fixed-income securities, to move inversely with changes in the rate of interest. The prices of bonds and preferred stock depend in part on the current rate of interest. Rising interest rates decrease the current price of fixed-income securities because current purchasers require a competitive yield (Mayo, 2008). The investor who acquires these securities must face the fact that interest rates can and do fluctuate, thus causing the price of these fixed-income securities to fluctuate. The source of this risk depends on the demand and supply of credit. Thus, diversification cannot affect interest rate risk because it applies to all securities. Instead the investor may alter the term (such as length of time to maturity) of the securities acquired to reduce the impact of interest rate fluctuations (Bernard & Ralp, 2005).

2.4.2 Influence of Political Factors on Personal Investment Decisions

Political factors may affect investment decisions. Regulatory and legal constraints differ from one country to another and change regularly. Attaining this investment goal within the limitations of a given jurisdiction regularly requires discussion with local experts, including estate planning attorneys and tax accountants (Arano et al., 2010). Whatever a portfolio manager’s level of regulatory and legal ability to understand, they must be cautious to avoid giving advice that would constitute the practice of law (the role of a licensed attorney). To the degree that the manager is acting in a fiduciary ability (such as employed as trustee of a trust), prudent investor ruling may apply depending on the legal jurisdiction (Bronson et al., 2005).

The trust is capitalized when the contributor transfers legal ownership of appointed assets to the trust. The assets of the trust can comprise a wide variation of items that the grantor owns, such as residential, investment securities, farm or timber land or commercial real estate, precious metals, notes, oil, gas leases and collectibles. The marketability, valuation and
restrictions on sale of such assets can present disputes with the trustee trying to sensibly manage the trust’s holdings.

Individual trusts are not in and of themselves as an investment strategy but preferably an important tool for implementing determine details of an investment strategy such as gifting. The appeal of individual trusts lies in the control and flexibility with which the grantor can identify how trust assets are to be distributed and managed, both before and after the grantor’s death (Popa & Craciun, 2011). There are two fundamental types of personal trusts which are revocable and irrevocable, and they vary largely with respect to control. In a revocable trust, any term of the trust can be amended or revoked by the grantor at any time, these terms include those terms dealing with trustees, beneficiaries, interest, shares, distribution provisions and investment provisions (Duflo & Saez, 2007).

The frame for investment decision-making within a trust can differ significantly but eventually responsibility for investment supervision resides with the trustee or co-trustees, if the trust legal agreement names multiple trustees. In revocable trusts, the trustee is frequently the grantor who may or may not wish to individually manage the investment portfolio (Bernheim, 2004). As trustee of a revocable trust, the grantor may appoint an investment manager, who then acts as an “agent” for the trustee; amend the trust document to include a co-trustee with investment responsibility; or manage the investment process directly. In the first two situations, the grantor may need the agent or co-trustee acquire prior approval from the grantor before implementing individual transactions. Acquiring such prior approval can present barriers from an investment management view, as no party has full control to act. At the time of death of the grantor or trustee, the trust passes control on to the successor trustee or co-trustees who is named in the trust document, who then have accountability for managing the assets as stated by the terms of the trust (Alfaro, Chanda, Kalemli-Ozcan & Sayek, 2004).

2.4.3 Influence of Economic Factors on Personal Investment Decisions
Investment decision is influenced by economic conditions. Today investors must cope with a changing investment environment. They are forced by the current contexts designed to adapt more quickly to demand, to react very quickly and chose to act, as have all the powers of
leverage their production processes. In a turbulent macroeconomic environment investment decision becomes more difficult (Popa & Craciun, 2011). Investors hence face daily challenges ranging from the financial, commercial, technological sectors and policy making it more difficult for them to make investment decisions (Alfaro et al., 2004).

When the economy is shrinking in terms of gross domestic product (GDP), some investors may believe that their investment will perform weakly compared with times of growth decisions (Alfaro et al., 2004). For example, the depressed economy has led to unusually cautious investment spending within the various investment options. For example there are many sectors where performance is comparatively stronger in a weak economy. These might include businesses operating in essential commodities and those retailers operating at the lower end of the price spectrum.

In an uncertain economy, investor expenses fluctuate, making it difficult to project the value of new investments definitively or accurately. This is of course true in general, but not in all cases (Popa & Craciun, 2011). In such a scenario, unanticipated costs may well offset the earning benefit. In this sense, identifying economic value drivers in business environment and understanding their impacts on investments are critical for the success of the investments opportunities. Thus, regardless of the nature of investment, investment decision always means taking some risks in the hope of obtaining profit.

2.4.4 Capital Growth on Personal Investment Decisions

This is an asset allocation strategy that seeks to maximize capital appreciation or the increase in value of a portfolio or asset over the long term. Portfolios with the objectives of capital growth exist mainly of equities. The exact fraction of equities to the total portfolio will differ according to the personal investor's investment horizon, investment goals, financial constraints and risk tolerance (Popa & Craciun, 2011). In general, a capital growth portfolio will comprise roughly 65-70% equities, 20-25% fixed income securities and the residue in cash or money market securities. While searching for high returns, this mixture within limits protects the investor against a serious loss in portfolio worth if the higher-risk equity part of the portfolio slump (Hong, Kubik & Stein, 2004).
2.4.5 Market Information on Personal Investment Decisions

The more often individual investors invest in information, the more they trade in securities. This strong and positive association between the frequency of individual investors trading and the financial information they collect is sustained by finance literature. Investors who invest more time in information receive more signals and can therefore be expected to trade more frequently. It has also been suggested that the quality of the information signals has an influence on investor trading behavior. News from a reliable source should lead to more trade portfolio rebalancing than news from an unreliable one (Epstein & Schneider, 2008). Fisher and Gerhardt (2007) argue that financial advice from professionals should lead to a better self-evaluation by investors of their own skills and, therefore, to more rational investment decisions, with a clear positive impact on trading.

On the other hand, Ivkovic and Weisbenner (2007) claim that the word-of-mouth effect is a broad phenomenon that affects financial decisions made by individual investors, for they may seek to reduce such costs and circumvent their lack of expertise by relying on word-of-mouth communication with those around them. However, those predictions have never been tested and there is no direct evidence of the impact of the sources of information as the foundation of investors’ financial choices on the frequency of trading. Investor behaviour may vary according to age (DaSilva & Giannikos, 2004), occupation (Christiansen, Joensen & Rangvid, 2008) or the environment in which they live (Goetzmann, Maditinos, Sevic & Theriou, 2004). Peress (2004) shows that wealthier investors value information more and poor investors trade little even with very precise information. Graham et al. (2005) found that investors who feel competent trade more often. Calvet, Campbell and Sodini (2009) provide evidence that active rebalancing is more pronounced for sophisticated households.

2.4.6 Influence of Liquidity on Personal Investment Decisions

Liquidity refers usually to the investment portfolio’s capacity to effectively meet an investor’s anticipated and unanticipated request for cash distributions. Two trading attributes of its holdings dictates a portfolio’s liquidity: price volatility and transaction costs. Transaction costs may include bid–ask spread, brokerage fees, price impact resulting (for example, from a large sale in a thinly traded asset), or simply the time and cost forgone of finding a buyer. As
transaction costs rise, assets become less appropriate and less “liquid” as a funding source for cash flows (Elison & Drew, 2003).

However, under price volatility an asset can be bought or sold at fair value with minimum transaction costs is traded in a favourable liquid market. If the market itself is intrinsically volatile, however, the asset’s contribution to portfolio liquidity which refers to the ability to meet cash flow needs is limited. Price volatility consist of portfolio liquidity by lowering the assurance with which cash can be realized (Christiansen et al., 2008). Important liquidity requirements limit the investor’s capacity to bear risk. Liquidity requirements can increase as a result of still-in-progress costs of daily living create a foreseeable need for cash and comprise one of the investment portfolio’s highest priorities. Because of their high foreseeability and short time horizon, expected expenses must be fulfilled using a high degree of liquidity in some part of the investment portfolio (Gerhardt & Hackethal, 2009).

Emergency reserves can affect liquidity requirements. As a precaution against unforeseeable events such as unexpected uninsured losses or unemployment, maintaining an emergency reserve is highly preferable. The size of the serves allows the client and might insure a range from three months to more than one year of the client’s foreseeable expenses. Individuals working in a litigious or cyclical environment may acquire a larger reserve than those in more steady settings. Despite the fact that timing of emergencies is by definition unknown, the need for cash when such circumstance do occur is instant (Glover, 2006).

Negative liquidity events can influence liquidity requirement. Liquidity events include discrete future cash flows or important changes in ongoing expenses. Examples might include an important charitable gift, foreseeable home repairs or a change in cash required brought on by retirement. For the sake of fullness, external support and positive liquidity events should also be well known in the policy statement. In the instance of a multigenerational family plan, positive liquidity events might include foreseeable gifts and inheritance which the advisor should note, however, that inheritance planning is a potentially and sensitive divisive topic among family members (Fischer & Gerhardt, 2007).


2.4.7 Influence of Taxes on Personal Investment Decisions

The matter of taxes is perhaps the most complex and universal investment limitation to be found in personal portfolio management. Taxation of property or income is a global actuality and poses an important challenge to wealth transfer and accumulation. Although tax codes are inevitably country specific, the following usual categories are broadly recognized: the income tax, wealth transfer tax, gains tax and property tax. The income tax is computed as a percentage of total income, frequently with different rates applied to different levels of income. Rent, wages, interest earned and dividends are normally treated as taxable income. The capital gains are profits based on price appreciation and results from the sale of property, inclusive of financial securities and are frequently distinguished from taxed and income. In most countries, the tax rate for capital gains is lesser than income tax; a minimum holding period between sale and purchase is sometimes required (Bruce, 2005).

A wealth transfer tax is evaluated as assets are conveyed without sale from one owner to another. Examples of asset transfer taxes include “inheritance” or “estate” taxes paid at the investor’s death and “gift” taxes paid on conveyance made during the investor’s lifetime. The property tax most frequently refers to the taxation of real property which is real estate, but may also appeal to financial assets. Such taxes are usually assessed annually, as a percentage of presented value. Although simple in concept, property taxes present limitations with regard to compliance and valuation (Epstein & Schneider, 2008).

Taxation differs greatly across continents and regions but marginal tax rates of 50 percent are not unusual. With tax load of such magnitude, personal investor must approach financial investments and planning from an after-tax perspective. Governments frequently modify tax laws, be it with the intent of stimulating the level of investment, of changing its composition or of reducing its volatility. A financial adviser should be consulted with to coordinate the management of tax situations (Peress, 2004).

2.4.8 Influence of Investment Risk on Personal Investment Decisions

The self-made investors may have significant familiarity with a higher degree and risk taking of confidence in their capacity to recuperate from setbacks. Such self-made investors, however,
frequently have a strong sense of individual control over the risks that they presume (Ivkovic & Weisbenner, 2007). In spite of their demonstrated preparedness to take entrepreneurial risk, they can be very hesitant to cede control to a third party or to take investment volatility over which they have no effect. In contrast, more passive beneficiary of wealth may be related with reduced preparedness to assume risk. Such investors may have become heir to their wealth; received a large, one off payment; or simply assembled savings during a period of safe employment (Alfaro et al., 2004). Because of the comparatively passive nature of their wealth assembling, these investors are presumed to have less skills with risk-taking, less comprehension of what taking risk means and less assured that they can reconstruct their wealth should it be lost (Agarwal, 2007).

2.4.9 Market Opportunities and Risks

Investment opportunities, identification and creation of investment project proposals are significant for investment decisions. In some cases, an outstanding investment opportunity avails itself and the investor has to adapt. Some investments may be compulsory while others are optional to generate growth opportunities, cost reduction and competition and so on (Manski, 2003). Investments that are compulsory are investments that are needed to satisfy specific requirements, for instance, the constant existence of a business. The optional investment normally forms the basis of the investor’s plan (Popa & Craciun, 2011).

In this regard, investors must endeavour to identify and search potential profitable investment proposals and opportunities because the existing part of the investment decision process can only guarantee that the best of the suggested investments are selected, evaluated and implemented (Peress, 2004). It is also important that a mechanism be put in place for such investment proposal from financial experts. It is also fascinating to know that outstanding investment proposals can come through casual meetings such as from colleagues during tea or lunch breaks. Having clear purposes or reasons for investing is important to investing successfully. Like training in a gym, investing can become difficult, tedious and even dangerous if an investor is not working toward a goal and monitoring his or her progress (Hira & Loibl, 2006).
2.5 Chapter Summary

This chapter examined literature on the factors influencing personal investment decisions. The first section explored the influence of individual factors on personal investment decisions. The second section highlighted the investment related factors on personal investment decisions and the third section reviewed literature on the influence of external factors on personal investment decisions. The next chapter explores on the research methodology.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter explores the research methodology which was used to conduct the study and provides a general structure for this research. The chapter explains the research design, the target population and sampling design, sampling frame, sampling technique, sampling size data collection methods used, research procedures and data analysis techniques that was used in the study.

3.2 Research Design

Research design is considered as an arrangement of circumstances for collection and analysis of data in a way that aims to integrate relevance with the research objectives. The design is used to construct the research and to show how all of the important parts of the research project work jointly to address the research questions. It is also defined as the schema, outline or plan used to generate answers to research problems (Orodho, 2013).

This study used descriptive research as its research design. The important purpose of descriptive research is to explain the state of an occurrence as it exists. Descriptive research is a technique of gathering data by interviewing or administering a questionnaire to a sample of people (Orodho, 2013). The fundamental element of a research design is to describe particular attributes of a large group of people, institutions or objects through questionnaires. According to Gan (2008), descriptive research addresses specific characteristics of a selected population of subjects at a point in time and the purpose of comparing the relationship between the factors influencing personal investment decisions.

3.3 Population and Sampling Design

3.3.1 Population

Population is referred to as a group of objects, individuals or things from which samples are presented for measurement. According to Orodho and Kombo (2012) a population refers to any group of people, institutions or objects that have the same characteristics. The study...
population for this research was 1355 graduate students of USIU-Africa who willingly participated in the study. The sample constituted of graduate students from various degree programs offered at USIU-Africa namely, MBA Global Business Management and Health Leadership & Management, Masters of Business Administration, Masters of Science in Management and Organizational Development, Masters in International Relations, Masters in Counselling Psychology, Masters in Clinical Psychology, Masters in Information Systems Technology and Masters of Art in Communications Studies. Students in above mentioned graduate programs make a difference with the knowledge they get in leadership, management and society. The table below presents the sample distribution.

### Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Programs</th>
<th>Number of Graduate Students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBA Global Business Management and Health Leadership &amp; Management</td>
<td>38</td>
<td>3</td>
</tr>
<tr>
<td>Masters of Business Administration</td>
<td>801</td>
<td>52</td>
</tr>
<tr>
<td>Masters of Science in Management and Organizational Development</td>
<td>132</td>
<td>9</td>
</tr>
<tr>
<td>Masters in International Relations</td>
<td>253</td>
<td>16</td>
</tr>
<tr>
<td>Masters in Counselling Psychology</td>
<td>55</td>
<td>3</td>
</tr>
<tr>
<td>Masters in Clinical Psychology</td>
<td>64</td>
<td>4</td>
</tr>
<tr>
<td>Masters in Information Systems Technology</td>
<td>73</td>
<td>5</td>
</tr>
<tr>
<td>Masters of Art in Communications Studies</td>
<td>115</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1531</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: USIU-A (2018)*

#### 3.3.2 Sampling Design

#### 3.3.2.1 Sampling Frame

Sampling is the process of choosing a number of objects or individuals from a population such that the chosen group contains components illustrative of the characteristics found in the entire
group (Orodho & Kombo, 2012). A sample can be interpreted as a sub group or a smaller group obtained from the attainable population (Mugenda & Mugenda, 2003). The study was conducted at USIU-Africa in Nairobi which constituted the sampling frame and the sample elements will the graduate students of USIU-Africa and the source was from the programs mentioned above in population distribution table 3.1.

3.3.2.2 Sampling Technique
In this study, stratified random sampling method was used as part of generating the graduate student’s sample. Only graduate students from USIU-Africa were included as a sample element. Stratified random sampling is a chance sampling technique and is a method of sampling that involves the division of a population into smaller groups recognized as strata. Strata’s were the graduate student programs namely, MBA Global Business Management and Health Leadership & Management, Masters of Business Administration, Masters of Science in Management and Organizational Development, Masters in International Relations, Masters in Counselling Psychology, Masters in Clinical Psychology, Masters in Information Systems Technology and Masters of Art in Communications Studies. In stratified random sampling, the strata are fashioned primarily based on members’ shared attributes or characteristics. A random sample from each stratum is taken in a quantity proportional to the stratum’s dimension when in contrast to the population. These subsets of the strata are then pooled to shape a random sample (Mugenda & Mugenda, 2003). In this study, the criteria for selecting the sampling frame were obtained from the registrar’s office, USIU-Africa in Nairobi. This guaranteed that the sampling frame was complete, current, and applicable for achieving the study objectives.

3.3.2.3 Sample Size
There are many universities in Kenya but for this study, but this research focused on USIU-Africa in Nairobi. According to Saunders (2000), the sample size arrived at a using formula which gives a simplified formula to compute sample sizes. Denscombe (1998) balanced that, the sample ought to be precisely chosen to be consultant of the population and the researcher needs to also make sure that the target population is sufficiently provided for. To get the minimum population sample for the study, the researcher incorporate stratified sampling as a technique using Yamane’s formula (Israel, 1992) as follows:
\[ n = \frac{N}{1 + N(e)^2} \]

Where \( n \) is the sample size, \( N \) is the population size and \( e \) is the margin of error. According to Hussey and Hussey (1997) no study can ever be regarded as free from error or surrender one hundred percent surety and error limits of under 5% and confidence stages of more noticeable than 95% can be considered as sufficient. Bearing this in mind, 5% the margin of error would be 0.05 consequently the sample population would be computed as:

\[
\begin{align*}
n &= \frac{1531}{1 + 1531(0.05)^2} \\
&= 317
\end{align*}
\]

Based on the formula above, a sample size of 317 was determined. This is presented in the table below.

**Table 3.2: Sample Size Distribution**

<table>
<thead>
<tr>
<th>Programs</th>
<th>Sample size calculation</th>
<th>Sampling size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBA Global Business Management and Health</td>
<td>38/1531 x 317 = 7.86</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>MBA Global Business Leadership &amp; Management</td>
<td>801/1531 x 317 = 166.85</td>
<td>166</td>
<td>52</td>
</tr>
<tr>
<td>Masters of Business Administration</td>
<td>132/1531 x 317 = 27.33</td>
<td>27</td>
<td>9</td>
</tr>
<tr>
<td>Masters of Science in Management and Organizational Development</td>
<td>253/1531 x 317 = 52.38</td>
<td>53</td>
<td>16</td>
</tr>
<tr>
<td>Masters in International Relations</td>
<td>55/1531 x 317 = 11.39</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>Masters in Counselling Psychology</td>
<td>64/1531 x 317 = 13.25</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>Masters in Clinical Psychology</td>
<td>73/1531 x 317 = 15.11</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Masters in Information Systems Technology</td>
<td>115/1531 x 317 = 23.81</td>
<td>24</td>
<td>8</td>
</tr>
<tr>
<td>Masters of Art in Communications Studies</td>
<td></td>
<td>23.81</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>317</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>
3.4 Data Collection Methods

Data was gathered using structured questionnaires which were administered to graduate students. A questionnaire is a research instrument that assembles data over a large sample. The instrument was distributed to the respondents who were given time to fill in answers in written form. The questionnaire was used to collect primary data due to its confidentiality nature which offers a sense of security to the respondent, its potential of reaching a large number of respondents within a short time and since it was presented in paper format there was no opportunity for interviewer bias resulting from personal characteristics (Orodho & Kombo, 2012).

The questionnaire was divided into the main areas of investigation and other sections were organized according to research objectives. Questions covered issues of personal investment decisions. To facilitate analysis some of the questions were a fixed set of responses that had requisite measures making it easy to compare and compute. The questionnaires had both close and open ended responses. Close ended responses allowed for comparison and statistical manipulation. Open ended questions had different responses which were difficult to code and compute making it difficult to compare among different respondents. A rating scale of a 5-point Likert scale was applied to this study and it consisted of a series of statements that express strongly agree to strongly disagree.

3.5 Research Procedures

Before data collection the researcher was to get all the necessary official papers including an introduction letter from the university. Use of questionnaires eased the process of data collection as all the selected respondents were reached in time. During the administration of the instruments, the purpose of the research was explained. Research procedure included the preparation of the structured questionnaire thus a pilot study was conducted to assess the capability of the research instrument to collect required data. The reliable validity testing of the questionnaire ascertained the reliability and capability of the instrument to collect adequate, relevant and interpretable data. Expert opinions were sought to remark on the representativeness and suitability of the questions in the questionnaire and supply guidelines of corrections to be made to the structure of the questionnaire before it was administered. This
helped enhance the validity and reliability of the data that was to be collected (Mugenda & Mugenda, 2003). The structured questionnaires were administered to the respondent’s graduate students in the university campus face to face by the researcher himself. It was done by politely requesting them to participate, explaining the purpose of the study and assuring them of confidentiality.

3.6 Data Analysis Methods
The collected data was coded and entered into the Statistical Package for Social Sciences (SPSS version 23) program according to each variable of this study for analysis. This study used descriptive statistics. According to Mugenda and Mugenda (2003), descriptive assessment integrates a method of reworking a mass of raw data statistics into charts, tables, with percentages and frequency distribution which are an important phase of making sense of the data. Descriptive statistics includes mode, mean, frequency, percentages and standard deviation to profile sample attributes and major patterns emerging from the data. Correlation was also used to assess the relationship between investments decisions and the other variables. Simple Linear Regression Analysis was used to determine the factors influencing personal investments decisions. Interpretation of the statistical outputs were done and discussed in the presentation of results and findings. In this study, the descriptive statistics such as frequency distribution and percentages were used to examine the demographic profile of the participants. In order to describe the data, the study used means and frequency distribution tables for each variable. The results of the study was presented in tables. Data evaluation was carried out with the use of Statistical Package for Social Science (SPSS version 23).

3.7 Chapter Summary
The chapter provides details on the research methodology which was used in this study. It describes research design, population and sampling design, data collection methods, research procedures and data analysis methods. Chapter four presents the details of the results and findings of the research study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results and findings on the factors influencing personal investment decisions among USIU-A graduate students. The findings are outlined in line with the specific objectives of the study. The findings are established on the responses from the questionnaires completed and information accumulated from the research questions. The first research objective was to determine the influence of individual factors on personal investment decisions. The second research objective was to establish investment related factors on personal investment decisions and the third was to determine the influence of external factors on personal investment decisions. From the targeted 317 respondents, 286 successfully responded and returned the questionnaires. This represented a response rate of 90%. The findings are given in Table 4.1.

Table: 4. 1 Response Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Respondents</th>
<th>Response</th>
<th>Response Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USIU-A Graduate Students</td>
<td>317</td>
<td>286</td>
<td>90</td>
</tr>
<tr>
<td>Total</td>
<td>317</td>
<td>286</td>
<td>90</td>
</tr>
</tbody>
</table>

4.2 General Information

The general information is arranged as follows: gender, age, marital status, programs enrolled, employment status, gross monthly income, other sources of income, types of income, investment interests and the types of investment options.

4.2.1 Gender of Respondents

In determining the gender of the respondents, the study established that 63% of the respondents were females and 37% were males Table 4.2. This demonstrates that majority of the respondents were women.
Table: 4.2 Gender of Respondents

<table>
<thead>
<tr>
<th>Gender of Respondents</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>Male</td>
<td>106</td>
<td>37</td>
</tr>
<tr>
<td>Female</td>
<td>180</td>
<td>63</td>
</tr>
<tr>
<td>Total</td>
<td>286</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.2 Age of Respondents
This study aimed to establish the age of the respondents who voluntarily participated in the study. From the findings 39% of respondents were aged between 26 and 31 years, 27% between 20 and 25 years, 21% between 32 and 37 years, 10% between 38 and 43 years, and 3% were above 44 years Figure: 4.1. This indicates that majority of the respondents were between 26 and 31 years old.

Figures 4.1 Age of Respondents

4.2.3 Marital Status of Respondents
This study sought to establish the marital status of the respondents who voluntarily participated in this study. The study established that 66.8% of the respondents were single, 93% married and another 0.7% were divorced Table 4.3. Thus the study indicated that majority of the respondents were single.
### 4.2.4 Programs Enrolled of Respondents

This study aimed to determine the programs in which the respondents who participated in the study. The findings established that 57% of the respondents were enrolled in Masters of Business Administration, 12% in Masters of International Relations, 9% in Management and Organizational Development, 7% in Masters of Art in Communication Studies, 4% in Masters of Clinical Psychology, 4% in Masters in Information Systems Technology, 4% in Masters of Counselling Psychology, and 3% in MBA Global Business Management or Health Leadership and Management as shown in Table: 4.4. Majority of the respondents were enrolled in Masters of Business Administration.

### Table: 4. 3 Marital Status of Respondents

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>Single</td>
<td>191</td>
<td>67</td>
</tr>
<tr>
<td>Married</td>
<td>93</td>
<td>32</td>
</tr>
<tr>
<td>Divorced</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>286</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

### Table: 4. 4 Programs Enrolled of Respondents

<table>
<thead>
<tr>
<th>Programs Enrolled</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>Masters of Business Administration</td>
<td>160</td>
<td>57</td>
</tr>
<tr>
<td>Masters in International Relations</td>
<td>35</td>
<td>12</td>
</tr>
<tr>
<td>Masters of Science in Management and Organizational Development</td>
<td>27</td>
<td>9</td>
</tr>
<tr>
<td>Masters of Art in Communications Studies</td>
<td>20</td>
<td>7</td>
</tr>
<tr>
<td>Masters in Counselling Psychology</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>Masters in Clinical Psychology</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>Masters in Information Systems Technology</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>MBA Global Business Management or Health Leadership &amp; Management</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>286</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

### 4.2.5 Employment Status of Respondents

To determine the employment status of the respondents, the study found that majority of the respondents were employed (72%) as compared to 28% who were not employed Table 4.5.
Table: 4. 5 Employment Status of Respondents

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Yes</td>
<td>207</td>
</tr>
<tr>
<td>No</td>
<td>79</td>
</tr>
<tr>
<td>Total</td>
<td>286</td>
</tr>
</tbody>
</table>

4.2.6 Gross Monthly Income of Respondents
This study aimed to determine the gross monthly income from the respondents who participated in the study. The findings established that 46% of the respondents earned 120,000 KES and above, 15% between KES. 61,000 and 80,000, 14% between KES. 81,000 and 100,000, 10% between KES. 41,000 and 60,000, 8% between KES. 20,000 and 40,000 and 7% between KES. 101,000 and 120,000 as shown in Figure: 4.2. Majority of the respondents earned 120,000 KES and above which means that they were well paid.

Figures 4. 2 Gross Monthly Income of Respondents

4.2.7 Other Sources of Income of Respondents
On the question of other sources of income, the findings indicated that majority of the respondents agreed (45%) that they had investment, 27% had allowances from parents or relatives, 15% had other employment and (13%) had rent income Table 4.6. This indicates majority of the employees had investment income.
Other sources of income specified were part time jobs, freelancing, self-employed, scholarships, teacher, church minister, entrepreneur and consultancy.

### 4.2.8 Part of Income Invested of Respondents

To determine whether the respondents had invested part of their income, the study found that majority of the respondents had invested part of their income (78%) as compared to (22%) who did not invest part of their income Table: 4.7.

### Table: 4. 7 Part of Income Invested of Respondents

<table>
<thead>
<tr>
<th>Part of Income Invested</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Yes</td>
<td>220</td>
</tr>
<tr>
<td>No</td>
<td>62</td>
</tr>
<tr>
<td>Total</td>
<td>282</td>
</tr>
</tbody>
</table>

*Does not include 4 missing observations

Reasons given for not investing were lack of investment knowledge, not enough money, procrastination, unemployment and poor financial planning.

### 4.2.9 Types of Investment Options

To determine the level of investment options from the respondents who were engaged in the study. The study found that 47% of the respondents had invested in real estate, another 44% in deposit account, 40% in stocks, 26% in life insurance policies, 11% in mutual fund, 10% in treasury bills and 7% in bonds Table 4.8. This indicates that the leading investment option was real estate.
Table: 4. 8 Types of Investment Options Made of Respondents

<table>
<thead>
<tr>
<th>Investment Options</th>
<th>Distribution</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>89</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Deposit Account</td>
<td>84</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>76</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Life Insurance Policies</td>
<td>49</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>22</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>20</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>13</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>71</strong></td>
<td><strong>185</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Multiple responses

Other specified types of investments were agriculture, education, farming, land, cryptocurrency, SACCO’s, share, money market fund and transport.

4.2.10 Investment with Best Returns of Respondents

On the question of investment options with the best returns, the findings indicated that 38% of the respondents said that the investment that has offered the best returns in the last five years was real estate, 21% in deposit account, 21% in stocks, 6% life insurance policies, 6% in mutual funds, 6% in treasury bills and 2% in bonds Figure: 4.3. This indicates that the leading investment option was real estate.

![Investment offered the best returns over last five years](image)

**Figures 4. 3 Investment with Best Returns of Respondents**
4.3 Influence of Individual Factors on Personal Investment Decisions

4.3.1 Descriptive Analysis of Individual Factors
The study also investigates the influence of individual factors on investment decisions. The study established that 87% of the respondents agreed that income was a factor influencing investment decisions, 86% of the respondents agreed that it was willingness to bear risk and cost of investment, 85% of the respondents agreed that their level of knowledge on different investment instruments determined investment decision, 83% agreed that financial literacy knowledge influences their decision to invest and 80% agreed that level of risk of an investment determined their investment decision. These were the individual factors that stood out across the surveyed graduate students. Furthermore, 54% disagreed that gender influences their investment decisions. The least factor were 54% of the respondents agreed that age influences the willingness to bear risk. Majority of the respondents agreed that they consider income, willingness to bear risk and cost of investment, level of knowledge on different investment instruments, literacy of financial knowledge and risk level of an investments when making investment decisions as shown in Table 4.9.
### Table: Influence of Individual Factors on Personal Investment Decisions

<table>
<thead>
<tr>
<th>Individual Factors</th>
<th>Frequency</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>My age influences my investment decision</td>
<td>38</td>
<td>13%</td>
<td>14%</td>
<td>7%</td>
<td>35%</td>
<td>31%</td>
</tr>
<tr>
<td>I consider my income when deciding to invest</td>
<td>16</td>
<td>12%</td>
<td>4%</td>
<td>3%</td>
<td>34%</td>
<td>53%</td>
</tr>
<tr>
<td>My gender influences my investment decision</td>
<td>97</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
<td>34%</td>
<td>53%</td>
</tr>
<tr>
<td>My investment decisions are influenced by literacy of financial knowledge</td>
<td>13</td>
<td>5%</td>
<td>5%</td>
<td>7%</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td>My investment decision is influenced by my perception about investment</td>
<td>12</td>
<td>4%</td>
<td>8%</td>
<td>11%</td>
<td>44%</td>
<td>33%</td>
</tr>
<tr>
<td>My investment decision is influenced by availability of investment options</td>
<td>10</td>
<td>4%</td>
<td>5%</td>
<td>14%</td>
<td>40%</td>
<td>37%</td>
</tr>
<tr>
<td>My investment decision is influenced by willingness to bear risk</td>
<td>8</td>
<td>3%</td>
<td>3%</td>
<td>8%</td>
<td>44%</td>
<td>42%</td>
</tr>
<tr>
<td>My willingness to bear risk is influenced by my age</td>
<td>46</td>
<td>46%</td>
<td>43%</td>
<td>43%</td>
<td>75%</td>
<td>79%</td>
</tr>
</tbody>
</table>

### Personal Investment Decisions

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level of knowledge I acquired on different investment instruments influence my decision to invest</td>
<td>10</td>
<td>4%</td>
<td>4%</td>
<td>7%</td>
<td>41%</td>
<td>44%</td>
</tr>
<tr>
<td>Unique needs and preferences influences my decision to invest</td>
<td>9</td>
<td>3%</td>
<td>7%</td>
<td>15%</td>
<td>45%</td>
<td>30%</td>
</tr>
<tr>
<td>Cost of investment influences my decision to invest</td>
<td>6</td>
<td>2%</td>
<td>5%</td>
<td>7%</td>
<td>40%</td>
<td>46%</td>
</tr>
<tr>
<td>The level of risk of an investment is influences my decision to invest</td>
<td>13</td>
<td>5%</td>
<td>5%</td>
<td>10%</td>
<td>41%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Other individual factors influencing decision to invest were availability of funds, availability of investment opportunities, duration of investment, return on investment, expected rate of return, environment, risk of investment, fear of investment, procrastination, stability of economy, security of investment, goals and life improvement.
4.3.1 Ranking of Individual Factors on Personal Investment Decisions

The findings indicated that most of the respondents were driven by the income (mean=4.26) as a major factor that influence their investment decisions. The second major individual investment decision was the cost of investment (mean=4.22). This was followed by the willingness to bear risk (mean=4.20), the level of knowledge acquired on different investment instruments (mean=4.18), the literacy of financial knowledge (mean=4.10), the level of risk of investment (mean=4.06), availability of investment options (mean=4.03). On the other hand, the rest of the respondents agreed that they were influenced to invest by perception of the investment (mean=3.93), unique needs and preferences (mean=3.91), age (mean=3.56), willingness to bear risk is influenced by age (mean=3.34), and gender influences their decision to invest (mean=2.60). The findings are presented in Table 4.10.

Table: 4.10 Summary of Individual Factors on Personal Investment Decisions

<table>
<thead>
<tr>
<th>Individual Factors</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>I consider my income when deciding to invest</td>
<td>4.26</td>
</tr>
<tr>
<td>Cost of investment influences my decision to invest</td>
<td>4.22</td>
</tr>
<tr>
<td>My investment decision is influence by willingness to bear risk</td>
<td>4.20</td>
</tr>
<tr>
<td>The level of knowledge I acquired on different investment instruments influence my decision to invest</td>
<td>4.18</td>
</tr>
<tr>
<td>My investment decisions are influence by literacy of financial knowledge</td>
<td>4.10</td>
</tr>
<tr>
<td>The level of risk of investment is influences my decision to invest</td>
<td>4.06</td>
</tr>
<tr>
<td>My investment decision is influenced by availability of investment options</td>
<td>4.03</td>
</tr>
<tr>
<td>My investment decision is influence by my perception about investment</td>
<td>3.93</td>
</tr>
<tr>
<td>Unique needs and preferences influences my decision to invest</td>
<td>3.91</td>
</tr>
<tr>
<td>My age influences my investment decision</td>
<td>3.56</td>
</tr>
<tr>
<td>My willingness to bear risk is influenced by my age</td>
<td>3.34</td>
</tr>
<tr>
<td>My gender influences my investment decision</td>
<td>2.60</td>
</tr>
</tbody>
</table>

4.4 Influence of Investment Related Factors on Personal Investment Decisions

4.4.1 Descriptive Analysis of Investment Related Factors

The study aimed to investigate the influence of investment related factors and investment decisions from the respondents who participated in the study. The study established that 94% of the respondents agreed that it was benefits of investment project, 93% of the respondents agreed that risk of an investment project is a factor influencing their investment decisions, 92% of the respondents agreed that expected return on investment determined their investment
decision, 91% agreed it was duration of investment, 90% of the respondents agreed that cost of an investment project influences their decisions to invest. These were the investment related factors that stood out across the surveyed graduate students. Majority of the respondents agreed that it was the benefits of an investment project that influence their decisions to invest. 42% of the respondents agreed that the opinion of the peers influences their decisions to invest as shown in Table 4.11.

Table: 4. 11 Influence of Investment Related Factors on Personal Investment Decisions

<table>
<thead>
<tr>
<th>Investment Related factors</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I consider the risk of the investment project when deciding to invest</td>
<td>Frequency</td>
<td>5</td>
<td>4</td>
<td>11</td>
<td>132</td>
</tr>
<tr>
<td>I consider the risk of interest rate when deciding to invest</td>
<td>Percentage</td>
<td>2%</td>
<td>1%</td>
<td>4%</td>
<td>46%</td>
</tr>
<tr>
<td>I consider expected return on investment when deciding to invest</td>
<td>Frequency</td>
<td>6</td>
<td>16</td>
<td>29</td>
<td>132</td>
</tr>
<tr>
<td>I consider duration of investment returns when deciding to invest</td>
<td>Percentage</td>
<td>2%</td>
<td>6%</td>
<td>10%</td>
<td>46%</td>
</tr>
<tr>
<td>I consider benefits of the investment project when deciding to invest in a project</td>
<td>Frequency</td>
<td>6</td>
<td>8</td>
<td>13</td>
<td>134</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>47%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal Investment Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of investment project influences my decision to invest in a project</td>
</tr>
<tr>
<td>Payback period of the investment is important for me when deciding to invest</td>
</tr>
<tr>
<td>Security of the investment project influence my decision to invest in a project</td>
</tr>
<tr>
<td>Opinion of my peers influences my decision to invest</td>
</tr>
<tr>
<td>Investors awareness of an investment influences the decision to invest in a project</td>
</tr>
<tr>
<td>The knowledge of the relationship between risk and return influences my investment decision</td>
</tr>
<tr>
<td>Hedging of the investment project influences my decision to invest in a project</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Other investment related factors influencing the decision to invest were availability of funds, cost of living, retirement fund, society/religion, payback period, duration of investment, market environment, family, political climate, type of investment and fear of risk.

4.4.1 Ranking of Investment Related Factors on Personal Investment Decisions

The findings indicated that most of the respondents were driven by the benefits of the investment project (mean=4.45) as a major factor that influence their investment decisions. The second major individual investment decision was based on the expected return of the investment (mean=4.43). This was followed by the risk of investment project (mean=4.35), the payback period of the investment is important when deciding to invest (mean=4.34), the cost of investment project (mean=4.29), the duration of investment return (mean=4.27), security of investment project (mean=4.20). On the other hand, the rest of the respondents agreed that they were influenced to invest by the knowledge of the relationship between risk and return of investment (mean=4.19), the risk of interest rate (mean=4.08), investor’s awareness of investment (mean=4.02), hedging of investment project (mean=3.79), and opinion of my peers influences their decision to invest (mean=3.06). The findings are presented in Table 4.12.

Table: 4.12 Summary of Investment Related Factors on Personal Investment Decisions

<table>
<thead>
<tr>
<th>Investment Related Factors</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>I consider benefits of the investment project when deciding to invest in a project</td>
<td>4.45</td>
</tr>
<tr>
<td>I consider expected return on investment when deciding to invest</td>
<td>4.43</td>
</tr>
<tr>
<td>I consider the risk of the investment project when deciding to invest</td>
<td>4.35</td>
</tr>
<tr>
<td>Payback period of the investment is important when deciding to invest</td>
<td>4.34</td>
</tr>
<tr>
<td>Cost of investment project influences my decision to invest in a project</td>
<td>4.29</td>
</tr>
<tr>
<td>I consider duration of investment returns when deciding to invest</td>
<td>4.27</td>
</tr>
<tr>
<td>Security of the investment project influence my decision to invest in a project</td>
<td>4.20</td>
</tr>
<tr>
<td>The knowledge of the relationship between risk and return influences my investment decision</td>
<td>4.19</td>
</tr>
<tr>
<td>I consider the risk of interest rate when deciding to invest</td>
<td>4.08</td>
</tr>
<tr>
<td>Investors awareness of investment influences the decision to invest in a project</td>
<td>4.02</td>
</tr>
<tr>
<td>Hedging of the investment project influences my decision to invest in a project</td>
<td>3.79</td>
</tr>
<tr>
<td>Opinion of my peers influences my decision to invest</td>
<td>3.06</td>
</tr>
</tbody>
</table>
4.5 Influence of External Factors on Personal Investment Decisions

4.5.1 Descriptive Analysis of External Factors

The study aimed to determine how external factors influence investment decisions of the respondents. The findings indicated that 91% of the respondents agreed that the availability of market opportunities influences their investment decision, 89% of the respondents agreed that the information available play a big role on investment decisions, 88% agreed that they consider the risk involved in investment and capital growth of investment, 86% claimed that political stability of the country and rules and regulations of a country plays an important role and posed a significant challenge to invest, 85% of the respondents mentioned that commercial and economical environment influences their decision to invest, 82% of the respondents agreed that they consider the prevailing interest rates at time of investment play a big role in deciding whether to invest or not. These were the external factors that stood out across the surveyed graduate students. Majority of the respondents agreed that the availability of the market opportunities influences their investment decision. The factor that had the least influence was few investment avenues, accounting 47% of the respondents Table 4.13.
Table: 4.13 Influence of External Factors on Personal Investment Decisions

<table>
<thead>
<tr>
<th>Personal Investment Decisions</th>
<th>Frequency</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I consider interest rates when deciding to invest</td>
<td>3</td>
<td>19</td>
<td>32</td>
<td>116</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>I consider risk involved in investment decisions</td>
<td>4</td>
<td>17</td>
<td>14</td>
<td>130</td>
<td>121</td>
<td></td>
</tr>
<tr>
<td>I consider investment portfolio’s capacity when deciding to invest</td>
<td>4</td>
<td>13</td>
<td>51</td>
<td>115</td>
<td>103</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External Factors</th>
<th>Frequency</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political stability of the country can influence my investment decision</td>
<td>8</td>
<td>15</td>
<td>17</td>
<td>107</td>
<td>139</td>
<td></td>
</tr>
<tr>
<td>Rules and regulations of a country play an important role on investment decision</td>
<td>6</td>
<td>9</td>
<td>26</td>
<td>115</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>Availability of market opportunities influences my investment decision</td>
<td>5</td>
<td>6</td>
<td>15</td>
<td>105</td>
<td>155</td>
<td></td>
</tr>
<tr>
<td>Tax status at time of investment influences my decision</td>
<td>6</td>
<td>19</td>
<td>49</td>
<td>118</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>Investment brokerage fees prevents my investment decision</td>
<td>14</td>
<td>43</td>
<td>73</td>
<td>91</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Capital growth of an investment influences my decision to invest</td>
<td>7</td>
<td>7</td>
<td>23</td>
<td>126</td>
<td>123</td>
<td></td>
</tr>
<tr>
<td>Commercial and economical environment of investment influences my decision</td>
<td>5</td>
<td>8</td>
<td>31</td>
<td>134</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>There are few avenues for investment decisions</td>
<td>40</td>
<td>57</td>
<td>56</td>
<td>67</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>Investment information available influences my decision</td>
<td>7</td>
<td>11</td>
<td>14</td>
<td>142</td>
<td>112</td>
<td></td>
</tr>
</tbody>
</table>

Other external factors affecting decision to invest were economic environment, partnership, legal factors, business expansion, financial knowledge, global opportunities, government policies, taxes and external tariffs, market competition, players in the market, nature of business and conditions, political stability, security, technological and economical changes, time value of money, family, success rate of other businesses, reputation of business and market conditions.
4.5.1 Ranking of External Factors on Personal Investment Decisions

On the external factors that influence investors’ personal investment decisions, the findings indicated that most of the respondents were discouraged by availability of market opportunities on investments which posed a significant challenge to their investment (mean=4.40). The second factor that influenced the investment decision was political stability of the country then rules and regulations of the country that could affect investors’ decisions (mean=4.24). Another factor was capital growth of investment (mean=4.21), investment information available at the time of investment (mean=4.19). On the other hand, the rest of the respondents agreed that commercial and economical environment (mean=4.16), interest rates (mean=4.13), investment portfolio’s capacity (mean=4.05), tax status at the time of the investment (mean=3.96), investment brokerage fees preventing them from investing (mean=3.52) and lastly, there are few investment avenues influence their investment decision. The findings are presented in Table 4.14.

**Table: 4. 14 Summary of External Factors on Personal Investment Decisions**

<table>
<thead>
<tr>
<th>External Factors</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of market opportunities influences my investment decision</td>
<td>4.40</td>
</tr>
<tr>
<td>Political stability of the country can influence my investment decision</td>
<td>4.24</td>
</tr>
<tr>
<td>Rules and regulations of a country play an important role on investment decision</td>
<td>4.24</td>
</tr>
<tr>
<td>Capital growth of investment influences my decision to invest</td>
<td>4.23</td>
</tr>
<tr>
<td>I consider risk involved in investment decisions</td>
<td>4.21</td>
</tr>
<tr>
<td>Investment information available influences my decision</td>
<td>4.19</td>
</tr>
<tr>
<td>Commercial and economical environment of investment influences my decision</td>
<td>4.16</td>
</tr>
<tr>
<td>I consider interest rates when deciding to invest</td>
<td>4.13</td>
</tr>
<tr>
<td>I consider investment portfolio’s capacity when deciding to invest</td>
<td>4.05</td>
</tr>
<tr>
<td>Tax status at time of investment influences my decision</td>
<td>3.96</td>
</tr>
<tr>
<td>Investment brokerage fees prevents my investment decision</td>
<td>3.52</td>
</tr>
<tr>
<td>There are few avenues for investment decisions</td>
<td>3.22</td>
</tr>
</tbody>
</table>

4.6 Correlation and Linear Regression of Individual Factors on Personal Investment Decisions

To establish the influence of individual factors on personal investment decisions, the study conducted correlation and linear regression analysis.
4.6.1 Correlation between Individual Factors and Personal Investment Decisions

The findings in Table: 4.15 below show that there was a statistically significant strong and positive association/relationship between individual factors and personal investment decisions (r=0.712, p-value< 0.05).

Table: 4.15 Correlation between Individual Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Personal Investment Decisions</th>
<th>Individual Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>Personal Investment Decisions</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Individual Factors</td>
<td>.712</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>Personal Investment Decisions</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>Individual Factors</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>Personal Investment Decisions</td>
<td>286</td>
</tr>
<tr>
<td></td>
<td>Individual Factors</td>
<td>286</td>
</tr>
</tbody>
</table>

4.6.2 Relationship between Individual Factors and Personal Investment Decisions

The study sought to establish the influence of individual factors on personal investment decisions.

The findings in Table: 4.16 below shows that the estimated regression model was a good fit for the data (R-square = 0.507). Implying that 50.7% of the regression equation is explained by the individual factors.

Table: 4.16 Model Summary of Linear Relationship between Individual Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Individual Factors</td>
</tr>
</tbody>
</table>

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4.6.3 Relationship between Individual Factors and Personal Investment Decisions

The findings in Table: 4.17 below shows that there is a statistical significant linear relationship between individual factors and personal investment decisions (F=291.781, p-value <0.05).

Table: 4. 17 ANOVA for Linear Relationship between Individual Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>1291.578</td>
<td>1</td>
<td>1291.578</td>
<td>291.781</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>1257.135</td>
<td>284</td>
<td>4.427</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2548.713</td>
<td>285</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Personal Investment Decisions

b. Predictors: (Constant), Individual Factors

4.6.4 Regression Coefficients for Linear Relationships between Individual Factors and Personal Investment Decisions

The finding in Table: 4.18 below show that individual factor significantly influence personal investment decisions (t=17.082, p-value < 0.05). The estimated linear regression equation is given by

\[
Personal Investment Decisions = 5.410 + 0.365 \times Individual Factor
\]

The model shows that individual factors positively affect personal investment decisions, i.e. for every unit increase in the individual factors; investment decisions will be increasing by 0.365 unit index.

Table: 4. 18 Regression Coefficients for Individual Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td></td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>B 5.410</td>
<td>Beta 0.021</td>
<td>4.123</td>
</tr>
<tr>
<td></td>
<td>Std. Error .654</td>
<td>.712</td>
<td>6.696</td>
</tr>
<tr>
<td></td>
<td></td>
<td>t 8.277</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sig .000</td>
<td></td>
</tr>
<tr>
<td>1 Individual Factors</td>
<td>.365</td>
<td>Beta .712</td>
<td>17.082</td>
</tr>
<tr>
<td></td>
<td>Std. Error .021</td>
<td>.407</td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Personal Investment Decisions
4.7 Correlation and Linear Regression of Investment Related Factors on Personal Investment Decisions

To establish the influence of investment related factors on personal investment decisions, the study conducted correlation and linear regression analysis.

4.7.1 Correlation between Investment Related Factors and Personal Investment Decisions

The findings in Table: 4.19 below shows that there was a strong and positive significant association/relationship between investment related factors and personal investment decisions (r=0.728, p-value< 0.05).

Table: 4.19 Correlation between Investment Related Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Personal Investment Decisions</th>
<th>Investment Related Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>Personal Investment Decisions</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Investment Related Factors</td>
<td>.728</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>Personal Investment Decisions</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>Investment Related Factors</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>Personal Investment Decisions</td>
<td>286</td>
</tr>
<tr>
<td></td>
<td>Investment Related Factors</td>
<td>286</td>
</tr>
</tbody>
</table>

4.7.2 Relationship between Investment Related Factors and Personal Investment Decisions

The study sought to establish the influence of investment related factors on personal investment decisions. The findings in Table: 4.20 below indicate that the estimated regression model was a good fit for the data (R-square = 0.531). Implying that 53.1% of the regression equation is explained by the individual factors.
Table: 4. 20 Model Summary of Linear Relationship between Investment Related Factors and Personal Investment Decisions

<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>.728 ( ^a )</td>
<td>.531</td>
<td>.529</td>
<td>2.02528</td>
</tr>
</tbody>
</table>

\( ^a \) Predictors: (Constant), Investment Related Factors

4.7.3 Relationship between Investment Related Factors and Personal Investment Decisions

The findings in Table: 4.21 below illustrate that there is a statistical significant linear relationship between investment related factors and personal investment decisions (\( F=320.940 \), p-value <0.05).

Table: 4. 21 ANOVA for Linear Relationship between Investment Related Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regression</td>
<td>1316.416</td>
<td>1</td>
<td>1316.416</td>
<td>320.940</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>1164.898</td>
<td>284</td>
<td>4.102</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2481.315</td>
<td>285</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\( ^a \) Dependent Variable: Personal Investment Decisions
\( ^b \) Predictors: (Constant), Investment Related Factors

4.7.4 Regression Coefficients for Linear Relationships between Investment Related Factors and Personal Investment Decisions

The findings in Table: 4.22 below show that investment related factors significantly influence personal investment decisions (\( t=17.915 \), p-value < 0.05). The estimated linear regression equation is given by

\[
Personal Investment Decisions = 6.860 + 0.528 \times Investment Related Factors
\]

The model shows that individual factors positively affect personal investment decisions, i.e. for every unit increase in the individual factors; investment decisions will be increasing by 0.528 unit index.
Table: 4.22 Regression Coefficients for Investment Related Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>6.860</td>
<td>.831</td>
<td>8.258</td>
</tr>
<tr>
<td>Investment Related Factors</td>
<td>.528</td>
<td>.029</td>
<td>.728</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Personal Investment Decisions

4.8 Correlation and Linear Regression of External Factors on Personal Investment Decisions

To establish the influence of external factors on personal investment decisions, the study conducted correlation and linear regression analysis.

4.8.1 Correlation between External Factors and Personal Investment Decisions

The findings in Table: 4.23 below show that there was a strong and positive significant association/relationship between external factors and personal investment decisions (r=0.808, p-value< 0.05).

Table: 4.23 Correlation between External Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Personal Investment Decisions</th>
<th>External Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>Personal Investment Decisions</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>External Factors</td>
<td>.808</td>
</tr>
<tr>
<td>N</td>
<td>Personal Investment Decisions</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>External Factors</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>286</td>
<td>286</td>
</tr>
</tbody>
</table>
4.8.2 Relationship between External Factors and Personal Investment Decisions

The study sought to establish the influence of external factors on personal investment decisions. The findings from Table: 4.24 below show that the estimated regression model was a good fit for the data (R-square = 0.653). Implying that 65.3% of the regression equation is explained by the individual factors.

Table: 4. 24 Model Summary of Linear Relationship between External Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model R</td>
<td>R Square</td>
</tr>
<tr>
<td>1</td>
<td>.808^a</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Predictors: (Constant), External Factors</td>
<td></td>
</tr>
</tbody>
</table>

4.8.3 Relationship between External Factors and Personal Investment Decisions

The findings in Table: 4.25 below shows that there is a statistical significant linear relationship between external factors and personal investment decisions (F=534.413, p-value <0.05).

Table: 4. 25 ANOVA for Linear Relationship between External Factors and Personal Investment Decisions

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1551.461</td>
<td>1</td>
<td>1551.461</td>
<td>534.413</td>
<td>.000^b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>824.483</td>
<td>284</td>
<td>2.903</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2375.944</td>
<td>285</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Dependent Variable: Personal Investment Decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Predictors: (Constant), External Factors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.7.4 Regression Coefficients for Linear Relationships between External Factors and Personal Investment Decisions

The finding in Table: 4.26 below show that external factor significantly influence personal investment decisions (t=23.117, p-value < 0.05). The estimated linear regression equation is given by

\[
Personal \ Investment \ Decisions = 1.593 + 0.443 \times \text{External Factors}
\]
The model shows that individual factor positively affects personal investment decisions, i.e. for every unit increase in the external factors the investment decisions will be increasing by 0.443 unit index.

**Table: 4. 26 Regression Coefficients for External Factors and Personal Investment Decisions**

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1 (Constant)</td>
<td>B 1.593</td>
<td>Std. Error .632</td>
<td>Beta</td>
</tr>
<tr>
<td>External Factors D</td>
<td>.443</td>
<td>.019</td>
<td>.808</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Personal Investment Decisions

**4.9 Chapter Summary**

The findings showed that majority of the respondents agreed that income influences their decision to invest. The findings revealed that willingness to bear risk and cost of investment influence their individual decision to invest. Level of knowledge acquired on different investment instruments was an important factor in determining investors’ personal investment decision. Majority of the respondents were concerned about income when making investment decisions. Duration of investment played an important role in setting return objectives and defining liquidity constraints in regards to the investment. Majority of the respondents were concerned benefits of an investment project when making investment decisions. Chapter five provides discussion, conclusion and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the study, discussion on the findings of the research in connection with the findings in the literature review and recommendations for further advancement on identifying the measures to be taken on the factors influencing personal investment decisions. The research ends with a presentation of conclusions drawn from the research questions.

5.2 Summary

The general objective of this study was to investigate the factors influencing personal investment decisions using the case of USIU-A graduate students. The study was guided by the following specific objectives: To determine the influence of individual factors on personal investment decisions, to establish the investment related factors on personal investment decisions and to determine the influence of external factors on personal investment decisions.

This research adopted a descriptive research design. The target population were USIU-A graduate students on campus who account for 1531 students. This study adopted stratified random sampling technique. A sample size of 317 respondents was used. The study collected primary data using questionnaires and data was analyzed using descriptive statistics such as percentages and the mean to describe each variable. After the distribution of the questionnaire 286 were collected giving a response rate of 90%. The study used percentages and the mean to describe each variable. Correlation was used to assess the relationship between investments decisions and the other variables. Simple Linear Regression Analysis was also used to determine the factors influencing personal investments decisions. The outcomes of the study were given using tables and figures. Data analysis was conducted using the Statistical Package for Social Science (SPSS version 23).

The study revealed that most of the respondents agreed that income influences their decision to invest. Willingness to bear risk and cost of investment were also factors to be considered for
investment decision. In addition, age is widely used as a variable to explain investor behaviours but in this age was the least important factor in determining the investors’ personal investment decision. Ability to take risk is a very personal attribute that may be strenuous to control and may adjust over time.

The investment time horizon plays an important role in setting return objectives and defining liquidity constraints in regards to the investment. Majority of the respondents were concerned about the benefits of the investment project. The risk of investment project is also important in determining the liquidity of an investment. A numbers of respondents made investment decisions based on expected return and duration of the investment cost of investment also influenced their decision to invest.

The availability market opportunities may constrain or accelerate personal investment decision. The study indicated that the second factor that influenced the investment decision was the investment information available. Risk involved in investment and capital growth of investment influenced the decision to invest. Political stability of the country could affect the investors’ investment decisions. Few respondents agreed that there were minimal avenues options for investment. Having knowledge of the different investment options is essential for successfully investment decisions. In all the three specific objective of the study, there was a strong and positive relationship between factors influencing investment decisions and personal investment decisions.

5.3 Discussion
5.3.1 Influence of Individual Factors on Personal Investment Decisions
Most people have inadequate knowledge of personal investment decisions. This study revealed that most of the respondents agreed that they consider income when making decision to invest and it was among the leading reasons that influenced their investment decisions. The findings revealed that income, knowledge on personal finance and investment decisions are significant in making investment choices. The study findings agree with Glover (2006) who also found that financial and investment illiteracy is a major problem when it comes to making individual financial decisions. And this study has also found that financial and investment literacy is a
major problem when it comes to making individual financial investment decisions. Poor investment knowledge foundation is the most occurring problem experience by clients in concluding on personal investment decisions. In addition, availability of funds plays an important role since investment cannot be made if funds are not available.

This study revealed that more respondents invested in real estate, deposit account and stocks. Further, the study revealed age is widely used as a variable to explain investor behaviours. In this case, this study does not agree that was important factor to make personal investment decision but age was the least significant factor in determining investors’ investment decision. Alexander et al (2008) found that the median of fund holders is forty three years old and that those below 43 are more likely to hold funds by means of pension plans. Younger investors are significantly more likely to invest in mutual funds through their pension plans, while bank, broker, and direct fund company purchasers are each significantly older as a group than are their counterparts who purchase their mutual fund shares elsewhere. Chow and Riley (2007) argued from the theoretical perspective that investors tend to cut down their investments on stocks when they grow old and that the older the investors, the less they dislike risks. However, this was insignificant in the current study. This study is inconsistent with previous studies because age is not the only important factor that determines personal investment decisions but there are other factors like income and cost of investment that determine personal investment decisions.

Ability for risk is a very personal attribute that may be strenuous to control and may adjust over time. The findings indicated that the investors’ ability to bear risk determined their investment decision. How an investor emotionally reacts to willingness to bear risk plays a role in taking risk related decisions. Arano et al (2007) concurs that understanding the tolerance for risk, which differs for each investor, is key to choosing an investment program taking into account that every investor is different with their own unique needs, circumstances and preferences. This study revealed that willingness to bear risk is significant and can influence the decision to make an investment.
Different investments are suited for various investors and this may influence the investment decision. For instance, an investor may select an investment option that has a higher degree of risk but a greater potential for higher returns. Nevertheless, diversification of investments may be appropriate for investors who seek aggressive growth and who can tolerate wide fluctuations in market values, especially over the short term (Johnson and Powell, 2004). Others would have a preference for growth and who can withstand significant fluctuations in market value or some may want capital appreciation and some growth to withstand moderate fluctuations in market value (Mayo, 2008). It is therefore important to understand why investors may have completely divergent views on the worth of an investment. One person may believe that an asset is overvalued and hence seek to sell it, while another may seek to buy it in the belief that it is undervalued (Wang, 2004). The study revealed that there is a significant influence between individual factors and personal investment decisions.

5.3.2 Influence of Investment Related Factors on Personal Investment Decisions

The investment time horizon plays an important role in setting return objectives and defining liquidity constraints in regards to the investment. Majority of the respondents were concerned with the benefits of the investment project. Many investors prefer investing in projects where they could recover their investments in the earliest possible time if all other factors are even. Dayananda et al. (2007) concurs that the time horizon enables an investor use the different capital investment decision tools to forecast whether they will benefit from investing. Tools such as payback period are influential in determining whether to take the investment or not. This tool helps investors to determine which capital investment project would allow the company to recover their investment in the earliest possible time (Dayananda et al., 2007).

The payback period is also important in determining the liquidity of an investment. Payback period is an investment appraisal technique which tells the amount of time taken by the investment to recover the initial investment or principal. A number of the respondents mentioned that the payback period of an investment is important when making investment decisions and how quick their invested funds can be converted into cash influenced them to invest. Payback period again allows investors to determine which capital investment project
would allow the company to recover their investment in the earliest possible time (Dayananda et al., 2007).

Security of the investment is very important in making investment decision. Because, an investor is going to invest their hard money they expect good returns. The safety of the funds invested should be the first priority of any investment and then the returns should be in proportion with the level of risk taken. Therefore, the security and the level of risk involved in investment were crucial in determining an investor decision.

Hira and Loibl (2006) agree that an investor can use various sources including advice from their spouse to make informed decision about secure investment decision. Elton and Gruber (2004) as cited in Hira and Loibl (2006) agree that investors consult an investment advisor on trading decisions. Other researchers such as Neelakantan, and Scherpf (2008) point out that personal portfolio decisions are influenced by peers such as co-workers, neighbors or peers. Opinion from peers was the least factor that influenced the decision to invest.

Elison and Fudenberg (2003) add that any information obtained from co-workers may be an important factor in deciding whether to invest giving rise to peer effects. The savings decisions may also be influenced by social norms or beliefs in the society. By observing co-workers, people learn about the proper behaviour of their social groups, as emphasized by conformity (Bernheim, 2004). Individuals may want to maintain the same consumption level as what is common in their social group.

The frequency of return on investment and duration of an investments are common objective for all investors. Earning a positive return is a common aim of all the investors since it motivates them to invest. Return is frequently expressed in percentages. It is then referred to as the rate of return, which is the return earned by the investment relative to its cost. The rate of return from either local or international as long it makes positive returns, is an important determinant in the investment decision. Mayo (2008), therefore agree that a sound financial structure is said to be one which aims at maximizing investor return with minimum risk. In such a scenario the investor profits should be maximized and hence an individual investment
outlay should be achieved. It is very important for an individual to maintain a liquidity position and avoid insolvency.

On the other hand, unprofitable investments should be disposed off once they become non profitable to avoid insolvency. The process of identifying an investor’s desired and required returns should take place concurrently with the discussion of risk tolerance. In the end, the investment must present a return objective that is attainable given the portfolio’s risk constraints (Bernard and Ralp, 2005). This study revealed that there is a significant correlation between investment related factors and personal investment decisions.

5.3.3 Influence of External Factors on Personal Investment Decisions
The issue of taxes is among the most complex investment issues that may constrain or accelerate personal investment decision. The findings indicated that the respondents were influenced by tax status on investments which posed a significant challenge to them. This means that tax status pose a significant challenge to wealth accumulation and transfer. With tax burdens of such magnitude, clearly the individual investor must approach investments and financial planning from an after-tax perspective. Peress (2004) recommends that a financial adviser should be consulted with to coordinate the management of tax situations.

A Major factor that influenced personal investment decision was availability of market opportunities for investing. Identification of investment opportunities and generation of investment project proposals are important for investment decisions. When an excellent investment opportunity presents itself and the investor has to adjust to accommodate it. Some investments may be mandatory while others discretionary to generate growth opportunities, competition and cost reduction (Manski, 2003). For example, those involved in mandatory investments options are required to satisfy particular requirements such as the continual existence of a business. The discretionary investment usually forms the basis of the investor’s plan (Popa and Craciun, 2011).

Political factors may affect an investor’s personal investment decision. The findings of study indicated that the second factor that influenced the investment decision was political stability
of the country. Achieving success in any investment requires consultation with local experts, including tax accountants and estate planning lawyers (Bronson et al., 2005). In this case personal trusts are essential in implementing certain aspects of the investment strategies on investment securities, residential or commercial real estate, farm and land. The valuation, marketability, and restrictions on sale of such assets can present challenges for the trustee trying to prudently manage the trust’s holdings (Bronson et al., 2005).

The prevailing of interest rates plays a role in deciding whether to invest or not. Interest rate risk refers to the tendency of security prices, especially fixed-income securities, to move inversely with changes in the rate of interest. The prices of bonds and preferred stock depend in part on the current rate of interest. Rising interest rates may decrease the returns of an investment (Mayo, 2008). The investor needs to acquire themselves with the fluctuation of the interest rates and the implications on their investments. Fluctuation of the interest rates may also affect the source, demand and supply of credit (Bernard and Ralp, 2005).

Commercial and economical environment plus legal and regulatory constraints vary from one country to another and change frequently. Respondents agreed that the commercial and economical environment plus legal and regulatory plays an important role on investment decision. Achieving this investment objective within the constraints of a given jurisdiction frequently requires consultation with local experts, including tax accountants and estate planning attorneys (Bronson et al., 2005).

Fewer respondents agreed that the investment brokerage fee prevented their investments. The brokerage fees are the transaction costs resulting from a large sale in a thinly traded asset, simply the time and opportunity cost of finding a buyer. Elison and Drew (2003) agree that when financial costs increase, the invested assets become less liquid and less attractive for investment. If an investment is less liquid it may constrain an investor’s ability to bear risk. Liquidity refers generally to the investment portfolio’s ability to efficiently meet an investor’s anticipated and unanticipated demands for cash distributions.
Liquidity may also be affected by the ongoing costs of daily living which create a predictable need for cash and constitute one of the investment portfolio’s highest priorities. Gerhardt and Hackethal (2009) agree that because of their high predictability and short time horizon, anticipated expenses must be met using a high degree of liquidity in some portion of the investment portfolio. In this regard, investors should endeavour to search and identify potential lucrative investment opportunities that can maximize their wealth.

Very few respondents agreed that there were few avenues options for investment vehicles with a significant variation of data. Having knowledge of the different investment options is essential for successful investment decisions. Peress (2004) suggests that it is essential that financial experts put in place a mechanism for such investment. It is also interesting to know that excellent investment suggestions can come through informal meetings such as work colleagues. Therefore, having a comprehensive knowledge for investment is critical to investing successfully (Hira and Loibl, 2006).

5.4 Conclusion

5.4.1 Influence of Individual Factors on Personal Investment Decisions
The study revealed that most of the respondents agreed that income influences their investment. Cost of investment was an important factor in personal investment decision. The findings revealed that willingness to bear risk influenced investor’s investment decision. The level of knowledge acquired on different investment instruments influences investor’s decision since the investors can’t make sound decision without adequate knowledge about the investments. Financial literacy plays an important role when considering to invest. Age is widely used as the variable to explain investor behaviours. In this case, age was a least important factor in determining the investors’ personal investment decision. The findings indicated that the investors’ ability to bear risk determined their investment decision. Different investments are suited for various investors and this may influence investor’ decision.

5.4.2 Influence of Investment Related Factors on Personal Investment Decisions
This study found that majority of the respondents were concerned with the benefits of the investment project. Expected return on investment influences the investment decision and it is
regarded important when considering to investment. The risk of investment project influences investor’s to invest since we have investors with different risk levels. The payback period is also important in determining the liquidity of an investment. Cost of investment project was considered as a factor that influences investment decisions. Security of the investment is very important in making investment decision. Because, an investor is going to invest their hard cash when they can expect good returns. The frequency of return on investment is a common objective for all investors. Earning a positive return is a common aim of all the investors.

5.4.3 Influence of External Factors on Personal Investment Decisions
The issue of availability of market opportunities is among the most complex investment issue that may constrain or accelerate personal investment decision. This study found that the second factor that influenced the investment decision was the political stability as well as rules and regulations of a country since they play an important role in decision making process. Identification of investment opportunities and generation of investment project proposals are important for investment decisions. The prevailing of interest rates plays a role in deciding whether to invest. Fewer respondents agreed that the investment brokerage fee prevented their investments. Very few respondents agreed that there were few avenues options for investment. Having knowledge of the different investment options is essential for successfully investment decisions.

5.5 Recommendations
5.5.1 Recommendations for Improvements
5.5.1.1 Influence of Individual Factors on Personal Investment Decisions
The study recommends that graduate students in all programs should be equipped with adequate knowledge on different investment instruments for them to invest confidently. Graduate students must have good knowledge about the cost of investment as well as the willingness to bear risk before making investment decisions. This can help avoid making wrong investment decisions. Potential investors should be mentored on how to approach risk in business and adapt to the business changes over time. These kinds of training help existing and potential graduate students seeking different investments preferences to maximize their
wealth. Individual facts must be considered before making the right personal investment decision.

5.5.1.2 Influence of Investment Related Factors on Personal Investment Decisions
The study recommends that achieving the maximum returns from investment should be the main aim of an investment. A successful investment should have a quicker payback period to ensure the liquidity of the project. The payback period is also important in determining the liquidity of an investment. Security should be considered since it is very important in making investment decision in ensuring investor get good returns. Potential graduate students should jointly consult the services of peers, family, friends and professional in deciding whether or not to invest to ensure positive returns to the investment. Therefore, investment related factors should be considered since they are important factors that influence the investment decision.

5.5.1.3 Influence of External Factors on Personal Investment Decisions
The study recommends that the government should implement simple and conducive tax programs to stimulate investment among the graduate students. The study recommends that political stability should be ensured to stimulate graduate students investment decisions. Identification of investment opportunities and generation of investment project proposals are important for investment decisions. Favourable interest rates play a big role in decisions to invest and this could lead to more graduates students to invest. Fair rules and regulations should be implemented in regards to investment. Graduates students should be aware of the many avenues for investment for less risky and successfully investment decisions. In addition, external factors should be considered as they can complicate investment decisions.

5.5.2 Recommendations for Further Studies
The study was conducted to determine factors influencing personal investment decisions of graduate students and excluded faculty, staff and undergraduate students, therefore further study is recommended to cover faculty, staff and undergraduate students. Additionally, the study opens up the following research gaps for further research: Why are some investments more successful than others? What are the other factors besides the ones studied here
influencing personal individual investment decisions? And in what ways can the challenges of personal investment decisions be overcome?
REFERENCES


APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

To Whom It May Concern

Dear Sir/Madam,

I am pleased to inform you that I am graduate student at United States International University-Africa pursuing a degree in of Business Administration in Global Business Management. As partial fulfillment of my Graduate degree, I am conducting a research on factors influencing personal investment decisions among USIU-Africa graduate students.

I request your participation in answering the questionnaire to the best of your knowledge. Please note that any information you give will be treated with confidentiality and at no instance will it be used for any other purpose other than for this project. Your assistance will be highly appreciated. I look forward to your prompt response.

Yours Faithfully,

Engelhard Gift Streidwolf
APPENDIX 2: QUESTIONNAIRE

Please take a few minutes to complete this survey questionnaire.

NOTE: This is an academic exercise and all information collected from respondents will be treated with strict confidentiality.

Answer all the questions either by ticking in the boxes or writing in the space provided.

SECTION A: GENERAL INFORMATION

1. What is your gender?
   - Male
   - Female

2. What is your age?
   - 20 – 25 years
   - 26 – 31 years
   - 32 – 37 years
   - 38 – 43 years
   - 44 years and above

3. What is your marital status?
   - Single
   - Married
   - Divorced
   - Widowed

4. What program are you enrolled in?
   - MBA Global Business Management or Health Leadership & Management
   - Masters of Business Administration
   - Masters of Science in Management and Organizational Development
   - Masters in International Relations
   - Masters in Counselling Psychology
   - Masters in Clinical Psychology
   - Masters in Information Systems Technology
   - Masters of Art in Communications Studies

5. Are you employed?
   - Yes
   - No

6. If your answer to question 5 is yes, please indicate the range of your gross monthly income?
   - 20 000 – 40 000 KES
   - 41 000 – 60 000 KES
   - 61 000 – 80 000 KES
   - 81 000 – 100 000 KES
101 000 – 120 000 KES
120 KES and above

7. Do you have any other sources of income?
☐ Yes
☐ No

8. If your answer to question 7 is yes, please indicate your additional sources of income.
☐ Other employment
☐ Allowance from parents or relatives
☐ Rent income
☐ Investment
Others please specify _____________________________

9. Have you invested part of your income?
☐ Yes
☐ No

10. If your answer to question 9 is no, kindly specify the reasons.
_________________________________________________
_________________________________________________

11. Indicate the types of investment you have made (multiple answer are allowed).
☐ Stocks
☐ Bonds
☐ Mutual Funds
☐ Real Estate
☐ Life Insurance Policies
☐ Deposit Account
☐ Treasury Bills
Other please specify _____________________________

12. From question 11, which investment has offered the best returns over the last five years?
_________________________________________________
_________________________________________________
SECTION B: INFLUENCE OF INDIVIDUAL FACTORS ON PERSONAL INVESTMENT DECISIONS

Kindly tick which best describes your opinion of the statement in reference to influence of individual factors on personal investment decisions on scale of 1 to 5 (1 = Strongly Disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree, 5 = Strongly Agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. My age influences my investment decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2. I consider my income when deciding to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3. My gender influences my investment decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4. My investment decisions are influenced by literacy of financial knowledge</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5. The level of knowledge I acquired on different investment instruments influence my decision to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6. Unique needs and preferences influence my decision to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7. My investment decision is influenced by my perception about investment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8. My investment decision is influenced by availability of investment options</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9. My investment decision is influenced by willingness to bear risk</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10. Cost of investment influences my decision to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11. The level of risk of investment influences my decision to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12. My willingness to bear risk is influenced by my age</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

13. What other individual factors affect your decision to invest?

___________________________________________________________________________

_______________________________________________________________

___________________________________________________________________________

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SECTION C: INFLUENCE OF INVESTMENT RELATED FACTORS ON PERSONAL INVESTMENT DECISIONS

Kindly tick which best describes your opinion of the statement in reference to influence of investment related factors on personal investment decisions on scale of 1 to 5 (1 = Strongly Disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree, 5 = Strongly Agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I consider the risk of the investment project when deciding to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2. I consider the risk of interest rate when deciding to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3. Cost of investment project influences my decision to invest in a project</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4. I consider expected return on investment when deciding to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5. Payback period of the investment is important for me when deciding to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6. Security of the investment project influences my decision to invest in a project</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7. Opinion of my peers influence my decision to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8. Investors awareness of investment influences my decision to invest in a project</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9. The knowledge of the relationship between risk and return influences my investment decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10. Hedging of the investment project influences my decision to invest in a project</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11. I consider duration of investment returns when deciding to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12. I consider benefits of the investment project when deciding to invest in a project</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

13. What other investment related factors affect your decision to invest?

___________________________________________________________________________

___________________________________________________________________________
SECTION D: INFLUENCE OF EXTERNAL FACTORS ON PERSONAL INVESTMENT DECISIONS

Kindly tick which best describes your opinion of the statement in reference to influence of external factors on personal investment decisions on scale of 1 to 5 (1 = Strongly Disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree, 5 = Strongly Agree).

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Political stability of the country can influence my investment decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2. Rules and regulations of a country play an important role on investment decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3. Availability of market opportunities influences my investment decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4. Tax status at time of investment influences my decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5. Investment brokerage fees prevents my investment decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6. I consider interest rates when deciding to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7. Capital growth of investment influences my decision to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8. Commercial and economical environment of investment influences my decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9. There are few avenues for investment decisions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10. I consider risk involved in investment decisions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11. Investment information available influences my decision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12. I consider investment portfolio’s capacity when deciding to invest</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

13. What other external factors affects your decision to invest?

___________________________________________________________________________
___________________________________________________________________________

Thank you for your time