Article

Factors Influencing Investors' Decisions: Evidence from Stock Markets in Bangladesh

Khadiza Rahman Tanchi,
* Md. Kamruzzaman, and
Shah-Noor Rahman, Daffodil International University
Abdul Aziz Abdul Rahman, Kingdom University
Pramila Pudasaini Thapa, Life Skills Education Institute Pvt. Ltd.
E-mail: kamruzzaman.bba@diu.edu.bd

Abstract: *Stock markets are always one of the attractive investment destinations for investors. This study analyzes the various factors affecting the investment decisions of investors in Bangladeshi stock markets, including behavioral factors. A sample consisted of 139 individual investors trading in the Bangladeshi stock exchange, and a structured questionnaire was used to collect data with 33 independent variables. Factor analysis is used with SPSS to figure out the factors and to see whether these variables influence the stock market investment. The result showed that 5 factors were extracted from the factor analysis, such as Investors' financial awareness, company performance, macroeconomic factors, investors' psychological factors, and Herding behavior. Finally, findings originating from this study have contributed to both academia and industry, and it also contributes to the behavioral finance field in Bangladesh.*

Keywords: Behavioral factors, Investment decision, Bangladeshi Stock Markets, Factor Analysis, Bangladesh.

1. Introduction

In the last couple of years, stock markets in developing countries have experienced a rapid growth (Claessens et al., 2001). Bangladeshi stock markets (Dhaka Stock Exchange and Chittagong Stock Exchange) have been widely examined to see the factors affecting invertors' investment decisions (Sarbabidya & Saha, 2018). Researchers have studied stock investment behavior and tried to find how investors manage their different stock investments in different ways. There are many psychological factors and behavioral factors influencing investor decisions (Khelda et al., 2011). Stock market investment has been widely influenced by many factors, and many researchers used different factors. Normally, the investment decision is a function of demographic characteristics, stock market facts and figures, behavioral facts, risk-taking capacity, economic factors, political factors, companies' financial

---

*Corresponding Author

information, etc. (Ponnamperuma, 2013; Kengatharan & Kengatharan, 2014; Gunathilaka, 2014; Menike, Dunusinghe & Ranasinghe, 2015; Perera, 2016; Sub-ramaniyam & Velnampy, 2017).

It is crucial to find out particular factors that influence investor decisions so that it will help the investors to make the right investment decisions, and it will also help companies to be cautious about different factors in stock markets (Kengatharan, 2019). From the above motivation, the main purpose of this current research is to find out the factors that influence investment decisions in stock markets, especially in Bangladesh. The main reason for choosing Bangladesh stock exchanges is the growth and potentialities. Moreover, a good no of investors do invest in the market, though the Dhaka stock exchange has already experienced two major crass in 1996 and 2009-10 (Saha, 2012; Rahman et al., 2017). Despite this fact, investors are looking forward to getting confidence in the market as well, and which factors are influencing most could be a good addition for investors and future research.

2. Literature Review

Making investment decisions is very crucial from an investor's perspective as they have to face enormous losses as a result of improper decisions. The stock market is popularly known as the most volatile and unpredictable sector for making investment decisions. Several factors affect investor's perception and judgment about making investment decisions. Sarbabidya and Saha (2018) tried to identify different factors that have an impact on investment choices in Bangladesh. In their study, they have chosen around 25 influencing variables that affect investors' decisions in the stock market. According to their findings, some variables like risk tolerance, financial information, the performance of the stock over the years, earnings per share, GDP, and political constancy are considered to be most the influencing variables that have a major influence on the investment decision in Bangladesh. Kengatharan (2019) used the following factors: friends' and colleagues' recommendation, family members' recommendation, dividend growth, company's stability, firm's goodwill, divided paid, investors' higher trade efficiency, recent price movement, stock marketability, individual market awareness, broker recommendations, opinions of firm's majority stockholders, firm's governing body (Board of Directors, CEO), macroeconomic factors to see the influence of these factors in investment decision in Sri Lankan stock market. He surveyed a total of 272 investors from 5 districts of Sri Lanka. Moreover, he also found that following variables such as company's stability, firm's goodwill, friends' and colleagues' recommendations, dividend growth, investors' higher trade efficiency, recent price movement, stock marketability, individual market awareness, opinions of the firm's majority stockholders remarkably effect on the investment decision. Another author, Lodhi (2014), examined several variables like financial knowledge, accounting information, ingenuousness to experience, and information gap to identify the impact of these variables up on investment decisions. The study revealed that knowledge about economic and accounting information reduces information asymmetry and encourages investors to invest in risky instruments. She also concluded that over time, investors' perceptions change,

and they give more emphasis on dividends rather than capital gain. Whereas, Phan and Zhoe (2014) did a survey on 472 individual investors and identified that the attitude of individual investors has the strongest impact on investment decisions. The psychological factors that have remarkable effects on individuals' attitudes towards investment are overconfidence, excessive optimism, psychology of risk, and herd behavior. Ponnamperuma (2013) identified accounting information as the most influential factor that significantly affects an investor's decision towards investment. In particular, investors put more emphasis on EPS, historical information of stock, performance of the business over time, dividend per share, and fluctuation of stock price. The analysis also reveals that investor's choice varies among different age groups while they consider the firm's image, accounting information, dependability of obtained information about the firm, and other specific issues. According to Mahmood et al. (2011), demographic and socioeconomic factors have been influencing investors' investment decisions. A model has been developed and pronounced that investors' past investment experience, asymmetric information, deviation in regulatory policies, gender, marital status, and reinvestment intentions influence investment decisions (Iqbal, 2011). According to Zakaria (2008), political unrest, government administration, corruption, and unreliable government policies and laws discourage investors in Pakistan from making investment decisions.

Risk tolerance, companies' accounting information, investors' financial gain, true and right information about companies, past performance, stock performance, and stockholders' attitudes toward, financial literacy are the factors used by the following researchers in their work, and they found these factors influence the stock investment decisions in stock markets (Bernheim et al., 2001; Merikas et al., 2004; Usmani, 2012; Williams, 2007). An empirical study by Chou et al. (2010) among Taiwanese investors found there was no difference between gender and risk-taking propensity. Companies' reputation, accounting information of the company, trading opportunity, personal finance needs, the influence of other investors and others are the major factors that influence the retail investors in Bangladesh (Hossain & Nasrin, 2012). Williams (2007) conducted a study among 5 counties among 5170 investors and found that investors mostly focus on the companies' environmental and social behavior, influencing most to find socially responsible investments. Moreover, investors' expectations & investors' excitement influences stock investment decisions (Sevil et al., 2007). Bhatt and Sumangala (2012) found earnings per share, whereas inflation rate, interest rate, and GDP growth were used by Al-Qenae and Wearing (2002) and Udegbunam and Eriki (2001). In addition, following factors such as increased volatility (ups and down), interest and foreign exchange rate risk, political stability, use of the internet and transaction cost were used by Bo and Yong (2009), Joseph and Vezos (2006), Bennet and Selvam (2011), Fares and Khamis (2011) and Rashid and Nishat. (2009).

From the above-mentioned literature, it is clear that a number of studies already tried to find the specific factors that influence most in stock market investment.

Yet, this paper took into consideration 33 variables from the literature to find the exact factors that influence investors' investment decisions in stock markets in Bangladesh. Moreover, the following hypothesis can be set to find the appropriate answer to the research question of whether there are any factors that influence the investment decision in the stock market of Bangladesh.

H0: There is no factor that influences the investment decision in Bangladeshi stock markets
Ha: There are many factors that influence the investment decision in Bangladeshi stock markets

3. Methodology

To conduct the present study, 33 variables have been taken into consideration. The variables are taken from reviewing the literature on related subject matter. For appropriate factor analysis, the variables must have to be correlated. These variables are as follows (Table 1):

Table 1: Variables

V1- Risk tolerance	Bernheim et al. (2001)
V2- Companies accounting information	Merikas et al(2004)
V3- Investors' financial gain	Merikas et al.(2004)
V4- Friends and colleagues recommendation	Kengatharan(2019)
V5- Family members' recommendation	Kengatharan(2019)
V6- True and right information of company	Usmani (2012)
V7- Stockholders' attitude toward	Williams (2007)
V8- Investors' expectations	Sevil et al(2007)
V9- Investors' excitement	Sevil et al(2007)
V10- Stock performance	Usmani (2012)
V11- Earnings per share	Bhatt & Sumangala (2012)
V12- Dividend growth	Kengatharan(2019)
V13- Inflation rate	Al-Qenae & Wearing (2002)
V14- Interest rate	Al-Qenae & Wearing (2002)
V15- GDP growth	Udegbunam & Eriki (2001)
V16- Macroeconomic factors	Kengatharan(2019)
V17- Past performance	Usmani (2012)
V18- Company's stability	Kengatharan(2019)
V19- Firm's goodwill	Kengatharan(2019)
V20- Divided paid	Kengatharan(2019)
V21- Increased volatility (ups & down)	Bo & Yong (2009)

V22 - Investors' higher trade efficiency	Kengatharan (2019)
V23-Interest and foreign exchange rate risk	Josephand Vezos (2006)
V24 - Financial literacy	Williams (2007)
V25 - Political stability	Bennet and Selvam (2011)
V26 - Use of internet	Fares & Khamis (2011)
V27 - Transaction cost	Rashid & Nishat (2009)
V28 - Recent price movement	Kengatharan (2019)
V29 - Stock marketability	Kengatharan (2019)
V30 - Individual market awareness	Kengatharan (2019)
V31 - Broker recommendations	Kengatharan (2019)
V32 - Opinions of firm's majority stockholders	Kengatharan (2019)
V33 - Firm's governing body (Board of Directors, CEO)	Kengatharan (2019)

Source: Authors' Compilation.

4. Analysis

In this study, primary data have been collected from the 139 respondents using "convenience sampling method" among the investors and investment professionals of stock markets of Bangladesh. A structured self-administered questionnaire was used to collect data using a 5-point Likert scale.

4.1 Reliability Analysis

From the Table, we have seen that Cronbach's Alpha value is .978 from the 33 items. Since Cronbach's Alpha is greater than .7, it indicates higher reliability factors. Thus, we can say that the reliability of this research is substantial in terms of sample size, data collection and on of items (Table 2).

Table 2: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	No of Items
.978	33

Source: Authors' Computation

4.2 Validity Analysis

Bartlett's test of sphericity has been used to test the null hypotheses that the variables in the study are not correlated. Additionally, the null hypothesis states that the identity matrix is considered as the population correlation matrix. It is also known to all that in an identity matrix, all the diagonal terms are 1, and all off-diagonal terms are 0. The rejection of the null hypothesis has been approved by a large value of the test statistics. The appropriateness of the factors will be questioned if this hypothesis cannot be rejected. An additional useful statistic is the Kaiser- Meyer-Olkin (KMO) measure of sampling adequacy. The correlations between pairs of variables cannot be described by other variables, and factor analysis may not be appropriate, these are the indication of small values (below 0.5) of the KMO statistics.

Table 3: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.930
Bartlett's Test of Sphericity	Approx. Chi-Square	5542.732
	df	528
	Sig.	.000

Source: Authors' Computation

Accordingly, from the above table, it is obvious that factor analysis is applicable. Here, the KMO value is .930, which is between 0.5 and 1.0, and the approximate chi-square statistic is 5542.732 with 528 degrees of freedom, which is significant at 0.01 levels. Hence, the null hypotheses can be rejected, and all variables that are correlated to each other can be accepted in alternative hypotheses. Factor analysis has been used for data reduction to analyze the variables ranging from V1 to V33. This current analysis reveals the most important factors that influence investors' decisions in the stock market of Bangladesh (Table 3).

4.3 Factor Analysis

The Table shown in the appendix (Table 4) that only 5 factors have been extracted, and the cumulative percentage is nearly 80%, whereas the eigenvalue is greater than 1.0 as it is suggested that we have to keep factors with more than 1.0 eigenvalue which indicates the acceptability of the analysis using derivative factors. From the Rotated Component Matrix table (Table 5), we have extracted 5 factors that can be interpreted in terms of the variables that load high coefficients. Factor 1 has a higher coefficient for Investors' financial gain (.516), Financial literacy (.808), Use of the internet (.819), Transaction cost (.796), Individual market awareness (.702), Firm's governing body (Board of Directors, CEO) (.631). Thus, factor 1 can be considered as "Investors' financial awareness". Factor 2 has high coefficients for companies' accounting information (.504), true and right information of companies (.631), stock performance (.833), earnings per share (.743), dividend growth (.760),

past performance of the company (.671), company's stability (.689), firm's good-will (.787), divided paid (.729), increased volatility (ups & down)(.590), recent price movement (.721), stock marketability (.669). Thus, factor 2 can be leveled as "Companies performance". Factor 3 has high coefficients for Inflation rate (.634), Interest rate (.594), GDP growth (.484), Macroeconomic factors (.595), Interest rate and foreign exchange rate risk (.708), and Political stability (.741). Thus, factor 3 can be viewed as "Macroeconomic factors". Factor 4 has high coefficients for Investors Risk tolerance (.578), Stockholders' attitude (.663), Investors' expectations (.799), Investors' excitement (.728), and Investors' higher trade efficiency (.578). Thus, factor 4 can be called as "Investors' psychological factors". Factor 5 has high coefficients for friends' and colleagues' recommendations (.357), Family members' recommendations (.875), and Broker recommendations (.681), opinions of the firm's majority stockholders (.620). Thus, factor 5 can be considered as "Harding behavior"

5. Discussion

This research looks at the numerous factors that influence investors' investment decisions in Bangladeshi stock markets, including behavioral factors. A standardized questionnaire with 33 independent variables was employed to capture data. Investors' financial awareness, company performance, macroeconomic factors, investors' psychological considerations, and herding behavior were among the five factors retrieved from the factor analysis. The finding of this study is in line with the 4 factors such as stock market facts and figures, behavioral facts, economic factors, companies' information stated by researchers (Ponnamperuma, 2013; Kengatharan & Kengatharan, 2014; Gunathilaka, 2014; Menike et al., 2015; Perera, 2016; Subramaniyam & Velnampy, 2017). However this study didn't find the following factors such as demographic characteristics, risk-taking capacity, & political factors. Sarbabidya and Saha (2018) found risk tolerance, financial information, the performance of the stock over years, earnings per share, GDP, and political constancy are considered to be most the influencing variables, but this study found the same factors that influence the stock internment decision except risk tolerance & political constancy. Moreover, the findings of the study are not in line with the findings of Kengatharan (2019). Lodhi (2014) found the psychological factors that have a remarkable effect on individuals' attitudes toward investment, including overconfidence, excessive optimism, and psychology of risk and herd behavior. This study was conducted on overall factors and found only a psychological factor, which is herding behavior.

Moreover, accounting information, political unrest, government administration, corruption, and unreliable government policies and laws discourage investors, Companies' reputation, trading opportunities, personal finance needs, companies environmental and social behavior are the major factors that influence investors' decisions (Ponnamperuma, 2013, Zakaria, 2008; Chou et al., 2010; Williams, 2007; Zayed et al., 2020a). Here, we have seen that most of the factors are in line with the findings of this paper. Besides few factors are not discovered in this paper, such as

political unrest, government administration, corruption, unreliable government policies trading opportunities. Moreover, from the factor analysis, we found 1st factor as "Investors' financial awareness". From the factor loading, it has been observed that all the factors are leading to financial awareness of the investors. But the use of the internet also falls into this factor which may not directly connected with financial awareness. This particular variable may be indirectly connected with the awareness of the investors (Chavali, & Mohanraj, 2016; Gunathilaka, 2014; Khanam, 2017; Kanwal, Alam, & Agha, 2019; Zayed et al., 2020b). By analyzing the 2nd factor, it has be seen that all the variable of this factors are in line with the factor naming. All the variables are directly connected with companies' performance and how it will influence the investors to take investment decision (Subramaniyam & Velnampy, 2017, Khanam, 2017; Kanwal et al., 2019; Zayed et al., 2021). By evaluating 3rd factors it has been found that all the variables under this factors are connected with the factor except political stability (Bennet et al., 2011; Khanam, 2017; Kanwal et al., 2019). It also been observed that all the variables of factors 4 & 5 are also directly connected with factors, and these factors and variables also influence the investment decision in stock markets (Menike et al., 2015; Perera, 2016; Kanwal et al., 2019; Afrina et al., 2020; Rubi et al., 2022).

6. Conclusion

The outcomes of the studies literature characterized the role of the recognized factors that influence the decisions of investors in the stock market of Bangladesh. On the other hand, the previous study emphasizes on its exclusive findings, which do not always represent the complete list for productive investment decisions. As most past papers are dedicated to limited aspects of themes, so this current paper, through multiple regression analysis, tried to verify different research findings by including various variables. The current paper is exceptional for its submission with reliability and validity test standards. The present study results indicate that a good number of factors influenced the investment decision decisions in the stock market of Bangladesh. The remarkable factors are financial gain, the Firm's governing body (Board of Directors, CEO), Stock performance, Dividend growth, Investors' higher trade efficiency, risk tolerance, inflation and interest rate, investors' attitude and excitement, etc. The current study also conducted a factor analysis to verify scale construction as well as to reduce many individual items into fewer number of dimensions. The factor analysis of this study can be used to simplify data. Other findings of this paper shows that dividend growth, inflation rate, interest rate, firm's goodwill, political stability, and firm's governing body are the most influencing factors in making investment decisions in the stock market in Bangladesh. The previous studies make no clear impression of such factors which might affect investment decisions. The present study carefully studied the prevailing factors and found the considerable factors that influence the investment decision in the stock market. The current paper has the possibility to contribute to the research and academic development of stock market investment decisions by using a systemic process of comprehensive literature review. This paper gives a complete view of investors' thought processes and priorities before they make

investment decisions in the stock market. Hence, the merchant banks, and brokerage houses may get the ideas and take a necessary course of action with new business models, which would enable them to conduct their business activities and decisions.

References

1. Al-Qenae, R., Li, C. A. & Wearing, B. (2002). The information content of earnings on stock prices: The Kuwait Stock Exchange. *Multinational Finance Journal. 6(3/4), 197-221.*

2. Afrina, T., Beg, T. H., Zayed, N. M., Hossain, M. S. & Shahi, S. K. (2020).An Analysis of the Effects of Corona Virus (COVID-19) on International Financial Derivatives Market, 2020. *Indian Journal of Finance & Banking.* 4(2), 93-98.

3. Bhatt, P. P. & Sumangala, J. K. (2012). Impact of earnings per share on market of an equity share: An empirical study in Indian Capital Market. *Journal of Finance, Accounting & Management. 3(2).*

4. Bennet, E. & Selvam, M. (2011). Factors influencing retail investors' attitude towards investing in equity stocks: A factor analysis. *SRM Management Digest-2011. 78.*

5. Bennet, E., Selvam, M., Indhumathi, G., Ramkumar, R. R. & Karpagam, V. (2011). Factors influencing retail investors' attitude towards investing in equity stocks: A study in Tamil Nadu. *Journal of Modern Accounting and Auditing. 7(3), 316.*

6. Bernheim, B. D., Skinner, J. & Weinberg, S. (2001). What accounts for the variation in retirement wealth among US households? A*merican Economic Review.* 91(4), 832-857.

7. Bo, L. I. U. & Yong, Z. E. N. G. (2009). Can price limits help when the price is falling? Evidence from transactions data on the Shanghai Stock Exchange. *China Economic Review. 20(1), 91-102.*

8. Chavali, K. & Mohanraj, M. P. (2016). Impact of demographic variables and risk tolerance on investment decisions – An empirical analysis. *International journal of economics and financial issues. 6(1), 169-175.*

9. Chou, S. R., Huang, G. L. & Hsu, H. L. (2010). Investor attitudes and behavior towards inherent risk and potential returns in financial products. *International Research Journal of Finance and Economics. 44(1), 16-30.*

10. Claessens, S., Klingebiel, D. & Schmukler, S. L. (2001). FDI and stock market development: Complements or substitutes. *World Bank Working Paper.* 1-37.

11. Fares, A. R. F. & Khamis, F. G. (2011). Individual investors' stock trading behavior at Amman Stock Exchange. *International Journal of Economics and Finance. 3(6), 128-134.*

12. Gunathilaka, C. (2014). Factors influencing stock selection decision: The case of retail investors in Colombo Stock Exchange. *Proceedings of the 2014(11th) International Conference on Business Management, Sri Lanka. 107-115.*

13. Hossain, M. F. & Nasrin, S. (2012). Factors affecting selection of equity shares: The case of retail investors in Bangladesh. *European Journal of Business and Management. 4(20), 110-124.*

14. Iqbal, M. H. A. (2011). Behavioural implications of investors for investments in the stock market. *European Journal of Social Science. 20.*

15. Joseph, N. L. & Vezos, P. (2006). The sensitivity of US banks' stock returns to interest rate and exchange rate changes. *Managerial Finance.*

16. Kanwal, K., Alam, S. & Agha, H. (2019). Behavioral factors influencing individual investors' decision making: Study of Pakistan Stock Exchange (PSX). *Bahria University Journal of Humanities & Social Sciences. 2(1), 10-10.*

17. Kengatharan, L. (2019). Factors influencing investment decisions in stock market: Evidence from individual investors in the northern province of Sri Lanka. *1st Asia Pacific Symposium on Academic Research (APSAR- 2019) Kuala Lumpur, Malaysia.*

18. Kengatharan, L. & Kengatharan, N. 2014. The influence of behavioral factorsin making investment decisions and performance: Study on investors of Colombo Stock Exchange, Sri Lanka. *Asian Journal of Finance & Accounting. 6(1), 1-23.*

19. Khanam, Z. (2017). The impact of demographic factors on the decisions of investors during dividend declaration: a study on Dhaka Stock Exchange, Bangladesh. *IOSR Journal of Business and Management. 19(8), 1-7.*

20. Khelda, Khaldoun, M. & Al-Qaisi. (2011). Factors affect the investment decision in exchange markets in developing countries. *Corporate Ownership & Control. 319.*

21. Lodhi, S. (2014). Factors influencing individual investor behaviour: An empirical study of city Karachi. *Journal of Business and Management. 16(2), 68-76.*

22. Mahmood, I., Ahmad, H., Khan, A. Z. & Anjum, M. (2011). Behavioral implications of investors for investments in the stock market. *European Journal of Social Sciences. 20(2), 240-247.*

23. Menike, L.M.C.S., Dunusinghe, P. & Ranasinghe, A. (2015). Behavioural factors influence on investment performance: A survey of individual investors at Colombo Stock Exchange. *Proceedings of 2014 (10th) Annual London Business Research Conference, 10-11 August 2015, Imperial College, London, UK. 1-17.*

24. Merikas, A. A., Merikas, A. G., Vozikis, G. S. & Prasad, D. (2004). Economic factors and individual investor behavior: The case of the Greek stock exchange. *Journal of Applied Business Research (JABR). 20(4).*

25. Perera, A. M. (2016). Gender attitudes and investor behaviour: Evidence from individual investors in North Western Province, Sri Lanka. *Sri Lanka Journal of Economic Research. 4(1), 3-17.*

26. Phan, K. C. & Zhou, J. (2014). Factors influencing individual investor behavior: an empirical study of the Vietnamese stock market. *American Journal of Business and Management. 3(2), 77-94.*

27. Ponnamperuma, C. J. (2013). Factors influencing investor behaviour: The case of Colombo Stock Exchange. *Unpublished MBA thesis of University of Sri Jeyawardenapura.*

28. Rubi, M. A., Chowdhury, S., Rahman, A. A. A., Meero, A., Zayed, N. M. & Islam, K.M.A. (2022). Fitting Multi-Layer Feed Forward Neural Network and Autoregressive Integrated Moving Average for Dhaka Stock Exchange Price Predicting. *Emerging Science Journal (ESJ). 6(5), 1046-1061.*

29. Rashid, M. & Nishat, M. (2009). Satisfaction of retail investors on the structural efficiency of the market: Evidence from a developing country context. *Asian Academy of Management Journal. 14(2).*

30. Rahman, T., Hossain, S. & Habibullah, M. (2017). Stock market crash in Bangladesh: The moneymaking psychology of domestic investors. *American Journal of Theoretical and Applied Business. 3(3), 43-53.*

31. Saha, S. (2012). Stock market crash of Bangladesh in 2010-11: *Reasons & roles of regulators.*

32. Sarbabidya, S. & Saha, T. (2018). Factors affecting investment decisions: A study on Bangladesh stock market. *Journal of Accounting. 8(2), 1-19.*

33. Sevil, G., Sen, M. & Yalama, A. (2007). Small Investor Behavior in Istanbul Stock Exchange. *Middle Eastern Finance Economics. 1.*

34. Subramaniam, A. & Velnampy, T. (2017). The role of behavioural factors in the investment decisions of household investors. *International Journal of Accounting and Financial Reporting. 7(1), 392-412.*

35. Udegbunam, R. I. & Eriki, P. O. (2001). Inflation and stock price behaviour: evidence from Nigerian stock market. *Journal of Financial Management & Analysis. 14(1), 1.*

36. Usmani, S. (2012). Factors influencing individual investor behaviour in Karachi. *International Journal of Asian Social Science. 2(7), 1033-1047.*

37. Williams, G. (2007). Some determinants of the socially responsible investment decision: A cross-country study. *Journal of Behavioral Finance. 8(1), 43-57.*

38. Zayed, N. M., Shahi, S. K., Neloy, A. H., Afrin, M. & Haque, T. (2020a). Effects of Coronavirus (COVID-19) on International Financial Market: A Conceptual Analysis. *Journal of Accounting Research, Business and Finance Management. 1(1), 13-19.*

39. Zayed, N. M., Shahi, S. K., Neloy, A. H. & Haque, T. (2020b). Effects of Coronavirus (COVID-19) on International Capital Market: A Conceptual Analysis. *European Journal of Accounting, Finance and Investment. 6(4), 13-20.*

40. Zayed, N. M., Islam, K. M. A., Shahi, S. K., Rahman, M. S., & Raisa, T. S (2021). An Analysis on the Effects of Coronavirus (Covid-19) on the Financial Management of Multinational Corporations. *Australian Finance & Banking Review. 5(1), 43-53.*

41. Zakaria, M. (2008). Investment in Pakistan: *A critical review.*

Appendix

Table 4: Total Variance Explained

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	19.837	60.111	60.111	19.837	60.111	60.111
2	2.324	7.043	67.153	2.324	7.043	67.153
3	1.400	4.244	71.397	1.400	4.244	71.397
4	1.190	3.605	75.002	1.190	3.605	75.002
5	1.075	3.257	78.259	1.075	3.257	78.259
6	.896	2.716	80.975			
7	.679	2.058	83.032			
8	.620	1.880	84.913			
9	.513	1.555	86.468			
10	.479	1.452	87.920			
11	.453	1.374	89.293			
12	.392	1.188	90.481			
13	.336	1.019	91.500			
14	.322	.975	92.475			
15	.281	.853	93.328			
16	.248	.752	94.080			
17	.245	.743	94.822			
18	.222	.673	95.495			
Extraction Method: Principal Component Analysis.						

Source: Authors' Computation

Table 5: Rotated Component Matrix

Rotated Component Matrix[a]					
Variables	Component				
	1	2	3	4	5
Investors Risk tolerance	.232	.243	.269	.578	.376
Companies accounting information	.230	.504	.234	.328	.435
Investors' financial gain	.516	.328	.237	.410	.375
Friends and col leagues recommendation.	-.01	.165	.252	.769	.357
Family members' recommendation	.173	.134	.090	.152	.875
True and right information of company	.266	.631	.088	.186	.445
Stockholders' attitude	.208	.229	.100	.663	.474
Investors' expectations	.186	.104	.263	.799	.142
Investors' excitement	.246	.114	.313	.728	.272
Stock performance	.172	.833	.247	.123	.201
Earnings per share.	.244	.743	.374	.121	.070
Dividend growth	.186	.760	.383	.035	-.02
Inflation rate	.396	.224	.634	-.10	.278
Interest rate	.380	.434	.594	.124	.205
GDP growth	.455	.463	.484	.246	.146
Macroeconomic factors	.299	.414	.595	.258	.302
Past performance of the company	.342	.671	.453	.260	.084
Company's stability	.377	.689	.430	.106	.064
Firm's goodwill	.301	.787	.316	.104	.092

Variables	Component				
Divided paid	.353	.729	.321	.060	.265
Increased volatility (ups & down)	.416	.590	.317	.205	.381
Investors' higher trade efficiency	.462	.302	.140	.578	.328
Interest rate and foreign exchange rate risk	.084	.157	.708	.019	.444
Financial literacy	.808	.223	.271	.105	.172
Political stability	.349	.278	.741	.189	.128
Use of internet	.819	.014	.142	.075	.254
Transaction cost	.796	.148	.225	.236	.141
Recent price movement	.267	.721	.304	.295	.124
Stock marketability	.404	.669	.324	.232	.102
Individual market awareness	.702	.345	.279	.233	.171
Broker recommendations	.056	.452	.373	.161	.681
Opinions of firm's majority stockholders	-.07	.510	.425	.161	.620
Firm's governing body (Board of Directors, CEO)	.631	.523	.391	.195	.086

Source: Authors' Computation