Factors Affecting an Individual Investor Behavior- An Empirical Study in Twin Cities (Rawalpindi and Islamabad) of Pakistan
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Abstract
This research study intends to examine the impact of financial literacy, accounting information, firm size, classical wealth maximization and demographic factors on individual investor’s decision making through the empirical research specifically conducted from the twin cities of Pakistan, Rawalpindi and Islamabad. This article explores the relationship between decision making by individual investors, within the context of portfolio management and the factors that may influence such decisions in Pakistan. It argues that personal, demographic, economic, and religious and gender issues influence the individual’s perception leading him to a non-optimal decision. The data for this research is collected through a specifically designed questionnaire, consisting of thirty two (32) statements measuring a host of independent variables from each of the above mentioned factors, and seven (7) questions describing the respondents profile and one (1) question measuring the dependent variable: style/behavior of investment. The Overall result closes that the individual investors consider short and mid time investments, and less risky investments for better dividends only and they do not prefer wealth maximization. Below the age of 30 years according to the most important attributes, are not risk averter whereas people who are above 40 years of age are towards investing in safe investment avenues. Same time, they gave least importance to gender related issues, quick profiteering and showed keen believe in the market fundamentals. Finally, the results indicate that age, income, language and orientation of education have significant role in determining the investment style of an investor. Whereas financial literacy and accounting information are most influencing factors on the decision making behavior of individual investors.

1 Introduction
Many researchers have discussed the investment behavior and tried to enhance the understanding of people managing investments in different ways. If we go through the available literature, it is mainly personal characteristics that influence investment decision making. The nature of psychological factors and individuals’ behavior at the time of investment decision making is under discussion. Investment
behavior is often defined as how the investor judge, predict, analyze and review the procedures for decision making. Investment behavior is however the relationship between the risk and return. Investors desire to have a balance between the risks and return attitude. Various psychological factors like beliefs, preferences, and psychological biases have been found. The purpose of this study is to determine how the personal investment is affected by the level of knowledge an investor possesses about different investment instrument, knowledge of the relationship between risk and return along with the knowledge of company’s performance analysis technique and portfolio management techniques.

The main reason for choosing twin cities Rawalpindi and Islamabad for research is that; Rawalpindi and Islamabad is the growth pole of Pakistan and is a residence of about five million population and 35 percent of investors. But since last four years there has been observed an apparent change in investors’ preferences about investments, as law and order situation is critical to attract any foreign and local investment in Pakistan in general and Rawalpindi and Islamabad in particular. Political and macro-economic instability make investment environment less conducive for investors and continue depreciation of Pakistani currency has made investment in international trade less frequent. Electricity and fuel crises have made the industrial performance miserable that force the investors to move to neighboring country like Bangladesh.

1.1) Problem Statement

The problem in hand is focusing on the following points

- What are the determinants of individual investor behavior?
- What are the factors that contribute in change of individual investor behavior decision making?
- What is the relative importance of different factors in shaping individual investment behavior?

1.2) Objectives And Scope of The Research

Primary Objective:

To check the influence of different factors that affect an individual investor behavior.

Secondary Objectives:

The objective of this study is:

1) To determine the impact of financial literacy of individual investor on his investment decision.
2) To examine the influence of accounting information of individual investor on his investment decision.
3) How firm size, demographic factor affects the investment decision of individual investor?
4) To study the effect of demographical factor on decision making of individual investor.

1.3) **Significance Of The Study**
As at now, there is very little work done about indicating the factors influencing the individual investors’ behavior in Rawalpindi and Islamabad in all sectors of economy. This study will provide information about the investment decision making of people belonging to different age group, different financial sectors, and their investment preferences. Furthermore, it will help in determining whether the more experienced investor can only make good investment decision or the financial literacy and accounting information can also help less experienced investors in making good investment decision. It will also serve as a reference material and future guideline for further research.

2: **Literature Review**
Many theories have been projected to explicate that what does influence an individual to invest. Even though the literature covers an extensive range of such theories, this study will spotlight on five most important factors that are been examined repetitively all over the literature reviewed. In the present paper, the analysis is made on the factors concerning such as accounting information, self/ firm image, demographics (age, gender, income), psychological (confidence level), financial literacy that influence investor decision making behavior. Although the literature presents the investor behavior in a variety of context but this paper will primarily focus on the impact of these five most important factors on the individual investor decision making while making particular investments.

*(Barber, B. M. and Ordean, T.; Sept, 2011)*

There is an ample impact of various factors on the decision making process of an investor while making any kind of investment in a particular security. This descriptive study was being made to add into literature with the core focus on the variables that make a positive or negative effect on the individual investment decision. *Riaz, L. et al. (2012)* found that the Propensity to take risk, the available Information and how it is presented to investors have influenced the decision making of investors in an obvious strength. Another contribution in behavioral finance concluded that The demographical factors including Investor’s age, Income, and psychological factors such as Awareness
concerning investment channel and Past experience have most common effect on the decision making behavior of individual investors (Sohan Patidar; 2010). Factors like financial statement elements, real EPS (earning per share) were considered important than economy and industry related factors. (Khanifar. H. et al.; 2012).

For many years of research and investigation, researchers have been doing serious studies of how individual investor state of mind has to do while making investment decisions. In a research article by Dr. Taqadus Bashir and Aaqiba Javed (April, 2013) on “the factors affecting individual investor decision making in Pakistan” indicated that accounting information, personal financial needs, firm image and advocate recommendation are the variables somehow effecting the individual behavior but accounting information has most influence on the investor behavior of Pakistan whereas the advocate recommendations are less influence in this context. A study on behavioral finance by Rekik. Y.M. and Bone. Y.B. (January, 2013) investigated the impact of two behavioral theories in decision making process of an individual investor behavior, the irrationality and investigator theory. They revealed that investors are not always rational while making the decision. Additionally the study concluded that loss aversion, mental accounting, representativeness are equally influential for investor decision making, also that investors were found under confident, hesitant and showed sensitivity in others opinions.

(Shafi. H. et al.; 2011) stated that the Risk attitude towards investments, Control, Confidence (under / over) and Time horizon had the strong influence on the investor decision making behavior. A secondary research on the factors causing changeability in individual investor decision making behavior was made by Dr. Mandeep Kaur and Tina vohra (December, 2012) that resulted that risk perception, intention patterns of investment and awareness level were the factors that influence individual investor behavior. (Jagongo. A. and Mutswenje. V.; 2014) bring about in their study that The self-image/ firm image has more influence on the investors behavior among all the factors discussed in the study which were being conducted on the influencing factors on decision making behaviors such as are accounting information, self-image, advocate information, personal financing needs and neutral information.
According to Ton et al. (August, 2013) the psychological factors had a great influence on the decision making power if individual investors and the study originated with the outcomes that optimism, psychology of risk, over confidence behavior were in positive relationship with an investment decision and added in the literature by examining the impact of psychological factors of the investor behavior that wrap up the herd behavior, attitude towards risk, excessive optimism and over confidence have profound effect on the decision making behavior of individual investor.

Financial literacy and expected returns were the more influential on investment decisions but because of shortage of time accounting information found less influential on short term investment behavior of individuals. This first hand research scanned the impact of accounting information, expected return and financial literacy on the investment making behavior of investors supported that these factors have a significant effect on the investment behavior (Bashir. M. and Nisar. A.; 2013) An investor makes the investment decision without anyone’s influence and make it on his own will (Athar Iqbal and SaniaUsmani; 2009) also examined that investor do not use valuation model while investing but considers the current economic indicators. The demographic factor (life style) and behavioral variables were taken as the independent variables of the study.

Atif Kafayat (2014) had empirically tested the impact of factors such as self- attribution, Biases, over confidence and over optimistic behavior on the decision making of the individual investor. And concluded that self- attribution negatively affect the sensible decision making of the investor. The rational investor cannot be effected by biases and hence enjoys favorable returns. It also examined that Over confidence leads an investor to the over optimism that ultimately effects the rational decision making of investor. The research study explained that self- attribution creates over confidence and it ultimately leads to over optimism presenting a depending relationship on each other. According to Hussein A.H (2007) the expected corporate earnings, getting rich quickly, past performance of the firm stock, Creation of the organized financial market and government holdings have the major influence on the investor behavior.

The physiological and demographical factors including Investor’s age, Income, Awareness regarding investment channel and Past experience were chosen by Sohan Patidar (2010) in (Dhar District of
Madhya Pradesh) on Investors’ Behavior towards Share Market. The results revealed that above mention factors have effect on investment decision of individual investors. Badlshah, W. et al. (May, 2014) used different variables for their study such as financial literacy, Risk aversion and short term investment intention all these variable impact on short term investment decision making of investor. They suggest that confidence level, education awareness of the investor enhance. Company should increase the dividends that can also increase the attention of the investor. The dividend contributes toward shareholders wealth and gets intention of investor in their long term. To check the effect of market efficiency stock return and use of financial information in selling expectation Irfan Safder (September, 2009) conducts two tests first he examines weather consistent stock expectation of financial information performance. Secondly which forecast of securities are influence consistent long term pattern on financial performance. The result shows investor behavior, expectation and future expectation of cash flow Influence. To check the relationship between the factors, emotional intelligence and the investor decision which affect the investor behavior. Ameriks, J. et al. (Jan, 2009) conduct a study. In this study, they showed. In this study he describe how an individual emotion effect the behavior and also regulates that motion and use them in problem solving and decision making. This finding shows the physiological variables highly affected the investor behavior and investment outcomes. Tamimi and Kalli in 2009 had conducted the study and it was to check the impact of financial literacy on investment decision of UAE investor. The study shows that there is significant difference in the level of financial literacy between the gender (male and female) and also four factor of influence investment decision, which are religious ethics, reputation and diversification purpose. Financial literacy also affected by accounting information, income level, education level and weak force activity. Financial literacy highly affects the individual behavior in decision making. In a study Sophie Shive (2008) had explored An Epidemic Model of Investor Behavior by using the physiological factors i.e. Present news, past returns, volume, and characteristics like education and income and he found these factors have influenced on individual investors decision making. An Econometric Study in which Demographic factors, Knowledge about
investment avenues, Risk taking ability were influencing the decision making of individual investors by Kabra.G., et al. (2010) examining the Factors Influencing Investment Decision of Generations in India. A study conducted by Nidhi Walia and Dr. Mrs. Ravi Kiran (2009) on an Analysis of Investor’s Risk Perception towards Mutual Funds Services. Their result showed that Stock market volatility is very much affecting the individual investor behavior. With the help of a Study on Investor’s Perception towards Investment Decision in Equity Market P. Varadharajan and Dr. PVikkraman (2011) contributed to the literature and found that demographical factors which include Gender, Age, Education, The stock affordability, company related factors etc have an impact on investor decision making. A positive relationship was found by Lee.Y.J. and et al. (2011) in their study of The Investment Behavior, Decision Factors that Macroeconomic factors followed by market selection and investors’ expectations and Their Effects towards Investment Performance in the Taiwan Stock Market. Fundamental and Market factors, Earning, Decision making, Industry related, corporate governance, positioning and Image building and Goodwill factors were effecting investment decision by Bennet E and et al. (2011) Study of Investors Attitude on Stock Selection Decision. Abhijeet Chandra and Ravinder Kumar (2011) in their study have Determined the Individual Investor Behavior in which it is been concluded that Prudence and precautious Attitude, Conservatism, under confidence, Informational asymmetry, and Financial addiction have an impact on decision making of individual investors. Sudarshan Kadariya (2012) has conducted a research on the Factors affecting investor decision making and concluded that Capital structure, Average pricing Political and media coverage, Belief on luck, the financial education and Trend analysis has the greater influence on individual investor behavior. “Behavior of Investors towards Investment” by Saloni Raheja and Bhuvan Lamba (2013) in their study examined that investment avenues in the market and preference to invest are the key influencing factors to the investor behavior.

According to Tomola Marshal Obamuyi (2013) in a study of Factors Influencing Investment Decisions in Capital Market and resulted that Investors’ age, gender, marital status and educational qualifications have the greater impact on the decision making of an investor. A recent Survey of the Factors Influencing Investment Decisions which
revealed that Firm’s reputation, status in industry, expected corporate earnings, past performance of firms stock, and Expected dividend by investors are the key influential factors of individual investor behavior. *Ambrose Jagongo and Vincent S. Mutswenje* (2014). The different variables such as financial literacy, accounting information, the purpose of wealth maximization and different demographic factors such as gender, age, income level and qualification are being reviewed thoroughly in the literature. The effect of these variables is empirically tested on the investors selected on the random basis which is discussed in methodology.

3: Methodology

The study aims to applied research and designed on casual research by empirically testing the impact of different independent variables such as financial literacy, accounting information, firm image and classical wealth maximization on investment decision of individual investors residing in Pakistan. A survey was conducted for the purpose of primary data collection through research questionnaire and through hypothesis testing. The sample technique used in this paper is simple random probability sampling and the size of sample consists of 150 individual investors from the cities of Pakistan, Rawalpindi and Islamabad. The response was taken from executives, officers, managers, students and teachers from the different part of the cities without any discrimination. To avoid confusion from respondents, it was assured that the questionnaire should be simple and open ended then it was being verified by the research supervisor and experts. The respondents were guaranteed that their names are not revealed in the research and their opinions collected are used only for academic purposes. The variables for the study are based on broad literature review and are qualitative in nature; therefore a Likert type scaling is used, ranging from 1 to 5. (Where 5= “Most significant influence” ---- 1 = “least influence”). These assigned numbers would provide the basis for the codes (0, 1) used for analysis purposes. The questionnaire designed also used a separate block of questions to gather information about respondent’s profile and their investment preferences for further discussions of the study.

The questionnaires data was collected with the help of MBA students of the National University Of Modern Languages Islamabad. Students were given proper briefing before visiting the offices of the
respondents. Most of the respondents were between 30 + age and they had an investment experience. The respondents’ demographic representation is shown in the charts below.

3.1) Demographic data and Graphic Representation

In the study different investors were chosen on the random basis to check their investment behavior while making any stock purchase decision. The chart below is representing the Age of different respondents from below 20 to above 40 years of age. It represents that there were 33% respondents, above the age of 40 years, 36% were of 20-30 and 32% were in between the age of 30-40. Whereas the data shows that the respondents were of different qualifications background in which 35% were post graduate, 43.40% were graduate and 21.60% of the respondents were under graduate. All the data regarding the qualification background is shown in the below mentioned chart.

The data was being gathered by the respondents of different professions to judge the overall behavior of investors from twin cities (ISB, RWP). The below mentioned pictorial representation shows that there were 25.8% of respondents were salaried, 14% were retired, 11% were students, 10% were professionals, 5.9% house wives and 33.3% of data was being collected by the business men.

One of the most important factors influencing investments decisions is the income level of respondent that is being catered in this study. The pie chart mentioned below is separating different income level respondents as there were 41% of respondents having above 600,000 annual income, 20% were having the annual income between 400,000-600,000, 20% of them were having 200,000-400,000 annual income whereas 9% were who fall in below 200,000 of annual income rate shown with the pictorial representation as below.

3.2) Research Hypotheses:

1) Ho: Financial Literacy and Individual investor behavior are in positive correlation.
   H1: Financial Literacy and Individual investor behavior are not in positive correlation.

2) Ho: Accounting Information and Individual investor behavior are in a direct relationship.
   H1: Accounting Information and Individual investor behavior are not in a direct relationship.
3) Ho: Wealth maximization and Individual investor behavior are in direct relationship.
   H1: Wealth maximization and Individual investor behavior are in inverse relationship.

4) Ho: Firm’s Image has positive impact on the investment decisions of Individual investor.
   H1: Firm’s Image has negative impact on the investment decisions of Individual investor.

5) Ho: Demographic Factors have impact on Individual investor decision making.
   H1: Demographic Factors have no impact on Individual investor decision making.

3.3) Research Model
The research model of the paper is showing the relationships between the independent variables and the dependent variables. A model equation is also given to easily understand that what are the independent and dependent variables are.

3.3.1) Research Equation
There are five different factors taken in the study to empirically test their impact on the decision making behavior of the individual investors, the independent variables of the study are financial literacy, accounting information, wealth maximization, firm’s image and demographic factors such as age, income, occupation and gender.

3.3.2) Theoretical Framework
The research model indicates the independent variables such as accounting information, firm image, financial literacy, wealth maximization and the demographic factors influencing the individual investor’s decision making behavior while purchasing any kind of stock.

3.4) Research Design
A survey was conducted for the purpose of primary data collection through research questionnaire among the individual investors of Rawalpindi and Islamabad. The respondent include executives, officers, managers, students, teachers and housewives. They have equal chance of selection for the survey without any discrimination of age, gender, color or creed. To avoid confusion from respondent we make simple and direct questionnaire and were verified by experts.

3.5) Data collection
The data was collected through different sources given in brief as below.

3.5.1) Primary Data
The data used in the research is primary and collected first time through Questionnaire Survey in Islamabad and Rawalpindi at random basis.
3.5.2) Secondary Data
A little assistance was taken from internet, books and already existing journals for the purpose of formulating appropriate variables, making the Questionnaires and interpreting the statistical results of hypothesis.

3.5.3) Data Collection Technique
The sample techniques used in this paper is simple random probability sampling technique in which every individual without any discrimination of age, gender, color or creed have equal chance of selection for the survey.

3.6) Population
The data were collected from Islamabad and Rawalpindi and the responses were taken from the executives, officers, managers, students and teachers from the different parts of the twin cities without any discrimination.

3.7) Sample size
A total number of 150 Questionnaires were distributed to the respondents through email, telephone and by Hand at different areas of the cities from which 124 responses were received. From which 104 were collected by hand, 13 through emails and 7 by the telephone and remaining were having no response. Therefore, out of 150, 120 questionnaire were found valid for the study and from the total response 4 of them were found invalid for not being properly filled.

3.8) Data Type
The study is Quantitative in nature for being tested empirically, for this purpose a simple and direct questionnaire was used and being filled by different investors in order to find out the relationship between the variables and to check either the five factors have influence on the investment behavior of individuals or not.

4: Data analysis and Results
The data being collected through the questionnaires is properly analyzed for reaching to the appropriate results which is one by one analyzed in the context of each hypothesis being generated in this study. The data collected through questionnaires is analyzed by assigning appropriate coding of 0 and 1. The criteria for this coding is briefly given in the appendices but to make the study understandable a general review is stated here. Research in behavior finance is relatively new. Within the behavioral finance it is expected that information structure and the features of market participants systematically influence individual investment decisions as well as market results. The analysis has focused upon how investors understand and act on information to make investment decisions.
The study is based on the primary data and data analyzed by using percentage analysis. The age variable is assigned with the coding of 0 and 1 by indicating 0 to respondents having an age of less than 30 years and above 30 years are assigned with 1. Similarly females are separated by 0 and male by 1. The respondents having the annual income of less than 400,000 is categorized as 0 and above 400,000 with 1. One of the most important factors is qualification of the respondents that is being differentiated by assigning 0 to the under graduates and 1 to the respondents graduates and above graduates. The five economic factors are also being codified on the basis of responses taken through the Likert scale such as if the wealth maximization have least influence on the investment decisions of the investor, it is assigned with 0, and if it has the most significant influence it would be considered as 1.

Accounting information is assigned with 0 if it’s least influential, and 1 if it has a significant influence. 0 is assigned if the firm image have a least influence on the investment decisions of the individual investors, and 1 if it’s influential while making investment decisions. Finally, financial literacy is being measured with such questions that if investors have invested somewhere and the time period and rate of savings, if its influential, it is assigned with 1 and if not, it is separated by 0. All the above variables were independent, whereas the dependent variable of the study, investment behavior is also being codified with effect of 0 and 1.

If the respondent profile shows in beginning (no investment experience) or moderate (comfortable with Govt. securities etc.) criteria it is assigned with 0 And if respondent falls in the category of knowledgeable (have bought or sold individual shares of stocks/bonds) and experienced (frequently traded in stocks, commodities, options or futures), it is assigned with 1. It is then further codified on the basis of results being accessed in the form of digits / percentages. All the variables having less than 50% of results were considered least influential (0) and above the percentage of 50% were considered most influential (1) factors on the dependent variable (individual investor decision making behavior).

**Hypothesis 1: Financial Literacy and investment behavior**

from the data being collected by the respondents, 68.33% were of the view that financial literacy has a greater impact on the investment behavior of the individuals.
whereas 31.67% were in the opinion that financial literacy does not count while investing in some security. And results indicate that the higher the financial literacy regarding the investment portfolios, the positive is the investment attitude of the investor by 75% and the lower is the financial literacy of the investors 25%, they tend to be risk averters and invest in fixed deposits or real estate’s etc which is being described in the figure below.

**Hypothesis 2: Accounting Information and Investment Behavior**

It was being analyzed with the help of primary data that accounting information has an influence on the investment behavior of individuals as it was being measured by using four sub variables under the head of accounting information such as expected corporate earnings (E.C.E), Dividend paid (D.P), financial statements (F.S) and Stock marketability (S.M). The data showed that 63.33% of the respondents were in the view that E.C.E have an influence on the investment decision of the individuals whereas 36.67% of the respondents exposed that E.C.E is least influential while making investment decision. 64.17% of the respondents indicated that dividend paid (D.P) to them is most influential while accessing accounting information whereas 35.83% of the sample showed that dividends are least influential.

And 66.67% respondents showed their accent that financial statements as the most influential factor whereas 33.33% were in the view that financial statements are least influential. Stock marketability as the sub factor of accounting information is the most influential factors, responded by 77.5% of respondents and 22.5% disagree with its effect. Hence on the basis of the data collected the results indicate that stock marketability in the accounting information is most influential factor while making investment decision by the individual investors.

**Hypothesis 3: Relationship Of Wealth Maximization And Investor Behaviour**

The study is outfitting seven sub variables under the head of wealth maximization and then checking their impact on the individual investment behavior of individuals. The revealed results of the study are shown with the help of the figure that is, there were 74.17% of the respondents who were in the opinion that S.A (stock affordability) has a greater impact while making investment decision whereas 25.83% were in the opinion that it’s least influential. Expected dividends (E.D) have most influence while
making investment decisions, answered by 64.17% and E.D are least influential is responded by 35.83% of respondents. Tax effects (T.E) has an influence on investment behavior is noted by 71.67% of respondents while 28.33% responded negatively in this context. Risk minimization is most important while making investments is responded by 72.5% of the respondents and it has least influence is resulted by 27.5% of the respondents. 

Return maximization has greater impact while making investment decision is answered by 69.17% and 30.83% were of the view that return maximization is least important while making investments. 47.5% of the respondents were replied that safety of principle (S.O.P) has greater influence on investment decision whereas 52.5% showed that there is least influence of safety of principle on the individuals while making investment decisions. Maturity period is influencing while making investment decisions is responded by 66.67% and it has least influence is answered by 33.33% of the respondents. On the basis of above data collected through primary research it is resulted that safety of principle is the least important factor while making investments by the individuals and all of others have an influence on decision making behavior of the investors.

Hypothesis 4: Firm’s Image And Investment Decisions of Individuals

The results indicate that firm’s image has least influence on the decision making behavior of the investors in comparison of all the three factors of the study (wealth maximization, financial literacy and accounting information). The supporting data of the study showed that there were 54.17% of the respondents who responded that under the head of firm’s image religious reasons (R.R) is influential to the investment behavior the individuals while 45.8% answered that R.R have no or least influence over decision making behavior of the individual investors. 75% of the respondents were in the view that information of products and services (I.O.P/S) is most influential in investment decisions and 25% responded in negative. 71.67% of the respondents argued that firm’s reputation (Rep of firm) has an influence while making investment decisions and 28.33% indicated that firm’s reputation is least influential. 46.67% of the respondents were in the view that Expectation of getting rich quickly (E.O.G.R.Q) is most influential while 53.33% responded it as least influential. Size of the firm (S.O.F) has greater impact on the
investment behavior of individuals is said by 63.33% and S.O.F is least influential in investment behavior is said by 36.67% of the respondents. 73% of the results were in the favor as Share price of the firm (S.P.F) is responded as the influential factor and 27% of them were in opinion that S.P.F is least influential factor while making investment decisions by individuals. Of the above revealed data it is resulted that expectation of getting rich quickly (E.O.G.R.Q) is least influential factor and rest of the factors has little or more influence while making investment decisions by the individual investors. And information regarding the products and services of the firm is most influential.

**Hypothesis 5: Impact Of Demographic Factors On Investment Behaviour Of Individual Investors**

The effect of different demographic factors on the investment decisions of the individuals is being catered under this study. These factors are age, annual income and qualification level of the individual investors. The study reveals that the investors which are above the age of 30 years are more into investment in comparison of the age below 30 years. The individuals having the annual income level of above 400,000 use to save and invest more and below 400,000 of annual income investors’ are less motivated towards investment. The study resulted that people having more qualification (graduate, above graduate) have more information regarding investment and they are more into riskier investments. The graphical representation in the figure separated the results from 0 and 1. It results that the respondents above the age of 30 years, having annual income of more than 400,000 and having the qualification of graduate or above have more investment exposure whereas the respondents having an age of 30 or below , annual income below 400,000 and under graduates have less exposure to the investment in the securities, because of less knowledge. Hence resulted that income level has more influence over investment behavior with the result of 85.8% of the data.

5: Discussions: An Overall Analysis Of Factors Along Demographic Factors

The study reveals that demographic factors are always connected to the investor preferences of investment, for the purpose a discussion is made on the overall impact of demographic factors such as age, income and qualification with respect to each variable and its impact on the individual investment behavior of investors and each of them is represented through graphs.
5.1. Demographic Factors, Financial Literacy And Investment Behavior

The results showed that the respondents lie under the category of 1 have higher financial literacy and in the result they tend to invest more as in comparison of category 0. The below mentioned figure is supporting the discussion made as the data indicates that the persons above the age of 30, having the income above 400,000 and graduate or above are in the view that financial literacy has greater impact on investment behavior of individuals and they are more into savings and investments such as in shares etc.

whereas the people less than the age of 30, under graduate and having an annual income level below 400,000 do not invest more as they are less literate about better financial investments hence they are seem like risk takers where as one gets older , he becomes risk averter.

5.2: Demographic Factors, Accounting Information And Investment Preferences:

It is discussed that the investors lying in category 1 in demographics are more concerned about accounting information whereas the investors of category 0 are least concerned about accounting information. Stock marketability has greater influence on the investor behavior while making investment decision. The impact of these factors is diagrammatically shown in the figure below.

5.3: Demographic Factors, Wealth Maximization And Investment Behavior Of Individuals

It is being observed that people are not much influence by the classical wealth maximization while making investment decisions but people are more towards having maximum dividends. The figure shows the individuals that lie under the category 1 are most influenced by their income level and T.E (taxeffect) and least influenced by S.O.F. (size of firm).

5.4) Demographic Factors, Firm Image And the Investment Behavior

The data being collected through questionnaires has showed that that the size of the firm or firm image is the least influential in all the variables discussed under this study. Individuals those fall in category 1 (above the age of 30, graduate and annual income above 400,000) are somehow interested in knowing the product and services being offered by the firm.

6: Implications Of The Study

The study can have significant contribution in the area of behavioral finance through sightseeing the association between various demographic, economical and religious
factors that can affect the overall investment decisions of the individual investors. It can be supportive in exploring the intensity of the of these factors, which in turn will help us to conclude how much influence is attached to each independent variable by individual investors when they make their investment decisions.

From a corporate viewpoint, it will provide an assistance to the management by providing an understanding on the decision making of their financial clients, and raise awareness to the issue of subjectivity and performance, encouraging them to help reduce the biases and to increase profitability. The study can have a significant contribution to the knowledge of individual investors particularly making the investment decisions. Finally, the study results add in the gap in finance research as there is a need to examine the decisions taken in the reality( by implication) where subjects follow their natural decision styles, rather than following to norms executed by experimental backgrounds.

7: Delimitation Of The Study
Despite of loads of burden at the end of semester and shortage of time, due care was taken not to sacrifice the quality and in-depth of this study. This study shows the limitation of the research as it is attempted to identify the different investment behavior of investors specifically Rawalpindi and Islamabad and do not shows the behavior of overall investors of Pakistan.

8: Conclusions
This study aimed to check the influence of different five independent variables used in the study such as financial literacy, firm size, use of accounting information, importance of analyzing financial statements and demographic factors that might affect the investment decision of any individual. And the result shows that financial literacy and accounting information are the most influential factors on the individual investment behavior of an individual whereas people are less influenced by the demographic factors such as gender. But the age and income level are most important while making investment decisions that is most influential sub factors under demographics. And study also observed five least influential factors such as religious reasons, family and friends advices and gender differences. The obtained results show that financial literacy and accounting information helps investors to invest in risky instruments. But as age and experience increase investors preference changes to less risky investments, it does not mean that investor does not prefer to invest in shares,
he will but with the intention of getting dividend return rather than capital gain. The study also reveals that individuals having more investment exposure are above the age of 30 and they are much influenced by the financial literacy and accounting information. The purpose of their investment is not the classical wealth maximization, but to earn higher level of dividend/interest, the study also indicated that individuals are less motivated towards the riskier investment avenues and are not influenced by the maturity period. Classical wealth maximization, demographic factors (gender) are have least influence on the investment decisions of the individual investors. And out of all variables the most influencing 6 items by the order of importance were dividend paid, reputation of firm, feelings for a firm’s products and services, get rich quick, firm’s involvement in solving community problems, and firm’s status in industry related to firm’s image/self-image and accounting information. This study supports the entire hypothesis. The reason of least influencing factors is the people of the Pakistan mostly have no knowledge about these factors like formation of organized market.

References:


Appendices:

Appendix: 1

Table: 1

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<th>CRITERIA FOR ACCESSING THE QUESTIONNAIRES DATA:</th>
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<tr>
<td>S. No.</td>
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<td>1</td>
<td>Age</td>
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<td>2</td>
<td>Gender</td>
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<td>3</td>
<td>Income</td>
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<td>4</td>
<td>Qualification</td>
<td>&gt;Graduate</td>
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<td>5</td>
<td>Wealth maximization</td>
<td>Least influence Neutral</td>
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<td>6</td>
<td>Accounting information</td>
<td>Least influence Neutral</td>
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<tr>
<td>7</td>
<td>Self/Firm Image</td>
<td>Least influence Neutral</td>
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<td>8</td>
<td>Financial Literacy</td>
<td>Least influence Neutral</td>
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<td>9</td>
<td>Investment Behaviour</td>
<td>Beginning, Moderate</td>
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Table: 2

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<th>Further Criteria In Percentage</th>
<th>Least Influential (0)</th>
<th>Most Influential(1)</th>
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<tr>
<td>Wealth max</td>
<td>Below 50%</td>
<td>Above 50%</td>
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<td>Financial Literacy</td>
<td>Below 50%</td>
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<td>Accounting Info</td>
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<td>Above 50%</td>
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<tr>
<td>Firm image</td>
<td>Below 50%</td>
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Appendix: 2

Abbreviations:

<table>
<thead>
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<th>Abbreviations</th>
<th>Description</th>
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<tbody>
<tr>
<td>S.A</td>
<td>Stock Affordability</td>
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<td>E.D</td>
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<td>T.E</td>
<td>Tax Effect</td>
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<td>R.Min</td>
<td>Risk Minimization</td>
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<td>R.Max</td>
<td>Return Maximization</td>
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<tr>
<td>S.O.P</td>
<td>Safety of Principle</td>
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<td>Abbr</td>
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<td>E.C.E</td>
<td>Expected corporate earnings</td>
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<td>Dividend Paid</td>
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<td>F.S</td>
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<td>Stock Marketability</td>
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<td>R.R</td>
<td>Religious reasons</td>
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<td>I.O.P/S</td>
<td>Information of product Services</td>
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<td>Rep. of firm</td>
<td>Firms ‘Reputation</td>
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<tr>
<td>E.O.G.R.Q</td>
<td>Expectation of getting rich quickly</td>
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<tr>
<td>S.O.F</td>
<td>Size of the Firm</td>
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<tr>
<td>S.P.F</td>
<td>Share price of the firm</td>
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</table>

**Age Distribution**

- below 20
- 20-30
- 30-40
- above 40

**Qualification**

- under graduate
- graduate
- post graduate
Occupation

- salaried
- business
- house wives
- professionals
- students
- retired

Accounting Information

- Financial Literacy
- Wealth Maximization

Firm Size/Firm Image
- Investment Decision of individual investor
- Demographic Factors: Age, Income, Gender
The relationship of financial literacy and investment decisions

IMPACT OF ACCOUNTING INFORMATION FACTORS ON INVESTMENT BEHAVIOUR

Impact of wealth maximization factors on investment decision of individuals
FIRM'S IMAGE AND INVESTMENT BEHAVIOUR

DEMOGRAPHIC FACTORS INFLUENCING INVESTMENT PREFERENCES ON INDIVIDUALS
Impact of demographic factors and financial literacy on investment decision

IMPACT OF DEMOGRAPHIC FACTORS, ACCOUNTING INFO ON INVESTMENT DECISIONS