

# **DETERMINANTS INFLUENCING INDIVIDUAL STOCHASTIC INVESTOR'S DECISION MAKING**

**By**

**RIMSHA ARSHAD BAIG**

**30874**

A thesis presented to the Department of Management Sciences, Bahria University Karachi Campus, in partial fulfillment of the requirements of the MBA degree



**FALL, 2017**

**Bahria University Karachi Campus**

## ACKNOWLEDGEMENT

My deep gratitude goes firstly to Almighty ALLAH who has given me the audacity and power to carry out the whole research process on time. After this I am thankful to my supervisor Sir Kaleem Ahmed Ghias as he has helped me and guided me so well throughout the time period while conducting my research. I am very much contented to say that Sir Kaleem has shared his vast knowledge and experiences regarding the topic that I chose and the whole research process as well. He has supported and motivated me throughout the process. I would like to thank all the other teachers who have trusted me and help me out in any way they can in the completion of my thesis report. My appreciation also extends to the staff of library in helping me out to find the prior researches. In the last I would like to express my sense of gratitude to the respondents who have helped me in my survey.

## TABLE OF CONTENTS

Chapter 1 .....	1
INTRODUCTION.....	1
1.1 The problem background .....	2
1.2 Behavioral Finance .....	2
1.3 Research Problem: .....	5
1.4 The research context of research and goal of the study .....	5
1.5 Research Question/Hypothesis .....	5
1.6 Thesis time horizon.....	5
1.7 Limitation of the study.....	5
1.8 Ethical consideration involved .....	5
1.9 Organization of the thesis.....	5
Chapter 2 .....	6
LITERATURE REVIEW .....	6
2.1 Classical wealth expansion.....	8
2.2 Accounting Information .....	9
2.3 Self-image/firm-image coincidence.....	11
2.4 Neutral information .....	12
2.5 Advocate recommendation.....	14
2.6 Personal financial needs.....	15
2.7 Conceptual Framework:.....	16
Chapter 3 .....	17
RESEARCH METHOD .....	17
3.1 Nature and type of research.....	17
3.2 Variables of the research.....	17
3.2.1 Dependent Variable.....	17
3.2.2 Independent Variable .....	17
3.3 Sample size and sampling technique .....	18
3.4 Data collection method .....	18
3.5 Type of data created and methods of data integration used .....	18
Chapter 4 .....	19
DATA INTEGRATION AND ANALYSIS.....	19
4.1 Reliability Test .....	19

4.1.1 Reliability Test of Independent Variables .....	19
4.1.2 Reliability Test of Dependent Variable.....	19
4.1.3 Reliability Test of Collective Variables .....	19
4.2 Hypothesis Testing .....	20
4.2.1 Descriptive Statistics.....	20
4.2.2 Correlation.....	20
4.3 Regression Test .....	20
Chapter 5 .....	30
CRITICAL DEBATE.....	30
5.1 Classic Wealth Maximization .....	30
5.2 Accounting Information .....	30
5.3 Self-image/Firm-image Coincidence .....	31
5.4 Neutral Information .....	31
5.5 Advocate Recommendation .....	32
5.6 Personal Financial Needs .....	32
Chapter 6 .....	33
CONCLUSION AND RECOMMENDATIONS.....	33
6.1 CONCLUSION .....	33
6.1 RECOMMENDATION .....	34
REFERENCES .....	35
APPENDICES .....	40

## ABSTRACT

### **Purpose of study**

The purpose/aim of this paper is to determine whether the factors such as Classic Wealth Expansion, Accounting Information, Self-image/Firm-image Coincidence, Neutral Information, Advocate Endorsement and Personal Financial Necessities affect the Stochastic Investor's Decision Making.

### **Research method/sampling**

This research is causative and descriptive grounded on basis of the quantitative nature. In order to develop the hypothesis, prior researches or relevant literature were studied keenly. The questionnaire was created and utilize to identify the level of the affiliation between the factors/variables. The sample size comprises of 146 respondents. For the investigation of the collected data, Reliability test, Validity test and Regression assessment was functionalize.

### **Findings**

The outcome evidence suggest that the classical wealth expansion, information of accounting, neutral information, self-image/firm-image coincidence have impact whereas recommendation of advocates and financial needs of individual does not impact the decision making of stochastic investors. The overall model demonstrate the significance value of 0.000 that the all independent variables were measured useful. The Cronbach's Alpha is 0.893 displaying the reliability of the questionnaire.

### **Practical implications**

The research outcome are likely to indicate that the individual stochastic investors of Pakistan will motivate to put their attention more on the behavioral factors as it is emerging as a new zone in taking financial decisions for the investment. Many individuals have realized that the decision making approach of investors are affected by contributing factors.

### **Keywords**

Classic Wealth Maximization, Information of Accounting, Self-image/Firm-image Coincidence, Neutral Information, Advocate Recommendation, Personal Financial Requirements, and Stochastic Investor's Decision Making.