FACTORS INFLUENCING THE STOCK PURCHASE DECISIONS OF INDIVIDUAL INVESTORS OF PUNJAB: AN EMPIRICAL STUDY

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With the diversification of financial instruments in the current era, it is imperative to examine the factors that appear to exercise the greatest influence on the individual investor while investing in stocks. The present study is aimed at identifying the most and least influencing variables persuading investors to invest in stocks and to identify groups of variables that form decision factors on which investors rely upon when making stock investment decisions. Exploratory research, using In-depth interviews, was undertaken to explore the factors influencing the stock purchase decisions of the individual investors. The final data were collected on a sample of 607 respondents using a pretested well structured questionnaire from the individual investors of stock market of Punjab, India. These 28 variables could be grouped into ten factors i.e. Credibility, Opinions, Anticipated benefits, Personal Financial Needs, Technical/Pre- Investment Analysis, Market Information, Advocate recommendation, Low Volatility Influences, Pocket Friendly and Social Influences. It is concluded that the Anticipated benefits is the most significant factor and social influences is the least important factor influencing the stock purchase decisions of the individual stock investors of Punjab. The paper is a helpful tool for the financial service providers in understanding their target audience more sharply and understands what factors influence the stock purchase decisions of investors. Better understanding of investor's perception would help the development of marketing strategies and designing of financial products that would enhance the customer's trust and increase their satisfaction.

Key words: Individual Investors, Investment Decisions, Financial Psychology, Investor Behaviour, Factor Analysis, Weighted Average Score

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INTRODUCTION

Every investor has his own motive behind investment. The primary motive of investment among the small and individual investors is to earn a regular income either in the form of interest or dividend on the investment made (Chandra, P., 1995). Investors are generally selective in investing. The investment behavior of individuals is methodical and logical function of personal circumstances and hence attitudes. Investment attitudes result in selecting particular instruments in portfolio (Kiran, D. and Rao, 2004). For companies, identifying the most influencing factors on their investors' behavior would affect their future policies and strategies. Finally, for government, identifying the most influencing factors on investors' behavior would affect the required legislations and the additional procedures needed in order to satisfy investors' desires and also to give more support to market efficiency (Al. Tamimi, 2006).

The expectations of investors play a very important role in the financial market. Such expectations are found to have great influence on the investor's behaviour. These can affect the price of the securities, the volume of trading and the various other financial operations in actual practice (Rangnanthan, 2006). For a long time, the main hypothesis assumed by most of the financial academic researchers was the investor's full rationality approach (Zoghlami and Matoussi, 2009). It was supposed that the decisions made by investors are based on technical analysis. Portfolio theory and Capital asset pricing theory have been covered extensively in the literature but the behavioral aspects relating to the individual investor's investment choice have been paid little attention .Economic models assume that the investors are rational and the decisions made by them are unbiased. The behavior of the individual investors involving technical analysis and the rational thinking has been studied extensively under such models.

However in reality, in the financial services industry, the irrational reactions of the investors can be observed that deviate from the aspects of rationality. Researchers such as Kahneman and Tversky have focused more on the psychological aspects of individual investment decisions. Kahneman and Tversky (1979) identified the behavior of the individual investor's that systematically violates Expected Utility Theory. Behavioral finance is a new and growing academic discipline that merges finance and psychology and studies investor behavior. Within behavioral finance it is assumed that the information structure and the characteristics of the market participants systematically influence individual investment decisions as well as the market outcomes (Al-Tamimi, 2006). It attempts to explain the what, how and why of finance and investing from a

human perspective (Ricciardi and Simon, 2000). The major factors that influence the investors are required to be sought by the financial institutions in order to design the marketing activities according to the preferred investment instruments by the investors.

LITERATURE REVIEW

In light of the lack of robust theoretical predictions, wealth of studies has sought to identify the factors influencing the individual investors to invest in stocks.

Nagy, A., R. and Obenberger, W., R. (1994) examined the factors influencing investor behavior. A questionnaire that included 34 items represented in seven categories i.e. neutral information, accounting information, self image/firm image coincidence, classic information, social relevance advocate recommendation and personal financial needs was developed to assess the behavior of investors. Classical wealth maximization criteria were found as most important to investors, even though investors employed diverse criteria while choosing stock. The firm's ethical posture and other concerns such as local or international operations, environmental track record was found to be given only cursory consideration.

Kiran D. and Rao, U.S. (2004) identified the investor segments on the basis of their demographic characteristics and psychographic characteristics. The six parameters i.e. safety, liquidity, long term capital appreciation, high short term returns and risk coverage effected the risk bearing capacity of the investors. The recommendations of brokerage houses, individual stockbrokers, family members and co-workers did not influence the investor's decisions.

Merikas, A., A. and Vozikis, S., G. (2004) examined the factors that influenced the investment decisions of Greek investors in the Athens Stock Exchange. The authors made survey with the use of questionnaire that included 26 variables influencing investor behaviour towards investing in stocks.. Factor analysis was used to identify similarities among variables and group them into identifiable categories. The authors analyzed not only those variables investigated in previous studies but also those generated through personal interviews that had been found to have influence on Greek investors. Expected corporate earnings, condition of financial statements and firm status in the industry were found as the most influencing factors.

Murphy, C, M. and Soutar, G. (2005) used a conjoint analysis approach to identify the various share attributes that are valued by the Australian individual investors while

making decisions regarding share purchases. The relative importance of each attribute was examined to determine respondent investor's preferences between attributes. The company management was found as the most important attribute followed by market status, price trend, source of recommendation, place of operation, dividend and others. In addition to this, the authors identified four segments of investors i.e. the explorers, the risk-averse investors, the traders and the contrarian investors that valued different share attributes and had different attitudes and preferences to investment alternatives with the help of cluster analysis and Discriminant analysis.

Al-Tamimi, H., A, H. (2006) studied the factors influencing the UAE investor behavior in Dubai Securities Market and Abu Dhabi Securities Market. The author used a modified questionnaire with reference to the one used by Nagy and Obenberger (1994). Six factors were found as the most influencing factors on the UAE investor behavior i.e. expected corporate earnings, get rich quick, stock marketability, past performance of firm's stock, govt. holdings and creation of the organized financial markets. The factors such as expected losses in other local investments, minimizing risk expected losses in international financial markets, family member opinions and gut feelings on economy were found to be the least influencing factors. It was also found that religious reasons and family opinions were not of much importance for UAE investor.

Al-Tamimi, H., A., H. and Kalli, B., A.,Al. (2009) focused on identifying the relationship between the financial literacy and the investment decisions of the UAE individual investors. A modified questionnaire was employed by the researchers from that used by the Al- Tamimi (2006) and by the Monetary Authority of Singapore (2005). It was concluded that there was no significant difference in financial literacy on the basis of their age, employment and monthly income but there was a significant difference between financial literacy on the basis of gender, work activity and education level. The second objective determined 37 factors affecting the investment decisions using a 5 point likert scale. The most influencing factor was found to be religious reasons which were a contradiction to the findings of Al-Tamimi (2006) while the least influencing factor was rumors. The third objective identified the relationship between financial literacy level and the investment factors. The results revealed that financial literacy had a negative effect on all factors categorized in five categories, with the exception to the accounting information category.

Iqbal, A. (2009) aimed at analyzing the behavior of in shareholders/ individual investors who purchase and sell stocks in the Karachi Stock Exchange. Convenience sampling

was used in which respondents were selected based on convenience. A list of 33 variables was prepared with help of previous researches and respondents rated variables on a 3-point scale of "Act On", "Consider" and "No Influence". Data was collected through a questionnaire and 153 questionnaires were distributed to individual investors who invested in Karachi stock exchange and the response rate achieved was 100%. The study found seven factors influencing investor decisions i.e. Social relevance & Image, Accounting Information, Stock Performance, Friend/Coworker Influence, Evaluation, Classic and Stock Broker Influence . The authors concluded that the recommendations of family members, friends and coworkers go largely unheeded, recommendations of Stock Brokers are considered, but 86% of the sample investors are self reliant and make purchase decisions on their own without any ones influence.

Kabra, G. et.al (2010) studied the various factors that influenced investment risk tolerance and decision making process among men and women and among different age groups. The major variables considered for the study were investing background, opinion, leadership, duration of investment, awareness of investments and security. The authors concluded that risk averse people opted for insurance policies, fixed deposits with banks, post office, PPF and NSC. It was also found that the investor's age and gender affected their risk taking capacity.

Need and Objective of the Study

The need for the study arises, as in Punjab, the research focusing on determining the relative importance of the economic and decision variables to the individuals while making investment decisions to invest in stocks and in addition identifying that whether the variables can be grouped into identifiable categories or factors has not been studied so far. Various economic and decision variables have been included in the current study which have not been covered by previous studies influencing investor decisions of individual investors from stock market of Punjab to invest in stocks. So, the present study aims to fulfill the gap with following objectives:

- To identify the most and least influencing variables affecting the decisions of the individual investors to invest in stocks.

- To identify the various factors influencing the stock purchase decisions of the individual investors.

DATABASE AND RESEARCH METHODOLOGY

The present study is mainly based on primary data collected from 607 individual stock market investors from three major cities of Punjab viz. Amritsar, Jallandhar and Ludhiana. These investors were interviewed through a pre-tested, well structured questionnaire which was administered personally. Convenience cum Judgmental sampling technique along with simple random sampling has been used. Convenience cum Judgmental Sampling Technique has been used to select Stock Broking Houses in three Districts of Punjab. Further, simple random sampling technique was used to select the respondents' i.e. list of regular investors were taken from each broking house and 15 regular investors were selected from the list provided using chit method. Further, the process was repeated using chit method unless required sample was not fulfilled. The lists included the name and contact number of the individuals. It is worthwhile to mention here that the individual investors were residents of the cities surveyed and the study is confined to the octroi limits of the mentioned cities. Out of 710 questionnaires distributed, 607 complete and usable responses were used for analysis purpose.

For the present study, twenty eight variables were majorly derived from the earlier studies conducted both in India and abroad. The responses of the investors were sought on a five point likert scale ranging from Most Important to least important (5 for Most Important, 4 for important, 3 for Indifferent, 2 for Unimportant and 1 for Least important). The variables are analysed in terms of frequencies, percentages, values, weighted average scores and standard deviation in order to identify the most and least influencing variables affecting purchase decisions of stocks. Factor analytic technique has been applied to the variables to ascertain the similarities among the variables that influence their investment decision and classify them into specific groups.

A. Identifying the most and least influencing variables for individual stock investors while investing in stocks

This section focuses on determining the importance of the variables to the individual investors' while making decision to invest in stocks. It lists out the variables that most and least influence the stock purchase decisions of the individual investors. Twenty eight variables were retrieved from the review of literature and the responses were sought on a five point likert scale ranging from Most Important to Least Important. To analyze these responses, weights were assigned to these responses (5 for Most Important, 4 for important, 3 for Indifferent, 2 for Unimportant and 1 for Least Important). A description of these variables in terms of frequencies, percentages, values, weighted average scores

and standard deviation is given in Table1. Table 1 ranks the variables by the frequencies with which respondents considered them to have significant influence on stock purchase decisions. The responses of the individual investors have been interpreted according to the following criteria:

A. MImp/ Imp if WAS ≥ 3.25
B. Indifferent if 2.25 < WAS < 3.25
C. Unimp/ Limp if WAS ≤ 2.25

However, ranks have been assigned according to the importance of each variable to the respondents as per the weighted average score of each variable.

Table 1: Most and least influencing variables affecting purchase decisions of stocks

Variables	MImp (Freq.)	Imp (Freq.)	ID (Freq.)	Unimp (Freq.)	Limp (Freq.)	WAS	Standard Deviation	Rank
High Returns	289	262	49	7	0	4.40	0.679	**1**
Liquidity	181	303	77	15	31	4.17	0.889	**2**
Convenience	202	276	82	37	10	4.03	0.928	5
Tax Benefit	146	186	144	84	47	3.49	1.214	16
Safety of Principal	60	129	196	164	58	2.95	1.122	26
Capital Growth	220	231	105	32	19	3.99	1.015	**6**
Future Security	96	197	137	103	74	3.23	1.251	23
Flexibility	202	224	114	58	9	3.91	1.015	7
Concealability	117	264	128	74	24	3.62	1.051	13
Diversification Needs	246	228	85	30	18	4.08	1.033	**3**
Stability of Income	84	190	176	103	54	3.24	1.156	22
Low Transaction Cost	61	170	101	190	85	2.89	1.243	27
Risk Associated	137	314	79	63	14	3.82	0.973	8
Professional management	128	216	140	97	26	3.53	1.118	14
Legality	117	268	127	77	18	3.64	1.024	12
Rumors	154	240	113	58	43	3.67	1.156	10
Competing financial needs	111	194	131	97	74	3.28	1.274	20
Terms and conditions	151	217	81	112	46	3.52	1.254	15
Current economic indicators	192	198	108	60	40	3.70	1.236	9
Religious reasons	0	2	101	232	272	1.72	0.744	**28**
Inflation Resistance	126	213	129	80	59	3.44	1.229	18
Financial analyst and advisor recommendation	112	154	174	106	61	3.25	1.229	21
Past performance of your portfolio	141	176	143	128	19	3.48	1.152	17
Coverage in financial news	167	212	120	65	43	3.65	1.191	11
Family member opinion	73	182	173	112	67	3.14	1.179	24
Friend or Peer recommendation	73	181	173	119	61	3.14	1.166	25
General trend of investment in public	116	196	142	95	63	3.33	1.242	19
Fluctuations in stock index	240	221	110	26	10	4.08	.944	**4**

Source: Data collected through questionnaires

Table 1 above shows that the respondents have been found agreeing on twenty one variables as MImp/ Imp i.e. High returns, liquidity, convenience, tax benefits, capital growth, flexibility, Concealability, diversification needs, risk associated, professional management, legality, rumors, competing financial needs , terms and conditions, current economic indicators, inflation resistance, financial analyst and advisory recommendation, past performance of your portfolio, coverage in financial news, general trend of investments in public, fluctuation in stock index.

Six variables i.e. safety of principal, future security, stability of income, low transaction cost, family member opinion, friend or peer recommendation have an indifferent influence while investing in stocks.

Only one variable i.e. Religious reason has been found as the Unimp/ Limp influencing variable while making stock purchase decisions.

B.   Application of Factor Analysis

The multivariate statistical technique of Factor Analysis has been used in the present study to extract the factors that influence the behaviour of individual stock investors in Punjab to invest in stocks. Factor Analysis is a technique primarily employed for summarization and data reduction when there are large numbers of variables under analysis (Hair, et.al. 2010). Factor analysis derives underlying dimensions based upon the correlations among the variables that help the analyst in describing the data in a much smaller number of items.

Reliability Test: Measuring the internal consistency and reliability of the construct

Reliability is the extent to which a variable or set of variables is consistent in what it is intended to measure (Hair, et.al. 2010). This is done by determining the association between scores obtained from different administration of the scale. If the association is high, the scale yields consistent results, thus is reliable. Cronbach's alpha is the most widely used method. It may be mentioned that its value varies from 0 to1, but satisfactory value required is more than 0.6 for the scale to be reliable (Malhotra, 2002).

Table 2: Reliability Coefficients

Number of Cases	607
Number of Items	28
Alpha	0.8019

As seen from Table 2, when the data is checked for reliability, Cronbach's alpha is estimated to be 0.8019 for all 28 variables. So, the reliability analysis in terms of Cronbach's alpha is very good for the construct indicating the further analysis can be carried out.

For Factor analysis to be appropriate, the variables must be correlated. The basic assumption of the inter correlation matrix is that variables significantly correlate with each other as these are measuring the same thing. The inter correlations should be reasonably high. The inter correlations between the variables was found to be significantly high at either 1% or 5% level. This is also certifier of the suitability of the factor analysis on the data under present study.

Next, the appropriateness of factor analysis is examined in terms of presence of significant correlations among variables. For this either the Bartlett test of spherecity or Kaiser-Meyer-Olkin (KMO) Measure of Sampling adequacy is used. The overall KMO statistics is found to be 0.701 (greater than the required 0.50) depicting that the factor analysis is feasible on the basis of sampling adequacy. The Bartlett's test is found to be highly significant **(sig. at 0.000)** as shown in table 3 below.

Table3: KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.701
Bartlett's Test of Sphericity	Approx. Chi-Square	7429.267
	df	378
	Sig.	.000

The next step is to settle on the method of extracting the factors. The present study employs the principal component analysis. This method is recommended when the primary concern is to determine the minimum number of factors that will account for the maximum of the variance. After deciding upon the method of extraction, the decision has to be made regarding the criterion for the number of factors to be extracted. Orthogonal rotation with varimax is applied to the construct. The latent root criterion is used for extraction of factors. As per it, the factors with Eigen values greater than one are considered significant and the factors with Eigen values less than one are considered insignificant and disregarded (Malhotra, 2002). Table 4 depicts the construct that can be represented by 10 factors (Eigen values>1) with their respective communalities, Eigen values and cumulative percentage of variance explained.

Table 4: Rotated Component Matrix(Principal Component Analysis with Varimax Rotation)

Variables	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	Communality
Legality	.944	-.048	.087	.024	.078	.062	.016	-.016	.055	-.071	0.644
Concealability	.928	-.046	.111	.036	.073	.036	-.006	-.048	.055	-.081	0.737
Risk Assosiated	.517	.153	.026	.035	.272	-.011	.166	.225	-.006	.229	0.686
Professional management	.501	-.206	.301	.190	.032	-.047	.062	.352	.185	.058	0.634
family member opinion	-.044	.889	.032	.186	-.093	.061	.120	-.065	.146	-.046	0.504
Friend or peer recommendation	-.034	.886	.044	.188	-.080	.081	.137	-.068	.159	-.044	0.495
Safetyof principal	-.003	.600	.045	-.112	-.100	.094	-.112	.173	-.214	.151	0.640
Liquidity	.087	.043	.807	.075	.162	.020	-.016	.123	.158	-.062	0.623
High Returns	.047	-.025	.673	-.091	.225	-.094	.183	.277	-.054	-.088	0.896
Diversification needs	.174	.077	.643	.118	-.121	.440	-.047	.077	.055	.033	0.684
Fluctuation in stock index	.103	.057	.571	.073	.166	.191	.104	-.074	.009	.218	0.626
Competing financial needs	.061	.073	.031	.928	.090	.092	.042	.025	.137	.018	0.755
General trend of investments in public	.066	.154	.089	.903	.028	.083	.063	.074	.041	-.041	0.497
Convenience	.124	-.083	.185	-.086	.779	.077	.040	.066	.054	.019	0.588
Current economic indicators	.148	-.101	.178	.175	.728	.019	-.071	.212	.096	-.057	0.920
Past performance of your portfolio	.044	-.309	.013	.148	.523	.131	.339	.050	-.066	-.121	0.542
Coverage in financial news	.025	.079	.048	.107	-.016	.774	.239	.108	-.007	-.099	0.910
Inflation resistance	-.120	.090	.193	.077	.342	.605	-.180	.133	.083	.114	0.655
Terms and conditions	.073	.164	.049	-.031	-.027	.554	.296	.459	.035	-.108	0.687
Rumors	.270	-.032	.151	.103	.341	.489	-.186	-.215	-.178	.255	0.790
Financial analyst and advisory recommendation	.048	.104	-.037	.082	.167	.065	.838	-.007	-.133	.047	0.619
Tax benefit	.038	.029	.183	-.004	-.099	.057	.759	.026	.094	.018	0.776
Flexibility	.006	.110	.253	.056	.082	.161	-.101	.652	-.245	-.128	0.547
Stability of Income	.057	-.038	.063	.382	.084	.060	-.176	.627	.047	.186	0.698
Capital growth	.046	-.077	.052	-.127	.201	.084	.236	.573	.190	-.016	0.882
Low transaction cost	.015	.013	.077	-.095	-.021	.020	.047	.049	.849	.118	0.887
Future Security	.181	.122	.076	.098	.262	.005	-.104	-.030	.604	-.184	0.872
Religious reasons	-.035	.033	.030	-.010	-.062	-.020	.035	-.008	.005	.884	0.473
Eigen value	4.930	2.869	2.009	1.800	1.693	1.407	1.312	1.174	1.065	1.008	
Percent of Variance	8.958	8.028	7.919	7.544	7.316	6.644	6.618	6.476	5.179	4.132	
Cumulative percentage of variance	8.958	16.986	24.906	32.449	39.766	46.410	53.028	59.504	64.683	68.815	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 10 iterations.

Interpretation of Factors

In interpreting factors, a decision must be made regarding which factor loadings are worth considering. Factor loadings are the correlation of each variable and its factor (Hair et.al, 2010).The higher factor loading makes the variable more representative of the factor. The criterion given by Hair et.al, where factor loading based on sample size is taken as the basis for decision about significant factor loading, was adopted. All the variables with factor loading of 0.45(ignoring the signs) have been considered. The interpretation of factors also involves naming of the factor which follows no rule but depends solely on analyst's intuition. Attempt is always made to represent every component of the factor but this label reflects the variable loading whose factor loading is the highest.

RESULTS

Ten factors explain 8.958, 8.028, 7.919, 7.544, 7.316, 6.644, 6.618, 6.476, 5.179 and 4.132 percent of variance. In total all the factors explained 68.815 percent of variance. The factor names, their constituent variables, the variance explained by each factor and their factor loadings have been summarized in Table 5.

Factor 1- Credibility: reflects the trustworthiness, reliability and integrity of investors while taking decision to invest in a particular stock. It includes variables "Legality", "Concealability" reveal that investors prefer to invest in such stocks which are within applicable laws and safe from social disorders and government confiscation i.e. prefer investing in listed companies. Further, the factor includes two variables "Professional Management", "Risk Associated" which elucidates that the investors consider the credibility of the company i.e. their specialized features and the degree of risk involved.

Factor2-Opinions: portrays that the individual investors give importance to the recommendations of their family, friends and colleagues.

Factor3- Anticipated Benefits: shows that investors place benefits derived while investing after checking credibility and taking opinion of others. The factor elucidates that investors hunt for such stocks that will provide them with liquidity, higher returns, diversification benefit and also benefit of taxation. However, in order to have such benefits their decisions are influenced by fluctuations in stock index which form correlation with the variables of this factor.

Factor4 - Personal Financial Needs: reveals that the investor decisions are influenced by their current needs and follow the trend in public while investing in stocks.

Factor 5 -Technical /Pre- investment Analysis: portrays that investors go for a pre analysis before investing in stocks i.e. they prefer ease of investing, make their decisions on basis of current economic indicators and rely their decisions on performance of their prior stock purchases.

Factor 6 -Market Information: reveals that the decision making by individual investors is influenced by market information. The investors are influenced by the financial news, market rumors and prefer investments that will always beat the inflation.

Factor 7 - Advocate recommendation: reveals rationality in the decision making of investors. The investors prefer to have detailed analysis before taking investment decisions. It reflects that investors take advice from their financial experts and considering the benefit of tax if any before investing.

Factor 8 - Low Volatility Influences: reveals that the investors prefer low volatility or fluctuations in their investments by preferring stocks that provide flexibility, stability and capital growth.

Factor 9 - Pocket Friendly: reflects that investors will invest in the ones with low cost transactions and that can provide security for future. However, this factor is the second last influencing factor which shows that it is of not much importance to investors that whether they are secured or not while investing in stocks.

Table 5: Factors Summary of Variables influencing investors to invest in stocks

Factor Number	Factor Name	Factor Loading	Constituent Variables included in the Factor
F_1	Credibility	0.944	Legality
		0.928	Concealability
		0.517	Risk Associated
		0.507	Professional management
F_2	Opinions	0.889	Family member opinion
		0.886	Friend or peer recommendation
		0.600	Safety of Principal
F_3	Anticipated Benefits	0.807	Liquidity
		0.673	High returns
		0.643	Diversification needs
		0.571	Fluctuation in stock index
F_4	Personal Financial Needs	0.928	Competing financial needs
		0.903	General trend of investments in public
F_5	Technical/ Pre-Investment Analysis	0.779	Convenience
		0.728	Current Economic indicators
		0.523	Past performance of your portfolio
F_6	Market Information	0.774	Coverage in financial news
		0.605	Inflation resistance
		0.554	Terms and conditions
		0.489	Rumors
F_7	Advocate recommendation	0.838	Financial Analyst and advisory recommendation
		0.759	Tax benefit
F_8	Low Volatility Influences	0.652	Flexibility
		0.627	Stability of income
		0.573	Capital Growth
F_9	Pocket Friendly	0.849	Low transaction cost
		0.604	Future Security
F_{10}	Social Influences	0.884	Religious reasons

Factor 10 - Social Influences: The least influencing factor is social influences. The variable "Religious Reasons" forms this factor and agreement to this variable state that the decision to invest is influenced by certain social and religious influences.

After grouping the variables into ten factors, these factors were put into further analysis. In order to find out which factor is most significant one in influencing the purchase decisions of stocks, we examined the average scores of these factors and analysed them with the help of following measure:

Average Score	Significance Level
4.00-5.00	Highest
3.00-3.99	Moderate
2.00-2.99	Slightest
1.00-1.99	Lowest

The average scores of the ten factors are explained in Table 6 showing that all factors have been found in the bracket of highest to moderate significance except one factor i.e. Social Influences (1.72) which has lowest influence on their purchase decisions. The table reveals that "Anticipated Benefits" is the factor that highly influences the purchase decisions of individual stock investors to invest in stocks.

Table 6: Ranking of the factors influencing purchase decisions of investors to invest in stocks.

Factor	Average Score	Rank
F3 : Anticipated Benefits	4.18	1
F5: Technical/ Pre-Investment Analysis	3.73	2
F8:Low Volatility Influences	3.71	3
F1: Credibility	3.65	4
F6: Market Information	3.57	5
F7: Advocate recommendation	3.37	6
F4: Personal Financial Needs	3.30	7
F2: Opinions	3.07	8
F9: Pocket Friendly	3.06	9
F10: Social Influences	1.72	10

DISCUSSION, IMPLICATIONS AND CONCLUSION

Information about the major factors that influence individual investors is sought out by various financial companies so as to design the preferred instruments and adjust their marketing activities to achieve successful performance. The present study examined the factors that appear to exercise the greatest influence on the individual stock investor and included the variables that can influence the stockholders' investment decisions towards investing in stocks in Punjab. The results will provide implications for the financial

consultants in designing and subsequent marketing of financial products. The financial consultants providing advice to the growing market of individual stock investors need to understand client's attitude towards investment. Failure to take hold of such differences in the attitude of investors may make it awfully difficult to provide appropriate advice and to satisfy clients over the long term. Five most influencing variables affecting purchase decisions of stockholder's investors are High returns, Liquidity, Diversification needs, Fluctuation in stock index and Convenience and the least influencing variables include Religious reasons, Low transaction cost, Safety of Principal, Friend or Peer recommendation and Family member opinion. The financial services marketers armed with this type of information will be in a better position to anticipate the needs of prospective clients. However, similar results were achieved when the variables were grouped into identifiable categories using factor analysis, anticipated benefits (including variables Liquidity, High returns, diversification needs and Fluctuation in stock index) is found as the most significant factor in terms of highest weighted average score and social influences i.e. religious reasons is the least significant factor influencing stock purchase decisions of individual stock investors in Punjab.

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