YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAMME

FACTORS INFLUENCING INVESTMENT DECISION MAKING OF INVESTORS IN YANGON STOCK EXCHANGE

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MBF (DAY) – 1ˢᵗ BATCH

DECEMBER, 2019

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A thesis is submitted for a partial fulfilment towards the requirements for the degree of Master of Banking and Finance

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ACKNOWLEDGEMENTS

ABSTRACT

The main purposes of the study are to examine the factors influencing on investment decision making of investors and to analyze the relationship between influencing factors (independent variables) and investment decision making of investors (dependent variable) at Yangon Stock Exchange. The independent variables are accounting information, advocate recommendation and firm image/ self-image coincidence while the dependent variable is investment decisions in equity stock. Data collection is made with the help of structured questionnaires. The study was conducted on the 120 investors from 6 securities companies that constituted the sample size. The research design adopted in the study consists of descriptive research design. Various tools used for data analysis were mean, Pearson correlation and regression analysis in SPSS. Based on the result of Likert scale questions, accounting information was considered as the first important factor, advocate recommendation as second important factor and firm image/ self-image as least important factor influencing the investment decision for the investors at Yangon Stock Exchange. The descriptive statistics states that among the three independent variables, accounting information plays the significant role while determining the investment decision in stock market.

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Chapter 1
Introduction

A well-functioning and efficient stock market holds when the market is said to be liquid and vice versa, liquidity is the ability to trade equity easily and is an indicator of market growth. It is assumed that a well-functioning and efficient stock markets needs capital to be invested for the future returns in terms of dividends, but many of profitable investments require a long run commitment of capital, although savers do not like to relinquish control of their savings for long periods (Bencivenga and Smith, 1991).

Yangon Stock Exchange has been set in motion on 9 December, 2015 as a major milestone in the development of capital market in Myanmar. It is anticipated that an active stock market will bring a lot of benefits to the country. The establishment of stock exchange will disclose new financing benefits for local companies. Most of the local companies in Myanmar still consist of family-owned and self-funded. The companies can acquire funds easier and at a lower cost and risk because of the development of effective and efficient capital market. In Myanmar, the foundation for the further development of the capital market will be put into place by the strong and successful stock market. Investors can tap into a broader portfolio of investment possibilities by emerging the stock market. Stock exchange can bring the sustainable development of the country economy by boosting the efficiency of capital market.

Investment can be defined as the present sacrifice amount with a view to earn a return in the future. Present investment can be said certain but future investment is not as investment entails some degree of risk; hence investment decisions are made by the investors and investment managers to mitigate the uncertainty of risk.

The investment analysis comprises the set of procedures to buy the securities. The investment process includes the steps like setting investment objectives, performing security analysis, portfolio construction, portfolio revision and the evaluation of the portfolio. This investment decision not only requires the detailed knowledge of the market to the investors but also the psychological and cognitive aspects that the investors possess for the securities analysis by making use of fundamental analysis, technical analysis and judgment. Investment decisions are often supported by decision tools. It is supposed that information structure and the factors in the market systematically affect individuals' investment decisions as well as market outcomes (Mutswenje, 2014).

Investor market behavior originates in psychological principles of decision making to explain why people buy or sell stocks. These factors will emphasize upon how investors interpret and act on information to make investment decisions. Behavioral finance is defined by Shefrin, (2000) as "a rapidly growing area that deals with the influence of psychology on the behavior of financial practitioners". Individual investments behavior is concerned with choices about purchases of small amounts of securities for his or her own account (Nofsinger and Richard, 2002). No matter how much an investor is well informed, has done research, studied deeply about the stock before investing, he also acts irrationally with the fear of loss in the future. This different behavior in the individual investors is a result of various factors which make up the investor rationality. An individual investor is one who purchases generally small amounts of securities for his or her own account.

1.1 Rationale of the Study

Stock exchanges and primary market are part of capital market that directly helps the growth of economy. Stock exchange gives liquidity and marketability to investors to deal into shares and securities once they are issued in primary market. Thus it helps in providing channel between industries and investors, which is crucial for financial market of any country and hence for its economy.

The importance of stock market and its linkage to economy is explained by (Demirgüç-Kunt and Levine, 1996) that countries with better developed stock markets also have better-developed banks and nonbank financial intermediaries such as finance companies, mutual funds, investment companies, brokerage houses, and pension funds, while countries with weak stock markets tend to have weak financial intermediaries. This suggests that stock market development goes hand-in-hand with other aspects of financial development. Stock investors, on the other hand, are market participants who utilize fundamental analysis to make informed investment decisions. They tend to treat stock shares as part ownership in a company, rather than an opportunity to make money based on price fluctuations alone. It's common for investors to subscribe to the "buy and hold" strategy, which entails purchasing stock ownership in a company and holding onto those shares for a long time (typically years).

A stock market can be said to be a key component of a market economy. In August, 2014, Myanmar government set up Securities and Exchange Commission of Myanmar (SECM) to regulate the capital market. After that, Yangon Stock Exchange celebrated grand opening ceremony on 9th December, 2015. The first stock trading took place on 25th March, 2016 with the trading of shares of First Myanmar Investment Company Ltd. (FMI). Then, four more public companies, namely Myanmar Thilawa SEZ Holdings Public Co., Ltd. (MTSH), Myanmar Citizens Bank (MCB), First Private Bank (FPB) and TMH Telecom Public Company Ltd. (TMH) became listed on the Yangon Stock Exchange.

In Myanmar, investment of most of the people goes into real estate, foreign currencies, precious metals and bank's deposits. The wider scope of the population can have the possibility to take part in the economic growth of the country by channeling money into the corporate sector with the initiation of the stock market. Besides, foreign capital inflow channel can be raised in the capital market with the emergence of stock market.

The investment decision of the investors depends upon fundamental analysis i.e. Security Analysis by Graham and Dodd (1934) is used to decide intrinsic value of stocks based on studying factors of economy situations, industry trend and sales revenues of those companies and technical analysis i.e. examine the price behavior of the securities the past behavior shows the present trend. Investor market behavior derives from psychological principles of decision making to explain why people buy or sell stocks. These factors will focus upon how investors interpret and act on information to make investment decisions.

The newly emerged stock exchange market of Myanmar is still far from active and daily trading volume and value are still low due to the result of having limited number of listed companies, inadequate number of investors and lack of capacity and lack of knowledge of investors regarding the stock market. Currently, although having over 35,000 investors of listed companies, only about 1,500 investors are actively doing stock trading in Yangon Stock Exchange (YSX). Individual investors are different from each other and might have different investment decision, and yet there always seem to be a pool of investors who make similar investment pattern. The number of investors is rising rapidly and it is required to understand the behavior of investor in multiple ways like how investors invest.

This study will examine the factors that appear to exercise the greatest influence on the individual stock investor, and included the factors investigated by previous studies and derived from prevailing behavioral finance theories.

1.2 Objectives of the Study

The main objectives are as follow:

1. To analyze the factors influencing investment decision making of investors in Yangon Stock Exchange.
2. To examine the relationship between influencing factors and investment decision making of investors in Yangon Stock Exchange.

1.3 Scope and Method of the Study

This study emphasizes on factors influencing on investment decision making. It also analyzes the relationship between influencing factors and investment decision making of investors. The study focuses on factors influencing on investment decision making of investors in Yangon Stock Exchange focusing on three areas: Accounting Information, Advocate Recommendation and Firm Image/Self Image Coincidence.

In this study, descriptive research method is employed. To attain objectives, this study used both primary and secondary data. To fetch the primary data, investor survey is conducted by using structured questionnaires. To conduct the survey, 120 investors from six securities companies will be chosen by simple random sampling.

One set of questionnaire is used for conducting investor survey. Part I of questionnaire explores the factors influencing on investment decision making and Part II is to analyze the relation between influencing factors and decision making of investors at Yangon Stock Exchange. SPSS software is employed for the data analysis. This study is conducted from April 2019 up to August 2019. In this study, the population is the investors in Yangon Stock Exchange and it is decided to include population of different ages, education and working experiences. The secondary data are taken from relevant textbooks, Yangon Stock Exchange records, Yangon Stock Exchange's websites, MBF theses of Yangon University of Economics, publications, research papers, and internet websites.

1.4 Organization of the Study

This study is organized with five chapters. Chapter (1) deals with introduction which includes rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter (2) describes theoretical background of the study. Chapter (3) presents the history of Yangon Stock Exchange as well as current trading situation of listed companies. Chapter (4) explores the factors influencing on investment decision making of investors and exhibits the analysis of influencing factors and investment decision making of investors in Yangon Stock Exchange. Chapter (5) is conclusion presenting the findings from analysis and suggestions.

Chapter 2
Theoretical Background

This chapter reviews the theoretical literature and the empirical literature of previous studies conducted on the factors that influence investment decisions of investors in Yangon Stock Exchange.

2.1 Definition of a Stock Market

A stock market can be a very sophisticated market place, where stocks and shares are the traded commodity. At the same time, it is central to the creation and development of a strong and competitive economy. It is a key to structural transformations in any economy; from traditional, rigid, insecure bank-based to a more flexible, more secure economy that is immune to shocks, fluctuations and lack of investors' confidence (Stapley, 1986). According to Arnold (2004), stock markets are where government and industry can raise long-term capital and investors can purchase and sell securities.

Typically, markets, whether they are shares, bonds, cattle or fruit and vegetables, are simply mechanisms to allow the possibility of trade between individuals or organizations. Whilst some markets (e.g. for livestock) are physical where buyers and vendors meet to trade, others (e.g. for foreign currency) are a national network, based on communication using telephone lines and computer links, with no physical meeting place. Additionally, very few stock exchanges around the world still possess a physical location where buyers and sellers meet to trade.

Patrick and Wai (1973) argued that stock markets are those markets that deal with capital, both in the short and long-term, where companies sell stocks in order to generate long-term capital that can be channeled into their profitable options. This is because people would rather invest in winners than losers; buyers hold on to their stocks for future dividend payouts. The activities of buying and selling stocks and shares on the stock market are extremely significant for the allocation of capital within economies (Pratten, 1993). In addition, transaction prices and quotations provide investors with an indication of the market value of their wealth which may influence their decisions about consumption expenditure (Pratten, 1993). Although when prices are at historically high levels and/ or rising, this indicates confidence among investors and may affect the

confidence of businessmen and their investment. Furthermore, the stock market is a crucial factor in business investment decisions because the price of shares affects the amount of funds that can be raised by selling newly issued stock to finance investment spending. Johnson (1983:32) suggested that: "The stock markets are a complex of institutions and mechanisms through which funds for purposes longer than one year are pooled and made available to business, government, and individuals and through which instruments already outstanding are transferred. The stock markets are well organized and are local, regional, national, and world-wide in scope."

According to Tweles and Bradly (1987), the word stock in North American tradition, means ownership or equity. In corporations these stocks are traded in a market called the "stock exchange". Fabozzi (2002) classified three types of stock market role: first, the interactions of buyers and sellers in a stock market determine the price of the traded asset; second, stock markets provide a mechanism for investors to sell a stock asset; finally, the third economic function of a stock market is that it reduces the cost of transacting.

Mishkin and Eakins (2003) provided that a stock is a security that represents a share of ownership on the earnings and assets of the corporation. The stock market, in which claims of the earnings of corporations (shares of stock) are traded, is the most widely followed market in the American economy. Stock markets can be classified as debt and equity markets, short term debt instruments (money market) and longer-maturity financial assets (capital markets), including cash or spot market and futures markets.

2.2 Functions of the Stock Market

The functions of the stock market includes ensuring liquidity of capital, continuous market for securities, evaluation of securities, mobilizing the surplus savings, helping in raising new capital, providing safety in dealings, listing of securities, acting as platform for public debt and clearing house of business information.

(a) Ensure Liquidity of Capital

The stock exchanges provide a place where shares and stock are converted into cash. The exchanges provide a ready market where buyers and sellers are always available and those who are in need of hard cash can sell their holdings. Had this not been

possible then many persons would have feared for blocking their savings in securities as they cannot again convert them into cash.

(b) Continuous Market for Securities

The stock exchanges provide a ready market for securities. The securities once listed continue to be traded at the exchanges irrespective of the fact that owners go on changing. The exchanges provide a regular market for trading in securities.

(c) Evaluation of Securities

The investors can evaluate the worth of their holdings from the prices quoted at different exchanges for those securities. The securities are quoted under the free atmosphere of demand and supply and the prices are set on the basis of free market. Stock exchanges are helpful in evaluating any type of security listed there.

(d) Mobilizing the Surplus Savings

The stock exchange provides a ready market for various types of securities. The investors do not have any difficulty in investing their savings by purchasing shares, bonds etc. from the exchanges. If this facility is not there then many persons who want to invest their savings will not find avenues to do so. In this way stock exchanges play an important role in mopping up surplus funds of investors.

(e) Helpful in Raising New Capital

The new and existing concerns need capital for their activities. The new concerns raise capital for the first time and existing units increase their capital for expansion and diversification purposes. The shares of new concerns are registered at stock exchanges and existing companies also sell their shares through brokers etc. at exchanges. The exchanges are helpful in raising capital both by new old concerns. The intending buyers also remain in touch with the exchanges for investing money in securities.

(f) Safety in Dealings

The dealings at stock exchanges are governed by well-defined rules and regulations of Securities Contract (Regulation) Act, 1956. There is no scope for manipulating transactions. Every contact is done according to the procedure laid down and there is no fear in the minds of contracting parties. The safety in dealings brings confidence in the minds of all concerned parties and helps in increasing various dealings.

(g) Listing of Securities

Only listed securities can be purchased at stock exchanges. Every company desirous of listing its securities will apply to the exchange authorities. The listing is allowed only after a critical examination of capital structure, management and prospects of the company. The listing of securities gives privilege to the company. The investors can form their own views about the securities because listing a security does not guarantee the financial stability of the company.

(h) Platform for Public Debt

The increasing government's role in economic development has necessitated the raising of huge amounts for this purpose. The stock exchanges provide a platform for raising public debts. The stock exchanges are also organized markets of government securities. However, there is no provision for a separate counter for government securities but these are traded through brokers dealing in these securities.

(i) Clearing House of Business Information

The companies listed in the stock exchanges have to provide financial statements, annual reports and other reports to ensure the maximum publicity of the corporation operations. The economic and other information provided at stock exchanges help companies to decide their policies.

2.3 Stock Market Development in Developing Markets

The stock markets in emerging markets have seen considerable development since the early 1990s. The market capitalization of emerging market countries has more than doubled over the past decade growing from less than $2 trillion in 1995 to about $5 trillion in 2005. As a percentage of world market capitalization, emerging markets are now more than 12 percent and steadily growing (Standard and Poor, 2005).

Stock market development has been central to the domestic financial liberalization programs of most emerging markets. Apart from their role in domestic financial liberalization, the stock markets have also been very important in recent years as a major channel for foreign capital flows to emerging economies. Net equity flows to the emerging markets have grown to roughly $200 billion per year, providing an important source of capital for development. The share of foreign direct investment and portfolio equity in the finance mix of many developing countries has grown in recent years. Equity flows accounted for 80 percent of total external financing to developing nations during 1999–2003, compared with just 60 percent during 1993–98 (Global Development Finance, 2005).

The rapid development of stock markets in emerging market does not mean that even the most advanced emerging stock markets are mature. In most stock markets, trading occurs in only a few stocks which account for a considerable part of the total market capitalization. Beyond these actively traded shares, there are serious informational and disclosure deficiencies for other stocks. There are serious weaknesses in the transparency of transactions on these markets. The less developed of the stock markets suffer from a far wider range of such deficits.

Compared with the highly organized and properly regulated stock market activity in the US and the UK, most emerging markets do not have such a well-functioning market. Not only are there inadequate government regulation, private information gathering and dissemination firms as found in more developed stock markets are inadequate. Moreover, young firms in emerging stock markets do not have a long enough track record to form a reputation. As a result, one expects share prices in emerging markets to be arbitrary and volatile (Tirole, 1991). Empirical evidence indicates that share prices in emerging markets are considerably more volatile than in advanced markets (El-Erian and Kumar, 1995).

Despite this volatility, large corporations have made considerable use of the stock market. For example, the Indian stock market has more than 8,000 listed firms, one of the highest in the World. Singh (1995), looking at the corporate financing pattern in emerging markets found that contrary to expectation, emerging market corporations rely heavily on external finance and new equity issues to finance long term investment. This result indicates that stock markets have been successful in providing considerable funds to the top 100 corporations in emerging markets.

2.4 Advantages and Disadvantages of Investing in Stocks

The main five advantages of investing in stocks are as shown in the following. Stock ownership takes advantage of a growing economy. As the economy grows, so do corporate earnings. That's because economic growth creates jobs, which creates income, which creates sales. The fatter the paycheck, the greater the boost to consumer demand, which drives more revenues into companies' cash registers. It helps if you understand the phases of the business cycle.

Investing in stocks is one of the best way to stay ahead of inflation. Historically, stocks have averaged an annualized return of 10 percent. That's better than the average annualized inflation rate of 3.2 percent. It does mean that the investors must have a longer time horizon. That way, the investors can buy and hold even if the value temporarily drops. Compare stocks, inflation, and the gold price in history.

The stock market makes it easy to buy shares of companies. The investors can purchase them through a broker, a financial planner, or online. Once set up an account, the investors can buy stocks in minutes.

The investors can make money in two ways. Most investors intend to buy low and then sell high. They invest in fast-growing companies that appreciate in value. That's attractive to both day traders and buy-and-hold investors. The first group hopes to take advantage of short-term trends, while the latter expect to see the company's earnings and stock price grow over time. They both believe their stock-picking skills allow them to outperform the market. Other investors prefer a regular stream of cash. They purchase stocks of companies that pay dividends. Those companies grow at a moderate rate.

The stock market allows the investors to sell the stock at any time. Economists use the term "liquid" to describe that fact that the investors can turn their shares into cash quickly and with low transaction costs. That's important if the investors suddenly need

their money in a hurry. Since prices are volatile, the investors run the risk of being forced to take a loss.

The five disadvantages to owning stocks are as follows. Investors could lose their entire investment. If a company does poorly, investors will sell, sending the stock price plummeting. When investors sell, they will lose their initial investment. If investors can't afford to lose their initial investment, then they should buy bonds. Investors get an income tax break if they lose money on their stock loss. Unfortunately, investors also have to pay taxes if you make money as the capital gains tax.

Stockholders are paid last if the company goes broke. Preferred stockholders and bondholders/creditors get paid first. A well-diversified portfolio should keep investors safe if any one company goes under.

Investing in stocks requires a lot of time. Investors have got to research each and every company to determine how profitable they think it will be before they buy stock. Investors have got to learn how to read financial statements and annual reports, and follow your company's developments in the news. They also have to monitor the stock market itself, as even the best company's price will fall in a market correction, a market crash, or bear market.

Investing in stocks can be an emotional roller coaster. Stock prices rise and fall second-by-second. Individuals have the tendency to buy high, out of greed, and sell low, out of fear. The best thing to do is don't constantly look at the price fluctuations of stocks, just be sure to check in on a regular basis.

Individual investors have to compete against professionals. Institutional investors and professional traders have more time and knowledge to invest. They also have sophisticated trading tools, financial models, and computer systems at their disposal. Need to find out how to gain an advantage as an individual investor.

2.5 Influencing Factors on Investment Decision Making of Investors

Decision making is the cognitive process and before taking a final decision, we evaluate number of alternative, weight them and finally select the best alternative. While taking the decision we are influenced by different factors and change our behavior. Same is the case for the investor's decision making process. The most influencing factors found were accounting information, advocate recommendation, and firm image/ self-image coincidence. There has been a plethora of research literature available on determinants of

individual investment decision making in stock market of Western countries. It has also been documented in existing literature that individuals' behavior varies from context to context. People raised in Asian cultures trapped by behavioral biases more, than in Western cultures (Yates et al. 1989). Asian cultures tend to base on collectivist paradigm (Hofstede, 1984). It has been argued that collectivist societies cause individuals to be trapped more by behavioral biases (Kim & Nofsinger, 2008). Prior studies have also been documented that people are trapped by behavioral biases when they make stock market investments. Understanding of an investor's psychology helps in better understanding of investment decision making patterns (Sahi, 2013).

Various independent variables and dependent variable used in this study are discussed briefly in the following:

(a) The Accounting Information

Baker and Haslem, (1973) argue that investors are primarily concerned with expectations about the future, considering earnings projection and historical data to be of high interest to investors. On the other hand, research by Lee and tweedie (1975, 1976, and 1977) reveals that the general public faces problems in understanding financial reporting in the corporate sector. Blume and Friend, (1978) provide evidence that both price and earnings volatility are the primary measures of risk employed by individuals, while Schlarbaum, (1978) compare individuals' performance with that of professional fund managers and find that the former exhibit considerable skill in their investment decision making. Lease et al., (1974) describe individuals as "investors" rather than "traders" since they are long-term minded and give little interest to short-term yields. Moreover, lewellen (1977) reveal that investors' main source of information is through fundamental or technical analysis. Antonides and Van Der Sar, (1990) argue that the perceived risk of an investment is lower if an asset has recently increased in value, which is consistent with (blume and friend's, 1978) findings. Fisher and Statman, (1997), relying on general agreement that the investment decision is a complex one, suggest that investors are not only concerned about risk and return when buying shares, but also several other parameters taken into consideration.

(b) The Advocate Recommendation

The investor who already holds a stock may respond to an analyst recommendation in one of four ways: the investor may hold stock on a sell recommendation, the investor may sell stock on a hold recommendation, the investor may hold stock on a hold recommendation, or the investor may sell stock on a sell recommendation.

Prior accounting research has examined how the type of analyst and the nature of the analyst report affect investor behavior, (Francis and Soffer, 1997). They found that because of the existence of incentives for analysts to issue favorable recommendations, investors weight other information in the analyst report more heavily when they observe a buy rather than a sell recommendation. This factor includes purchase recommendations from brokerage houses and individual stock brokers. Recommendations from friends or coworkers marginally loaded on this factor as well.

(c) The Firm Image/Self-Image Coincidence

Epstein, (1994) examined the demand for social information by individual investors. The results indicate the usefulness of annual reports to corporate shareholders. Furthermore, a majority of the shareholders surveyed also want the company to report on corporate ethics, employee relations and community involvement. Behavioral models proposed by Daniel, Hirshleifer, and Subrahmanyam, (1998) and Hong and Stein, (1999) also predict short-run return continuations and long-run return reversals. Daniel (1998) argue that informed investors are overconfident about the private signal they receive about a stock's value. Biased self-attribution reinforces their overconfidence when public information is in agreement with their private information. When public information is not in agreement with their private signal, biased self-attribution leads to dismissal of the information as noise.

2.6 Investment Decision

Investment decisions are made by investors and investment managers. Investors commonly perform investment analysis by making use of fundamental analysis, technical analysis and judgment. Investment decisions are often supported by decision tools. It is

assumed that information structure and the factors in the market systematically influence individuals' investment decisions as well as market outcomes. Investor market behavior derives from psychological principles of decision making to explain why people buy or sell stocks. These factors will focus upon how investors interpret and act on information to make investment decisions. Behavioral finance is defined by Shefrin, (2000) as "a rapidly growing area that deals with the influence of psychology on the behavior of financial practitioners". Individual investments behavior is concerned with choices about purchases of small amounts of securities for his or her own account (Nofsinger and Richard, 2002). No matter how much an investor is well informed, has done research, studied deeply about the stock before investing, he also behaves irrationally with the fear of loss in the future. This different behavior in the individual investors is caused by various factors which compromise the investor rationality. An individual investor is one who purchases generally small amounts of securities for his or her own account.

In conventional financial theory, investors are assumed to be rational wealth-maximizers, following basic financial rules and basing their investment strategies purely on the risk-return consideration. However, in practice, the level of risk investors are willing to undertake is not the same, and depends mainly on their personal attitudes to risk.

Research in behavioral finance has developed rapidly in recent years and provides evidence that investors' financial decisions are also affected by internal and external behavioral factors (Shefrin, 2000; Shleifer, 2000; Warneryd, 2001).

It is generally believed that investment decisions are a function of several factors such as market characteristics and individual risk profiles, in addition to accounting information. The disposition error shows that regardless of accounting information, investors are influenced by sunk cost considerations and asymmetrical risk preferences for gain/loss situations. The research findings by Nagy and Obenberger, (1994) which examined factors influencing investor behavior, suggested that classical wealth – maximization criteria are important to investors, even though investors employ diverse criteria when choosing stocks. Contemporary concerns such as local or international operations, environmental track record and the firm's ethical posture appear to be given only cursory consideration. The recommendations of brokerage houses, individual stock brokers, family members and coworkers go largely unheeded. Many individual investors discount the benefits of valuation models when evaluating stocks.

2.7 Relationship between Accounting Information and Investment Decision

Financial information is considered to influence an investor in making a decision to invest in stocks as an individual would evaluate the underlying movements of the key indicators of interest. Merika (2008) and Easley et al., (2010) find that financial information and expected corporate returns do have a significant effect on the decision to invest in shares. Tenaiet (2011) investigated the factors that affected on Initial Public Offer pricing (IPO) in Kenya and their findings conclude that public information disclosed in the prospectus was not significantly reflected in IPO prices and the rational theory therefore cannot explain the effect of investor sentiment in IPO market in Kenya. EMH has steadily become deficient to provide explanation for the market behavior, more dramatically perhaps, the drastic drop in United States share prices by over 30 per cent during a two month period that preceded the crash of October 1987 (Mosomi & Ghayekhloo, 2011). The availability of financial information has been postulated as one of the variables that could influence investor behavior while making investment decisions on the investment option to select.

Financial information refers to accounting reports, general information relating to accounting reports, generic information related to firm reputation, price movements, status of firm, past performance of the firm stock, and expected performance of firms (Chong & Lal, 2011). The researchers also found that interviews and annual reports are most important source of information in assessing the value of company and therefore informing the equity selection process. Investment decision makers use financial statements of different firms for financial decision making purposes (Gentry & Fernandez, 2008).

According to Michael (2013), "The title role of financial statements on investment decision" in his critical investigation on the degree of reliance of the published financial statements by Public sectors, the results portrayed that one of the primary responsibilities of management to the investors is to give a standardized financial statement evaluated and authenticated by a qualified auditor. It also proved that investors do understand the financial statement well before making investment decisions. The results of the analysis show that investors depend heavily on the credibility of auditors' approval of financial statement in making investment decisions and as such published financial statement is very important in the investors' decision making. He recommended that adequate care and due diligence should be maintained in preparing financial statements to avoid faulty

investment decisions which could lead to loss of funds and possible legal action. The case study was conducted in Nigeria (Cole& Burns, 2003).

The researcher found that some earlier trial and decision-making need not to be the thought of as the best example by using the accounting information mechanisms. They argued that there exists within person lower order decision and higher order decision making and that the modeling lower order insightful and memory processes comes at amounts symbolized at the accounting information. But the relationship between accounting information and investment decision certainly not straightforward.

Hafij (2014) summarized that accounting information performs a crucial role on management decision, which is achieved by implementing the best fundamental concept of accounting suitable for each organization. Njau (2000) concludes that, management and professional firms are still accepting the stewardship objective while external users are stand for the investment decision making objective. It is therefore suggested that, financial reports be split into two parts, one part serving the economic decision-making purpose. The second group that are conflicting will be accommodate such preparation of reports will bring consensus on the objective of financial reporting. Indeed, once such consensus has been established improvement on such reports has been established; improvement on such reports will be easier and will make reports more meaningful.

Adebayo (2013) examined the impact of accounting information in assisting organizations in making sound and effective investment decision. The major source of data to their research was primary data through the administration of questionnaires. Regression analysis and Karl Pearson's correlation was used for the data analysis. Their findings shown that accounting information is an essential tool in investment decision making in today's active world. Organizations are however, advised to invest on information technology tools as it improve their efficiency, effectiveness and their overall performance.

The major findings revealed that for every investor to take investment decision via the accounting information of the financial institution the focus is Marjory on the profitability of the organization and the profit of the organization is a function of the assets, liabilities and equity contribution of the owner of the organization, as such the relationship between the profit and asset, liabilities, and equity is very significant for where the investors put their resources via multiplier effect. Therefore, due to the above empirical literature reviews; there is a relationship between accounting information and investment decision basing on the organization performance.

2.8 Relationship between Advocate Recommendation and Investment Decision

Kaleem (2009) conducted a research in Pakistan to investigate the determinants of financial advisor perception. In Pakistan, it is found that religious, social, personal and advisors recommendations have great influence on investment decision making of individual investors and most of times this lead individual investor towards irrational and on optimal decision. The survey of existing literature on Bangladesh reveals that there is a lack of study that emphasizes on areas of behavioral finance; investors' awareness of capital market and the expected and actual services rendered by the brokerage houses. The role of income, age, language and education can't ignore in determining the investment style of investor.

As investors are the customers of brokerage houses, they expect their brokerage house to provide them with the best services such as, advice on investment, reasonable commission rate, managing portfolio etc. In general, customers tend to purchase particular products and services or patronize specific firms on an ongoing basis.

2.9 Relationship between Firm Image/Self Image Coincidence and Investment Decision

Lebreana (1995) study confirmed that the risk of the persons is taken from inner factors and doesn't have any relation with external market. The achievement of Lolyn, Lees and Sklarbam (2003) showed that there is a meaningful relation between age, sex and education of the persons. Barnyol in his studies understood that he can predict the investor's behavior in the market based on the specifications of the life style and removing risk and the job of the persons. Eshpitean (2004) studied the effect of the social information on the behavior of the real investor. Bennet (2011) conducted a study on attitude towards equality stocks in Tamil Nadu. The findings of their study revealed five factors that have significant influence on investment attitude of retailers. According to their findings, these factors include media focus on stock market, tolerance risk, and strength of economy, government policy and political stability towards business.

2.10 Review on Previous Study

Pradeep Phuyal (March, 2017) examined the factors that appear to exercise the greatest influence on the individual stock investor. The main purpose of the study was to understand the investment decision pattern of investors at Nepal Stock Exchange along with impact and relationship of variables over decision making. The accounting information, advocate recommendation and firm image /self- image are the independent variable to investment decision. A total of 80 structure questionnaire were distributed using judgmental sampling of which 69 were used for data analysis. The sample was collected from the capital and brokers houses and random investors of below 40 and above 40 age group.

The major findings of the study were the firm image / self- image coincidence has the highest relationship and impact over the investment decision followed by the accounting information and advocate recommendation. There is the positive relationship of these independent variables over investment decision. Similarly it was also concluded that investors ranked the accounting information as the most important variable affecting the investment decision. However, as most of the respondents had the limited knowledge of financial literacy latter concluded that firm image/ self-image coincidence has the highest importance at Nepal Stock Exchange. However there was no significant mean difference across male and female on the investment decision.

The findings of the study has the implication for investors to evaluate their investment decision, to the marketer to know the investors investment activity and to the future researcher as the basis for conducting similar research, that several factors need to be studied to know investment decision at Nepal Stock Exchange.

2.11 Conceptual Framework of the Study

Figure 2.1 depicts the relationship between independent variables and the dependent variable. The independent variables in this study are accounting information (AI), advocate recommendation (AR) and firm image/ self-image coincidence (FISI) while the dependent variable is investment decisions in equity stock among retail investors at the Yangon Stock Exchange. The conceptual framework is as follow:

Figure 2.1 Conceptual Model of the Study

Influencing Factors
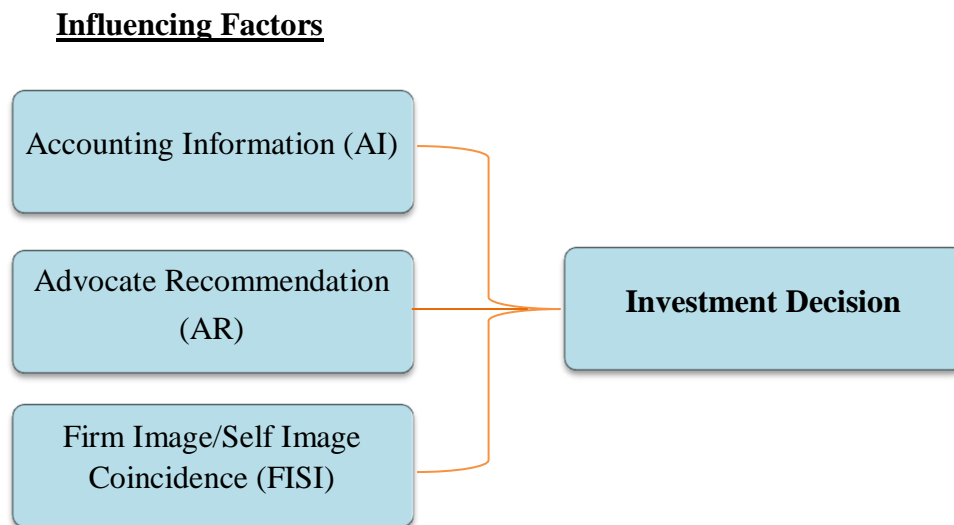
Source: Adopted from Pradeep Phuyal (2017)

The main focus has been put upon more on the outcome of accounting information, advocate recommendation and firm image/ self-image coincidence and less on the demographic variables. Individual investors vary from each other and might practice different investment decision, and yet there always seem to be a pool of investors who have similar investment pattern. As the number of Investors is increasing rapidly in Yangon Stock Exchange, it is important to understand the behavior of investors in multiple ways like how investors invest. Hence, the target of this study is to measure the factors that appear to exercise the greatest influence on the individual stock investor at Yangon Stock Exchange.

Chapter 3

Background and Current Trading Situation of Yangon Stock Exchange

This chapter describes the history of Yangon Stock Exchange including key participants of Yangon Stock Exchange, regulatory framework, organization structure and functions of Yangon Stock Exchange. In addition, current trading situation of Yangon Stock Exchange is presented.

3.1 History of Yangon Stock Exchange

In order to set up a stock exchange, Myanma Economic Bank and Daiwa Institute of Research Ltd. (DIR) jointly founded the Myanmar Securities Exchange Centre Co., Ltd. (MSEC) in 1996.

The Central Bank of Myanmar (CBM) which is under the Ministry of Finance and Revenue (MOFR), Daiwa Institute of Research Ltd. (DIR) and Japan Exchange Group, Inc. (JPX) signed an MOU in 2012 May to develop human resources and provide technical assistance for the development of capital market in Myanmar.

After that, the Securities and Exchange Law was enacted in 2013 July. In 2014 August, the Securities and Exchange Commission of Myanmar (SECM) was founded under MOF. In 2014 December, Yangon Stock Exchange Joint-Venture Company Limited (YSX) received permission of foreign investment from the Myanmar Investment Committee (MIC) with Permit No. 877/2014. Yangon Stock Exchange was then incorporated and registered with Registration No. 3 JV/2014-2015 by the Directorate of Investment and Company Administration (DICA). Myanma Economic Bank, DIR and JPX came into a Joint-Venture Agreement of Yangon Stock Exchange. Then, Yangon Stock Exchange attained permission of stock exchange business issued by SECM in 2015 April. Afterwards, Yangon Stock Exchange chose Kanbawza Bank Ltd. (KBZ Bank) as a fund settlement bank for cash settlement on stock trading. On 27th July, 2015, Securities Exchange Rule was enacted by Ministry of Finance Order 1806/2015.

In 2015 August, Yangon Stock Exchange announced its listing criteria. Yangon Stock Exchange then held the Grand Opening Ceremony on 9th December 2015. In 2016 February, Yangon Stock Exchange entered into an agreement of a fund settlement for stock trading with Kanbawza Bank Limited (KBZ Bank).

In 2016 March, Yangon Stock Exchange gave a listing approval to the First Myanmar Investment Public Co., Ltd. (FMI) and granted trading qualifications to five securities companies and the first trading was started.

On 20th May 2016, YSX introduced the publishing of new stock index named MYANPIX (Myanmar Stock Price Index). After that, Myanmar Thilawa SEZ Holdings Public Ltd. (MTSH) listed on YSX.

Regarding the listing dates on YSX, Myanmar Citizens Bank Ltd. (MCB) listed on 26th August, First Private Bank Ltd. (FPB) listed on 20th Jan, TMH Telecom Public Co., Ltd (TMH) listed on 26th Jan respectively. YSX also granted trading qualification to AIS on 20th Jan. In 2017 March, YSX celebrated 1st anniversary and held Myamar Stock Investment Forum 2017 on 25th March.

3.2 Key Participants of Yangon Stock Exchange

There are five key players to successfully operate the capital market in Myanmar. They are Securities Exchange Commission of Myanmar (SECM), Yangon Stock Exchange, Investors, Securities Companies and Listed Companies.

Securities Exchange Commission of Myanmar was founded in August, 2014, and it is comprised of one chairman and six members in order to monitor and manage the stock market after Myanmar Government enacted the Securities and Exchange Law on 31st July, 2013 as part of the capital market reforms. Securities Exchange Commission of Myanmar (SECM) is the independent government body and securities regulator of the capital market to regulate market participants.

YSX is established by Yangon Stock Exchange Joint-Venture Company Limited, a joint venture company by Myanma Economic Bank, a state-owned bank, Daiwa Institute of Research, a Japanese company, and Japan Exchange Group, a Japanese company, and trading of shares on the YSX began on 25 March 2016. There are currently five listed companies on the YSX, namely First Myanmar Investment Co. Ltd., Myanmar Thilawa SEZ Holdings Public Ltd, Myanmar Citizens Bank Limited, First Private Bank Limited and TMH Telecom Public Co., Ltd.

Regarding investors, there are currently over 35,000 people who are trading shares at Yangon Stock Exchange. Nevertheless, only about 1,500 investors are making stock trading actively in Yangon Stock Exchange. Majority of investors trading on YSX are medium-term investors whose interest is to get dividends of listed companies.

The Securities Exchange Commission of Myanmar has made the announcement of 6 securities companies which were given securities business license in accordance with section 42 (a) of the Securities and Exchange Law and section 4 of the Trading Participant Business Regulations,. Following Table (3.1) depicts the six securities companies currently trading on Yangon Stock Exchange. Listed companies' shares can be traded through the securities companies by people who have bank account and securities account.

Table (3.1) Six Securities Companies

Date	Licensed No.	Company Name
26th February, 2016	No.001	Myanmar Securities Exchange Centre Co., Ltd
26th February, 2016	No.002	KBZ Sterling Coleman Securities Co., Ltd
1st March, 2016	No.003	AYA Trust Securities Co., Ltd
1st March, 2016	No.004	CB Securities Co., Ltd
1st March, 2016	No.005	KTZ Ruby Hill Securities Co., Ltd
23rd November, 2016	No.006	UAB Securities Limited

Source: SECM website (2019)

The very first trading of Yangon Stock Exchange started on 25th March, 2016 with the trading of First Myanmar Investment Co., Ltd. shares. Currently, Yangon Stock Exchange facilitates the trading of shares of five listed companies as shown below in Table (3.2).

Table (3.2) Five Listed Companies

Listed Date	Code	Company Name
25th March, 2016	00001	First Myanmar Investment Public Co., Ltd.(FMI)
20th May, 2016	00002	Myanmar Thilawa SEZ Holdings Public Co. Ltd.(MTSH)
26th August, 2016	00003	Myanmar Citizens Bank Ltd.(MCB)
20th January, 2017	00004	First Private Bank Ltd.(FPB)
26th January, 2018	00005	TMH Telecom Public Co., Ltd.(TMH)

Source: YSX website (2019)

3.3 Regulatory Framework of Yangon Stock Exchange

Yangon Stock Exchange issued the following business regulations regarding the operational matters which are necessary for trading securities in the securities market.

Table (3.3) YSX Business Regulations

Name	Enforcement
Trading Regulations	
Trading Business Regulations	30th Mar. 2018
Enforcement Regulations for Trading Business Regulations	21st Dec. 2015
Clearing and Settlement Regulations	
Clearing and Settlement Business Regulations	24th Mar. 2016
Enforcement Regulations for Clearing and Settlement Business Regulations	24th Mar. 2016
Table of Fees for Clearing and Settlement	18th Dec. 2015
Book-entry transfer Regulations	
Business Regulations Relating to Book-Entry Transfers of Stock, etc.	18th Jan. 2018
Table of Fees for Book-Entry Transfers of Stock, etc.	16th Dec. 2016
Listing Regulations	
Securities Listing Business Regulations	4th Apr. 2016
Enforcement Regulations for Securities Listing Business Regulations	16th Dec. 2016
Table of Fees for Listing Company	18th Dec. 2015
Listing Criteria	13th Aug. 2015
Trading Participant Regulations	
Trading Participant Business Regulations	12th Mar. 2016
Enforcement Regulations for Trading Participant Business Regulations	31st Mar. 2016
Table of Fees for Trading Participant	18th Dec. 2015
Shareholders' Agency Business Regulations	
Business Regulations Related to Shareholders' Agency Business	16th Dec. 2016
Table of Fees for Shareholders' Agency Business	18th Dec. 2015

Source: YSX website (2019)

3.4 Organization Structure of Yangon Stock Exchange

The history of the Yangon Stock Exchange dated back to 1996 when Myanmar Economic Bank and Daiwa Institute of Research Ltd. formed the Myanmar Securities Exchange Centre (MSEC) with the ultimate goal of initiating a stock exchange. Securities and Exchange law was enacted in July 2013. In August 2014, the Securities and Exchange Commission of Myanmar (SECM) was created under the Ministry of Finance. The commission was led by former Deputy Minister for Finance Maung Maung Thein, who is one of the most important initiators in the realization of the YSX.

In December 2014, YSX was incorporated and registered by the Directorate of Investment and Company Administration (DICA), and the bourse obtained permission of stock exchange business issued by SECM in April 2015. Then the Exchange was officially launched on 9 December 2015 and started trading on 25 March 2016.

Figure (3.1) Organization Chart of Yangon Stock Exchange
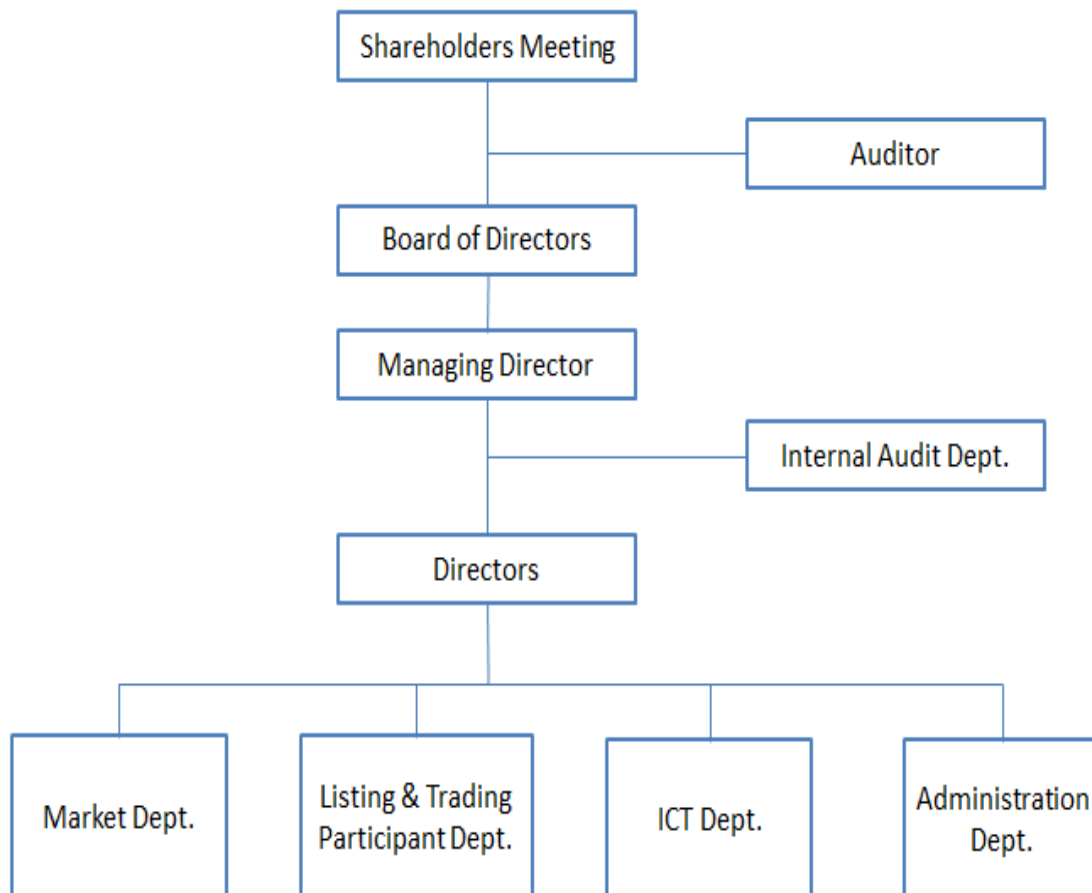
Source: YSX website (2019)

3.5 Functions of Yangon Stock Exchange

The functions of Yangon Stock Exchange consist of listing examination and listed company compliance, Oversight of Securities Business, execution of trading, securities settlement and depository services and others.

i. **Listing Examination and Listed Company Compliance**

Yangon Stock Exchange examines companies' listing applications by reference to the listing criteria and monitors the eligibility of listed companies based on ongoing listing requirements (e.g. timey disclosure)

ii. **Oversight of Securities Business**

Yangon Stock Exchange manages and supervises securities business by "trading participants". A trading participant is a securities company that holds a trading qualification granted by YSX to directly trade stocks in YSX. Investors engage in trading on YSX via trading participants.

iii. **Execution of Trading**

Yangon Stock Exchange matches investors' buy and sell orders for listed shares and executes trades (contracts).

iv. **Securities Settlement and Depository Services**

Yangon Stock Exchange settles trades by transferring traded shares from sellers to buyers and provides depository services in the form of transferred share management for individual securities companies. Shares traded electronically are not issued in paper form.

v. **Others**

Yangon Stock Exchange is entrusted by listed companies, conducts shareholder services such as preparation of shareholder registers and dividend payment.

3.6 Current Trading Situation of Listed Companies at Yangon Stock Exchange

First Myanmar Investment Co., Ltd. (FMI), the first listed company on the Yangon Stock Exchange, has registered a total of 23,480,013 shares on the bourse. It has listed the stocks already offered in the OTC (Over-the-Counter) market and does not issue new shares. Founded in 1992 as one of the earliest business conglomerates in Myanmar, the investment holding company became listed on 25 March 2016. It mainly ventures in financial services, real estate and healthcare sectors. As of 25 July, 2019, trading volume of First Myanmar Investment Co., Ltd. (FMI) shares are 3,942 and trading value is 43,362,000 while the market capitalization of First Myanmar Investment Co., Ltd. (FMI) is 298,240,000,000.

Myanmar Thilawa SEZ Holdings Public Co. Ltd. (MTSH), that has registered 38,929,150 shares, entered the bourse on 20 May 2016 to become the second listed firm. Formed in May 2013, Myanmar Thilawa SEZ Holdings Public Co. Ltd. (MTSH) invests in businesses engaged in real estate development in Myanmar. It was established by a Myanmar consortium comprising nine principal shareholders with a primary (but not exclusive) purpose of participating in the Thilawa Special Economic Zone (Thilawa SEZ) project. As of 25 July, 2019, trading volume of Myanmar Thilawa SEZ Holdings Public Co. Ltd. (MTSH) shares are 6,354 and trading value is 21,285,900 while the market capitalization of Myanmar Thilawa SEZ Holdings Public Co. Ltd (MTSH) is 130,413,000,000.

Myanmar Citizens Bank Ltd. (MCB) entered the Exchange on 26 August 2016, registering 10,400,986 shares. The bank was founded in 1991 and started business in mid-1992. It is a joint venture between the Ministry of Commerce and the conglomerate Capital Diamond Group. As of 25 July, 2019, trading volume of Myanmar Citizens Bank Ltd. (MCB) shares are 200 and trading value is 1,623,600 while the market capitalization is 85,288,000,000.

First Private Bank Ltd. (FPB) was the fourth to list on the Yangon Stock Exchange and has registered 2,472,053 shares. Established in 1991, First Private Bank Ltd (FPB) holds the oldest banking licence in Myanmar. It entered the bourse on 20

January 2017. As of 25 July, 2019, trading volume of First Private Bank Ltd (FPB) shares are 42 and trading value is 1,019,000 while the market capitalization is 60,565,000,000.

TMH Telecom Public Co., Ltd. (TMH) was the fifth listed company on Yangon Stock Exchange and total 12,212,906 shares were listed. TMH Telecom Public Co., Ltd. (TMH) has started its business operations in 2007 and primarily focused on the manufacturing of quality automatic telephone exchanges with the help of its own research and development team. There is no share trading of TMH Telecom Public Co., Ltd. (TMH) in 25 July, 2019 while the market capitalization is 37,249,000,000.

Chapter 4

Analysis on Relationship between Influencing Factors and Decision Making of Investors in Yangon Stock Exchange

This chapter discusses research design, profile of respondents and exploration of the factors influencing on investment decision making of investors based on the questionnaire results. Then, the relationship between influencing factors and decision making of investors in Yangon Stock Exchange is examined. Lastly, the effect of influencing factors on decision making of investors is analyzed.

4.1 Research Design

Currently, although there are over 35,000 investors who have opened securities accounts in securities companies, only about 1,500 investors are actively trading shares in Yangon Stock Exchange through securities companies. This study utilized both primary data and secondary data. Simple random sampling method was employed to conduct the survey. Questionnaire was developed and distributed to 120 sample respondents from 6 securities companies to get their opinions with respect to the factors influencing investment decision making of investors in Yangon Stock Exchange. The responses received from these respondents have been organized, tabulated and analyzed in order to facilitate the descriptive analysis of the study. Data analysis was conducted by using SPSS software and the tools used were mean, Pearson correlation, and linear regression.

4.2 Profile of Respondents at Yangon Stock Exchange

The following table 4.1 portrays the respondents profile from those participated in the questionnaire survey on the strata of gender, age, educational level, investment experience, monthly income and amount of investment. Questionnaire was developed and distributed to 120 respondents to get their opinions with respect to major factors influencing investment decision in Yangon Stock Exchange.

Table (4.1) Demographic Profile of Respondents

No.	Particular	No. of Respondents	Percentage
1	**Gender**		
	Male	79	66
	Female	41	34
	Total	120	100
2	**Age**	**No. of Respondents**	**Percentage**
	18-25	9	8
	26-35	19	16
	36-45	38	32
	Above 45	54	45
	Total	120	100
3	**Education**	**No. of Respondents**	**Percentage**
	High School	2	2
	Undergraduate	25	21
	Graduate	82	68
	Master	11	9
	Total	120	100
4	**Investment Experience**	**No. of Respondents**	**Percentage**
	Below 6 months	7	6
	Below 1 year	38	32
	1 to 3 years	54	45
	Above 3 years	21	18
	Total	120	100
5	**Monthly Income**	**No. of Respondents**	**Percentage**
	Below 300,000	12	10
	300,000 to 1,000,000	26	22
	1,000,001 to 2,000,000	48	40
	Above 2,000,000	34	28
	Total	120	100
6	**Amount of Investment**	**No. of Respondents**	**Percentage**
	Below 300,000	7	6
	300,000 to 1,000,000	34	28
	1,000,001 to 2,000,000	58	48
	Above 2,000,000	21	18
	Total	120	100

Source: Survey Data, 2019

As evident from the table above, the highest per cent of participants in terms of gender were male representing (66%) of the respondents, whereas, (34%) of the respondents were represented by female.

There was participation of (54%) of the investors having their age above 45, representing the highest participation, followed by the participants having age between 36 and 45 representing (38%). The participants having age between 26 and 35 were (16%) and participants from age between 18 and 25 represent (8%) of the respondents.

The majority, (68%) of the respondents had educational level of Bachelor degree. Similarly, (9%) of the respondents were found to have educational level of Master degree. Among all of the respondents (21%) were found to have undergraduate qualification and only (2%) of the respondents had educational level up to High School.

Most of the respondents (45%) indicated to have been retail investors for a period between 1-3 years while (32%) of the respondents indicated to have been investing for a period less than 1 year. On the other hand, (18%) of the respondents indicated to have been investing for a period above 3 years and (6%) of the respondents indicated to have been investing for a period below 6 months.

The table presents the results of monthly income of respondents. Most of respondents have income level between MMK 1,000,001 and MMK 2,000,000. The (28%) of respondents have income level of above MMK 2,000,000. The (22%) of respondents have income level of between MMK 300,000 and MMK 1,000,000 while (10%) have income level of below 300,000.

The table presents the results of amount of investment of respondents. Results show that most of investors spend between MMK 1,000,001 and MMK 2,000,000 and their percentage is (48%). The (28%) of respondent spend between MMK 300,000 and MMK 1,000,000 while the (18%) of respondents spend investment amount of above MMK 2,000,000. Only (6%) of respondents spend below MMK 300,000.

4.3 Factors influencing on Investment Decision Making of Investors in Yangon Stock Exchange

For investors, as decision makers, the most influencing factor or factors on their investment decision are crucial because this would profile their future financial plans. Companies can concentrate on particular profitability ratios if they know the level of influences over the customers, and shape up their future company policies and strategies. Thus this study will explore how the accounting information, advocate recommendation and firm image/self- image coincidence influence the decision making of investors in Yangon Stock Exchange.

To explore the factors influencing on investment decision making of investors at Yangon Stock Exchange, the questionnaire made up of total 21 questions on a 5-point Likert scale where 5 being the strongly agree and 1 being the strongly disagree is employed. The influencing factors explored by this questionnaire include accounting information, advocate recommendation and firm image/ self-image coincidence. Using simple random sampling, the data was collected from 120 investors from six securities companies who are making stock trading at Yangon Stock Exchange and data analysis was executed by using SPSS (Statistical Package for Social Sciences) and the validity was established through suitable statistical means. The results are as shown in Table (4.2), Table (4.3) and Table (4.4).

Table (4.2) Accounting Information on Investment Decision Making of Investors

No.	Statement	N	Mean
1	I study the financial statements of the company to make investment.	120	3.42
2	I consider expected corporate earnings of firm from financial statements. E.g. EPS	120	3.50
3	The company policy of dividend payment attracts me.	120	4.22
4	I consider dividend history (Dividend amount paid in previous years) of the company.	120	4.30
5	I look at the affordable market price of company in the secondary market before making investment.	120	3.51
6	I take into account the past performance and share price volatility of the firm stock in the market.	120	3.45
7	I study the difference between dividend paid out and dividend expected by investors	120	4.15
8	The profitability and strong financial position of a firm attracts me.	120	3.38
Overall Mean			**3.74**

Source: Survey Data, 2019

Table (4.2) shows that the mean scores range from 3.38 to 4.30, all of which scored quite above 3. It means that the investment decision making of investors is influenced mostly by accounting information. And the overall mean for the independent variable, accounting information is found to be highest among other independent variables i.e. 3.74 and can be concluded that respondents consider accounting information as the first important factor influencing investment decision in stock market.

Table (4.3) Advocate Recommendation on Investment Decision Making of Investors

No.	Statement	N	Mean
1	I ask Family member opinions for investment decision.	120	3.23
2	My friend or coworker recommendations help me in investment.	120	3.18
3	I consider the opinions of the firm's majority stockholders about the company.	120	3.15
4	The suggestion from the brokerage house for investment is important to me.	120	3.26
5	I take into account the recommendation from individual stock broker for investment.	120	3.23
6	I consider opinion of independent analyst for stock investment.	120	3.20
7	I study the financial news on TV and newspapers by independent author.	120	3.13
8	I take into account the people opinions on the firm's stock.	120	3.24
Overall Mean			**3.20**

Source: Survey Data, 2019

Table (4.3) illustrates that the mean scores are between 3.13 and 3.26 and all the mean scores are somewhat above 3. It means that firm image/self- image coincidence is the least influenced factor by investors in stock market. According to the survey data, the overall mean value for the independent variable, advocate recommendation is found to be 3.20, which is the lowest overall mean than the overall mean of other independent variables. From which we can conclude that respondents consider advocate recommendation as the least important factor influencing investment decision in stock market.

Table (4.4) Firm Image/Self Image Coincidence on Investment Decision Making of Investors

No.	Statement	N	Mean
1	I have good feelings for a firm's products e.g. shares	120	3.45
2	I consider reputation of the firm in the industry and market before investing in stock.	120	3.50
3	I consider the potential growth of company in the market	120	3.21
4	The legal compliance and strong ethical component of company is one of the fact I take into account before investing company's shares	120	3.23
5	I take into account the current and future economic condition of the country before buying stock.	120	3.26
6	I study the firm's status and position in the industry to its buy shares.	120	3.34
7	I consider how the firm involves and support in solving community problems	120	3.13
8	I consider how the firm supports in creating of well-organized financial markets in the country	120	3.13
Overall Mean			**3.28**

Source: Survey Data, 2019

Table (4.4) portrays that the mean scores are from 3.13 to 3.50 and all the mean scores are above 3. It means that the investment decision making of investors is also influenced by firm image/self- image coincidence, but not as much as accounting information. According to the survey data, the overall mean for the statements related to firm's image is found to be 3.28, which is the second highest overall mean among independent variable. From which we can conclude that respondents consider firm image/self- image coincidence as second important factor influencing investment decision in stock market.

4.4 Decision Making of Investors in Yangon Stock Exchange

To explore the perceived importance on respondents regarding to investment decision, the questionnaire consisting of 8 questions on a 5-point Likert scale is used where 5 being strongly agree and 1 being strongly disagree. The data was collected from 120 investors from six securities companies at Yangon Stock Exchange using simple random sampling and data analysis was executed by using SPSS (Statistical Package for Social Sciences) and the validity was established through suitable statistical means. In this study, investment decision refers to the decision made by the investors with respect to the amount of funds to be deployed in the investment opportunities. The results are as follow:

Table (4.5) Investment Decisions Making of Investors at Yangon Stock Exchange

No.	Statement	N	Mean
1	I consider accounting information for investment decision.	120	4.31
2	I make investment after detailed analysis.	120	4.21
3	I would need advice on investment options from professional financial advisors in making financial decision.	120	3.24
4	I consider firm image/self- image coincidence for investment decision.	120	3.52
5	Any event affecting international financial market will also affect local share prices.	120	3.34
6	I consider future economic conditions of the country before taking investment decisions.	120	3.42
7	I would need advice on investment options from family/friends in making financial decision.	120	3.23
8	I like to discuss financial options before making a decision about them.	120	3.98
Overall Mean			**3.66**

Source: Survey Data, 2019

The respondents' responses in table (4.5) exhibit that most of the respondents agreed that they consider accounting information for investment decision by giving the mean value of 4.31. As evident from the table, most of the respondents agreed that they tend to make investment after detailed analysis with the weighted mean score of 4.21 and the respondents agreed that they need advice on investment options from professional financial advisors and family/friends in making financial decision showing the weighted mean score of 3.24 and 3.23 respectively. Likewise, many of the respondents agreed that any event affecting international financial market and future economic conditions of the country before taking investment decisions showing the weighted mean score of 3.34 and 3.42. Last but not least, they consider firm image/self- image coincidence for investment decision with the score mean 3.52.

4.5 Relationship between Influencing Factors and Investment Decision Making of Investors

This section will describe the analysis of the relationship between influencing factors and decision making of investors in Yangon Stock Exchange by employing Pearson correlation method since the survey data is quantitative and has normal distribution. SPSS (Statistical Package for Social Sciences) was used for data analysis and the validity was proven through suitable statistical means. The correlation coefficient is the measure of relationship between two variables. The correlations are regarded as significant if $p \leq 0.01$ and $p \leq 0.05$ respectively. The relationship between variables is defined as "r" and is between -1 and +1, where "+" indicates the positive correlation and "-" indicates the negative correlation and "0" indicates no correlation between variables. The correlation is weak if its ≤ 0.1; modest if its ≤ 0.3; moderate if its ≤ 0.5; strong if its ≤ 0.8 and very strong if its > 0.8.

Table (4.6) Correlation between Influencing Factors and Investment Decision Making of Investors

Variables	Pearson Correlation	Significance P-value
Accounting Information and Investment Decision Making	.824**	.000
Advocate Recommendation and Investment Decision Making	.472**	.000
Firm Image/Self Image Coincidence and Investment Decision Making	.680**	.000

**. Correlation is significant at the 0.01 level (2-tailed).

As illustrated in Table (4.6), it is evident that there is a significantly very strong positive relationship between accounting information and investment decision making of investors (r = 0.824, p ≤ 0.01) and the correlation is significant at 0.01 level (1% level of significance). This means that accounting information positively affects the investment decision making of investors in Yangon Stock Exchange. The result implies that accounting information is the important influencing factor for investment decision making. Thus, it can be said that investors are highly influenced by accounting information for their investment decision making in Yangon Stock Exchange.

Furthermore, it can be said that the correlation between advocate recommendation and investment decision making of investors is positive and the score is 0.472 (p ≤ 0.01) and is significant at 0.01 level (1% level of significance). However, the degree of correlation is less than that of accounting information and investment decision making of investors. This means that advocate recommendation still positively affects the investment decision making of investors in Yangon Stock Exchange, but not as much as accounting information and firm image/self-image coincidence do.

Lastly, the correlation between firm image/self-image coincidence and investment decision making of investors is 0.680 (p ≤ 0.01), which has a strong positive correlation with investment decision making, and significant at 0.01 level (1% level of significance).

This means that firm image/self-image coincidence also positively affects the investment decision making of investors in Yangon Stock Exchange. The result suggests that the investors of Yangon Stock Exchange are positively influenced by the firm image/self-image coincidence. Hence, firm image/self-image coincidence became the second most influencing factor for investment decision making of investors in Yangon Stock Exchange.

4.6 Effect of Influencing Factors on Investment Decision Making of Investors

As the influencing factors on investment decision making of investors and their correlations have been examined, the effect of influencing factors on investment decision making of investors is analyzed with linear regression method. The investment decision making of investors is regarded as dependent variable while three influencing factors for investment decision making of investors are treated as independent variables in the model. The results of the linear regression are shown in the following Table (4.7).

Table (4.7) Effect of Influencing Factors on Investment Decision Making of Investors

Variables	Unstandardized Coefficients		Beta	T	Sig.
	B	**Std. Error**			
Accounting Information	0.582***	0.042	0.747	13.907	0.000
Advocate Recommendation	0.260***	0.074	0.307	3.514	0.001
Firm Image/Self Image Coincidence	0.075	0.099	0.075	0.763	0.447
R	.901				
R Square	.811				
Adjusted R Square	.806				
Durbin-Watson	2.340				
F Value	165.895***				

Source: Survey Data, 2019

Notes: *** Significant at 1% level, ** Significant at 5% level, * Significant at 10% level

As depicted in above Table (4.7), the variation of the investment decision making of investors in Yangon Stock Exchange (YSX) can be described to great extent by the specified model as the value of R Square (proportion of the variance in the dependent variable accounted by model) is 81.1 percent. The model can explain 80.6 percent about the variance of dependent variable (investment decision making of investors) with independent variables (accounting information, advocate recommendation, firm image/self-image) since the Adjusted R Square is .806. The value of F test, the overall significance of the model, is highly significant at 1 percent level. Hence, this specified model can be said valid.

Accounting information factor variable exhibits highly significant coefficient value at 1 percent level. The positive relationship shows that the increase in accounting information factor leads to more investment decision making of investors at Yangon Stock Exchange. By considering all other independent variables at zero, an increase in accounting information factor by 1 unit will also increase the effect on investment decision making of investors by .582 units. Similarly, advocate recommendation factor variable also has highly significant coefficient value with the investment decision making of investors at error correction level of 99 percent. Thus, taking all other independent variables at zero, a rise in advocate recommendation factor by 1 unit will raise the effect on investment decision making of investors by .260 units.

Correlation coefficient (R) measures the linear regression between independent variables and dependent variables. As shown in above Table (4.7), the correlation R between influencing factors and investment decision making of investors, is .901, which is between 0 and 1. It indicates that the level of investment decision making of investors reported by the respondents and the level of influencing factors are correlated. The Durbin-Watson value achieved is 2.340, which is nearly 2 and it can be assumed that there is no auto-correlation in the data.

The standardized coefficient (Beta) of accounting information factor has the largest value (0.747) among three explanatory variables which shows that accounting information factor has the greatest contribution to the effect on investment decision making of investors when the variance explained by other variables remain controlled for. The overall evaluation discloses that the specified model clarifies the variation in investment decision making of investors well because the estimation brought about

expected signs with significant coefficients for most variables. Overall, the rise in accounting information factor and advocate recommendation factor achieves significant and positive effect on the investment decision making of investors.

To conclude, the results illustrated that most factors have significant values and the main determination of investment decision making of investors is the accounting information factor. Therefore, the investment decision making of investors in Yangon Stock Exchange (YSX) is mostly influenced and affected by accounting information factor.

Chapter 5
Conclusion

The objectives of this study were to identify the factors influencing on investment decision making of investors in Yangon Stock Exchange and to analyze the effect of influencing factors. This chapter presents the research findings as per the objective of the study. Based on the findings of this study, suggestions have been given on the factors influencing on investment decision making of investors in Yangon Stock Exchange. The suggestions for further research have also been discussed.

5.1 Findings

The basic objective of the study is to examine whether the factors of independent variables: accounting information, advocate recommendation and firm image/self- image coincidence influence dependent variable investment decision. The work is concerned about how such intangible factors can affect the investment decision making and influence the market at Yangon Stock Exchange. The descriptive research design has been employed and the primary data is used for the analysis. In this study, data was analyzed using mean and correlation analysis. Thus from the presentation and analysis of the data, a conclusion can be drawn that the variables accounting information, advocate recommendation and firm image / self-image coincidence has the effect to the investors decision at Yangon Stock Exchange. The investors in the Yangon Stock Exchange are aware of these variables but among them they have higher emphasis on accounting information. The major findings of the study are summarized as follows.

In this study, it is found that the accounting information as most important factor, firm image/self- image coincidence as a second important factor and advocate recommendation as a third important factor that influence the investor's decision making in stock market because the mean value of the accounting information is found highest, followed by firm image/self- image coincidence and advocate recommendation.

Accounting information is found to have strong and significant influence on investment decision making of investors in the context of Yangon Stock Exchange and it is also concluded that it is the first important factor influencing investment decision for

the Myanmar investors. The result is consistent with the findings of Merikas (2004). Merikas (2004) proved that accounting information has significant influence in individual investor behaviour in the Greek stock exchange investors.

The positive relationship is found between firm image/self- image coincidence and investment decision making of investors in Yangon Stock Exchange. The study is consistent with the findings of Jagongo & Mutswenje (2014). Jagongo & Mutswenje (2014) showed that reputation of the firm, firm's status in the industry are the important factors that influence individual investment decisions at the Nairobi stock exchange.

The study has found the positive impact of advocate recommendations on investment decision making of the investors in Yangon Stock Exchange. The result is consistent with the findings of Kadariya (2012). Kadariya (2012) showed that the majority of the investors were youngsters and they take decision considering the media coverage and friends recommendations as good source of the information.

According to the regression analysis conducted in this study, accounting information factor has the most significant coefficient value followed by advocate recommendation in relation to investment decision making of investors in Yangon Stock Exchange. Thus, the study found that the investors firstly want to make their investment decisions on the basis of accounting information by the thorough study of the firm financial statements, followed by advocate recommendation and firm image/self-image coincidence.

5.2 Suggestions

The study suggests that the securities companies in Myanmar should ensure that the investors have easy access to information such as information on firms' performance, share prices, dividend per share and on industrial performance to enable them make investment decisions from the point of knowledge. The study suggests that there is need for the Yangon Stock Exchange to continue to integrate technology through which retail investors are able to obtain and analyze information on share prices and dividend payments by the listed firms.

The results of the present study have implications for the investors that they can understand their general buying habits and investment pattern in the Yangon Stock

Exchange from this study and they need to analyze the investment factors carefully using the reasonable business knowledge before making an investment decision. The investors should also be able to interpret the market and economic indicators since they influence the performance of the share on the market. They should evaluate all the variables in the environment instead of considering only one variable. They can use the reports to know where the most of investors are heading and what attracts them. Investors also need to diversify their investment in different companies or sector by developing a portfolio of investments to minimize risks and maximize returns.

The study further suggests that policy making bodies such as Securities Exchange Commission of Myanmar should always consider issues such as information disclosures and equity investments awareness campaigns to ensure that more retails investors invest in the equity markets. The Securities Exchange Commission of Myanmar should also put in place strategies to ensure the retail investors are able to reap benefits from the equity investment.

Likewise, firms also should use the most influencing factors that influence the decision of their investor which will affect their future strategies and plans. The study can be used by the marketers to know in which sector the most of investors are attracted and develop the strategy to have maximum gain. Financial advisors should focus on the most influencing factors that influence the decision of the investors which will help them to suggest investments that best fits their clients. Government should use the most influencing factors of investment decision which may help it to modify required legislation and other procedures.

5.3 Needs for Future Research

This study is based on investor's decision making in Yangon Stock Exchange and three independent variables: accounting information, advocate recommendation and firm-image/self-image coincidence are taken for the study to determine the investment decision by a firm or an individual as a whole. The recommendations for future research are as follows.

Only 120 responses from six securities companies are taken for the study which is difficult to generalize. A replication of this study should be conducted using a larger sample to determine if the findings of this study remain consistent.

The study was conducted within a certain time-frame; a broader study conducted under a longer period of time would give more realistic results.

This study is based on only three independent variables and ignores other variables that may affect investment decision making in stock market. A replication of this study should be conducted using other related variables and a different survey instrument.

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APPENDIXES

A questionnaire
"Factors Influencing Decision Making of Investors in Yangon Stock Exchange"

Dear Sir/Madam

I am a student of MBF Programme at Yangon University of Economics. You are kindly requested to cooperate by filling up the questionnaire. This questionnaire will be used to identify the factors influencing on decision making of investors in Yangon Stock Exchange. Your cooperation is expected to add academic value and the information provided will be kept quite confidential. Looking forward to your kind and generous cooperation.

PART I: Demographic Questionnaire for Investors at Yangon Stock Exchange

Directions: (Tick any one)

1. Gender:

    ☐ Male   ☐ Female

2. How old are you?

    ☐ 18-25   ☐ 26-35

    ☐ 36 -45   ☐ Above 45

3. What is your education level?

    ☐ High School   ☐ Undergraduate

    ☐ Graduate   ☐ Master

4. How long have you been investing at stock market?

    ☐ Below 6 months   ☐ Below 1 Year

    ☐ 1 Year – 3 Years   ☐ Above 3 Years

5. How much do you earn on monthly basis?

| ☐ Below 300,000 | ☐ 300,000 – 1,000,000 |
| ☐ 1,000,001 – 2,000,000 | ☐ Above 2,000,000 |

6. How much do you usually invest in Listed shares?

| ☐ Below 300,000 | ☐ 300,000 -1,000,000 |
| ☐ 1,000,001 – 2,000,000 | ☐ Above 2,000,000 |

PART II

Directions: Please indicate your level of agreement or disagreement with end of each of these statements. (Tick any one)

1=strongly disagree, 2=disagree, 3=satisfactory, 4=agree, 5= strongly agree

No.	Statement	1	2	3	4	5
	Accounting information					
1	I study the financial statements of the company to make investment.					
2	I consider expected corporate earnings of firm from financial statements. E.g. EPS					
3	The company policy of dividend payment attracts me.					
4	I consider dividend history (Dividend amount paid in previous years) of the company.					
5	I look at the affordable market price of company in the secondary market before making investment.					
6	I take into account the past performance and share price volatility of the firm stock in the market.					
7	I study the difference between dividend paid out and dividend expected by investors					
8	The profitability and strong financial position of a firm attracts me.					

No.	Statement	1	2	3	4	5
	Advocate recommendation					
1	I ask Family member opinions for investment decision.					
2	My friend or coworker recommendations help me in investment.					
3	I consider the opinions of the firm's majority stockholders about the company.					
4	The suggestion from the brokerage house for investment is important to me.					
5	I take into account the recommendation from individual stock broker for investment.					
6	I consider opinion of independent analyst for stock investment.					
7	I study the financial news on TV and newspapers by independent author.					
8	I take into account the people opinions on the firm's stock.					

No.	Statement	1	2	3	4	5
	Firm image/ Self- image coincidence					
1	I have good feelings for a firm's products e.g. shares					
2	I consider reputation of the firm in the industry and market before investing in stock.					
3	I consider the potential growth of company in the market					
4	The legal compliance and strong ethical component of company is one of the fact I take into account before investing company's shares					
5	I take into account the current and future economic condition of the country before buying stock.					
6	I study the firm's status and position in the industry to its buy shares.					
7	I consider how the firm involves and support in solving community problems					
8	I consider how the firm supports in creating of well-organized financial markets in the country					

No.	Statement	1	2	3	4	5
	Investment decision					
1	I consider accounting information for investment decision					
2	I make investment after detailed analysis					
3	I would need advice on investment options from professional financial advisors in making financial decision.					
4	I consider firm image/self- image coincidence for investment decision					
5	Any event affecting international financial market will also affect local share prices.					
6	I consider future economic conditions of the country before taking investment decisions.					
7	I would need advice on investment options from family/friends in making financial decision					
8	I like to discuss financial options before making a decision about them.					