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Factors Affecting Selection of Equity Shares: The Case of Retail Investors in Bangladesh

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Abstract

This study attempts to determine principal factors considered important by retail investors in choosing an equity share traded in Dhaka Stock Exchange (DSE) and to examine whether there are any significant differences in these factors across demographic characteristics of respondents. To achieve the objectives, this study collected a data from a sample of 351 retail investors in the city of Khulna in Bangladesh through convenience sampling and analyzed it using factor analysis, independent sample t-test and a number of ANOVA. The findings of the study reveal that the most important principal factors influencing retail investors are company specific attributes/reputation, net asset value, and accounting information. The next five principal factors ranked fourth, fifth, sixth, seventh, and eighth were trading opportunity, publicity, ownership structure, influence of people, and personal financial needs respectively. Findings also suggest that extent of importance given to each of the factors excluding ownership structure significantly differs with at least one demographic characteristics of sample respondents like gender, age, occupation, income, education, and experience.

Keywords: Equity share selection factors, Retail investors, Demographic characteristics, Dhaka Stock Exchange (DSE), Bangladesh

1. INTRODUCTION

Economic development of a nation and its growth are subject to well productive investments. But without ensuring the availability of long term funds and its effective and efficient usages it would not be attainable. For doing all the things a relevant field like stock market is expected to be required. Alile (1984) argued that overall growth of an economy depends on how efficiently a stock market is working in channeling funds into productive economic units. Economic growth in emerging economies is strongly depending on stock market (Mauro, 2000). A capital market can play a significant role in capital formation and allocation as it provides a platform of investments opportunities with a competitive pricing mechanism that ultimately influences the investors' sentiment to make domestic savings and investments. But the well performance of a capital market mostly depends on how the investors respond to information regarding capital markets in making investment decisions.

The conventional financial theory based on Modern Portfolio Theory (Markowitz, 1952) and Capital Asset Pricing Model (Sharpe, 1964) assumes that investors have all available information regarding fundamental factors of the company and external factors that makes them more rational in the decision making process. But this theory does not fully explain the variability of investor's decisions since all kind of investors do not have equal knowledge, experience, and skill in analyzing the available information (Wang et al., 2006). Individuals show considerable deviation from the expectation of rational behavior implied by financial models (Barberis & Thaler, 2003). In Bangladesh CAPM (Capital Assets Pricing Model) and APT (Arbitrage Pricing Theory) also do not properly explain the movement of share price (Ali et al. 2010). It is understood that irrational behavior of retail investors is still unexplained in the conventional financial theories and should be taken into account for discovering the influencing factors in investment decisions.

As a developing country Bangladesh is still providing a lot of potential investment opportunities in capital market for domestic and international investors. Dhaka Stock Exchange (DSE), which is the largest stock market among two in Bangladesh, contains the features of emerging market. Recently DSE has followed an astonishing movement in its

activity. The benchmark index of the Dhaka Stock Exchange (DSE) crossed 4000 points for the first time and reached at 4148 points. In 2010, the index crossed 8500 points, but in the first quarter of 2011 it got a dramatic collapse, and finally stood at around 5,500 points in October 2011. Moreover, Bangladesh capital market has been exposed to greater risk since price earning ratio rose from 19.9 times to 29.71 times from January, 2010 to November, 2010. It is the highest in the Asian regional markets in that time.

One of the most important reasons of high volatility in DSE may be irrational behavior of retail investors who are the most key market players in capital market. Broadly speaking, investment decisions of retail investors are made on the basis of future expected cash flows and the amount of risk that they are willing to take on. These decisions of retail investors in emerging market are typically affected by the behavioral finance rather than conventional finance. Behavioral finance (Barberis and Thaler, 2003; Hirshleifer, 2001; and Shleifer, 2000) attempts to explore how information structure and characteristics of market participants direct human psychology and emotion, which cause investors to behave in irrational ways. Behavioral finance mainly focuses on individual's positive behavior rather than normative behavior and this positive behavior may be sufficient to explain the unexplored portion of market outcome. Therefore, it is important to discover factors influencing investor's sentiment in trading equity share as their activities are the reflections of behavioral understandings on these factors. If financial planners know what factors are off and on affecting investors' perceptions in their investment decisions, they can make appropriate decisions by controlling these factors for stability of the market. That is why this study aims to determine the factors affecting investors' equity selection process and to analyze how investors respond to these factors with respect to demographic features. However, in Bangladesh research in behavioral finance is relatively new compared to other countries to the best knowledge of researchers. Nevertheless, an important factor to investors in developed country may not be equally important to investors in developing country like Bangladesh. Furthermore, all possible factors influencing investors' investment decisions are not constant over time and it may vary widely from investor to investor for distinct demographic features. In this regard this study will be able to provide the new insight to investors, brokerage houses, regulators, firm's management, and government in making appropriate and effective decisions that ultimately make the market stable.

The remaining part of this paper is organized as follows. In Section 2.0, relevant literature is reviewed. Section 3.0 shows the purpose of the study. Methodology is presented in section 4.0. Findings of the study are discussed in section 5.0. Conclusion is presented in section 6.0 followed by references.

2. LITERATURE RREVIEW

To represent and examine the possible factors affecting investors in selecting equity shares requires some theoretical platform. Merikas et al. (2011) investigated 26 factors influencing individual investor's behavior in the Greek Stock Exchange using varimax alogarithm of orthogonal rotation of factor analysis. The results of their study over 150 respondents revealed that investors mostly consider "expected corporate earnings", "condition of financial statements", and "firm status in the industry". On the other hand the factors which are mostly ignored by investors in buying a share are "political party affiliation', "statement from politicians and governments", and "friend and coworker recommendations".

Rashid and Nishat (2009) conducted a study over 300 retail investors of 25 brokerage houses registered with the Dhaka Stock Exchange (DSE) in Bangladesh using factor analysis and regression analysis to explore the components of market structure that can make investors satisfaction. In their study it was found that the most influencing factors considered by investors are "efficiency of the company", "inflation rate", "easy and quick transaction", "transaction cost", "access to the company and industry information", "quality of information", and "prior knowledge of securities". In their study four principal factors namely "investment analysis", "ease of transaction", "information management", and "risk management" have been extracted from 38 influential factors/variables.

Chong and Lai (2011) examined the factors influencing equity selection process and how these factors are related to return using a sample size of 199 in Malaysia. The findings of the study showed that Malaysian customers placed much emphasis on "neutral information" which is formed by the strong contribution of "past performance of firm's stock", "recent price movements", and "firm status in industry". Other important principal factors are "accounting

information", "social relevance", and "advocate recommendations". Moreover, in their study it was found that social relevant factor was found to be significant difference between different age groups of the respondents.

Joshi et al. (2011) attempted to examine the factors affecting investors' behavior. They found that investors in the city of Ahmedabad and Khambhat (Gujrat) are mostly influenced by the factors likely "financial performance of the company", "long term performance of the stock", "sentiment for the stock market", "expected results of the company (cash dividend, bonus share, buy back of share)", "reputation of firm", "movement of the stock market", and "affordability of share price". On the other hand investors are less influenced by the factors like "coverage in print media", "company's ratio analysis", "corporate social responsibility of the company", and "traded in multiple stock exchanges".

Al-Tamimi (2005) tested 34-item that were categorized by five principal factors namely self-image/firm-image coincidence, accounting information, neutral information, advocate recommendations, and personal financial needs to examine its influences on investors behavior in UAE financial markets. His study revealed that the most influential individual factors according to their importance given by investors were "expected corporate earnings", "get rich quick", "stock marketability" , "past performance of the firm's stock", "government holdings", and "creation of the organized financial market".

Bennet et al. (2011) investigated investors' perception of the various factors that influence the equity selection decision. In their study 400 retail investors, who were living in Tamil Nadu in India, were given structured questionnaires. Their findings revealed that retail investors in India are giving much emphasis on return on equity, quality of management, return on investment, and price to earnings ratio in making stock selection decision. Moreover, they examined whether investors' demographic factors like gender, age, marital status, educational level, and income level have significant influence on investors' equity selection decisions. The findings of their study also revealed that some factors considering important in selecting equity shares are significantly different between male and female investors.

Nagy and Obenberger (1994) analyzed 34-variable to examine how and at what extent these variables are influencing the investors' investment decision. Analyzing the factors yielded seven related clusters of variables in which classical wealth maximization criteria were most important to investors. Moreover, they tested seven variables to identify whether each individual variables is significantly different between investors with respect to age, gender, marital status, education, occupation, domicile and annual income.

A review of literature indicates that equity selection factors vary not only according to demographic features of retail investors but also empirical researches conducted in different areas at different time periods. Such studies have contributed significantly to the literature on equity selection decision but their findings may not be useful in Bangladesh on account of different cultural, political, and economic arrangements. Therefore, this study provides applicable guidelines for one who wants to have insight into the topic and further evidence of equity selection factors relating to developing country.

3. OBJECTIVES OF THE STUDY

This study will attempt to accomplish the following objectives:

i. To identify the factors that investors consider important in selecting equity shares and examine how these factors are prioritized according to their importance.

ii. To find out whether there are any significant differences between different levels of investors classified according to demographic characteristics in giving importance to equity selection factors.

4. METHODOLOGY OF THE STUDY

4.1 Research instruments: A structured questionnaire was prepared based on literature review and objectives of the study for use in the survey. The questions were organized into two sections as follows:

To obtain personal background of the respondents, the first section of the questionnaire asked information regarding their demographic information such as gender, age, level of education, occupation, monthly income, and length of trading experience with Dhaka Stock Exchange (DSE), which are considered as independent variables in this study.

The second section of the questionnaire asked respondents to rate the relative importance of 30 variables (items) in choosing equity shares, which are taken into account as dependent variables in this study. They were adapted from the relevant literature, personal experience, and interviews with investors and six local brokerage house officials and measured on a five point Likert-type scale of importance ranging from 1(not important at all) to 5(very important).

4.2 Sample and data collection: The sample for this study was selected from investors at different brokerage houses in Khulna City. Given the nature of this study, a non-probability (purposive) sampling was chosen. A total of 351 questionnaires were printed and equally distributed to the equity investors of nine brokerage houses in Khulna City. This data collection was self-administrated surveys in July 2012 during working hours of brokerage house. After the distribution of questionnaires each of the selected respondents was asked to complete the questionnaires in the spot.

4.3 Data Analyses Procedures and Hypotheses: Analyses were computed using SPSS statistical software version 16.0 for windows. Descriptive statistical techniques including mean scores and standard deviation were used to assess the importance of each factor given by investors in investment decisions. Factor analysis was used to determine principal factors (latent variables) that can largely account for 30-variable. Factor analysis is a technique which is used to "reduce a large number of variables to some smaller number by telling us which belong together and which seem to say the same thing" (Emory & Cooper, 1991). Prior to factor analysis Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity were measured to analyze the strength of association among variables. KMO is calculated at first to determine the suitability of the data for factor analysis. According to Kaiser the data can be appropriate for factor analysis if the value of KMO is greater than 0.50. On the other hand, Bartlett's test statistics is used to examine the hypothesis that correlation matrix is an identity matrix (Malhotra, 2008). Independent sample's t-test was conducted to examine whether the mean scores on data differ significantly between male and female investors. And finally one way ANOVA test was used to determine whether the mean scores of the factors differ significantly between the investor's with regard to age, education, occupation, length of trading experience with DSE, and monthly income. To better understand the factors affecting the selection of equity shares, the following null hypotheses have been tested for one of each principal factor.

H_{01}: Equity selection factors (principal factors) do not significantly differ between male and female investors.

H_{02}: Equity selection factors (principal factors) do not significantly differ between different age groups of investors.

H_{03}: Equity selection factors (principal factors) do not significantly differ between different occupational groups of investors.

H_{04}: Equity selection factors (principal factors) do not significantly differ between different income groups of investors.

H_{05}: Equity selection factors (principal factors) do not significantly differ between investor's educational qualifications.

H_{06}: Equity selection factors (principal factors) do not significantly differ between different duration of trading experiences of investors.

5. RESULTS AND DISCUSSIONS

5.1 Demographic Characteristics of Respondents

Table 1 shows percentage analysis of demographic attributes including gender, age, income level, education, experience, and profession of the 351 retail investors who responded to the study. According to the findings of this analysis it is found that the majority proportion of total respondents are males (89.2 percent) in comparison with the proportion of female of them (10.8 percent). These results can be defensible in developing country like Bangladesh as here females are mostly tied up with their families just for doing domestic works and males are seen as the chief income earners and financial decision maker. 43.5 percent respondents were below 30 years of age, while most of the respondents (76 percent) were young since they were aged below 40 years, 16 percent respondents were range from

40 to 50 years and only 8 percent respondents are placed above 50 years. About 25 percent of respondents were student, 20 percent were self employed and 14 percent were in both of corporate salaried and government officials. The analysis of the study regarding monthly income of the respondents shows that about 51 percent respondents had a monthly income below BDT 20,000, 24 percent and 16.5 percent respondents had a monthly income ranging between BDT20, 000 and BDT30, 000 as well as BDT30, 000 and BDT40, 000 respectively. This means that majority of the respondents were small equity investors. Analysis of the educational level of all respondents states that about 42 percent of them received master degree, 36 percent completed bachelor degree, and only 6 percent had a degree of HSC. The poor value of HSC passed respondents may be attributed to their high tendency of completing bachelor degree. Three layers of respondents' trading experience in Dhaka Stock Exchange (DSE) show that most of the investors (71.5 percent) belong to 5 years trading experience with DSE, 24.8 percent already achieved an experience ranging from 5 to 10 years, and only 3.7 percent had above 10 years trading experience.

Table 1: Demographics of Respondents

Variables	Attributes	Frequency	Percentage
Gender	Male	313	10.8
	Female	38	89.2
Age Group	Below 30 years	153	43.5
	30-40	114	32.5
	40-50	56	16.0
	50-60	21	6.0
	60 years and above	7	2.0
Occupation Type	Financial Institute	32	9.1
	Corporate (salaried)	49	14.0
	Student	88	25.1
	Government Officials	50	14.2
	Self-employed	71	20.2
	Others	61	17.4
Monthly Income*	Below BDT 20,000	178	50.7
	BDT 20,000-30,000	84	23.9
	BDT 30,000-40,000	58	16.5
	BDT 40,000-50,000	19	5.4
	BDT 60,000 and above	12	3.4
Education Level	Below HSC	46	13.1
	HSC	21	6.0
	Bachelor Degree	126	35.9
	Master Degree	147	41.9
	Above Master Degree	11	3.1
Years of Trading Experience with DSE	Less than 5 years	251	71.5
	5 to 10 years	87	24.8
	10 years and above	13	3.7

Source: Field Survey Data, 2012

Note: 1 US Dollar = Bangladeshi Taka (BDT) 81.6650 (as of September 23, 2012 as in Universal Currency Converter, 2012).*

5.2 Factor Analysis

The results of factor analysis of 30 interval scaled variables influencing investors in choosing equity shares are shown in table 3 with an objective to reduce these variables into lower number of manageable variables (principal factors) where each of the principal factors has to be formed by some common dimensional variables. To achieve this goal varimax-rotated factor analysis was employed. But to examine whether 30 variables are deemed to be appropriate for factor analysis, Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy index and Bartlett's test of sphericity are calculated. Table 2 shows KMO value (.753) exceeded 0.5 which implies that factor analysis is useful with the data. Moreover, the chi-square (2395) for Bartlett's of sphericity strongly allows for the appropriateness of using factor analysis with a significant value of 0.000, hence the hypothesis that the correlation matrix is an identity matrix is rejected and therefore the variables used in this study are duly correlated. To extract the number of principal factors under the method of principal component analysis from 30 variables, Eigen value greater than one rule was taken and identified nine principal factors that explained 60.41 percent of total variance. To determine the minimum loading necessary to include a variable in its respective principal factor, suggestion given by Hair et al. (1998) that variables with a loading of 0.4 or greater are significant was employed. Thus all variables with factor loading of 0.4 and above were retained in the study. To measure the internal consistency of principal factors, cronbanch's alpha coefficient was used and reported also in the table 3. The principal factors with cronbanch's alpha coefficient of 0.5 or higher was considered acceptable (Kerlinger & Lee, 2000). In this study, all of the principal factors have alpha coefficient of 0.5 or higher except factor eight and factor nine namely "market variables" and "convenience" respectively. Therefore, it is no longer feasible to consider these two variables and finally they are excluded from the further analysis in this study.

Table 2: KMO and Bartlett's Test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.753
Bartlett's Test of Sphericity	Approx. Chi-Square	2395.126
	df	435
	Sig.	.000

Source*: Computations from the field survey data, 2012*

Table 3: Results of Factor Analysis

Factors and Variables	Factor Loadings	Eigenvalue	% of variance	Cronbach's Alpha
Factor One: Accounting Information		5.047	16.823	.735
Price-Earnings Ratio	.783			
Earnings per share	.783			
Return on Equity	.600			
Expected non-cash dividends	.506			
Growth of the firm	.490			
Firm's Debt to Equity ratio	.402			
Factor Two: Company Specific Attributes/ Reputation		2.340	7.801	.710

Size of the company	.794			
Age of the company	.775			
Reputation of the company	.701			
Category of firm in industries	.483			
Factor Three: Publicity		1.747	5.824	.583
Coverage in the press and media	.783			
Statement from company officials	.624			
Statement from government officials	.576			
Factor Four: Ownership Structure		1.624	5.413	.642
Institutional holdings	.792			
Government holdings	.737			
Factor Five: Influence of People		1.459	4.863	.632
Suggestions from friends, relatives and coworkers	.808			
Brokerage house recommendations	.797			
Factor Six: Trading Opportunity		1.402	4.674	.501
Stock marketability	.786			
Recent price movement in a firm's stock	.508			
Affordable share price	.458			
General public shareholdings	.435			
Factor Seven: Personal financial needs		1.208	4.027	.543
Get rich quick	.678			
Willingness of taking risk for high returns	.671			
Factor Eight: Market Variables		1.185	3.950	.199
Trend of major indices of DSE	.624			
Sensitivity of firm performance to overall market -performance	.539			
Factor Nine: Convenience		1.066	3.555	.308
Diversification needs	.763			
Ease of obtaining borrowed funds	.627			
Factor Ten: Net Asset Value				
Net asset value per share (NAV)	.838	1.045	3.483	

Source*: Computations from the field survey data, 2012*

The **first factor** in table 3 can be recognized as accounting information due to the features of its six variables and it can account for 16.823 percent of the total variance. The **second factor** has been labeled as company specific attributes/reputation that can explain 7.801 percent of the total variance. The features and nature of all three items in the **third factor** can be named as publicity. This factor accounts for 5.824 percent of the total variance. Items associated with **fourth factor** are institutional holdings and government holdings that merge together into ownership structure. This factor accounts for 5.413 percent of the total variance. The **fifth factor** has been recognized by the name of influence of people. This factor accounts for 4.863 percent of the total variance. The **sixth factor** comprises items related to stock marketability, price movement, affordable share price, and public share holdings. Hence, these

items are called as trading opportunity that explains 4.674 percent of the total variance. Two items namely taking risk for high return and getting rich quick are responsible for the creation of **seventh factor** named personal financial needs that accounts for 4.027 percent of the total variance. Finally, the **tenth factor** named net asset value is comprised of only one item with a factor loading of 0.838. This factor accounts for 3.483 percent of the total variance.

5.3 Ranking of Equity Selection Factors

To analyze how important a factor is, a ranking table of eight principal factors derived from factor analysis was produced on the basis of mean scores and shown it in table 4. These factors were accounting information, company specific attributes/reputation, publicity, ownership structure, influence of people, trading opportunity, personal financial needs, and net asset value. Among these factors the top three important principal factors were company specific attributes/reputation (mean=4.1652), net asset value (mean=4.0227), and accounting information (mean= 3.8770).

Table 4: Ranking of Principal Factors

Factors	Mean	Standard Deviation	Rank
Accounting Information	**3.8770**	.7041	**3**
Company Specific Attributes/ Reputation	**4.1652**	.7074	**1**
Publicity	3.5223	.8000	5
Ownership Structure	3.5000	.9539	6
Influence of People	3.0399	1.1205	7
Trading Opportunity	3.8753	.6310	4
Personal Financial Needs	3.0299	1.0622	8
Net Asset Value	**4.0227**	3.4697	**2**

5.4 Differences in Equity Selection Factors by Gender

An independent sample t-test was used to examine whether there is any significant differences between male and female respondents with respect to the mean scores of each principal factors. Table 5 indicates a significant difference between male and female investors in considering a factor named “influence of people” important for choosing an equity share and remaining factors likely accounting information, company specific attributes/reputation, ownership structure, trading opportunity, personal financial needs, and net asset value were found to insignificant. That is why, null hypothesis that equity selection factors do not significantly differ between male and female investors has been partially rejected at 10 percent level of significance.

Table 5: Test of Statistical Differences between Male and Female Respondents in Equity selection Factors

Equity Selection Factors	Mean Value		t-value	Sig.
	Male	Female		
Accounting Information	3.8525	4.0789	-1.879	.118
Company Specific Attributes/ Reputation	4.1453	4.3289	-1.513	.315
Publicity	3.4973	3.7280	-1.683	.575
Ownership Structure	3.4952	3.5394	-.270	.133
Influence of People	3.0575	2.8947	.845	**.088***
Trading Opportunity	3.8594	4.0065	-1.359	.953
Personal Financial Needs	3.0032	3.2500	-1.354	.609
Net Asset Value	4.0287	3.9736	.092	.640

Note:* denotes significant at 10% level

5.5 One Way ANOVA Test between Different Age Groups of Respondents

The results of the one way ANOVA test between the different age groups of respondents was shown in table 6 with an objective to know whether each of principal factors such as accounting information, company specific attributes/reputation, ownership structure, influence of people, trading opportunity, personal financial needs, and net asset value is equally considered important to the all age groups of respondents in choosing equity shares traded in DSE in Bangladesh. The findings show that only two factors like accounting information and influence of people are found to statistically significant difference between different age groups of respondents. Thus null hypothesis that equity selection factors do not significantly differ between respondents' age level is partially rejected at 5 percent significance level. This also suggests age itself is a factor affecting equity selection decisions. The results of this study are partly in compliance with the findings of Chong and Lai (2011).

Table 6: One Way ANOVA Test of Respondents in Respect of Age

Factors	Sources of Variations	Sum of Squares	df	Mean Square	F	Sig.
Accounting Information	Between Groups	4.843	4	1.211	2.484	**.044**
	Within Groups	168.654	346	.487		
	Total	173.496	350			
Company Specific Attributes/ Reputation	Between Groups	2.001	4	.500	1.000	.408
	Within Groups	173.165	346	.500		
	Total	175.166	350			
Publicity	Between Groups	4.102	4	1.025	1.613	.170
	Within Groups	219.918	346	.636		
	Total	224.020	350			
Ownership Structure	Between Groups	6.190	4	1.548	1.714	.146
	Within Groups	312.310	346	.903		
	Total	318.500	350			
Influence of People	Between Groups	13.608	4	3.402	2.764	**.028**
	Within Groups	425.834	346	1.231		

	Total	439.442	350			
Trading Opportunity	Between Groups	2.216	4	.554	1.397	.234
	Within Groups	137.144	346	.396		
	Total	139.359	350			
Personal Financial Needs	Between Groups	1.573	4	.393	.346	.847
	Within Groups	393.362	346	1.137		
	Total	394.936	350			
Net Asset Value	Between Groups	7.542	4	1.885	.155	.961
	Within Groups	4206.276	346	12.157		
	Total	4213.818	350			

5.6 One Way ANOVA Test between Different Occupation Groups of Respondents

Table 7 shows the results of one way ANOVA test between different occupation groups of respondents. In this test it is found that accounting information, publicity, ownership structure, trading opportunity, and personal financial needs are not significant difference to respondents having different occupations. On the other hand ANOVA p-value (significance level) of company specific attributes/reputation, influence of people, and net asset value is less than at least at 0.05, hence, it is concluded that there is at least one pair of occupation group of respondents in this study that has significant difference in giving importance to each of the three factors. Thus the third hypothesis is partially rejected at 5 percent significance level. It is understood that occupation has significant effect on equity selection decisions.

Table 7: One Way ANOVA Test of Respondents in Respect of Occupation

Variables	Sources of Variations	Sum of Squares	df	Mean Square	F	Sig.
Accounting Information	Between Groups	.769	5	.154	.307	.909
	Within Groups	172.728	345	.501		
	Total	173.496	350			
Company Specific Attributes/ Reputation	Between Groups	5.158	5	1.032	2.093	**.006**
	Within Groups	170.008	345	.493		
	Total	175.166	350			
Publicity	Between Groups	4.239	5	.848	1.331	.251
	Within Groups	219.781	345	.637		
	Total	224.020	350			
Ownership Structure	Between Groups	4.821	5	.964	1.060	.382
	Within Groups	313.679	345	.909		
	Total	318.500	350			
Influence of People	Between Groups	15.166	5	3.023	2.458	**.033**
	Within Groups	424.326	345	1.230		
	Total	439.442	350			
Trading Opportunity	Between Groups	2.671	5	.534	1.348	.244
	Within Groups	136.689	345	.396		

	Total	139.359	350			
Personal Financial Needs	Between Groups	9.597	5	1.919	1.718	.130
	Within Groups	385.339	345	1.117		
	Total	394.936	350			
Net Asset Value	Between Groups	149.348	5	29.870	2.535	**.029**
	Within Groups	4064.470	345	11.781		
	Total	4213.818	350			

5.7 One Way ANOVA Test between Different Income Groups of Respondents

In table 8, the results of one way ANOVA test reveals that publicity, ownership structure, influence of people and net asset value do not significantly differ between different income groups of sample respondents. But ANOVA p-value of accounting information, company specific attributes/reputation, trading opportunity, and personal financial needs is less than at least 0.10. Therefore, it is understood that there is at least one pair of income group of respondents that contains significant difference in placing importance on each of the four principal factors. Thus the fourth hypothesis is partially rejected at least at 10 percent significance level. It means that monthly income has significant impact on equity selection decisions.

Table 8: One Way ANOVA Test of Respondents in Respect of Monthly Income

Variables	Sources of Variations	Sum of Squares	df	Mean Square	F	Sig.
Accounting Information	Between Groups	4.266	4	1.067	2.181	**.071**
	Within Groups	169.230	346	.489		
	Total	173.496	350			
Company Specific Attributes/ Reputation	Between Groups	4.134	4	1.033	2.091	**.082**
	Within Groups	171.032	346	.494		
	Total	175.166	350			
Publicity	Between Groups	1.172	4	.293	.455	.769
	Within Groups	222.847	346	.644		
	Total	224.020	350			
Ownership Structure	Between Groups	4.409	4	1.102	1.214	.304
	Within Groups	314.091	346	.908		
	Total	318.500	350			
Influence of People	Between Groups	4.832	4	1.208	.962	.429
	Within Groups	434.610	346	1.256		
	Total	439.442	350			
Trading Opportunity	Between Groups	3.250	4	.813	2.066	**.085**
	Within Groups	136.109	346	.393		
	Total	139.359	350			
Personal Financial Needs	Between Groups	11.908	4	2.977	2.689	**.031**
	Within Groups	383.028	346	1.107		
	Total	394.936	350			

Net Asset Value	Between Groups	72.445	4	18.111	1.513	.198
	Within Groups	4141.372	346	11.969		
	Total	4213.818	350			

5.8 One Way ANOVA Test between Different Educational Qualifications of Respondents

Table 9 shows that results of one way ANOVA test of fifth null hypothesis that none of equity selection factors has significant difference between different educational qualifications of respondents. The results revealed that there is no significant difference in company specific attributes/reputation, ownership structure, trading opportunity, and net asset value between different educational level of investors. But accounting information, publicity, influence of people, and personal financial needs are individually significantly different across sample respondents having different educational qualifications. Hence the fifth hypothesis is partially rejected at least at 5 percent significance level. This suggests education is significantly affecting equity selection decisions.

Table 9: One Way ANOVA Test of Respondents in Respect of Education

Variables	Sources of Variations	Sum of Squares	df	Mean Square	F	Sig.
Accounting Information	Between Groups	4.935	4	1.234	2.533	**.040**
	Within Groups	168.561	346	.487		
	Total	173.496	350			
Company Specific Attributes/ Reputation	Between Groups	.859	4	.215	.426	.790
	Within Groups	174.307	346	.504		
	Total	175.166	350			
Publicity	Between Groups	6.518	4	1.630	2.592	**.036**
	Within Groups	217.501	346	.629		
	Total	224.020	350			
Ownership Structure	Between Groups	1.267	4	.317	.345	.847
	Within Groups	317.233	346	.917		
	Total	318.500	350			
Influence of People	Between Groups	12.251	4	3.063	2.481	**.044**
	Within Groups	427.191	346	1.235		
	Total	439.442	350			
Trading Opportunity	Between Groups	1.958	4	.489	1.233	.297
	Within Groups	137.401	346	.397		
	Total	139.359	350			
Personal Financial Needs	Between Groups	31.424	4	7.856	7.477	**.000**
	Within Groups	363.512	346	1.051		
	Total	394.936	350			
Net Asset Value	Between Groups	62.736	4	15.684	1.307	.267
	Within Groups	4151.082	346	11.997		
	Total	4213.818	350			

5.9 One Way ANOVA Test between Respondents Having Different Durations of Trading Experience with DSE

Table 10 exhibits the results of one way ANOVA with regard to different levels of experience of sample respondents. It is found that there is no significant difference between sample respondents having different durations of trading experience with DSE in the case of company specific attributes/reputation, ownership structure, influence of people, trading opportunity, personal financial needs, and net asset value. But ANOVA p-value of accounting information and publicity is less than at least 0.05 that results in at least one pair of experienced groups of respondents that have significant difference in the level of importance to each of the two factors. Therefore, the sixth null hypothesis is partially rejected at least at 5 percent significance level.

Table 10: One Way ANOVA Test of Respondents in Respect of Duration of Trading Experience

Variables	Sources of Variations	Sum of Squares	df	Mean Square	F	Sig.
Accounting Information	Between Groups	5.001	2	2.501	5.165	**.006**
	Within Groups	168.495	348	.484		
	Total	173.496	350			
Company Specific Attributes/ Reputation	Between Groups	.294	2	.147	.292	.747
	Within Groups	174.872	348	.503		
	Total	175.166	350			
Publicity	Between Groups	5.770	2	2.885	4.600	**.011**
	Within Groups	218.249	348	.627		
	Total	224.020	350			
Ownership Structure	Between Groups	2.071	2	1.035	1.139	.321
	Within Groups	316.429	348	.909		
	Total	318.500	350			
Influence of People	Between Groups	3.967	2	1.983	1.585	.206
	Within Groups	435.475	348	1.251		
	Total	439.442	350			
Trading Opportunity	Between Groups	1.110	2	.555	1.397	.249
	Within Groups	138.249	348	.397		
	Total	139.359	350			
Personal Financial Needs	Between Groups	1.849	2	.924	.818	.442
	Within Groups	393.087	348	1.130		
	Total	394.936	350			
Net Asset Value	Between Groups	17.838	2	8.919	.740	.478
	Within Groups	41.95.980	348	12.057		
	Total	4213.818	350			

6.0 Conclusion

Factors influencing retail investors of Dhaka Stock Exchange Ltd. (DSE) was studied in the present study through examining how significantly principal factors are given different levels of importance with respect to demographic characteristics of sample respondents. Nine principal factors were extracted through factor analysis of

30-variable/item. The findings of the study reveal that investors place more emphasis on company specific attributes/reputation, net asset value, and accounting information in selecting an equity shares traded in DSE in Bangladesh. Findings from this study also show that accounting information has significant difference in importance level across respondents with regard to age, income, education, and experience. Level of importance given to publicity differs significantly with educational level and length of trading experience of respondents. Findings also indicate that respondents having different demographic attributes are acting homogeneously and invariably in giving importance to ownership structure in their equity selection decision. Respondents are giving significantly different degrees of importance to influence of people in selecting a share with regard to their age, occupation, education, and length of trading experience. On the other hand, respondents having different levels of income are giving importance to trading opportunity in a significantly different way. In addition, there are significant difference in personal financial needs between different income and educational groups of respondents and net asset value between different occupational groups of respondents.

On the ending note, it is worthwhile to mention that this research contributes to existing field of literature in two ways. First, the study used sample in Khulna City in Bangladesh, which have not been given enough attention in the literature. Second, this research can be used to draw a relative comparison of equity selection factors with other studies be conducted in different regions of Bangladesh. Nonetheless, overall results can be improved by including new variables and observations. Finally the reliability of the findings of the study can be investigated by conducting similar research in other countries.

7.0 References

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