DETERMINANTS OF INVESTMENT BEHAVIOR AMONG YOUNG GENERATION

(Case of Nigeria)

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FACULTY OF BUSINESS, COMMUNICATION AND LAW

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(Case of Nigeria)

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**Abstract**

Youngsters nowadays are more imaginative and innovation sharp than the generation x socially and financial. One specific inquiry may emerge on whether this age is worried about and mindful of their financial status in the near future and investment. This research is aim to identify the factors that determine the investment behaviour among young generation in Nigeria. The data that is being used in this research comprise of both the primary data by the help of online questionnaire that is set to be distributed among young generation and secondary data gathered in from journals, stated literature review and other credible sources.

The data collected in this research was gathered with the help Google survey form which was distributed to the target respondent across Nigeria who have an investment insight. The total number of 250 online questionnaire was shared to the respective samples, however only 200 questionnaire was successfully filled out which amount to 80% of the total samples is sufficient to conduct our study.

After conducting the analysis all the variables are greater than 0.6 and besides our cronbach’s Alpha is 90.7% which indicates how strong internal consistency. After testing all the hypothesis, the variable which has the highest impact on the investment behaviour of the young generation is the financial literacy with R=0.735\*\* then followed the rest of the variables investment experience and risk tolerance which appears to exact impact on the dependent variable R=0.651.

Keywords: young generation, investment decision, financial literacy investment experience and risk tolerance

**DETERMINANTS OF INVESTMENT BEHAVIOR AMONG YOUNG GENERATION**

# **1.0 INTRODUCTION**

Investment may be refer as the buying of products which can be used later in the future which aren't consumable however as an alternative are intended for wealth creation (Iyer and Bhaskar, 2012). In finance it may visible as assets purchase with expectation that with time the charge of it'll boom and it may be offered at a better quantity and generate profit (return on investment) from the premium amount paid. Regardless how nicely and knowledgeable someone is, regularly instances human beings are concerned approximately where to make invest their cash for secure heaven. Decision on investment funding are regularly have an impact on self-thought (endogenous variable) or maybe outdoor assist from buddies and family (exogenous variables).

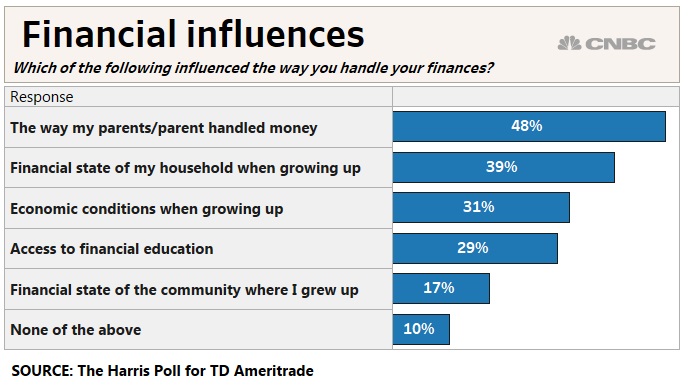


Figure 1: financial influences. Source: (invest in you, 2019)

Financial choice-making has been broadly recounted as one of the vital elements that affects economic capabilities and financial wellbeing. Thus, figuring out elements which are substantially related to financial selections is applicable and is one of the critical troubles for character and countrywide development. With the dynamism the nature of modern financial nature, now no longer most effective it highlights the significance of studies in investment decision however additionally on the extent of financial literacy and its effect on financial choice. Moreover, wealth accumulation has been recognized as a vital implication for the relative wellbeing of households (Hawati et.al, 2016).

In traditional monetary theory, investors are assumed rational wealth-maximizes, following primary monetary guidelines and basing their funding techniques only at the risk return attention based on the elements predicted to steer investment decision. Conventional monetary theory assumes that human beings are rational marketers who make choices objectively to take benefit of the possibilities at their possession. Investors think about themselves as rational and logical. However, with regards to investing, their emotional inclinations, ingrained notion styles and mental biases, colour how they understand the arena and the way they make investment choices. The controversy of this area of have a look at become the unique findings that researchers came up with (Ambrose and Vincent, 2014).

Worldwide monetary was extended to improve in 2017, supported by an extension in domestic interest in the high level and developing business sector economies helped partially by expansionary financial policies in selected significant economies. These favourable to development approaches would spike worldwide request and give force to worldwide exchange (Annual Report Bank Negara, 2016). Accordingly, this will persuade the potential financial investors that expanding and maximizing their return will become reality.

Financial literate investors assist monetary markets sectors to perform effectively, as they take better exchanging choices dependent on basic as well as specialized investigation as opposed to acting unreasonably. Then again, the standards of conduct account propose that people regularly don't settle on choices unreasonable, very much educated and fair way (Byrne, 2007). To settle on a successful investment choice, the financial investors needs to choose the perfect stock among various choices at the perfect time. To pick prevalent stock, the financial specialist needs to assess elective investments and indicate rules to limit those other options and rank the lifted ones (Albadvi et al. 2006).Merikas et al, (2003) found that people base their stock buy choices on; variance in the value index, recent value development in an organizations' stock and current financial indicators.

This study aim to distinguish the components that determined the behaviour of the young generation toward investment and what are the connection between the dependent variable and independent variables.

A bunch of 200 survey questionnaire utilizing random sampling procedure will be used, create and be appropriated to youthful adults between the range of 18 to 30 years of age.

The vast majority believe that investment is intended for the individuals who are of mature age with steady and a consistent income yet as expressed by Nurhaida (2017) youngsters can contribute at youthful age and can acquire a sensible pay when they become old enough.

### 1.1 Study background

Investment is one in every of many methods to have a source of profits rather than running in workplace or enterprise with excessive stage of commitment. (40 best methods to make cash quickly, 2017). Investment is allocating financials to property with the wish that later in the future it might generate a value including having a profit.

Investment alternatives are made through monetary experts and investment directors. Financial investors frequently carry out financial research through making use of critical exam, specialised exam and judgment. Investment alternatives are often upheld through preference instruments. It is anticipated that statistics shape and the factors elements in the marketplace correctly effect people's funding alternatives simply as marketplace results.

These days, the presence of funding is extraordinarily vast in mild of the truth that it'll instantly forwardly have an impact on the development of nation's cash flow. Other than to transport the wheel of economy, he expressed project have every other gain for monetary traders itself, for instance, to steady their benefits, to fulfil longer term and gift second and moreover to guard their benefits from excessive inflation (Gani (2017).

The cause why monetary know-how is needed for younger age, the number one rationalization is you may realise your alternatives betters. Proper dealing with of your coins is greater complex than some other time in current reminiscence with severa product and services, it is hard to select which one is healthy on your fund. Second, financials know-how will help you with putting the practical targets in mild of the truth that economic schooling will provide aptitudes to reason a nitty gritty spending plan all collectively which you can also set your destiny targets. (Fairstone, 2016).

At the factor whilst the ancient development of the theories on funding sporting activities is examine, it's far determined that the traditional portfolio method changed into the winning method withinside the marketplace till the 1950s. Despite the truth that this technique got here up quick on a logical base, it's far visible that it changed into the important view withinside the marketplace for pretty some time due to the manner that its attainability changed into reasonably simple (Civan, 2007). In the traditional funding origination, the traders consider that they are able to decrease the chance simply with the aid of using increasing the amount of funding gadgets they've without considering the members of the family among the yields of funding gadgets (Demirtaş and Güngör, 2004).

### 1.2 Problem statement

The larger population of Young generation will cause the high purchasing power. Many factories or businesses want to capture the Young generation needs and spending habits. USA, Canada, Australia and the European Union also do a lot of study on Young generation but don't know the study are same can applied to investment behaviour in African countries.

There is less study on Generation Y investment, expenditure, and consumption risks that directly impact their investment choices. The economic conditions, the level of the financial education system and the environmental awareness among people across counties is different. The reason is that may be caused by other factors such as race, education level of consumer, the level of income and the environment. Nigeria is different from other country.

Pak and Mahomood's (2015) research just cantered around one variable which is tolerance and investment decision for individual’s undergraduate’s business understudies and employees who were either contemplated or worked at KIMEP University, Almaty, Kazakhstan. This examination not quite the same as past research in light of the fact that some other variable are included.

We are trying to discover the factors having investment behaviour and investment decisions; there are many factors that affect an investor decision making process like demographics, income level, qualification, financial knowledge and previous experience with investment and risk tolerance. Many studies are supposed to be done on finding the factors that affects the ability to take risk and make investment decisions accordingly but here we will consider the influence of financial literacy, investment experience and risk tolerance on investment behaviour.

The research focused on the Young generation decision making on income. The main objective of this study is to learn more about Young generation in Nigeria, to clarify their consumption, expenditure and risk behaviour that affects their investment decision making.

Nigeria’s unemployment rate is at an all-time high. More than 70% of the Nigerian population is currently unemployed or under employed. More alarming is the fact that mostly youths and energetic adults share the huge burden. According to the latest report by the National Bureau ofStatistics (NBS) released in December 2016, 3.67 million Nigerians became unemployed within a one-year period, October 2015 to September 2016. (Business Hallmark May 29, 2017). This research will assist and empower the employed and unemployed young generation to be more financial literate, and making a wise investment decision both during and after employment to have lucrative earning.

**Research gap**

The gap in this research is that there is not a specific study on the factor that contributed the most to young investor’s behaviour when making their decision across Nigeria. During this research dozen of journals were examined on the investment behaviour where most of the outcome depend on the geographic location of study. As stated in the literature review some of the research on investment behaviour conducted in Asian region show that risk tolerance and financial literacy are the leading factors that contribute most to investment behaviour. So we will like to find out for the case of Nigeria and see which factor contribute the most.

### 1.3 RESEARCH QUESTIONS

Is there any relation between financial literacy and investment behaviour of young generation?

Is there any relation between investment experience and investment behaviour of young generation?

Is there any connection between risk tolerance and investment behaviour of young generation?

### 1.4 RESEARCH OBJECTIVES

To examine the relation between financial literacy and investment behaviour of young generation

To analyse the relationship between investment experience l and investment behaviour of young generation

To analyse the risk tolerance and investment behaviour of young generation.

### 1.5 Significant of the study

At the end of this study, investment institution will have more accurate information on factors that causes young generation to make an investment decision that will assist them in the near future. Government agencies will have an insight regarding the investment choice of the young generation that will help them to increase the level of capital.

Young investors will have a better understanding of investment choice toward the finishing of this research that will guide them to invest wisely. And lastly academicians will have new information regarding the investment of young generation which can be useful in further researches and academic knowledge.

### 1.6 Scope of the study

This study will cover the research on the factors that determines investment decision among young generation in Nigeria. The variables that are included in the research are as follows investment behaviour as dependent variable while independent variables are financial literacy, risk tolerance, and lastly investment experience.

### 1.7 Limitation

This research was limited to some young investors across Nigeria who have an investment experience, with many samples which is not sufficient and there is a chance of error existing, and also the response of the sampling size may be biased as they might be reluctant to disclose the full and real response.

### 1.8 Ethical consideration

In these days investment blast, there is a significant creating revenue from explicit investors who necessitate that their venture be gainful just as meet certain non-monetary viewpoints. These monetary financial investors seem, by all accounts, to be guided by a sensation of good commitment to balance mission for wealth with good or organization concern (Etzioni, 1988). The word 'Ethics' in its own explanation passes on a colossal entire of obligation and a pressing structure which could impact even the humblest factor of an open situation. It is a sole component that could blend an occasion in any great or non-incredible manner which similarly holds a disagreeable effect when in doubt. Solitary putting conduct is affected in moving degrees by the budgetary (utilitarian) and non-cash related (expressive) objectives, for instance, characteristics and feelings, past experiences, etc. The different destinations that a monetary expert has may be restricting. For example, the last hypothesis choice of a theorist who is an advantage boost with a strong game plan of characteristics and feelings is a compromise between the immaterial advantages and fringe breaking down in characteristics and feelings. A fair understanding of such characteristics and feelings can be useful to a hold house to attract such theorists and at the same time advance Socially Responsible Investing (SRI) lead.

Diana J. Beal, Michelle Goyen, and Peter Philips (2005) in their article "why Do We Invest Ethically?" conveyed in The Journal of Investing, 2005 derived that Analysis of three likely aims in good theory—cash related returns, non-wealth returns, and social change—shows that these points of view are neither exhaustive nor particular; one single reasoning won't explain the direct of each good monetary trained professional. There may be a trade-off among cash related and spiritualist returns for specific theorists.

The trade-off for use monetary experts is depended upon to be close to zero (full scale utility is increased at low levels of good interest in the fun of help model) and is needed to vary with the ethical intensity of adventure theorists, as demonstrated when good power is associated with the monetary expert's utility limit. Visionary return can in like manner be viewed as an extension in ecstasy, a philosophy that fits careful testing to improve our cognizance of why we contribute ethically.

# **2.0 Literature review**

This chapter will discuss all the relevant literature that support the variables stated in this study which will provide the better understanding of the relationship between the dependent variable investment behaviour and independent variable, which are the financial literacy, risk tolerance, and lastly investment experience.

### 2.1 Financial literacy and investment behavior of young generation:

Financial literacy is mostly required as guidance regarding financial knowledge and it also explain and provides an insight of financial results. In order to make an effective financial decision, financial knowledge plays a vital role (Huston, 2010).

In a studies performed by Azizah, Nurfadhilah, Ramesh, and Mior (2013), they represent economic schooling as the ability to understand, interpret and examine, control cash, talk approximately non-public economic situations that have an effect on fabric well-being, compute, expand unbiased judgment, and take movements attributable to the ones strategies with a view to thrive in our complicated economic world. It additionally consists of the capacity to parent economic choices, talk cash and economic problems without discomfort, plan for the future, and reply properly to lifestyles activities that have an effect on each day economic decisions, inclusive of activities withinside the widespread economy.

An crucial detail known as economic literacy will become extra crucial while there may be a A full-size detail named economic literacy seems to be extra full-size while there may be a deregulation of cash market, and it makes it easy to get to loan. As it has a strong extreme circumstance among economic businesses to construct their piece of the general industry (Beal and Delpachitra, 2003; Abraham and Marcolin, 2006). Henceforth, the economic schooling offers university college students the capacity to maintain them from the being stuck with excessive debt, specifically the credit score card obligations (Azizah, 2013). The difficulty of excessive debt tiers has decayed due to low economic schooling and terrible cash control amongst a few undergraduates (Goetz, Desai, Mimura, and Cude, 2008).

Lodhi (2014) broke down the impact of monetary schooling, high experience, and use of accounting information noteworthiness of dismembering financial reports and age on the endeavor decision of any individual by applying a survey in Karachi, Pakistan. By using SPSS, relationship assessment was performed to choose the association between the recently referenced components.

As demonstrated by test results, monetary training additionally, and bookkeeping information were seen as significant in cutting down information deviation and allowing financial specialists to place assets into high danger instruments. Likewise it was watched that monetary experts' inclination for risky speculations downsize, as age and experience increments.

Some few research uncover the inclusion of financial literacy during the transition of financial decision separately. The specialists uncovered that the most serious issue that caused an individual to try not to contribute was an absence of monetary information (Jureviciene and Jermakova, 2012). The study found that individuals who are monetarily educated and know the contrast between common assets and stocks are happy to face challenges during the speculation dynamic cycle. Individuals who are less monetarily proficient about the financial exchange would prefer not to face challenges (Sabri, 2016).

There is a contention that view of financial knowledge can additionally affect monetary behaviour. Seen financial knowledge (or trust) has been demonstrated to be unequivocally related with an enormous number of monetary choices (Allgood et al., 2016; Anderson et al., 2016; Farrell et al., 2016; Tang and Baker, 2016). Indeed, the relationship between real monetary information and insight has been discovered to be somewhat feeble (Lusardi and Mitchell, 2009; Parker et al., 2011).

There are different meanings of monetary education in the writing. For instance, financial literacy can be characterized comprehensively as an overall comprehension of the economy, or simply a question of cash the executives (Gallery et al., 2011). This can likewise be alluded to by various terms, for model, "monetary ability" in the US, which incorporates various segments, for example, financial abilities, perspectives, and information (Gallery et al., 2011). In any case, there are other definitions, in particular "the capacity to settle on educated decisions and settle on successful choices as to utilize and the board of cash" (Schagen and Lines, 1996; Noctor, Stoney, and Stradling, 1992), that have been generally acknowledged (Galeri et al. , 2011).

We can connect information with experience also. As Agarwal et al., (2007) found that generally monetary botches are made by people, who are presented to least measure of monetary information. Somewhat, poor monetary choices are the explanation of inability to acknowledge financial weakness. Instruction can comprehend that issue by giving information and monetary choice doing abilities. (Bernheim and Garrett, 1994) To comprehend the fundamental highlights of their retirement plans, retirement-age grown-ups should be monetary educated (Lusardi and Mitchell, 2009). Additionally (Bernheim et al., 2001) considers middle age people spare high extent of their earnings on the grounds that in secondary school they took an individual monetary administration course. Numerous families don't contribute value market since they have less information on offers, the working of the securities exchange, and evaluating cycle of resource.

Corporate security choices by singular speculators generally dependent on their own variables, one of which is instruction. Training was one factor in thinking about speculation choices (Lubis et al., 2013). Singular financial specialists have diverse degree of instruction so it tends to be perceived that there are various methods of speculation choices with the various degrees of training (Lutfi, 2010; Obamuyi, 2013).

The advanced education, the more financial specialist comprehends choosing corporate securities that can give ideal return and dodge hazard. The more significant level of instruction the higher the capacity to bear danger in speculation choice (Lewellen et al., 1977; Schooley and Worden, 1999). Speculators who are taught to degree level can consider numerous components identified with venture exercises prior to taking a choice (Christanti and Mahastanti, 2011).

### 2.2 Investment experience and investment behavior of young generation

Absence of involvement here and there leads towards absence of development in choices and elevated level of danger introduction. As study recommends People don't spare enough for retirement and result they assemble more obligation, and of not taking advantage of monetary discovery (Lusardi and Mitchell, 2007b; Campbell, 2006). Individuals with less education are well on the way to rely upon loved ones as their primary wellspring of monetary directing. The monetary state of the present youthis demonstrating large degrees of obligation. The weighty effects of social occasion more degrees of liabilities incorporate insolvency (Roberts and Jones, 2001). A crisscross typically found among individual's opinion to know and how compactly estimated monetary information (Agnew and Szykman, 2005).

(Chou et al., 2010) accentuate that conduct of speculator is impacted by past experience. An accomplished speculator has more propensity of choosing unsafe portfolio, since he experienced encounters how to handle it appropriately. Great or worse experience of financial specialist will affect the danger resistance level of speculator and venture choices. Fruitful past venture experience promising towards high danger resiliences which create significant yields obviously. So the previous venture conduct is emphatically related with hazard resistance which in face impact speculation choices.

It has been uncovered by crafted by (Corter and Chen, 2006) that here is a connection between venture insight and danger resistance during speculation choice cycle. Yet, they take the example of 63 alumni understudies and infer that an accomplished financial specialist sow he disposition of high danger resilience by picking hazardous arrangement of speculation.

(Roszkowski and Davey, 2010) additionally uphold this finding that accomplished financial specialists having more capacity to hold hazardous speculation than speculator having no insight. An accomplished financial specialist is sure about the abilities and past experience he has which make him known with the condition. With enough monetary capability, data and furthermore experience financial specialist will help figure out how to oversee pool speculation as per wanted targets and as per time coordinate with greater level of danger resilience. As a result hazard resistance and involvement in venture having huge relationship, where higher speculation experience it lead the financial specialist towards high danger resilience. Based on above observational investigation we can figure following speculation.

Investment planning is impacted by investment experience previously and estimates about future benefit openings. Bosses are happy to put resources into stocks too, which their choices rely upon their past experience and the normal degree of deals. "In creation their arrangement, business people consider on one side of expected benefit levels and dangers of different potential venture openings, and, then again, the expense If the expected benefit level surpasses the monetary expense by the edge needed to cover the component of danger, the business person will need to actualize the undertaking.” (Harcourt et al., 1967, p.151)

Investment experience in business will influence the investment decision made by individuals (Yohson 2008). It will make a bolder individual to put resources into a kind of higher danger investment, and will figure any emerging dangers at the point when the individual will take a speculation choice. So it tends to be said that high experienced individuals will in general pick kind of higher danger speculation, on the grounds that accomplished individual has had enough involvement with settling on venture choices. So for little organizations in Southeast Sulawesi, the speculation arranging is affected by investment experience previously and gauge about future benefit openings.

### 2.3 Risk tolerance and investment behavior of young generation:

As indicated by Webster's New World Finance and Investment Dictionary (Risk resilience - Investment and Finance definition, 2010), Risk resistance is a readiness of speculators to acknowledge high danger all together that trusts the venture will increment later on.

As shown by Awais et. al. (2016), Good or not an experience of monetary expert will influence the danger versatility level of financial specialist and venture decision. Productive past of venture experience promising towards high danger resistance which makes remarkable returns. High speculation information and moreover higher money related data will impact to risk opposition and monetary financial specialists need to pick risky venture assurances to ascend to with their huge degree of danger resistance. In view of Awais et. al. (2016), Risk resilience unquestionably impacts speculation experience and money related schooling.

The Reason to have a speculation is bring in benefit from the cash contributed. Speculations has various ways and numerous alternatives. To get exceptional yield high danger should be taken. The danger or prize compromise lies at the center of portfolio improvement. In a general sense the thought suggests that the higher the danger characteristic in a venture, the greater the conceivable return. HSBC describes it as follows: "Okay are connected with low probably returns. High danger are connected with high probably returns. The danger return compromise is a push to achieve an amicability between the needs for the most decreased possible danger and the most raised possible return. Higher danger infers better quality deviation and more critical yields. Purchaser lead can be seen as an instance of the experience (Bohn, H., and Deacon, R. T. 2000). Seen danger to the buyer sway the venture choice.

Örerler and Taşpınar (2006) communicated that when everything is said in done there is lower hazard ability to hold up under the dark since the impacts are new, vague or conceded. Higher danger resilience creates when people feel more in control. Danger resilience can be settled through gathering with affected gatherings or by looking over monetary financial specialist's response or reaction to changing degrees of danger introduction. Danger resilience may change after some time as new information and results become available or as social longings create (Evans, 2004).

Monetary speculators should explore the affiliations, or shortage in that office, between their danger resilience profiles and their longings for venture returns. Finally, those characteristics should be made express and used as key commitments to getting sorted out their portfolios.

without being learned about how the clients of monetary reports think about danger, this will demonstrate hard for individuals overseeing and directing to see either hazard related data is functioning true to form or they work in surprising way (Gomes et al., 2004). That is the reason individuals who overseeing and managing use this discoveries of monetary danger decisions to settle on more viable choices. Little and medium speculators are more pulled in towards higher pace of return (Ji, 2011)

Financial risk is typically thought to be a component of the conceivable return distribution. The more noteworthy the fluctuation, the more prominent the danger (Olsen, 2008). Risk tolerance is one of the qualities that is generally required by investors on the off chance that he needs to succeed. Singular danger resilience is accepted to be the primary determinant in the choice of resource distribution, protections choice and vital target plans, so that hazard resistance evaluations talk more about designs for future objectives (Grable and Lytton, 2001).

Danger resistance can be characterized as the readiness of individual financial specialists to take speculation choices where there is an ideal objective, yet the accomplishment of that objective is dubious and there is a chance of misfortune (Kogan and Wallach (1964) in Grable, 2008). Danger resilience influences the choices of investors who contribute their investment funds for present moment and long haul objectives. Speculators with different degrees of risk tolerance carry on distinctively when settling on speculation choices as to venture roads. Besides Cordell (2001) isolates venture risk tolerance into four components: mentalities towards risk, monetary capacity to tolerate risk, information, also, the propensity for mystery. Risk tolerance isn't static yet changes constantly. In great occasions, at the point when resource costs rise, individuals will in general have a higher risk tolerance. Then again, in awful times, hazard resilience diminishes to a low level (Grable et al., 2006).

Risk tolerance is a significant factor affecting different individual monetary choices (Snelbecker et al., 1990, as cited in Grable, 2008). As a rule, the regulating model decides how individuals must settle on choices reasonably, while the illustrative model portrays how and why individuals make genuine choices act non-sanely (Grable, 2008).

Most macroeconomic models portray risk as an interior segment of a resource. Then again, prospect hypothesis characterizes hazard in an unexpected way, that is, as identified with resources as well as to investors, or on the other hand more correctly to their measure of abundance. Well off people have various degrees of danger resilience than people who have next to zero riches. Accordingly, hazard resilience increments with expanding abundance (Chaulk et al., 2003). What's more, hazard resilience isn't simply identified with the measure of individual riches. People have various degrees of danger resistance due to distinctive educational encounters.

There are two fundamental hypothetical viewpoints that can clarify the danger resistance and its relationship with speculation dynamic. The first is the customary monetary model (standardizing model), which accepts objective conduct decides how people should make choices in anticipated utility hypothesis (Von Neumann and Morgenstern, 1947). The hypothesis is the most mainstream model (Grable, 2008). The second is Behavior Finance Theory (spellbinding model). This hypothesis contradicts the supposition of judicious conduct and accepts that people are commonly nonsensical and can include conduct inclinations or psychological mistakes in their genuine dynamic (de Dreu and Bikker, 2012). Conduct Finance has gotten more consideration with driving hypotheses, for example, Prospect Theory (Kahneman and Tversky, 1979, 1984) where people see their points of interest and impediments diversely and their risk tolerance is connected to how the issue is outlined (for example the issue of outlining).

### 2.4 Hypothesis

There is a significant relationship between financial literacy and investment behaviour of young generation

There is a significant relationship between investment experience and investment behaviour among young generation

There is a significant relationship between risk tolerance and investment behaviour of young generation.

# **3.0 Methodology**

### 3.1 Research framework

This paper is set to examine whether the independent variables and dependent variable are significantly correlated or unrelated. Based on our study, we conceptualize the following framework as shown in Figure 2.

**Independent variable** **Dependent variable**

Financial literacy

Investment experience

Investment behaviour

Risk tolerance

Figure 2: Conceptual framework

### 3.2 Research tool:

Quantitative method will be utilized in this research by sharing questionnaire to young people students and non-students who have investment insight.

### 3.3 Sampling method & Size:

Random sampling method will be utilized in this examination. The quantity of populace in this examination is the each insightful individual from Universities, which has become a stock financial specialist and has stock ownership.

The quantity of populace in this investigation is the energetic age who going through their schooling framework. The reach age between 20 – 35 years old, . The people who starting at now have speculation experience and moreover thinks about venture.

According to Stephanie (2017), the sample size is some populace picked for a survey study or a bit of the preliminaries. Considering Pearson and Mundfrom (2010) picking a model size is one of the main decisions to pick populace for your diagram. Proposed test size reliant on Kline (2016) least model size is 200 respondents.

There 2 kinds of testing which are probability and non-probability. In this assessment, the researcher used non-probability test or non-self-assertive reviewing.

(Saunders, Lewis, and Thornhill, 2009). The researcher used snowball as the sort of non-probability procedures to get express for fulfill the respondents. For disperse the survey, the researcher ask with respect to if respondents recently had understanding about endeavor and moreover the expert solicitation that investigator's partner spread the study.

**Data collection**

The review survey is the expected instrument to get essential information from the respondents in Nigeria. The regular strategy is self-directed surveys that are a brisk and modest information assortment technique for huge, various, and delegate respondent examples (Hyman, Kostyk, Zhou and Paas, 2019). Nonetheless, in ongoing instructive exploration, an online poll has filled in notoriety as a strategy for information assortment (Saleh and Bista, 2017). This is on the grounds that online poll offers different focal points including quicker reactions, higher reaction rate, more advantageous, and lower cost when contrasted with printed version overview approach (Saleh and Bista, 2017).

Furthermore, using an online survey is more in accordance with the subject of this examination since it is a more digitalized approach and more helpful to respondents who reliably open to the online stage. Moreover, an online survey permits the specialist to secure information from a lot of information with least presentation to the group and limited voyaging particularly during the Covid-19 pandemic period. Thusly, this examination will use an online survey made utilizing google shape and circulate through web-based media, for example, Facebook and WhatsApp for information assortment. Review poll is the proposed instrument to gain essential information from the respondents in Nigeria. The traditional technique is self-managed polls that are a fast and modest information assortment strategy for huge, different, and agent respondent examples (Hyman, Kostyk, Zhou and Paas, 2019).

Notwithstanding, in ongoing instructive exploration, an online poll has filled in ubiquity as a strategy for information assortment (Saleh and Bista, 2017). This is on the grounds that online poll offers different favorable circumstances including quicker reactions, higher reaction rate, more helpful, and lower cost when contrasted with printed version overview approach (Saleh and Bista, 2017).

### 3.4 Measuring instrument

Two arrangements of information technique will be streamline in this exploration, the first which is the essential information will be accumulate by utilizing set of online survey and disseminate it to the chose person that are equipped for the examination and the change the information into SPSS programming for additional investigation and the speculation answers. While the auxiliary information will be accumulated with the assistance of online examinations and important writing survey on a similar exploration points that upheld the speculation expressed in this exploration.

### 3.5 Data Analysis Procedure:

### 3.5.1 Reliability test

The reliability of an instrument is defined by its consistency in evaluating a particular phenomenon; which means that the same result should be obtained when repeatedly measure a similar phenomenon (Ursachi, Horodnic & Zait, 2015). The instrument is considered reliable when the test score is consistent over different occasions of a testing, different editions of test with different questions or problems, and different scoring of the test-takers’ responses by different raters (Livingston, 2018).

A reliability test is applied to measure the internal consistency or reliability between measurements or ratings (Bujang, Omar & Baharum, 2018). However, it is important to note that high reliability does not ensure the accuracy of the result, but provide a basis for making inferences about the changes (Taber, 2018).

Cronbach’s alpha is one of the most widely applied measures for reliability in social and organizational sciences, developed by Lee Cronbach back in 1951 by expressing the reliability of instruments with a number between 0 to 1 (Bonett & Wright, 2014). The recommended Cronbach’s alpha value for the main test is between 0.7 to 0.9 but the acceptable level of reliability for the pilot test is between 0.6 to 0.7 (Ursachi, et. al., 2015).

To make the information valid and reliable, the scientist utilized Excel to look at the information from Google structure. From exceed expectations, the analyst will be utiling social statistical software.

validity is an instrument really quantifies what it was intended to measure. As indicated by (Field, 2005), there are 4 components so as to break down is substantial or not. The models as indicated by Field:

a. KMO (Kaiser–Meyer–Olkin) ought to be above 0.5 and Bartlett's test ought to under 0.05.

b. Communalities ought to be more noteworthy than 0.5.

c. Total Variance Explained ought to be higher or equivalent to 60%.

d. Component Matrix ought to be above 0.5.

Unwavering quality is an instrument can be deciphered reliably. So as to know the entire factors are solid or not, the scientist utilizing Cronbach's Alpha condition. The estimation of Cronbach's Alpha ought to above than 0.6 (George and Mallery , 2002).

There are a few rules to test the poll is legitimate and dependable or not. For legitimacy, the information dissected utilizing measurement programming and should meet the four standards to be class substantial which are KMO, Bartlett's test, communalities, all out difference clarified, and part network.

For the free factor, there are 6 out 10 inquiries which are legitimate and dependable, for the principal variable is money related education the inquiries are substantial and solid.

### 3.5.1 Descriptive statistic

To examine the information in this examination, the information must be grouped in a specific classification, which is statistical software analysis. The outcomes from respondents are presented by diagrams, tables, and charts. There is somewhat engaging investigation, the first is segment respondents which is variable estimation of the Respondents.

The utilization of distinct investigation fills two significant needs, initially, it is utilized to sum up and arrange fundamental data for factors in a colossal informational index, and besides, to feature any expected connections between factors (Holcomb, 2016). The engaging insights encourages the specialist to diagram the fundamental highlights of an investigation, and it is typically present the information utilizing graphical and pictorial techniques for simpler agreement and translation (Gray, 2019). In this examination, the information of segment profiles gathered from respondents including sexual orientation, age, race, work, and others are prepared utilizing illustrative investigation. The aftereffect of the illustrative examination dependent on the subtleties of segment profile information gathered will be introduced in rates and frequencies, which will streamline the scientist's work on perception and investigation.

### 3.5.2 Inferential statistic

This research will use the statistical measurable package of the social software (SPSS) for the hypothesis test. (SPSS) will be using 4 factors which are financial literacy (FL), investment experience (IE), Risk tolerance (RT). To test regularity test, the scattered ordinariness or not, there are a segment of the models to test normality test. Ordinariness test is a method quantifiable used to pick if a model or get-together information is routinely scattered review (Normality test, 2017). While according to Stephanie (2017), Normal P-Plot is unequivocally to test for the assumption of commonality.

She communicated if the data begin from a commonplace movement for test people, the spotlights on the outline of Normal P-Plot will shape a line.

To study a model's trustworthiness of fit model, there are a couple of decides to communicate that tolerability fit model. Taking into account Yen, Sousa, and Bakken (2014) communicated the assessment of normed (X2/df) should be underneath 3.0; the assessment of RMSEA should be between 0.05 and 0.08 which are infers strong match model. They furthermore communicated the assessment of the Comparative fit rundown (CFI) and Tucker-Lewis list (TLI) should be above 0.90 to show reasonably of the' honesty of fit model.

### 3.6 Multiple linear regression

In this study, multiple linear regression is applied for the speculation testing segment. Different direct relapse is a factual examination that inspects the connection between one ward variable and at least two free factors (Kologlu, Birinci, Kanalmaz and Ozyilmaz, 2018). The R-squared estimation of multi-relapse speculations testing is applied to quantify the level of deviation of the model from the system which clarifies the strength of the connection between the free and ward factors. The R squared worth should be bigger than 0.3 to demonstrate that the model fits the structure. The closer the R squared an incentive to 1, the more grounded the connection between the model and the system (Meyer, Witteloostujin and Beugelsdijk, 2017). In this examination, H1, H2, and H3 are totally broke down utilizing different direct relapse.

Pearson correlation coefficient will be determined in the numerous straight relapse investigation. A Pearson connection is a number that existed between - 1 and 1, which shows how solid two factors are identified with directly (Berg, 2020). The extent of Pearson connection lower than 0.3 will be viewed as insignificant and an incentive between 0.3 to 0.5 is evaluated as low relationship. Next, Pearson relationship between's 0.5 to 0.7 and 0.7 to 0.9 is deciphered as moderate connection and high connection individually. In conclusion, 0.9 or more is considered as extremely high connection (Hinkle, 2003).

Multicollinearity is a kind of measurable wonder that can occur in a multi-direct relapse examination where at least two autonomous factors in the relapse model are profoundly corresponded (Daoud, 2017). This wonder is a possible issue for the exploration since free factors should be autonomous, and if the level of relationship is high, it will cause an issue when fitting the model and dissect the outcomes (Shrestha, 2020). More often than not, the Variance Inflation Factor (VIF) is applied to distinguish multicollinearity between the factors (Daoud, 2017). VIF should be under 10 to show low multicollinearity and the factor's relationship with the wonder is solid with low odds of skewness (Vatcheva, Lee and McCormick, 2017). In the event that the VIF recognized is more than 10, it implies that the multicollinearity existed can conceivably cause an issue in the examination study (Gray, 2019).

### 3.7 Discussion

After running all the necessary test and analysis, from the statistics we can draw a conclusion about which factors has positive a negative relationship with the independent variable (investment behaviour). From that recommendation and conclusion can be extracted on how to enhance further research and which factor contribute most to determines the investment behaviour of the young generation.

# **4.0 Data analysis**

In this chapter we will discuss the analysis based on the information gathered from the respective respondent to analyse the determinant of investment behaviour among young generation particularly in Nigeria. By the end of the analysis we will have a better insight which factor determines the behaviour of young investors in Nigeria.

### 4.1 Reliability and validity test

Cronbach’s Alpha is used to measure the internal consistency between items in a scale. When a measure has good test-retest reliability and internal consistency, we are more confident that the scores represent what they are supposed to.

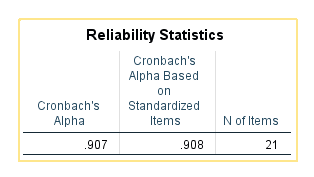


Table 1: Reliability test

In the table above it shows the reliability test which we will use Cronbach’s Alpha. The results shows 90.7% of the variance in this score will be consider true score variance or internal consistence reliable variance.

1. Total Score
2. Pearson Correlations .215\*\* .348\*\* .374\*\* .407\*\* .345\* .327\*\* .302\*\* .379\*\* .270\*\* .274\*\* .395\*\* .385\*\* .263\*\* .369\* .321\*\* .381\*\* .398\*\* .283\*\* .390\*\* .366\*\* 1
3. Sig. (2-tailed) .002 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000 .000

Table 2: validity test

Validity is the extent to which the scores from a measure represent the variable they are intended to. Validity measures the degree of validity of a research instrument Based on the significant values obtained by the Sig. (2-tailed) table above all values are below 0.05 hence we can conclude that all variables are valid

### 4.1.1 Response rate

In this research at least 250 online questionnaire was distributed to the young adults but only 200 were filled and returned back which is 80% of the response rate.

### 4.2 Descriptive analysis

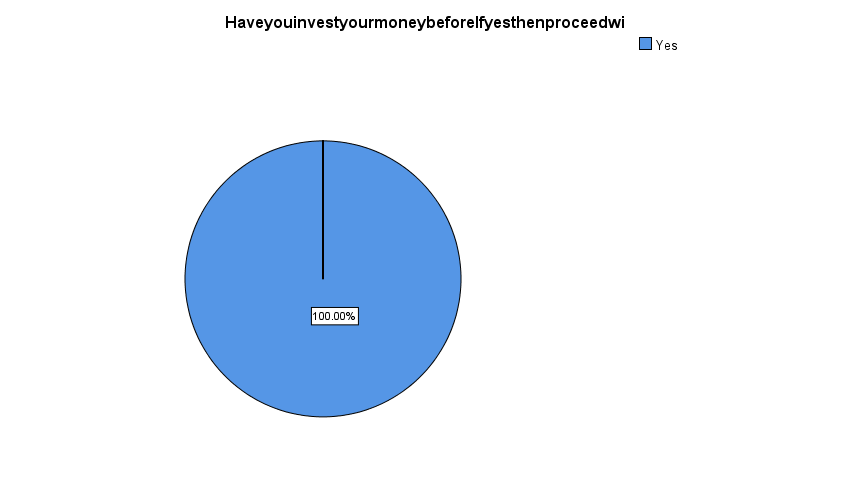


Figure 3: pie chart weather he/she invested before

According for figure 1, it shows all the respondent in this research have investment experience or had invested before otherwise they will not be able to proceed with the questionnaire.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Gender \* Level of education Cross tabulation** | | | | | | | | |
|  | | | Levelofeducation | | | | | Total |
| Elementry | High school | Intermediate | Degree | Post graduate |
| Gender | male | Count | 15 | 22 | 36 | 27 | 9 | 109 |
| % within Gender | 13.8% | 20.2% | 33.0% | 24.8% | 8.3% | 100.0% |
| Female | Count | 2 | 20 | 17 | 33 | 19 | 91 |
| % within Gender | 2.2% | 22.0% | 18.7% | 36.3% | 20.9% | 100.0% |
| Total | | Count | 17 | 42 | 53 | 60 | 28 | 200 |
| % within Gender | 8.5% | 21.0% | 26.5% | 30.0% | 14.0% | 100.0% |

Table 3: Gender based on level of education

According to table 1, the level of education with the highest frequency for male is Intermediate with 33% while for female is Degree qualification with 36.3% which shows that female possess higher level of education than male in this particular research.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Profession \* investment type you have try Cross tabulation** | | | | | | | | | | | | |
|  | | | Select the investment you have try | | | | | | | | Total | |
| Investment account | Pension fund | Stock and shares | Bonds | Micro finance bank | insurance | Others |  | |
| Profession | Student | Count | 9 | 4 | 5 | 4 | 2 | 0 | 13 | 37 | |
| % within Profession | 24.3% | 10.8% | 13.5% | 10.8% | 5.4% | 0.0% | 35.1% | 100.0% | |
| Self-Employee | Count | 18 | 15 | 12 | 11 | 3 | 2 | 3 | 64 | |
| % within Profession | 28.1% | 23.4% | 18.8% | 17.2% | 4.7% | 3.1% | 4.7% | 100.0% | |
| Gov. Employee | Count | 4 | 8 | 18 | 7 | 4 | 3 | 2 | 46 | |
| % within Profession | 8.7% | 17.4% | 39.1% | 15.2% | 8.7% | 6.5% | 4.3% | 100.0% | |
| Private  Employee | Count | 4 | 5 | 7 | 4 | 4 | 1 | 3 | 28 | |
| % within Profession | 14.3% | 17.9% | 25.0% | 14.3% | 14.3% | 3.6% | 10.7% | 100.0% | |
| Business owner | Count | 4 | 4 | 2 | 5 | 0 | 2 | 7 | 24 | |
| % within Profession | 16.7% | 16.7% | 8.3% | 20.8% | 0.0% | 8.3% | 29.2% | 100.0% | |
| Total | | Count | 39 | 36 | 44 | 31 | 13 | 8 | 28 | 199 | |
| % within Profession | 19.6% | 18.1% | 22.1% | 15.6% | 6.5% | 4.0% | 14.1% | 100.0% | |

Table 4: profession based on investment type they try before

The table above shows the profession of the respondent based on the type of investment that they have try. In this case for student 35% select other form of investments which are not stated in the questionnaire basically because student are mostly engage in other commitment during their study duration. 28.1% of self-employee choose investment accounts and 39.15 of government employees chooses stock and shares form of investment. While for business owners the highest frequency choose other form of investment this is simply because all the times they uses their money to inject back into their business.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Age \* select the investment you have try Cross tabulation** | | | | | | | | | | |
|  | | | Select the investment you have try | | | | | | | Total |
| Investment account | Pension fund | Stock and shares | Bonds | Micro finance bank | insurance | Others |
| Age | 18 - 25 years | Count | 15 | 9 | 12 | 4 | 2 | 3 | 20 | 65 |
| % within Age | 23.1% | 13.8% | 18.5% | 6.2% | 3.1% | 4.6% | 30.8% | 100.0% |
| 26 - 30 years | Count | 15 | 14 | 12 | 16 | 6 | 2 | 6 | 71 |
| % within Age | 21.1% | 19.7% | 16.9% | 22.5% | 8.5% | 2.8% | 8.5% | 100.0% |
| 31 - 35 years | Count | 5 | 7 | 19 | 7 | 3 | 2 | 0 | 43 |
| % within Age | 11.6% | 16.3% | 44.2% | 16.3% | 7.0% | 4.7% | 0.0% | 100.0% |
| 36 and above | Count | 4 | 6 | 1 | 4 | 2 | 1 | 2 | 20 |
| % within Age | 20.0% | 30.0% | 5.0% | 20.0% | 10.0% | 5.0% | 10.0% | 100.0% |
| Total | | Count | 39 | 36 | 44 | 31 | 13 | 8 | 28 | 199 |
| % within Age | 19.6% | 18.1% | 22.1% | 15.6% | 6.5% | 4.0% | 14.1% | 100.0% |

Table 5: Age based on the investment type

Based on the above table 30.8% of the respondent aged from 18-25 years choose other form of investment because mostly at this stage most of them are student as we discuss from previous table. The age of 26-30 years and 21-35 years old choose bonds and stock & shares form of investment the reason is that at this stage the respondent are in the working environment earning a fair share of income and wanting the generate return from it. While the age of 36 and above chooses pension fund (retirement plan) form of investment because they are getting aged and will soon be retired so they have to invest for the future.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Monthly Income \* Number of children Cross tabulation** | | | | | | | |
|  | | | Number of children | | | | Total |
| 1 - 2 | 3 - 4 | 5 and above | None |
| Monthly Income | below $500 | Count | 17 | 18 | 7 | 34 | 76 |
| % within Monthly Income | 22.4% | 23.7% | 9.2% | 44.7% | 100.0% |
| $501 - $1,000 | Count | 10 | 12 | 12 | 20 | 54 |
| % within Monthly Income | 18.5% | 22.2% | 22.2% | 37.0% | 100.0% |
| $1,001 - $1,500 | Count | 9 | 6 | 10 | 17 | 42 |
| % within Monthly Income | 21.4% | 14.3% | 23.8% | 40.5% | 100.0% |
| more than $1,500 | Count | 5 | 8 | 6 | 9 | 28 |
| % within Monthly Income | 17.9% | 28.6% | 21.4% | 32.1% | 100.0% |
| Total | | Count | 41 | 44 | 35 | 80 | 200 |
| % within Monthly Income | 20.5% | 22.0% | 17.5% | 40.0% | 100.0% |

Table 6: monthly income based on the number of children the respondent have

The respondent with the income below $500 have the highest frequency of 44.7% have no children while 28% of the respondent with income more than $1500 have 3-4 children this shows the level of commitment the respondent have.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Does your household have budget \* Marital status Cross tabulation** | | | | | | | |
|  | | | Marital status | | | | Total |
| Married | Single | Divorced | Widowed |
| Does your household have budget? | Yes | Count | 66 | 16 | 15 | 5 | 102 |
| % within | 64.7% | 15.7% | 14.7% | 4.9% | 100.0% |
| No | Count | 23 | 43 | 25 | 7 | 98 |
| % within | 23.5% | 43.9% | 25.5% | 7.1% | 100.0% |
| Total | | Count | 89 | 59 | 40 | 12 | 200 |
| % within | 19.5% | 54.5% | 20.0% | 6.0% | 100.0% |

Table 7: house budget based on the marital status

The table shows weather or not the respondent have a house hold budget and their marital status to shows their level of responsibility commitment. 66% of the respondent who have a household budget are married. While 43.9% of the respondent who do not have a household budget are single with no commitment.

### 4.3 Non-parametric tests

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Tests of Normality** | | | | | | | |
|  | Gender | Kolmogorov-Smirnova | | | Shapiro-Wilk | | |
|  | Statistic | df | Sig. | Statistic | df | Sig. |
| Fin.literacy | male | .087 | 109 | .039 | .958 | 109 | .002 |
| Female | .115 | 91 | .005 | .942 | 91 | .001 |
| a. Lilliefors Significance Correction | | | | | | | |

Table 8: Normality test

Based on table 8, using Kolmogorov the financial literacy scores for both male and female are not normally distributed at 0.05 significance level, the values are less than 5%. Hence, we will be using Mann-Whitney U test which is a non-parametric test.

H0: MM =MF

H1: MM ≠ MF

|  |  |
| --- | --- |
| **Test Statisticsa** | |
|  | Fin.literacy |
| Mann-Whitney U | 4716.000 |
| Wilcoxon W | 10711.000 |
| Z | -.599 |
| Asymp. Sig. (2-tailed) | .549 |
| a. Grouping Variable: Gender | |

Table 9: Mann-Whitney U test results

Based on table 9, with p-value 0.549 (> α), we do not reject H0. This indicates that there is not enough statistical evidence to conclude that there is existent of significant difference in the median values of financial literacy scores between male and female.

**Kruskal Wallis H Test**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Tests of Normality** | | | | | | | |
|  | Age | Kolmogorov-Smirnova | | | Shapiro-Wilk | | |
|  | Statistic | df | Sig. | Statistic | df | Sig. |
| Inv.experience | 18 - 25 years | .165 | 65 | .000 | .886 | 65 | .000 |
| 26 - 30 years | .131 | 72 | .004 | .953 | 72 | .010 |
| 31 - 35 years | .095 | 43 | .200\* | .967 | 43 | .255 |
| 36 and above | .125 | 20 | .200\* | .951 | 20 | .379 |
| \*. This is a lower bound of the true significance. | | | | | | | |
| a. Lilliefors Significance Correction | | | | | | | |

Table 10: Normality test

H0: All population medians are equal

H1: At least one population median is different

|  |  |
| --- | --- |
| **Test Statisticsa,b** | |
|  | Inv.experience |
| Kruskal-Wallis H | 12.303 |
| df | 3 |
| Asymp. Sig. | .156 |
| a. Kruskal Wallis Test | |
| b. Grouping Variable: Age | |

Table 11: Kruskal Wallis H test results

Based on table 10, the investment experience scores for each age level are not normally distributed so Kruskal Wallis H test is being used. The table 9 shows a p-value of 0.156 (> α), so we do not reject H0. There is enough statistical evidence to conclude that there exists significant equal in the median values of investment experience scores between age levels.

### 4.4 Measures of Association

### 4.4.1 Chi-Square test of independence

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Level of education \* select the investment you have try Cross tabulation** | | | | | | | | | |
| Count | | | | | | | | | |
|  | | Select the investment you have try | | | | | | | Total |
| Investment account | Pension fund | Stock and shares | Bonds | Micro finance bank | insurance | Others |
| Level of education | Elementary | 5 | 2 | 5 | 3 | 1 | 0 | 1 | 17 |
| High school | 5 | 8 | 15 | 6 | 2 | 1 | 4 | 41 |
| Intermediate | 11 | 15 | 9 | 10 | 4 | 4 | 0 | 53 |
| Degree | 8 | 10 | 10 | 10 | 5 | 3 | 14 | 60 |
| Post graduate | 10 | 1 | 5 | 2 | 1 | 0 | 9 | 28 |
| Total | | 39 | 36 | 44 | 31 | 13 | 8 | 28 | 199 |

Table12: cross tabulation of level of education and the type of investment the respondent have try before

|  |  |  |  |
| --- | --- | --- | --- |
| **Chi-Square Tests** | | | |
|  | Value | df | Asymptotic Significance (2-sided) |
| Pearson Chi-Square | 45.215a | 24 | .005 |
| Likelihood Ratio | 52.643 | 24 | .001 |
| Linear-by-Linear Association | 5.455 | 1 | .020 |
| N of Valid Cases | 199 |  |  |
| a. 17 cells (48.6%) have expected count less than 5. The minimum expected count is .68. | | | |

Table 13: Chi-Square test results

|  |  |  |  |
| --- | --- | --- | --- |
| **Symmetric Measures** | | | |
|  | | Value | Approximate Significance |
| Nominal by Nominal | Phi | .477 | .005 |
| Cramer's V | .238 | .005 |
| N of Valid Cases | | 199 |  |

Table 14: Cramer’s V value

This test is conducted to identify the relationship between level of education and the type of investment used by the respondent. Based on Chi-Square test, there is a significant relationship (p-value = 0.005< 0.05) between the mentioned variables. Table 14 shows the Cramer’s V value is 0.238 which indicating a strong relationship between level of education and the type of investment used by the respondent.

### 4.4.2 Pearson correlation coefficient

|  |  |  |  |
| --- | --- | --- | --- |
| **Correlations** | | | |
|  | | Inv.behaviour | Fin.literacy |
| Inv.behaviour | Pearson Correlation | 1 | .735\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 200 | 200 |
| Fin.literacy | Pearson Correlation | .735\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 200 | 200 |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). | | | |

Table 15: Pearson correlation

This test is conducted to identify the relationship between the investment behaviour and financial literacy scores. Based on the table 15, there is a significant relationship (p-value = 0.000 < 0.05) between the mentioned variables. Also, Pearson correlation indicates (r= 0.735) that exist strong positive relationship between the variables (Paiva et al., 2015).

|  |  |  |  |
| --- | --- | --- | --- |
| **Correlations** | | | |
|  | | Inv.behaviour | Inv.experience |
| Inv.behaviour | Pearson Correlation | 1 | .651\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 200 | 200 |
| Inv.experience | Pearson Correlation | .651\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 200 | 200 |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). | | | |

Table 16: Pearson correlation

This test is conducted to identify the relationship between the investment behaviour and financial literacy scores. Based on the table 16, there is a significant relationship (p-value = 0.000 < 0.05) between the mentioned variables. Also, Pearson correlation indicates (r= 0.651) that exist strong positive relationship between the variables (Paiva et al., 2015).

|  |  |  |  |
| --- | --- | --- | --- |
| **Correlations** | | | |
|  | | Inv.behaviour | Risktolerance |
| Inv.behaviour | Pearson Correlation | 1 | .651\*\* |
| Sig. (2-tailed) |  | .000 |
| N | 200 | 200 |
| Risktolerance | Pearson Correlation | .651\*\* | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 200 | 200 |
| \*\*. Correlation is significant at the 0.01 level (2-tailed). | | | |

Table 17: Pearson correlation

This test is conducted to identify the relationship between the investment behaviour and financial literacy scores. Based on the table 17, there is a significant relationship (p-value = 0.000 < 0.05) between the mentioned variables. Also, Pearson correlation indicates (r= 0.651) that exist strong positive relationship between the variables (Paiva et al., 2015).

### 4.5 Multiple Linear Regression

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **ANOVAa** | | | | | | |
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 1740.464 | 2 | 870.232 | 133.776 | .000b |
| Residual | 1281.516 | 197 | 6.505 |  |  |
| Total | 3021.980 | 199 |  |  |  |
| a. Dependent Variable: Inv.behaviour | | | | | | |
| b. Predictors: (Constant), Risk tolerance, Fin.literacy | | | | | | |

Table 18: ANOVA table

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Model Summary** | | | | |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .759a | .576 | .572 | 2.55052 |
| 1. Predictors: (Constant), Risk tolerance, Fin.literacy | | | | |

Table 19: Correlation coefficient and coefficient of determination of the regression model

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Coefficientsa** | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 2.049 | 1.021 |  | 2.006 | .046 |
| Fin.literacy | .432 | .051 | .549 | 8.415 | .000 |
| Risktolerance | .321 | .079 | .265 | 4.073 | .000 |
| a. Dependent Variable: Inv.behaviour | | | | | | |

Table 20: Coefficient table of linear regression

The hypothesis in this study involves the financial literacy, investment experience and risk tolerance influence the investment decision of young investors. Based on table 20, financial literacy and risk tolerance as explanatory variables produced a significant result with F-value of 133.77 and significant at the 0.05 level (p=0.000). So, we conclude that the model is valid (at least one variable has the predictability power over the investment behaviour of young generation). The R value of 0.759 indicates a strong positive relationship between the two independent variables and investment behaviour of young generation. The derived R-square value is 0.576, which indicating that 57.6% variation of investment behaviour of young generation were explained by the two predictors as in the table. The resultant equation from the analysis is:

Investment behaviour of young generation = 2.049 + 0.432 financial literacy + 0.321 risk tolerance

From the above equation, we can conclude that financial literacy of young adults has a higher degree of influence on investment behaviour of young generation.

# **Discussion**

Reliability and validity test was conducted first in order to check the internal consistent of the between the item in scale, then followed by descriptive statistics in order to examine the demographic information in charts, diagrams, and tables. The data was not normally distributed hence, we have to proceed with non-parametric test in order to proceed with the hypothesis testing test but first we have to fulfil all the assumption necessary to run the test.

**H1: There is a significant relationship between financial literacy and investment behaviour of young generation.**

Financial literacy was the first independent variable to be tested in this research with 7 related questions that capture the financial knowledge of the respondent in Nigeria. From the output generated by SPSS, it was determined that the Pearson correlation coefficient credibility was 0.735\*\* which is indicating a strong relationship between the variable and the dependent variable. The variance also shows a significant in the values with P-value = 0.000 which is less than alpha 0.05. This clearly shows that the results presented supports the hypothesis of this research.

The first hypothesis is “financial literacy significant influence toward risk tolerance” supported by data from Awais *et. al.* (2016) but in this research found that the first hypothesis financial literacy does not significant influence toward risk tolerance because it’s different distribution.

**H2: There is a significant relationship between investment experience and investment behaviour of young generation.**

The second independent variable in this research is the investment experience that the respondent may have which show strong positive impact to the dependent variable. There are total number of 4 questions that helps to respondent level of experience toward investment across Nigeria.

Referring to the analysis in chapter 4, the value of the Pearson correlation R=0.651 with p-value of 0.000 which is less than the alpha, this represent a strong positive correlation between the investment experience and the investment behaviour meaning that the hypothesis stated is accepted and fulfilled.

The second hypothesis is “investment experience critical impact toward risk tolerance" confirm by study from Awais et. al. (2016). In this examination, the researcher found that investment experience centrality impacts investment behaviour. Investment experience is required for making an investment. In the event that the financial investor doesn't have insight previously, they can't face a challenge for the future investment. As per Schwab (2017).

**H3: There is a significant relationship between risk tolerance and investment behaviour of young generation.**

The last hypothesis was between risk tolerance and investment behaviour with 5 question stated in questionnaire in order ascertain the respondent degree of risk tolerance. The variable have the same impact with the investment experience on the investment behaviour of young generation. The p-value was significant at 0.000 with the value of R=0.651 which indicates a strong positive relationship among the variables.

The third hypothesis is “risk tolerance significant influence toward investment behaviour “upheld by information from (Awais et. al. (2016). This exploration found that the independent factor which is risk tolerance significantly impacts dependent variable which is investment behaviour. With risk tolerance, the financial investor can decide for choice what they should take it for investment. An accomplished investor is certain about the aptitudes and past experience he has which make him known with the condition. The degree of risk tolerance a financial investor can choose the investment choice in the last, what direction the investor should take it.

# **6.0 Conclusion**

At the end of this research we are able achieve our hypothesis assumptions which is to find out if there is any relationship between the dependent variable and the independent variables. The results indicates that financial literacy has the most impact on investment behaviour of young generation, then followed by investment experience and risk tolerance which they have almost same impact on the dependent variable.

The reliability and validity test shows how reliable and valid our data is which gave us the green light to proceed with the necessary test, after finding out the data are not normally distributed we have no option other than to proceed with non-parametric test and all other statistical test that obligatory under it e.g. chi square, Pearson correlation, Anova test.

The most concerning issue that makes an individual avoid investment is an absence of financial knowledge (Jureviciene and Jermakova, 2012). An examination directed by Sabri (2016) uncovered that individuals who have monetary education and know the distinction between shared assets and stocks willing are to face challenges during the investment dynamic cycle. This implies that the more financial knowledge somebody has, the higher the risk tolerance.

### 6.1 Recommendation

Based on the literature and statistical analysis conducted in the research, below are the recommendation drawn based on the findings. Below are the indications that need to be consider in order to improve financial literacy all levels.

**6.1.1 For investment institutions,** they can learn how very important financial literacy for young investor to choose their investment decision. Financial institutions should be encouraged to clarify between financial education and financial information. Any financial advice for business purposes should be transparent in order to promote financial education initiative (Directorate for Financial and Enterprise Affairs, 2005)

**6.1.2 For government,** financial literacy is needed for basic knowledge about investment, the government should work together with investment institutions care about financial literacy for young investor. International co-operation on financial education should be promoted, including the use of the OECD as an international forum to exchange information on recent national experiences in financial education (Directorate for Financial and Enterprise Affairs, 2005).

**6.1.3 For young investor,** this research will helpful while gaining the financial information, they would be aware that how much knowledge they must have to resolve with risky situation and how investment experience would help young investor to handle risky investments (Awais, Laber, Rasheed, & Khursheed, 2016).

**6.1.4 For academician,** financial education should start at school, people should be educated about financial as early as possible in their lives. National campaigns should be encouraged to raise awareness of the population about to improve their understanding of financial risks and how to protect against financial risks through satisfy savings, insurance and financial education (Directorate for Financial and Enterprise Affairs, 2005).

**6.1.5 For future research,** this study proves to be a milestone for future researchers while incorporating risk and other factors that affect the investor behaviour (Awais, Laber, Rasheed, & Khursheed, 2016).

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**Appendix**

**Appendix 1** Gantt chart

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Matter** | **W1** | **W2** | **W3** | **W4** | **W5** | **W6** | **W7** | **W8** | **W9** | **W10** | **W11** | **W12** | **W13** | **W14** | **W15** | **W16** |
| Research Project |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Identify and select project title, research outline |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Writing introduction and literature review |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Development of research tools |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Development of test question |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pilot test |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Validation of equipment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Data collection |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Data analysis |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Research Report |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Appendix 2**

**Questionnaire**

Dear participant,

My name is Bashir Khamis Sa'id an MBA student at Inti international university Malaysia, please take some time to participate in this study this questionnaire is design to study the INVESTMENT BEHAVIOUR AMONG YOUNG GENERATION. I sincerely hope that you would make this study a success by answering all questions frankly, honestly and thoroughly.

Your privacy will be retain and no information obtained from this study shall be disclosed in any case that will identify you. All information obtained will be kept secret. The information obtained will be analysed as a group for statistical purposes.

**Section 1**

**Demographics Information**

1. Gender: A. Male B. Female

2. Age: A. 18 - 25 years B. 26 - 30 years B. 31 – 35 years

3. Level of Education:

A. Elementary B. High school C. Intermediate D. Degree E. post graduate F. None

4. Marital Status: A. Married B. Single C. widowed D. Divorced

5. Number of children A. 1-2 B. 3-4 C. 5 and above D. None

6. Profession: A. Gov. Employee B. Private Employee C. Business

` D. Self-Employee E. Student

7. Monthly Income: A. below RM1500 B. RM 1,501-RM 3000

C. RM 3,001- RM4, 500 D. more than RM 4,500

8. Have you invest your money before? A. Yes B. No

If yes then proceed with the questions below otherwise you may disregard it.

**Section 2**

**Financial information section**

Q1. Who is responsible for day-to-day decisions about money in your

Household?

a) You

b) You and your partner

c) You and another family member

d) Your partner

e) Another family member or (or family members)

f) Someone else

Q2. A household budget is used to decide what share of your household income will be used for spending, saving or paying bills. Does your household have a budget?

a) Yes

b) No

c) Don’t know

Q3. Please select the investment you have try among any of these types of financial products?

1. Investment account
2. Pension fund
3. Stock and shares
4. Bonds
5. Micro finance bank
6. Insurance
7. Others specify………………………

**Section 3**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **NO** | **VARIABLE** | **SD** | **D** | **N** | **A** | **SA** | |
| **(SD) Strongly Disagree (D) Disagree (N)Neutral (A) Agree (SA)Strongly Agree** | | | | | | | |
| **INVESTMENT BEHAVIOUR** | | | | | | |
| 1 | I find it more satisfying to invest money than to spend it for the long term |  |  |  |  |  | |
| 2 | To reach my financial goal I prefer an investment which is safe and grows slowly but steadily, even if it means lower growth overall. |  |  |  |  |  | |
| 3 | I would enjoy exploring investment opportunities for my money. |  |  |  |  |  | |
| 4 | I would go for the best possible return even if there were risk involved. |  |  |  |  |  | |
| 5 | I would prefer small certain gains to large uncertain ones. |  |  |  |  |  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **NO** | **VARIABLE** | **SD** | **D** | **N** | **A** | **SA** | |
| **FINANCIAL LITERACY** | | | | | | |
| **Basic financial concept** | | | | | | |
| 1 | I keep track of my expenses on a regular basis, and manage my financial on my own. |  |  |  |  |  | |
| 2 | I always spend less than my income in order to invest some part of it. |  |  |  |  |  | |
| 3 | Providing the necessary figures I can be able to calculate simple interest, compound interest, inflation etc. |  |  |  |  |  | |
|  | **Financial market and instrument** |  |  |  |  |  | |
| 4 | I can predict the future stock price movement after I did some analysis. |  |  |  |  |  | |
| 5 | When a series of portfolio is being presented to me I can assess and determined the one with the highest return. |  |  |  |  |  | |
|  | **Financial Planning** |  |  |  |  |  | |
| 6 | Before I buy something I carefully consider whether I can afford it or not. |  |  |  |  |  | |
| 7 | I regularly check that my credit cards, insurance and investments still meet my needs |  |  |  |  |  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **INVESTMENT EXPERIENCE** | | | | | | | |
| **(SD) Strongly Disagree (D) Disagree (N)Neutral (A) Agree (SA)Strongly Agree** | | | | | | | |
|  |  | **SD** | **D** | **N** | **A** | **SA** |
| 1 | Based on past experience I always go for the investment with low risk regardless of the promised return. |  |  |  |  |  |
| 2 | I am experienced as an investor in a wide range of investment types and debt structuring. |  |  |  |  |  |
| 3 | My past investment experience always determine my decisions when making a future investment |  |  |  |  |  |
| 4 | Instead of diversified investment, I rather invest in a single portfolio |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **RISK TOLERANCE** | | | | | | |
|  |  | **SD** | **D** | **N** | **A** | **SA** | |
| 1 | When I consider investments that have an element of risk I feel quite anxious. |  |  |  |  |  | |
| 2 | I want my investment money to be safe even if it means lower returns. |  |  |  |  |  | |
| 3 | I am looking for high investment growth. I am willing to accept the possibility of greater losses to achieve this. |  |  |  |  |  | |
| 4 | I don’t mind putting all my money at a great risk when there is a possibility of high return |  |  |  |  |  | |
| 5 | I diversify my investment to different portfolio in other to have some risk aversion on my investment. |  |  |  |  |  | |

APPENDIX 4

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Total Variance Explained** | | | | | | | | | |
| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
| Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 7.256 | 34.554 | 34.554 | 7.256 | 34.554 | 34.554 | 2.904 | 13.830 | 13.830 |
| 2 | 1.421 | 6.768 | 41.322 | 1.421 | 6.768 | 41.322 | 2.333 | 11.111 | 24.941 |
| 3 | 1.149 | 5.471 | 46.794 | 1.149 | 5.471 | 46.794 | 2.318 | 11.036 | 35.977 |
| 4 | 1.062 | 5.056 | 51.849 | 1.062 | 5.056 | 51.849 | 2.193 | 10.444 | 46.421 |
| 5 | 1.003 | 4.774 | 56.624 | 1.003 | 4.774 | 56.624 | 2.143 | 10.203 | 56.624 |
| 6 | .910 | 4.332 | 60.956 |  |  |  |  |  |  |
| 7 | .871 | 4.146 | 65.102 |  |  |  |  |  |  |
| 8 | .800 | 3.808 | 68.910 |  |  |  |  |  |  |
| 9 | .778 | 3.703 | 72.613 |  |  |  |  |  |  |
| 10 | .668 | 3.182 | 75.796 |  |  |  |  |  |  |
| 11 | .641 | 3.055 | 78.850 |  |  |  |  |  |  |
| 12 | .582 | 2.771 | 81.621 |  |  |  |  |  |  |
| 13 | .535 | 2.549 | 84.170 |  |  |  |  |  |  |
| 14 | .527 | 2.511 | 86.682 |  |  |  |  |  |  |
| 15 | .513 | 2.443 | 89.124 |  |  |  |  |  |  |
| 16 | .454 | 2.161 | 91.285 |  |  |  |  |  |  |
| 17 | .424 | 2.021 | 93.306 |  |  |  |  |  |  |
| 18 | .408 | 1.941 | 95.247 |  |  |  |  |  |  |
| 19 | .376 | 1.789 | 97.036 |  |  |  |  |  |  |
| 20 | .330 | 1.571 | 98.607 |  |  |  |  |  |  |
| 21 | .292 | 1.393 | 100.000 |  |  |  |  |  |  |
| Extraction Method: Principal Component Analysis. | | | | | | | | | |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Model Summaryb** | | | | | |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .759a | .576 | .572 | 2.55052 | 1.874 |
| a. Predictors: (Constant), Inv.experience, Fin.literacy | | | | | |
| b. Dependent Variable: Inv.behaviour | | | | | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Coefficientsa** | | | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| B | Std. Error | Beta | Tolerance | VIF |
| 1 | (Constant) | 2.049 | 1.021 |  | 2.006 | .046 |  |  |
| Fin.literacy | .432 | .051 | .549 | 8.415 | .000 | .507 | 1.974 |
| Inv.experience | .321 | .079 | .265 | 4.073 | .000 | .507 | 1.974 |
| a. Dependent Variable: Inv.behaviour | | | | | | | | |

