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FACTORS CONSIDERED BY INDIVIDUAL INVESTORS IN INVESTING IN SHARES OF COMPANIES QUOTED AT THE NAIROBI STOCK EXCHANGE (NSE)

BY

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DECLARATION

I declare that this management research project is my original work and has not been presented for a degree award in any other University.

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Signature y, ; sn:o°>: Of

seph Okumu Ayieye

I certify that this management research project has been submitted for examination with my approval as the University supervisor.

Signature Date: VLf

Angela Kithinji

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The completion of this research has not been only made possible by my own efforts but by the help of several other people. During the research, there were a number of challenges which I would not have overcome had it not been for their support.

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To all, I wish you God's blessings in your endeavours. Amen!

With heart most thanks,

Joseph Okumu Ayieye

DEDICATION

This work is dedicated to my father Anton Ayieye; brothers and sisters; Jared, Eliud, Judith, Rose and Prisca.

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ABBREVIATIONS

ACP	- Accounting Policies
ASSE	- Assets
CAPS	- Capital Structure
CCVP	- Control of the Company and Voting Power
CMA	- Capital Markets Authority
Co.	- Company
COMP	- Competition in the Industry
CSPM	- Changes in Share Prices in the Market
Dep.	- Depreciation
DIVH	- Dividend History
GROI	- Growth in Income
Ind.	- Industry
INF	- Industrial Factors
INID	- Innovation in the Industry
KEYM	- Key Management Personnel
LIQU	- Liquidity
MAF	- Managerial Forecasts
Max	- Maximum Score
Mkt	- Market
MKTS	- Marketability of the Shares
MNF	- Monetary and Fiscal Policies
MNGR	- Management Records

Mngt	- Management
NSE	- Nairobi Stock Exchange
OEIC	- Open Ended Investment Companies
PRFU	- Present and Future Conditions
PROF	- Profitability
RASC	- Risks Associated with the Company
RASI	- Risks Associated with the Industry
RII	- Relevant Items in Investment Decision
SCG	- Share Capital Gain
SFA	- Safety of the Amount Invested
SPC	- Specific Consideration
Std	- Standard
Std Dev	- Standard Deviation
STIG	- Stages in Industrial Growth
TADC	- Technological Advancements of the Company
Tech.	- Technology

ABSTRACT

This study concentrated on investment in securities by individuals investing in securities (ordinary shares) of quoted companies at the Nairobi Stock exchange. Since Kenya is a growing economy, assessing the level of investment is a positive step towards strategy formulation aimed at improving the level of economic growth.
The main objective of this paper was to identify the factors considered by individual investors in making investment decisions in ordinary shares of companies quoted at the Nairobi Stock Exchange.

To facilitate and to achieve the objectives of the study, convenience sampling was used to collect data from local and foreign investors. Questionnaires were administered to the respondents at the stock brokerage firms, at the NSE public gallery, at the foreign embassies and at joints frequented by foreigners. The response rate for the questionnaires administered was 83% for the local investors and 58% for the foreign investors. Thus, the overall response rate was 77%. Data was presented using tables and graphs from the coded questionnaires and means, modes, medians and standard deviations were used to discuss and present the findings.

From the study, it was found that most of the local investors interviewed are young and are in the age bracket of 26-35 while most foreign investors interviewed are aged between 36 and 45. Where as the majority of local investors (51%) have technical education, the majority (48%) of foreign investors have university education. Apart from education level and age, there ware no big differences between the local and foreign investors.

The research findings reveal that the factors individual investors consider when investing in shares ranked in order of importance include; managerial forecasts, safety of the amount invested, relevant items in investment decision, specific considerations, monetary and fiscal policies, industrial factors and accounting policies. Individual factors that were rated highly by the respondents are; profitability of the company, marketability of the shares, present and future conditions and interest rates. However, accounting policies like depreciation method received low rating by the respondents. Further findings reveal that most of the investors do not use risk analysis models to analyse the risks associated with the investment in ordinary shares, though a bigger number consider risk in ordinary shares as medium. Never the less, investors are satisfied with investment in ordinary shares and would invest given the opportunity. Their preference would be mostly in the finance and investment segment.

Although the study was successful, there were limitations mainly due to time, literacy level and suspicion among others. Based on the findings, there is need for the government/NSE/CMA to educate the investors and to encourage more stock brokerage firms to enter the capital market.

CHAPTER ONE:

1.0 INTRODUCTION

1.1 BACKGROUND

An investment, in simple terms, can be defined as any vehicle into which funds can be placed with the expectation that it will generate positive income and/or that its value will be preserved or increased. According to Samuelson (1992), investment is an economic activity, which foregoes consumption today with an eye to increasing output in the future. It includes tangible capital (structures, equipment and inventories) and intangible investments (education or "human capital", research and development, and health). In finance, an investment is a purchase of a security such as stock or a bond and can be taken either by individuals, corporate bodies or the state itself. It can take the forms of expansion of existing business, expansion of new business or replacement and modernization. *{Reily and Brown, 1996)*

Through investment, investors get rewards in form of returns which could be in form of current income or increased value. Several investment opportunities are available to investors. These could range from "sure things" such as interest on bank savings to tripling the money fast by investing in newly issued dot.com stocks (*Gitman & Joehnk, 2002).* **Investments could be on securities such as stocks, bonds, options or property.**

Generally, the investments that people choose will depend on their resources, their goals and their personality.

Investors can be individual or institutional, local or foreign and each category might consider different sets of factors before making an investment decision. Among the factors considered by investors are; profitability of the firm, liquidity position, risk, dividends, returns, the asset structure of the firm in terms of level of liquidity, monetary and fiscal policies of the government, industrial factors affecting the industry in which the firm operates, financing policy and capital structure of the firm and other factors like future expansion plans, diversification into new markets, management and staff of the company.

Elsewhere, factors that individual investors consider include: return in form of dividends, profitability of the firm, liquidity position, risk facing the firm and expected return from the investment *(Reily & Brown, 1996; Hurt & Block, 1993; Fisher and Jordan, 1996; Bhalla, 1979, Gitman & Joehnk, 2002; Elton and Gruber,* 1981). Mugo (1999) identified factors considered by institutional investors in selecting investments in shares from the NSE as economic factors, industry factors, Company factors, Return and risk factors. However, no known study has been undertaken to identify factors that individual investors consider in investing in shares of companies quoted at the Nairobi Stock Exchange.

This study concentrated on investment in securities by individuals investing in securities (ordinary shares) of quoted companies at the Nairobi Stock exchange. In this paper, local investors are Kenyans who buy shares at the NSE while foreign investors are non Kenyans who either reside within or outside Kenya but buy shares of quoted companies at the NSE.

Over the years, the NSE has encouraged both local and foreign investors to invest in securities of companies quoted at the NSE by proving them with the necessary information regarding stock trading and also by creating a legal environment where trading in securities can take place.

1.2 PROBLEM STATEMENT

The economic growth of any country entirely depends on the volume of investment by both individuals and institutions. Despite the low economic growth in this country over the past years, which has been negative until the last general elections (2002), there are hopes that the new government will instigate good governance and it is anticipated that this will attract both foreign and local investors. The economic growth has been predicted at 2% p.a. in the coming year and has actually seen some improvements ever since the new government came into place. Through savings and borrowings, individual investors have an option of consuming all income received or to consume only a portion of the income earned and accumulate the rest and invest thereby increasing future consumption.

However, most Kenyans have been faced with the problem of where to invest their money for better returns because of the low returns associated with many investments in the economy due to poor governance, lack of incentives to invest and unfavourable political conditions which has existed in the past regime.

Generally, informed investors would analyse the state of the economy and its potential effects on the security returns. The investors would also assess the industry groupings since stock prices are influenced by industry conditions as companies promising good performance will be favoured by the investors. Investors in reality would purchase those securities that preserve the capital invested. Shares at the NSE have been associated with under pricing or over pricing thus investors may not be able to get the right value of shares.

Although the factors investors consider have been identified as dividends, profitability of the firm, liquidity position of the firm, risk and return, *(Reily & Brown, 1996; Hurt & Block, 1993; Fisher and Jordan, 1996; Bhalla, 1979; Gitman & Joehnk, 2002; Elton and Gruber, 1981; Mugo, 1999),* these factors may differ across individuals depending on their motives, size and volume of investment and the goals behind the investment. Mugo, (1999) carried out a study on factors that institutional investors consider in evaluating shares of quoted companies at the NSE and identified the factors as economic factors, industry factors, company factors, return and risk.

No known study, however, has been undertaken to identify the factors considered by individual investors when investing in shares of quoted companies at the NSE. Individual investors by their very nature probably consider different factors from those considered by institutional investors basically due to their level of awareness and education. This research therefore identifies the factors considered by individual investors when investing in ordinary shares quoted at NSE.

1.3 OBJECTIVES OF THE STUDY

The objective of the study is:

To identify the factors considered by individual investors in making investment decisions in ordinary shares of quoted companies at the Nairobi Stock Exchange.

1.4 IMPORTANCE OF THE STUDY

This study is important to the following groups of people:

1.4.1 Foreign investors

Kenya needs to open its boundaries to foreign investors in order to achieve economic growth. The Kenyan capital market is not efficient so as to provide information necessary to the foreign investors. The study provides additional information to foreign investors who may be having interest in tapping some of the investment opportunities that exist at the NSE.

1.4.2 Corporate managers and directors

Corporate managers and directors are faced with the challenge of making sure that shareholders wealth is maximized and that returns from the funds are attractive. Thus corporate managers and directors need to ensure that they make the right decisions on where to invest shareholders wealth. They need to evaluate a number of factors before venturing into investment opportunities especially those of ordinary shares quoted at the NSE. This study therefore enables them to identify some of the factors that they need to consider before investing in common stock of companies quoted at the NSE.

1.4.3 Individual investors

In an economy where investors save, they are able to invest thereby boosting the growth of that particular economy. Individuals, just like corporate bodies, also need to calculate their investment decisions. The study would be a guide to them, as it brings out clearly some of the factors that a noble individual investor should consider when investing in shares quoted at the NSE.

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1.4.4 Regulators

Regulators like the government; Capital Markets Authority (CMA) and NSE would find this study important in that the study provides useful information that is vital for decision making. The CMA for example, formulates laws and regulations, which should not discourage investment but encourage. Laws developed by the government should also be aimed at encouraging both individual and corporate investors to invest. Thus, they need this information so as to formulate policies and regulations that would encourage rather than discourage investment.

1.4.5 Investment advisors

Investment advisors like stockbrokers and agents need to play their role well by advising both institutional and individual investors. However, they can only do this if they have the right information based on research. This paper enhances the information given by investment advisors to the investors. The study would also encourage individual investors to invest since they are able to get some of the information which was initially not available to them.

1.4.6 Academicians

The findings of this research would be useful to academicians and would help them to carry out further research in the field of capital markets.

CHAPTER TWO:

2.0 LITERATURE REVIEW

2.1 INVESTMENT ANALYSIS

Investments in securities is usually carried out after gathering information about a particular security and then using that information to determine whether to invest in that security or not depending on the intrinsic value of the stock *(Reily & Brown, 1996; Hurt & Block, 1993; Fisher and Jordan, 1996; Bhalla, 1979, Gitman & Joehnk, 2002; Elton and Gruber, 1981).*

Investors will look at what they expect as a return from the security they are buying. In reality, they would purchase those securities that would preserve the capital invested with some capital gains. Investors are capable of producing reliable estimates of stocks' future behaviour which is basically determined by the financial strength of the company, the industry in which the firm operates and the overall economic growth of the country *(Reily & Brown, 1996; Hurt & Block, 1993; Fisher and Jordan, 1996; Bhalla, 1979, Gitman & Joehnk, 2002; Elton and Gruber, 1981).*

The following are some of the approaches used by investors in determining the market value of shares:

2.1.1 Economic analysis

Economic analysis assesses the general state of the economy and its potential effects on the security returns. This analysis gives the investor a grasp of the underlying nature of the economic environment and so an investor is able to make a correct •nvestment decision. For instance, if the economic future will be depressed, then investors will be reluctant to buy shares. On the other hand, if the economic future is expected to be strong, then investors will hurry to purchase the stocks as they expect to make gains in the future. Here, the investors will look at government fiscal policy (i.e. taxes, debt management), monetary policy (money supply, interest rates) and other factors (inflation, consumer spending, foreign trade and exchange) *(Samuelson, 1992; Reily & Brown, 1996; Hurt & Block, 1993; Fisher and Jordan, 1996; Bhalla, 1979; Gitman & Joehnk, 2002; Elton and Gruber, 1981).*

Economic factors will either make business thrive or not thrive and through this, an investor will decide to invest in security or not.

2.1.2 Industry analysis

This is the study of industry groupings that looks at the competitive position of a particular industry in relation to others and identifies companies that show particular promise within an industry. Since stock prices are influenced by industry conditions, it follows that companies that thrive will be favoured by investors as opposed to those that do not. The value of a security is a function of supply and demand. The value is determined by the past trends of the security prices. Therefore the past reasonably predicts the future.

2.1.3 Fundamental analysis

This is an in-depth study of the financial condition and operating results of a firm. Investors are therefore interested in the financial statements of the firm that is, the balance sheet, income statement, statement of cash flows and financial ratios. These will enable an investor to form an opinion about a firm thereby influencing his investment decision.

The analysis is based on the assumption that some securities may be mispriced in the market place at any given point in time. Through this method, an investor, by undertaking a careful analysis of the inherent characteristics of each of the firms being considered, can possibly identify those securities which are correctly priced and which ones are not.

2.1.4 Efficient market hypothesis

This is advocated for by those who do not accept the assumptions of fundamental analysis but rather advocate for efficient market hypothesis. Their believe is that the market is so efficient in processing new information such that securities trade close to or at their correct values all the time.

If markets are efficient and current prices fully reflect all information, then buying and selling of securities in an attempt to outperform the market becomes a game of chance rather than skill. But since markets are not efficient in reality, investors assume that the securities they are buying are worth more than the prices they are paying, while securities they are selling are worth less than the selling price *(Reily & Brown, 1996; Hurt & Block, 1993; Fisher and Jordan, 1996; Bhalla, 1979; Gitman & Joehnk, 2002; Elton and Gruber, 1981).* This assumption keeps the trading of securities going.

2.2 THEORY OF CHOICE OF INVESTMENT

In real life, rarely will ones current money income exactly balance with ones consumption desires. Sometimes, one could have more money than they spend while at times, one would have less money compared to what they want to buy.

Faced with this puzzle, an individual has two options: to save, as in the first instance, or to borrow, as in the second instance.

Through savings and the borrowings, individuals can decide to consume all income received/earned, or to consume only a portion of the income received/earned and accumulate the rest and invest thereby increasing future consumption *(Samuelson, 1992; Reily & Brown, 1996; Hurt & Block, 1993; Fisher and Jordan, 1996; Bhalla, 1979; Gitman & Joehnk, 2002; Elton and Gruber, 1981).*

Different investors have different investment opportunity sets and the choice of investment depends entirely on the utility (that is tastes or preferences) that the investor gets from a particular choice. Since investors are faced with many different investment opportunities, they would go for those investments that would give them maximum benefits *(Sameulson, 1992; Gitman & Joehnk, 2002).* The choice of investment by individuals depends on the motives and rationale behind the investment. Since investments are carried out throughout the individual's life cycle, the choice of investment will be very much dependent on the financial goals of the investor. For instance, they could be near term - high priority goals which are shorter term financial objectives such as buying a house, a car, or a trip. Secondly, they could be long-term-high priority goals which will be for retirement purposes. Lastly, there are those lower priority goals which are not critical and may include buying a new car every few years or refurnishing a house *(Gitman & Joehnk, 2002).*

Typically, a rational investor will prefer more to less. In other words, investors prefer those investments that will make them reach their solutions/goals. It therefore follows that an investor would prefer a satisfactory investment which basically would take into account the return and the risk. This is because investments are a commitment of funds and so investors would go for those investments that would compensate them for the time the funds were committed, the expected rate of inflation and the uncertainty of future payments.

2.3 IMPORTANCE OF INVESTMENT

Investment is a large and volatile component of spending. It has major impact on demand which in turn affects output and employment. It also leads to capital accumulation which affects the nations output and promotes economic growth. There are a number of incentives and motivations to investment. These could be business oriented motivations to satisfy basic business needs or investments motivated by economic analysis. Finance theory holds that firms operate in a manner consistent with maximising the market value of the enterprise of the shareholders. Hence, investments are expected to promote market share and profits.

Individual investments are undertaken for several reasons:

Liquidity purposes - Because investments do enhance current income by earning dividends or interest as this improves the liquidity of the investor.

Savings for a large future expenditure-Since investments enable families to put ^'de money over the years to accumulate the funds needed to make major expenditures.

Retirement planning funds - As individuals do review the amounts that can realistically be expected on social security and employers at retirement and quite often, such amounts do not meet their needs and so the need to invest.

Speculative purposes - Since investors will invest purely because of speculative reasons such as if an economy expects a boom in the future, or a company is just about to realize huge profits, or going international.

Returns - As investments are also taken for return purposes. Returns are earnings from an investment in form of capital gains/dividends. The investor will expect high returns for an investment if it is perceived as high risk. The investor needs to be compensated for taking the high risk investment; otherwise, lower returns would suffice if risks were considered low. Whatever the reason for investment, the investor selects that investment that maximises returns and minimises risks.

2.4 TYPES OF INVESTORS

There are two types of investors: **namely institutional investors and individual investors.** Institutional investors are investors dealing with pension funds, charities, insurance companies, investment trusts, Unit trusts and Open Ended Investment Companies (OEIC).

On the other hand, individual investors are further divided into foreign investors and local investors. It is important to note that the internet has played a large role in opening the world of investing to individual investors. A more level playing field has now been created for both ordinary investors and professionals since there is access to tools which were formerly restricted to professionals. Generally technology makes investment much easier now as compared to a few years a go.

2.5 FACTORS CONSIDERED BY INVESTORS

Investors do consider a number of factors when choosing an investment. These factors include *(Samuelson, 1992; Reily & Brown, 1996; Hurt & Block, 1993; Fisher and Jordan, 1996; Bhalla, 1979; Gitman & Joehnk, 2002; Elton and Gruber, 1981):*

2.5.1 Profitability of the firm

Businesses do exist mainly to maximise profits and shareholders wealth. Investors invest so that they make gain from the profits made by the firm. If a firm is known to be profitable, it will attract investors. On the other hand, no rational investor would buy shares from a loss making company.

2.5.2 Liquidity position

The ability of the firm to convert its assets into cash will attract investors since the firm will be in a position to meet its cash obligations like payment of dividends. Thus, a firm which is more liquid will be preferred by individual investors as opposed to those which are less liquid.

2.5.3 Firm's asset structure

High value asset is a sign of stability while low value asset is a risk. If a firm has assets, it is more stable as compared to one which does not which is considered as unstable.

Liquid assets will enable a firm to meet its short term financial needs without necessary rushing into other sources of financing. Investors do prefer firms with assets in form of liquidity with a high value.

2.5.4 Monetary and fiscal policies of the government

Taxes, interest rates, inflation and government borrowing will either influence or discourage individuals from buying securities. If taxes are high, then investors will be discouraged from investing in securities and vice versa. On the other hand, the prevailing interest rates will make them invest or to de-invest accordingly.

2.5.5 Industrial factors

Competition determines how well the firm performs and so the more competitive a firm is, the more investors would prefer its stock since competition is a sign of good performance and so the returns are expected to be equally high.

2.5.6 Financing policy and capital structure

This will determine the actions of management in as far as financing the firm's operations are concerned. For instance, does the firm issue new shares to raise funds and will the existing shareholders portion be diluted by this action? What is the ratio of debt to equity and what is the cost of capital? If the firm will spend its earnings in servicing debt financing, then investors will be reluctant to buy shares in this company. The fear of bankruptcy and its due to high debt financing will scare individual investors.

25.7 Returns

Individual investors relate expected returns from investment to overall market return and the cost of capital before deciding on whether to invest or not. If expected returns are lower than the market returns, then the investment will be abandoned. The investment will equally not be undertaken if the returns are lower than the cost of capital.

2.5.8 Risk

Investors always consider risks associated with every investment before making a choice. The future outcome is always uncertain, i.e. either favourable or adverse, and investors must predict the possible outcome. If it turns out to be favourable, then the investor benefits, otherwise, he losses.

The measurement of risk usually involves methods such as variance, standard deviation and beta.

In managing risk, investors mostly use portfolio diversification. The portfolio is constituted from a number of investments that are not positively correlated as far as their returns are concerned. The best portfolio that completely minimises risks is that which has perfectly negatively correlated returns. The absence of financial instruments like futures, swaps and options to help manage systematic risks force investors to do comprehensive risk analysis before choosing an investment.

2.5.9 Dividends

Companies are under no obligation to pay dividends. The directors may choose either to declare dividends or not in a year. Dividends may be paid in form of cash or stock dividends. Each company chooses its own dividend policy that it deems best to serve its investment and shareholder interests so as to maximize the shareholder wealth.

It is important that investors do a proper analysis that enables them to select an investment that earns them good returns in form of dividends and capital gains now and in the future. Such analysis will be based on economic analysis, industrial analysis and analysis of the company's micro-economic condition.

2.5.10 Other factors

This includes factors like **future expansion plans, diversification into new markets, management and staff of the company** e.t.c. These will affect the firm's ability to retain or to distribute dividends and how to raise the additional capital required for such expansions. Such actions would either benefit the individual investor or make him loose.

2.6 *EMPIRICAL LITERATURE*

Modigliani and Miller (1961) came up with what is known as the MM Dividend Irrelevant Theory. In this theory, they argued that the value of the firm is determined by: (i) **its basic earning power** and (ii) the **firms risk and not by the distribution of dividends.** This however, has not been proved in many economies since the assumptions that there are no corporate or personal taxes, no transaction costs associated with floated shares, that the firm's investment policy is independent of the dividend policy and that the market is efficient are not applicable.

Gordon and Litner (1963) came up with what is known as the Bird in Hand Theory. Gordon and Litner (1963) argued that **a bird in hand is worth two in the bush. In other words, shareholders would prefer cash dividends to capital gains.** Investors therefore value dividends more than capital gains as **companies which pay dividends have a higher market value than the ones that do not.**

Ross (1977) in the Signalling Theory argues that investors can use dividends to signal important information to the market which is only known to them. Thus, a firm that pays dividends will signal higher profits and also a higher market value.

Litzenberger and Ramaswammy (1979) came up with what is known as the **Tax Differential Theory** in which they noted that tax on dividends is higher than on capital gains. To Litzenberger and Ramaswammy (1979), **a firm that pays dividends has a lower market value resulting from the tax that will reduce the amount of dividend.**

Mugo (1999) carried out a research on the factors that institutional investors consider in evaluating shares of quoted companies at the NSE. In her research, she looked at institutional investors (which basically focussed on Insurance companies, Retirement Benefit schemes and Fund management companies) and identified the factors that institutional investors consider in evaluating shares of quoted companies at the NSE as: (i)economic factors (ii) industry factors (iii) company factors (iv) return and risk factors.

CHAPTER THREE:

3.0 RESEARCH DESIGN

3.1 POPULATION

The population consisted of all individual investors who have invested in shares of quoted companies in the NSE. This included both individual local and individual foreign investors.

3.2 SAMPLE AND SAMPLING FRAME

The study focussed on foreign and local investors who invest in ordinary shares of quoted companies at the NSE. There are about 20 stock brokerage firms in the country who were all visited. Convenient sampling was used to select local investors from each stock brokerage firm and also at the NSE public gallery. This gave a total of 100 local investors. A total of 23 individual foreign investors were also interviewed and were identified through the stock brokerage firms, foreign embassies in Kenya and also at joints frequented by foreigners notably at Java Coffee House at Adams Arcade, Ngong Rd, Nairobi.

3.3 DATA COLLECTION

Questionnaires were administered to individual investors both foreign and local. These investors were approached as they queue to be served at the stock brokerage firms. Similarly, questionnaires were mailed electronically to some foreign investors who demanded so.

A research assistant was used to guide the individual investors in filling the questionnaires.

To facilitate response on foreign investors, telephone calls and personal visits to the foreign embassies were used as a follow up on the respondents.

3.4 DATA ANALYSIS

Descriptive statistics such as means, modes, medians and standard deviations have been used to analyze the data. Responses to the questionnaires were coded and presented by way of tables and graphs for interpretation purposes. The responses have been attached in appendix 4.

Factor analysis was used to rank factors considered in order of importance. Comparative analysis to identify any differences between factors considered by foreign individual investors and local individual investors were also undertaken.

CHAPTER FOUR:

4.0 ANALYSIS OF THE DATA, INTERPRETATION AND DISCUSSION

4.1 RESPONSE RATE

Questionnaires were administered to both local and foreign investors. The response rate was as follows:

Table 4.1: Response Rate

Category	Distribution	Response	%age
Local	120	100	83%
Foreign	40	23	58%
Total	160	123	77%

Source: Research Data

The response rate for local investors was 83% while for foreign investors was 58%. Generally, the response rate was good as 77% of the questionnaires administered were received back. The response rate and the coded questionnaire are in appendix 4.

4.2 DEMOGRAPHIC ANALYSIS

The demographic analysis mainly focussed on the age distribution and the educational level of the investors. These are as indicated in tables 4.2a and 4.2b.

Table 4.2a: Age Distribution of the Investors

Age	Local		Foreign		Total	%age
18-25	29	29%	5	22%	34	28%
26-35	42	42%	6	26%	48	39%
36-45	15	15%	10	43%	25	20%
46-55	11	11%	2	9%	13	11%
Above 55	3	3%	0	0%	3	2%
Total	100	100%	23	100%	123	100%

Source: Research Data

The table indicates that the majority of local investors are within 26-35 age bracket while majority of foreign investors are aged between 36-45 years. There are no investors above 55 years of age among the foreign investors while for local investors, they make 2% of the investors. The mean age for local investors is 33 while for foreign investors it is 36.

Generally, the age distribution table shows that 39% of the investors at the NSE are aged between 26-35 and are the majority, followed by those who are aged between 18-25 who were 28% of the total investors. Those who are aged between 36-45 come third taking 20% of the total investors at the NSE, while those aged 46-55 come fourth and comprise 11% of the total investors. Investors who are aged above 55 are quite few and only make 2% of the total investors who were all local investors.

Table 4.2b: Educational Level of the Investors

Highest Level	Local		Foreign		Total	%age
Primary	1	1%	0	0%	1	1%
Secondary	18	18%	2	9%	20	16%
Technical	51	51%	10	43%	61	50%
University	30	30%	11	48%	41	33%
Others	0	0%	0	0%	0	0%
Total	100	100%	23	100%	123	100%

Source: Research Data

The results above show that 48% of the foreign investors have university education compared to 30% of the local investors. Foreign investors with technical education are 43% while local investors are 51%. Only 9% of the foreign investors have the highest education level as secondary education compared to 18% of the local investors. Whereas 1% of the local investors have the primary level of education as the highest level, none of the foreign investors interviewed had primary education as the highest level of education.

The general analysis from the table is that the respondents with university education form 33% of the total individual investors at the NSE while those with technical (post secondary) education form 50%. 16% of the investors have secondary education as the highest academic qualification while only 1 % of the investors have primary education as the highest level of education.

4.3 FACTORS CONSIDERED BY INDIVIDUAL INVESTORS

The main objective of this study was to identify the factors that individual investors consider in investing in shares of quoted companies at the NSE. The factors were categorised as:

- relevant items in investment decision,
- specific considerations
- monetary and fiscal factors
- industrial factors
- safety of the amount invested and
- accounting policies and managerial forecasts

The factors were graded as "very important" (5), "important" (4), "fairly important" (3), "less important" (2) and "not important" (1). Also considered in the study was the individual investor preference in the shares under different segments at the NSE. Responses were coded (see appendix 4) and tables and charts/graphs designed to facilitate data analysis.

4.3.1 Relevant items in investment decision

To analyse the data, means were estimated and presented in tables and charts. The table below gives a summary of the relevant factors in investment decisions by individual investors investing in shares of companies quoted at the NSE. Since the total number of local respondents were 100, and the maximum point was 5 (Very Important), then the maximum score was supposed to be 500. Hence, from the coded data in appendix 4, the following table was constituted:

Table 4.3.1a: Relevant Items in Investment Decision (Local Investors)

Factors	**Score**	**Max score**	**% Score**	**Mean**	**Std Dev**	**Rank**
Profitability	469	500	94%	5	1	1
Liquidity	394	500	79%	4	1	5
Assets	402	500	80%	4	1	4
Dividend History	390	500	78%	4	1	7
Dividend Income	397	500	79%	4	1	5
Growth in Income	430	500	86%	4	1	2
Share Capital Gain	428	500	86%	4	1	2
Capital Structure	356	500	71%	4	2	8
Total	**3266**	**4000**	**82%**			

Source: Research Data

From the above table, individual investors first and foremost consider profitability which they rated as a "very important" (since it had a mean of 5) factor to consider when investing in shares quoted at the NSE. This was closely followed by share capital gain and growth in income of the company both of which ranked second. Other factors considered in order of importance included assets of the company, dividend income, liquidity, dividend history and capital structure.

All the factors except capital structure had a standard deviation of 1 meaning that the local investors are not indifferent when it comes to these factors. Capital structure had a standard deviation of 2 meaning that investors are somehow indifferent in their assessment when it comes to capital structure consideration.

In the case of foreign investors, 23 responded to the questionnaire. Hence the maximum score was 115 (i.e. 23 X 5). The summary table from appendix 4 was as follows:

Table 4.3.1b: Relevant Items in Investment Decision (Foreign Investors)

Factors	Score	Max score	% Score	Mean	Std Dev	Rank
Profitability	114	115	99%	5	1	1
Liquidity	98	115	85%	4	1	3
Assets	95	115	83%	4	1	4
Dividend History	96	115	83%	4	1	4
Dividend Income	103	115	90%	4	1	2
Growth in Income	96	115	83%	4	1	4
Share Capital Gain	94	115	82%	4	1	8
Capital Structure	95	115	83%	4	2	4
Total	**791**	**920**	**86%**			

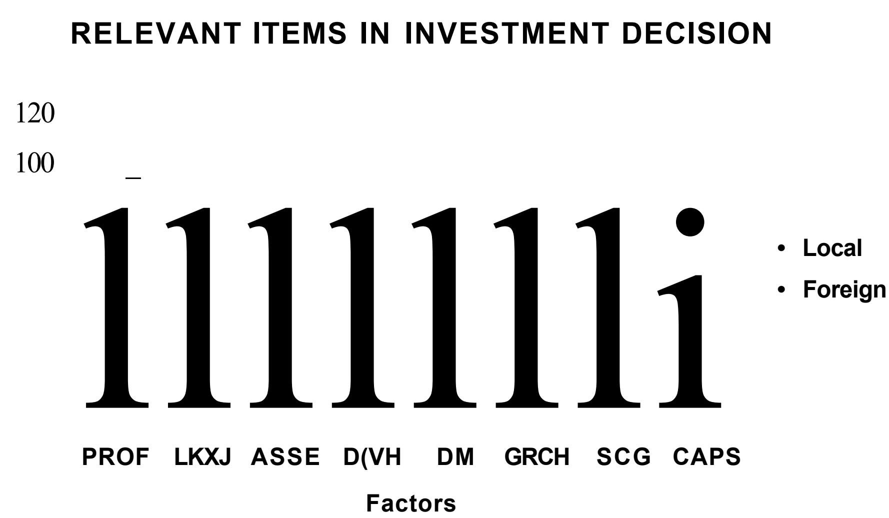
Source: Research Data

Foreign investors consider profitability, dividend Income and liquidity in that order. 99% rated profitability as a "very important" factor since its mean was 5. The other factors i.e. dividend history, growth in income, capital structure and assets were rated as important (mean of 4) by 83% of the foreign investors. Share capital gain was the least factor considered by foreign investors as 82% rated it as an important factor.

The standard deviation in all the factors except for capital structure was 1. Hence the foreign investors too are not indifferent when it comes to the consideration of these factors.

The factors are presented in the figure below:

Figure 43.1: Relevant Items in Investment Decision



Source: Research Data

•3.2 Specific considerations

Factors considered and analysed in this category included; present and future conditions, management records of the company, key management personnel of the company, marketability of the shares, control of the company, risks associated with the company, risks associated with the industry, changes in share prices in the market and technological advancements of the company. The results were as follows:

Table 4.3.2b: Specific Considerations (Foreign Investors)

Factors	Score	Max score	% Score	Mean	Std Dev	Rank
Present and Future conditions	446	500	89%	4	1	2
Mngt Records of the Co.	446	500	89%	4	4	3
Key Mngt personnel	354	500	71%	4	1	9
Marketability of the shares	450	500	90%	5	1	1
Control of the company	368	500	74%	4	1	7
Risks Associated with co.	406	500	81%	4	1	5
Risks Associated with the Ind.	391	500	78%	4	1	6
Changes in share prices in Mkt	436	500	87%	4	1	4
Tech. Advancement of the co.	359	500	72%	4	1	8
Total	**3656**	**4500**	**81%**			

Source: Research Data

Looking at the above table, individual investors consider marketability of the shares as the most important factor in this category. The factor was rated 5 which means that it is a "very important" factor to local investors. Present and future conditions would be next followed by management records of the company.

Other factors considered in order of importance included: changes in share prices in the market, risks associated with the company, risks associated with the industry, control of the company and technological advancement of the company. Key management personnel is the least considered factor here with only 71% of the investors, who rated it as important (mean of 4). Management records had a standard deviation of 4 meaning that investors are quite diverse and indifferent in as far as this factor is concerned. Other factors had a standard deviation of 1 implying that investors are not indifferent in the consideration of these factors.

Table 4.3.2b: Specific Considerations (Foreign Investors)

Factors	Score	Max score	% Score	Mean	Std Dev	Rank
Present and Future conditions	111	115	97%	5	1	1
Mngt Records of the Co.	102	115	89%	4	1	**4**
Key Mngt personnel	93	115	81%	4	1	6
Marketability of the shares	106	115	92%	5	1	2
Control of the company	86	115	75%	4	1	8
Risks Associated with co.	98	115	85%	4	1	5
Risks Associated with the Ind.	82	115	71%	4	1	9
Changes in share prices in Mkt	103	115	90%	4	1	3
Tech. Advancement of the co.	89	115	77%	4	1	7
Total	**870**	**1035**	**84%**			

Source: Research Data

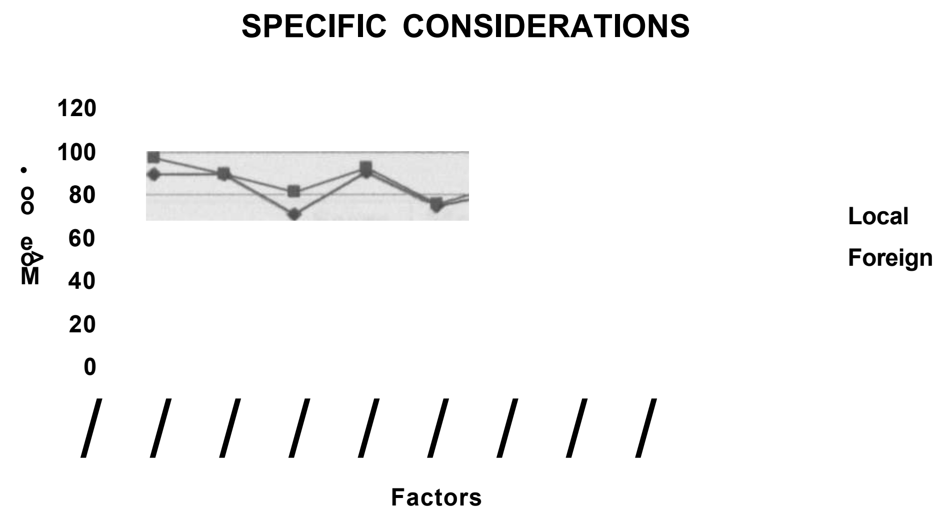
The majority (97%) of foreign investors would consider present and future conditions of the company giving it the highest ranked factor in this category. This would be followed by marketability of the shares, changes in share prices in the market and management records of the company taking the second, third and fourth positions respectively. They would then consider risks associated with the company, key management personnel, technological advances of the company, control of the company and finally risks associated with the industry.

As far as these factors are concerned, the investors are not diverse since the factors had a standard deviation of 1.

On the other hand, foreign investors grade marketability of the shares and present and future conditions as "very important" factors since the two factors had a mean of 5. The other remaining factors in this category had a mean of 4 meaning that the factors are rated as "Important" by the investors.

Table 4.3.2a and 4.3.2b have been presented in the graph below:

Graph 43.2: Specific Considerations



Source: Research Data

k3.3 Monetary and fiscal *policies*

Factors surveyed in this category included, interest rates, inflation and taxation. The results of the survey are summarised in the tables that follow and in the chart there after:

Table 4.33a: Monetary and Fiscal Policies (Local Investors)

Factors	Score	Max score	% Score	Mean	Std Dev	Rank
Interest rates	425	500	85%	4	**1**	**1**
Inflation	385	500	**77%**	4	**1**	2
Taxation	342	500	68%	3	**1**	3
Total	**1152**	**1500**	**77%**			

Source: Research Data

Table 4.33b: Monetary and Fiscal Policies (Foreign Investors)

Factors	Score	Max score	% Score	Mean	Std Dev	Rank
Interest rates	110	115	96%	5	1	1
Inflation	91	115	79%	**4**	1	2
Taxation	78	115	68%	3	1	3
Total	**279**	**345**	**81%**			

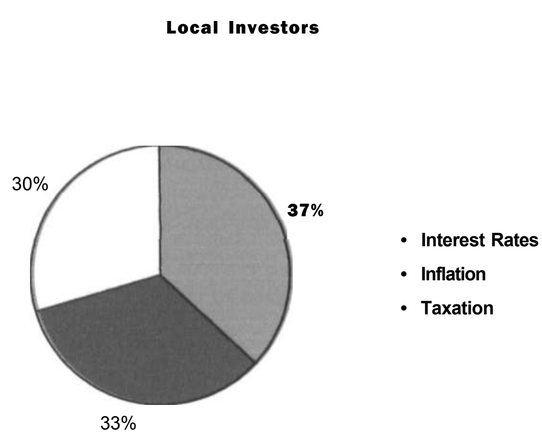
Source: Research Data

The analyses show that local investors consider monetary and fiscal policies as important with interest rates being the most important factor in this category. Inflation and taxation were ranked second and third in that order. All the three factors had a standard deviation of 1 indicating that the investors' views are not diverse when it comes to factors in this category.

Similarly, foreign investors would also consider interest rates, inflation and taxation in that order. However, many foreign investors (96%) consider interest rates as a very important factor (mean of 5) compared to 85% of local investors who would consider it as an "important" factor (mean of 4).
To both the foreign and the local investors, taxation had a mean of 3 showing that it is a fairly important factor when it comes to investment in ordinary shares quoted at the NSE.

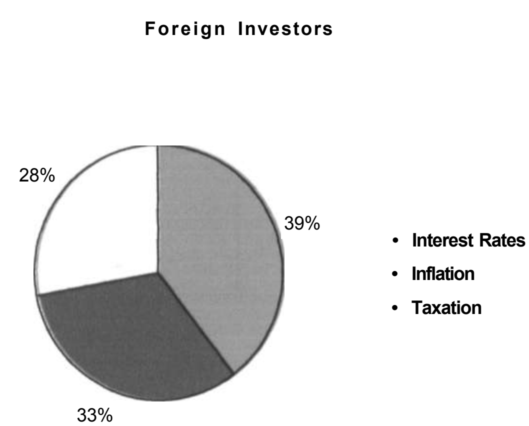
The pie chart below presents these factors:

Figure 4.3.3a: Monetary and Fiscal Policies



Source: Research Data

Figure 43.3b: Monetary and Fiscal Policies



Source: Research Data

4.3.4 Industrial factors

Under industrial factors, investors were asked to rate competition in the industry, stages of industrial growth and innovation in the industry. The results are tabulated in tables 4.3.4a and 4.3.4b.

Table 43.4a: Industrial Factors (Local Investors)

Factors	Score	Max score	% Score	Mean	Std Dev	Rank
Competition in the Industry	415	500	83%	4	1	1
Stages of industrial growth	378	500	76%	4	1	2
Innovation in the Industry	371	500	74%	4	1	3
Total	**1164**	**1500**	**78%**			

Source: Research Data

Table 4.3.4b: Industrial Factors (Foreign Investors)

Factors	Score	Max score	% Score	Mean	Std Dev	Rank
Competition in the Industry	95	115	83%	4	1	1
Stages of industrial growth	81	115	70%	4	1	3
Innovation in the Industry	88	115	77%	4	1	2
Total	**264**	**345**	77%			

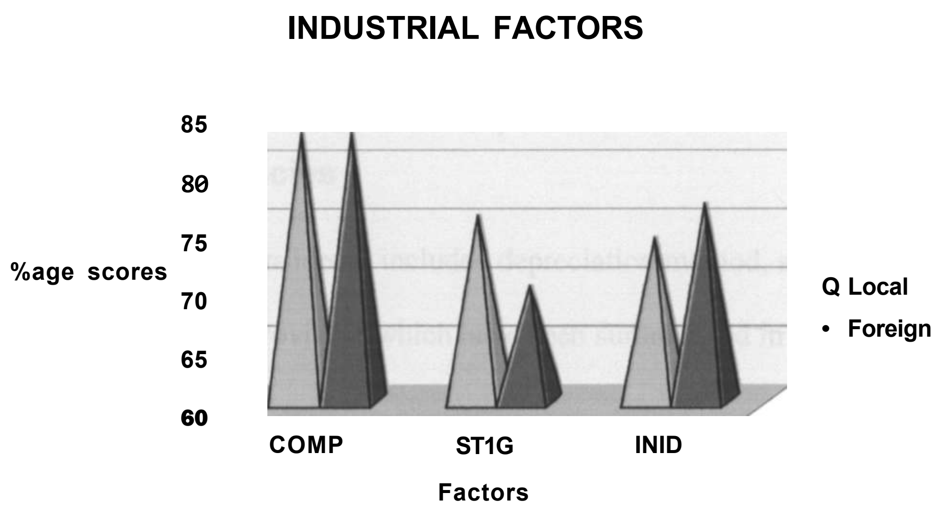
Source: Research Data

All the three factors under industrial factors were rated important by both local and foreign investors. Competition in the industry was the most considered factor by both local and foreign investors while innovation in the industry was second for foreign investors but third for local investors. Stages in industrial growth were ranked second by local investors but third by foreign investors.

The factors had a mean of 4 meaning that they are "important" to the investors. There was no diversity amongst the factors since they all had a standard deviation of 1.

The two tables are summarised in the figure below:

Figure 4.3.4: Industrial Factors



Source: Research Data

4.3.5 Safety of the amount invested

The importance to investors of the safety of the amount invested in ordinary shares by the investors was considered. The response was as follows:

Table 4.3.5: Safety of the Amount Invested

Category	Score	Max score	% Score	Mean	Std Dev
Local	444	500	83%	4	1
Foreign	97	115	84%	4	1

Source: Research Data

83% of local investors and 84% of foreign investors consider safety of the amount invested as important, an indication that most investors are keen on not losing their investment.

The mean was **4** with a standard deviation of **1**. Hence, the factor is considered **important** with no diversity in the rating by the investors when it comes to **investment** in ordinary shares at the NSE.

3.6 Accounting policies

Accounting policies considered included depreciation method, stock valuation method and bad debt provision which have been summarised in the tables below:

Table 4.3.6a: Accounting Policies (Local Investors)

Factors	**Score**	**Max score**	**% Score**	**Mean**	**Std Dev**	**Rank**
Depreciation Method	340	500	68%	3	1	3
Stock Valuation Method	352	500	70%	4	2	2
Bad Debt Provision	362	500	72%	4	2	1
Total	**1054**	**1500**	**70%**			

Source: Research Data

Table 4.3.6b: Accounting Policies (Foreign Investors)

Factors	**Score**	**Max score**	**% Score**	**Mean**	**Std Dev**	**Rank**
Depreciation Method	79	115	69%	3	1	3
Stock Valuation Method	85	115	74%	4	2	1
Bad Debt Provision	84	115	73%	4	1	2
Total	**248**	**345**	**72%**			

Source: Research Data

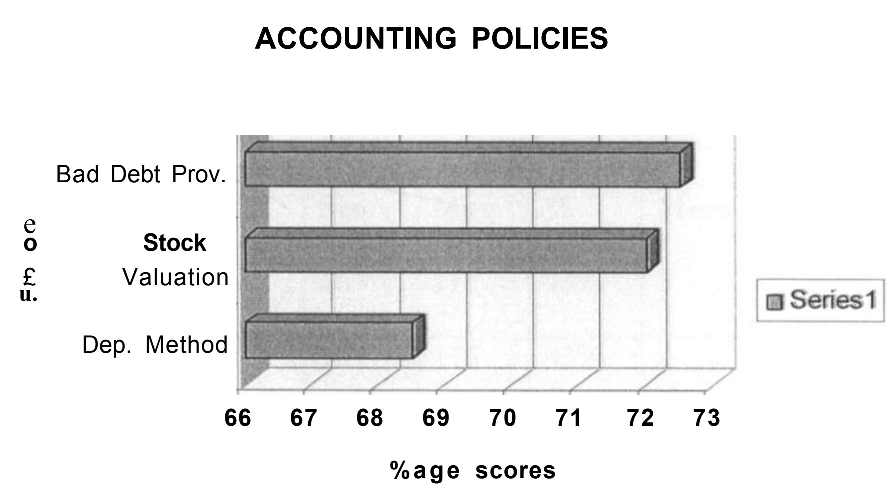
On accounting policies, foreign investors and local investors give priority to different factors. Stock valuation method was ranked first, bad debt provision second and depreciation method last by foreign investors while local investors ranked bad debt provision first, stock valuation second and depreciation method last.

Generally, only 68% of the investors consider depreciation method used by the company when investing in shares at the NSE.

Depreciation method used by the company is a fairly important factor (since it had a mean of 3) to the individual investors while stock valuation and bad debt provision are rated as important (mean of 4) by the investors.

Apart from depreciation method, local investors' response varied in the consideration of the other two factors with a standard deviation 2. On the other hand, foreign investors are only diverse when it comes to stock valuation method. These factors have been presented in the figure below:

<u>Figure 4.3.6: Accounting Policies</u>



Source: Research Data

From the analysis presented, bad debt provision is given more priority as compared to stock valuation method and depreciation method. Only 68% of the Investors consider depreciation method which made it the least considered factor in this category. As far as the investors are concerned, depreciation method is a fairly important factor to consider since it had a mean of 3.

4.3.7 Managerial forecasts

The factors surveyed under managerial forecasts included profitability and risk. The results are summarised in the tables below:

Table 4.3.7a: Managerial Forecasts (Local Investors)

Factors	**Score**	**Max score**	**% Score**	**Mean**	**Std Dev**	**Rank**
Profitability	429	500	86%	4	1	1
Risk	401	500	80%	4	1	2
Total	**830**	**1000**	**83%**			

Source: Research Data

Table 4.3.7b: Managerial Forecasts (Foreign Investors)

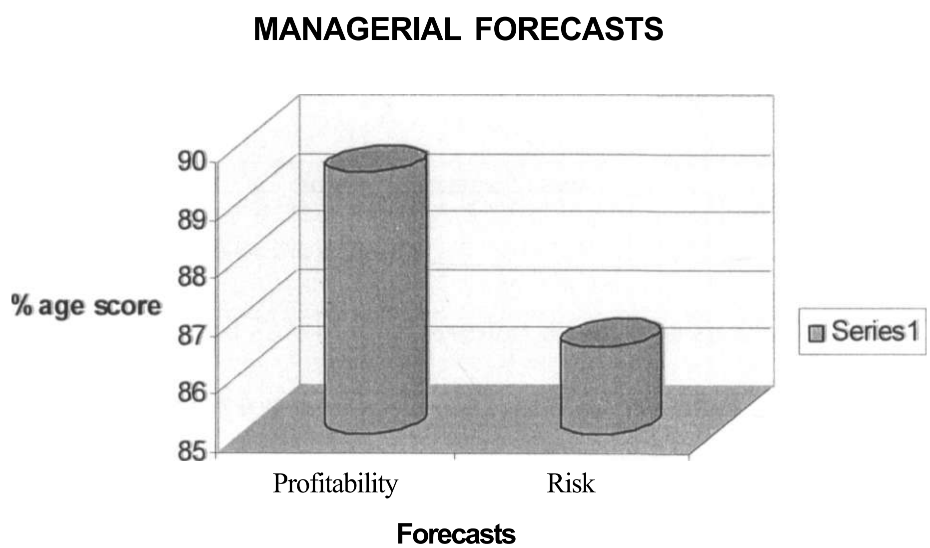
Factors	**Score**	**Max score**	**% Score**	**Mean**	**Std Dev**	**Rank**
Profitability	107	115	93%	5	1	1
Risk	107	115	93%	5	1	1
Total	**214**	**230**	**93%**			

Source: Research Data

Local investors would give more consideration to managerial forecasts in regard to profitability than risk while foreign investors would consider them equally. To the local investors, the two factors are "important" while to the foreign investors, the two factors are "very important" as they had a mean of 4 and 5 respectively. The responses did not vary amongst the various investors since the standard deviation was 1 in both cases and in all the two factors.

Generally, investors are keen to what the management forecast is like especially on profitability of the company as indicated in the figure below:

Figure 4.3.7: Managerial Forecasts



Source: Research Data

4.3.8 Summary of the various factors

From the tables that have been presented so far, it was possible to come up with a summary table of the various factors considered by individual investors. The table below gives a summary of all these factors:

Table 4.3.8: Combined Factors

Category	Relevant Items in Investment Decision	Specific Considerations	Monetary & Fiscal Policies	Industrial Factors	Safety of the Amount invested	Accounting Policies	Managerial Forecasts
Local	82%	81%	77%	78%	83%	70%	83%
Foreign	86%	84%	81%	77%	84%	72%	93%
Average	84%	83%	79%	78%	84%	71%	88%
Rank - Local	3	4	6	5	1	7	1
Rank - Foreign	2	3	5	6	3	7	1
Rank-Overall	3	4	5	6	2	7	1

Source: Research Data

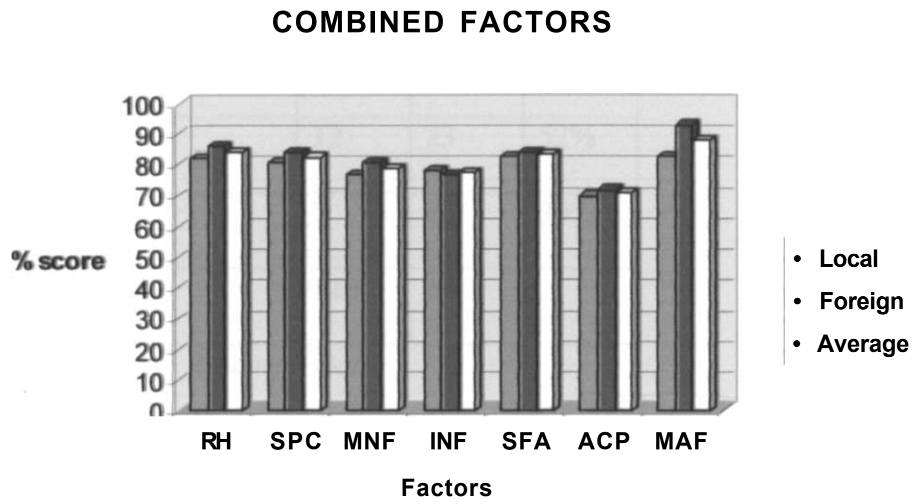
The table reveals that 83% of local investors do consider first and foremost managerial forecasts (on profitability and risk) and the safety of the amount invested when investing in ordinary shares of quoted companies at the NSE. This is then followed by relevant items in investment decision (profitability, liquidity, dividend income, share capital gain among others), specific considerations (i.e. present and future conditions, management records of the company, key management personnel, control of the company and risks among others), industrial factors (competition in the industry, stages of industrial growth and innovation in the industry), monetary and fiscal policies (Inflation, interest rates and taxation) and accounting policies (depreciation method, bad debt provision, stock valuation method) in that order. The factors were ranked by 82%, 81 %, 78%, 77% and 70% of the investors respectively.

On the other hand, 93% of foreign investors would give first consideration to managerial forecasts which is closely followed by relevant items with 86% rating by the investors. Specific considerations and the amount invested would then come third with 84% of the foreign investor rating while 81% of the investors would consider monetary and fiscal policies making it the fifth factor. Industrial factors come sixth with a rating of 77% of the foreign investors. Only 72% of the foreign investors would consider accounting policies making it the least considered factor when investing in shares of quoted companies at the NSE.

In the overall, investors investing in shares of quoted companies at the NSE would consider managerial forecasts, safety of the amount invested, relevant items in investment decision, specific consideration, monetary and fiscal policies and industrial factors in that order. The last factors that they would consider are accounting policies which was ranked by only 71% of the investors.

The factors are presented in figure 4.3.8:

Figure 43.8: Combined Factors



Source: Research Data

4.4 RISK ANALYSIS AND INVESTOR PREFERENCE

4.4.1 Risk analysis

This was classified as either being low, medium or high. The investor response was as follows:

Table 4.4.1a: Risk Analysis (Local Investors)

Factors	Score	Max score	% Score
High	29	120	24%
Medium	60	120	50%
Low	31	120	26%
Total	**120**	**360**	

Source: Research Data

Table 4.4.1b; Risk Analysis (Foreign Investors)

Factors	**Score**	**Max score**	/o **Score**
High	4	23	18%
Medium	12	23	52%
Low	7	23	30%
Total	**120**	69	

Source: Research Data

Tables 4.4.1a and 4.4.1b show that 24% of local investors consider investment in ordinary shares of companies quoted at the NSE as high risk as compared to 18% by foreign investors. On the other hand 50% of local investors and 52% of foreign investors consider investment in ordinary shares as medium risk. Those who consider investment in ordinary shares as low risk are 26% local and 30% foreign. This means that 21% of investors consider investment in ordinary shares at the NSE as high risk while 51% consider such investment as medium risk. However, 28% consider investment in ordinary shares as high risk. Thus a majority of individual investors consider investment in ordinary shares as medium risk.

4.4.2 Risk analysis models

Investors were asked to state whether they use any risk analysis model when investing in shares. The results are shown in the tables that follow:

Table 4.4.2a: Risk Analysis Models (Local Investors)

Factors	Score	Max score	% Score	Rank
Beta	9	100	9%	4
Std Deviation	34	100	34%	2
Range	35	100	35%	**1**
Variance	32	100	32%	3
Others	0	100	0%	
Total	**110**	**360**		

Source: Research Data

Table 4.4.2b: Risk Analysis Models (Foreign Investors)

Factors	Score	Max score	% Score	Rank
Beta	4	23	17%	4
Std Deviation	4	23	17%	3
Range	8	23	34%	1
Variance	8	23	34%	2
Others	0	23	0%	
Total				

Source: Research Data

Risk analysis in investment in ordinary shares was found to be very low for individual investors. The most commonly used model, though by very few investors is the range (35% and 34% by local and foreign investors respectively). Only 17% of the foreign investors use standard deviation as compared to 34% of the local investors. On average, 33% of the investors use variance to analyse risk while 35% use range. The least used risk analysis model by investors is beta as only 13% of the investors use it.

Apart from these, there was not any other method that individual investors quoted as being used in assessing the risks associated with ordinary shares of companies quoted at the NSE.

4.4.3 Investor preference

The research also investigated the investors' option towards purchase of shares at the NSE. Among the local investors, 80% would purchase the shares if they were available while 20% would not. For foreigners, 78% would invest in shares if available while 22% would not invest in shares. This is an indication that most investors are satisfied with investment in ordinary shares of quoted companies at the NSE. The table below shows this finding.

Table 4.43: Investment Option

Category	**Yes**	**No**	**Total**
Local	80	20	100
Foreign	18	5	23
Total	**98**	**25**	**123**

Source: Research Data

The preference for the various investment segments were as follows:

Table 4.4.3a: Investor Preference (Local Investors)

Sector	Score	Max score	% Score	Mean	Std Dev	Rank
Agricultural	310	500	62%	3	1	4
Commercial & Services	435	500	87%	4	4	2
Finance and Investment	454	500	91%	5	1	1
Industrial and Allied	406	500	81%	4	1	3
Alternative Investment Market	294	500	59%	3	1	5
Total	**1899**	**2500**				

Source: Research Data

Table 4.4.3b: Investor Preference (Foreign Investors)

Sector	Score	Max score	% Score	Mean	Std Dev	Rank
Agricultural	72	115	63%	3	1	5
Commercial & Services	92	115	80%	4	1	3
Finance and Investment	102	115	89%	4	1	1
Industrial and Allied	99	115	86%	4	1	2
Alternative Investment Market	78	115	68%	3	1	4
Total	**443**	575				

Source: Research Data

The most preferred segment is the finance and investment sector by 91% of the local investors and 89% of the foreign investors.

Foreign investors would then next opt for industrial and allied segment while local investors would next opt for commercial and services segment. The preference was 86% and 87% of the investors respectively.

Industrial and allied segment became third for the local investors as it was preferred by 81% of the investors while for foreign investors, the third option was commercial and services which was preferred by 80% of the investors.

The agricultural sector was preferred by 62% of the local investors making it the fourth preference for them while 68% of the foreign investors preferred the alternative investment segment.

The least preferred segment by the local investors was the alternative investment segment (preferred by 59%) while for foreign investors the least preferred segment was the agricultural segment (preferred by 63% of the respondents).

CHAPTER FIVE:

5.0 SUMMARY AND CONCLUSIONS, LIMITATIONS, RECOMMENDATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

5.1 SUMMARY AND CONCLUSIONS

5.1.1 Summary

The research findings have identified the factors that individual investors consider when investing in shares of companies quoted at the NSE. These factors are listed in order of importance as follows:

5.1.1.1 Managerial forecasts

Individual investors would first of all look at managerial forecasts before they can decide to invest in ordinary shares of quoted companies at the NSE.

Generally, 88% of individual investors consider managerial forecasts on profitability and risk as the most important factors to consider when investing in shares of quoted companies at the NSE. Investors rated this factor very highly. This was by 93% of the loreign investors and 83% of the local investors. This finding confirms the signalling theory which states that management can use information to signal and influence investors behaviour. It thus indicates that if management's forecasts on profitability are high, then investors would be willing to invest in the shares of such companies because they know that they will be compensated for the risks that they take.

5.1.1.2 Safety of the amount invested

This is the second factor considered by individual investors at the NSE. 84% of the investors consider the safety of the amount invested as very important. Basically, investors are keen to ensure that their funds are safe and that the company they are investing in will not be in liquidation the following day. They would also be careful about bankruptcy costs and liquidation costs.

5.1.1.3 Relevant items in investment decision

These factors were ranked third by 84% of the investors. Among the factors given high priority are: profitability, dividend income, liquidity, growth in come and share capital gain, though these factors varied from local to foreign investors. Apart from profitability where both investors gave the first consent, foreign investors would have liquidity come second unlike local investors who would consider growth in come. Most investors consider profitability as a factor to look at when looking at relevant items in investment decision. This reveals the fact that a rational investor would invest in order to earn profits and also to be able to dispose his/her shares at any time so desired. Hence, the need for liquidity consideration.

5.1.1.4 Specific consideration

Generally, 83% of the investors would look at specific consideration factors which became fourth in the investors' ranking list.

The study has shown that the main factors given weight here are marketability of the shares, present and future conditions of the company and changes in the share prices in the market. Thus, if a company's shares are marketable, then investors would buy such shares as they sell them on demand without much loss. Similarly, present and future conditions of the company like political situation, globalization among others would basically determine whether investors would invest or not.

Investors are also keen on the volatility of the share prices in the market as they would prefer those shares whose prices do not shoot up or down unpredictably.

5.1.1.5 Monetary and fiscal policies

The research reveals that 79% of the investors investing in ordinary shares at the NSE would consider monetary and fiscal policies as the fifth factor. The most considered factor in this category is interest rates which was ranked very highly by both categories of the investors simply by the virtue that this will dictate the amount of money available to the investors, hence either encouraging or discouraging investment in ordinary shares.

Investors would then consider inflation as a second factor here. Only 68% of the investors consider taxation as a factor and this makes it the least considered factor in this category. Looking at the individual factors considered in this paper, taxation received the least rating by the individual investors.

5.1.1.6 Industrial factors

This was considered by 78% of the investors and was ranked the sixth among the factors. Investors rated highly competitiveness in the industry. For instance, if a company quoted at the NSE is competitive, then it means that its shares will be on demand. Competitiveness is a sign of good performance which basically means that the company will be making profits thereby being able to maximise the wealth of the shareholders.

5.1.1.7 Accounting policies

When individual investors consider factors before investing in shares of quoted companies at the NSE, accounting policies would be the last to consider. However, they would give much attention to bad debt provision, by the virtue of the fact that a company which provides for very high debts is also likely to minimise its profits. No investor would be willing to invest in a company which can not collect its debts as chances of making losses are also high in such cases.

On the other hand, stock valuation method is considered second in this category while depreciation method is the least considered among the three factors. This could be due to the capacity of the investors, their interests and the technicalities involved in interpreting and understanding the accounting concepts involved.

5.1.1.8 Risk analysis

Most investors consider the risk involved in investment in ordinary shares as medium risk. 50% of the investors rated it medium, 22% high, while 28% consider the risk involved as low.

5.1.1.9 Risk analysis models

The study findings reveal that few investors use risk analysis models to analyse risk. Only about 34% of the investors use measures such as standard deviation, variance, and range. Beta is rarely used with less than 10% of the investors using it to assess risk. There are no any other known methods that investors use to analyse risk when investing in shares of companies quoted at the NSE.

5.1.1.10 Investor preference

It is clear from the research that 80% of the investors would invest in ordinary shares if they were available. This is an indication that they are satisfied with the investment in ordinary shares. The most preferred segment is the finance and investment segment while the least preferred is the alternative investment market.

5.1.1.11 Demographic analysis

The study reveals that individual investors at the NSE are young with a mean age of 33 with only 33% having university education. Majority of the investors are aged between 26-35 years. However, those above 55 only form 2% of the investors at the NSE and are all local investors.

5.1.2 Conclusions

Investments are complex decisions which require special attention before they are undertaken. The effects of investment decisions extend into the future which has to be endured for a longer period than the consequences of the current operating expenditure. Moreover, they involve the assessment of future events which are difficult to predict because of uncertainties i.e. economic, political, social and technological forces.

A wrong investment decision can prove disastrous to the investor and to the firm at large as they involve commitment of large amounts of funds. Investors should assess the risks associated with the ordinary shares they are buying.

Thus there is need for proper planning and analysis of the investment opportunities available to the investor and more so on ordinary shares of companies quoted at the NSE.

5.2 LIMITATIONS OF THE STUDY

5.2.1 Suspicion

Some of the investors were suspicious about the study and declined to fill and return the questionnaires despite promising to do so. On the other hand, some of the stock brokerage firms could not allow the research assistant to have a direct contact with the investors for fear that the research might open the eyes of the investors due to the questions that were being asked. They opted to administer the questionnaires themselves some of which were not returned.

Foreign investors were more suspicious about the study than the local investors. Thus, they might have not provided the true responses.

5.2.2 Time

The time available for the study was limited especially on collecting data from foreign investors. Given more time, more questionnaires would have been collected which probably might have presented different results altogether.

5.2.3 Lack of enough necessary data

The response for foreign investors was lower as compared to that of local investors. This is because of the bureaucracies that were involved in reaching these investors. In other embassies due to security reasons, the researchers could not get access to the foreign investors. Thus, the questionnaires received might not represent the factors considered by all foreign investors.

5.2.4 Literature review material

Finance literature is not much available and not sufficient. Efforts should be made to equip the universities especially the University of Nairobi with adequate, relevant and current finance reading material and literature.

5.2.5 Follow-ups and costs

Constant follow ups were made to ensure that the respondents filled in the questionnaires. This made the study more expensive than was planned for. At times, several visits could be made to one data source only not to be able to come up with the data at the end of it all.

5.2.6 Literacy level

Some of the investors could not understand the terms used in the questionnaire. This called for a detailed explanation of the terms in the questionnaire which ended up taking more time than was planned. It is not certain whether such investors got the concepts and filled the questionnaires correctly.

5.3 RECOMMENDATIONS

5.3.1 Education

Demographic analysis shows that only 33% of the investors have university education. Hence, there should be educative forums for investors where they can be educated on investment opportunities. This can be done through seminars, workshops, public forums, media and other forums where individual investors can change ideas and even knowledge about investment in ordinary shares.

The government should come up with educative forums for local individual investors. This will encourage investors and as such will boost the economic growth of this country.

5.3.2 Enlarge and/or increase stock brokerage firms

Most of the investors complained of monopoly and being unable to buy and sell shares as per their demands. Others pointed out that the stock brokerage firms are few and that the investor's choice is limited as to who to use to purchase stocks. Again, most of the brokerage firms do not use high technology and this makes online investment impossible in the Kenyan capital market.

The government in conjunction with NSE and CMA should reduce the requirements for registration of stock brokerage firms so that more players can be brought into the capital market.

Moreover, these stock brokerage firms should be decentralised i.e. in Kisumu and Mombasa so that more investors can have an opportunity to invest in stocks. At the moment, all the stock broking firms are in Nairobi.

5.3.3 Encourage young investors

The research has revealed that most of the local investors are young Kenyans. For example, the majority 39% of the investors are aged between 26-35, while those above 55 are only 2%. The government should find ways of encouraging young people to invest to contribute to the growth of the economy.

5-3.4 Privatization and liberalisation

More efforts should be made by the government to liberalize the economy further and Privatize its parastatals. This will result into more companies being opened up for ownership by the individual investors through purchase of common stock.

5.4 SUGGESTIONS FOR FURTHER RESEARCH

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This research mainly focussed on factors that individual investors consider in investing in shares of quoted companies at the NSE.

Based on this, the following are the recommended areas for further research:

- Since the study only looked at individual investment in ordinary shares, a broader study should be carried out to look at investment in preference shares as well.
- Such a study can also be carried out in other economies to find out if investors do consider similar factors and if not so, find out what factors they consider.
- A similar study can be repeated, say, after 5 years to find out whether the factors have changed due to political, economic, social or technological forces in the country.

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APPENDIX Is LETTER TO THE RESPONDENTS

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UNrVEBSITY OF NAIROBI

FACULTY OF COMMERCE

WBA PROGRAM - LOWER KABETE CAMPUS

Telephone: 732160 txt. 20S
Telegrams: "Varsilv". Nairobi
Telex: 22095 Varsity

PO Box 30197
Nairobi. Kenya

DATE 5th July, 2004 < ^

TO WHOM IT MAY CONCERN

The bearer of this letter **JOSEPH O. AYIEYE**

Registration No:.... P/61/P/8557/01

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on some management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

M.B.A. OFFICE
P.O. Box 30197, NAIROBI
UNIVERSITY COMMERCE FACULTY

ACKSON MAALU
CO-ORDINATOR, MBA PROGRAM

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APPENDIX 2: **A sample of Questionnaire to be sent to the respondents**

QUESTIONNAIRE FOR INDIVIDUAL INVESTORS AT THE NSE

BACKGROUND:

1. Please indicate whether you are a local (Kenyan) or foreign investor (Non-Kenyan) *(Tick in appropriate box)*

Local (Kenyan) Foreign (Non-Kenyan) | ^ |

2. Age bracket: 18 - 25 ( ) 26 - 35 () 36 - 45 () 46 - 55 () Above 55 ( )
3. Occupation
4. Highest Level of Education: Primary ( ) Secondary ( ) Technical ( ) University ( ) Others

FACTORS:

How would you rate the following factors when making a decision to invest in ordinary shares of quoted companies in the NSE?

When answering the questions, use the key below (*Tick in the appropriate box):*

5 - Very Important (VI) 4 - Important (I) 3 - Fairly Important (FI)

2 - Less Important (LI) 1 - Not Important (NI)

How important are the following aspects when making an investment decision in shares of Companies quoted at the NSE?	VI 5		FI 3	LI 2	NI 1
a) Profitability.					
b) Liquidity.					
c) Assets quality					
d) Dividend history					
e) Dividend income					
f) Growth in income					
8) Share Capital gain					
h) Capital structure (Debt: Equity Ratio)					

APPENDIX 2: **A sample of Questionnaire to be sent to the respondents**

, please indicate how important the following factors are to you in VI

investing in shares at the NSE:

a) **Present and future conditions** ( )

b) Management records of the company ()

c) Key management personnel of the quoted company ( )

d) Marketability of shares of the company ( )

e) Control of the company (ownership) and voting power of the ( )

shareholders

f) Risks associated with the company ( )

g) Risks associated with the industry ( )

h) Changes in share prices in the market ( )

i) Technological advancement of the company ( )

How important are the following (Monetary and fiscal policies) when 4.

making an investment decision at the NSE?

a) Interest rates ( )

b) Inflation ( )

c) Taxation ( )

Rate the following indicators (industrial factors) in order of importance:

a) Competition in the industry ( )

k) Stages of industrial growth ( )

c> Innovation in industry ( )

1,TIPortant is the safety of the amount invested in the quoted company? ( )

APPENDIX 2: A sample of Questionnaire to be sent to the respondents

fick as appropriate the importance of Accounting policies adopted by the quoted company:	VI 5	I 4	FI 3	LI 2	NI 1
a) **Depreciation method**	( )	( )	( )	( )	( )
b) **Stock valuation method**	( )	( )	( )	( )	( )
c) **Bad debt provision**	( )	( )	( )	( )	( )
Reliability of Managerial forecasts of the company in terms of:					
a) **Profitability**	( )	( )	( )	( )	( )
b) Risk	( )	( )	( )	( )	( )

Indicate the magnitude of the following aspects relating to investment in ordinary shares at the NSE: *tin terms Very High- VH, High-H, Average-A, Low-L, Very Low-VL)*	VH	H	**A**	L	VL
a) **Share Capital gain**	( )	( )	( )	( )	( )
b) **Dividend income**	( )	( )	( )	( )	( )
c) **Minimum taxation**	( )	( )	( )	( )	( )
d) **Growth in income**	( )	( )	( )	( )	( )
e) Capital structure (Debt - Equity ratio)	( )	( )	( )	( )	( )

0 Others - Specify

RISK:

How would you rate risks in ordinary shares you hold?

a) High Risk	Yes		No	
b) Medium Risk.	Yes		No	
c) Low Risk.	Yes		No	

po you employ the following risk model analysis in shares?

a) **Beta.**	Yes		No	
I,) **Standard deviation**	Yes		No	
c) **Range**	Yes		No	
d) **Variance**	Yes		No	

e) Others - Specify

HI PREFERENCE

If there were new floatation of ordinary shares today, would you invest? Yes No

For the section that follows, use the key below when answering (*Tick in the appropriate box):*

5-Most Preferred (MP); 4 - Preferred (P); 3 - Fairly Preferred (FP); 2 - Least Preferred (LP); 1 - Not Preferred (NP)

How preferred are the following investment segments?	MP 5	FP 3	LP 2	NP 1
Agricultural ***(i.e. Brooke bond, Kakuzi, Rea Vipingo, Sasini Tea & Coffee)***				
Commercial and Services *(i.e.* ***Kenya Airways, Nation Media Group, TPS*** *Serena)*				
finance and Investment ***(i.e. Barclays, HFCK, NBK, KCB, Stan Chart, Insurance COs)***				
Industrial and Allied ***(i.e. Athi River, Bamburi, MumiasSugar, BAT. Kenya Power, Total)***				
alternative Investment Market Segment ***(i.e Standard newspapers, Williamson Tea)***				

IV ANY OTHER INFORMATION USEFUL TO THE STUDY

you for your cooperation

APPENDIX 3: LIST OF STOCK BROKERAGE FIRMS IN KENYA

Name of firm	Location	Telephone	Comments
Francis Drummond & Co. Ltd	Hughes Building 2nd floor Muindi Bingu/Kenya Ave	334533/4/5	
Dyer & Blair Ltd	Loiita House, 1 Oth Floor	227803/4/5	
Shah Munge & Partners Ltd	I & M Building, Muindi Bingu Street, 4th Floor	227300/230672/223653	
Nyaga Stock brokers Ltd	Kimathi street Nation Centre, 12th Floor Tower B	332783/332884/227898	
Ngenye Kariuki & Co. Ltd	Travel Hse, 5th Floor Opp-City Hall Annex	224333/220052/220141	
Suntra Stocks Ltd	Kimathi Street, Nation Centre, 10th Floor	337220/223329/223330	
Hak Securities Ltd	Koinange Street, Rehani House, 4th Floor	242170/215554	
Equity Stock brokers Ltd			
Reliable securities Ltd			
Ashbhu securities Ltd	Finance Hse, 13th Floor	212989	
Crossfield securities Ltd	Verdic House, Mama Ngina Street, Room 205	246036/245971	
Faida securities Ltd	Windsor House 1st Floor	243811/2/3	
Sterling securities Ltd			
Standard stocks Ltd	Hazina Towers, 17th Floor	240296/220225	
Kestrel capital Ltd	Hughes Building 7m Floor Muindi Bingu/Kenyatta	251758/251815	
Discount securities Ltd	International House, Mezannine Floor	219538/219552	
Solid Investments Ltd	Contrast Building, 6th Floor, Next to Sonalux Hse, - Moi Avenue	244272/244279	
Kenya Wide securities Ltd			
Town and Country securities Ltd			
Francis Thuo & Partners Ltd	International Hse, 1201 Floor	226531/2	

QUESTIONNAIRE FOR LOCAL INVESTORS

Relevant Items in Investment Decision

ON	PROF1	LIQU1	ASSE1	DIVH1	DIVI1	GROI1	SCG1	CAPS1
1	4	5	3	2	3	4	5	1
2	5	4	4	4	5	4	5	5
3	5	3	4	3	4	5	5	4
4	5	4	5	3	1	4	4	4
5	5	3	4	5	5	4	3	4
6	5	5	5	5	4	4	4	5
7	4	4	4	5	4	5	5	5
8	5	5	4	2	2	5	5	4
9	5	5	5	5	4	5	5	5
10	5	5	3	4	4	5	5	5
11	5	5	5	5	5	5	4	4
12	5	5	4	4	5	5	5	3
13	5	5	4	3	4	2	2	1
14	5	4	5	5	5	5	4	4
15	5	4	3	5	4	5	5	4
16	4	4	4	4	5	4	4	4
17	5	5	3	5	5	5	5	5
18	5	5	4	4	3	4	5	5
19	5	5	5	4	4	5	5	4
20	5	4	5	3	3	4	5	5
21	5	4	5	5	5	4	5	4
22	5	5	5	5	5	3	5	1
23	5	3	4	2	4	4	2	1
24	3	4	5	2	4	5	4	3
25	5	5	1	1	5	1	5	1
26	5	3	2	4	5	5	3	2
27	5	5	5	5	5	5	4	4
28	5	5	4	5	3	3	4	5
29	5	4	4	4	3	2	2	5
30	5	5	5	4	4	3	1	1
31	5	5	5	5	5	5	4	3
32	5	5	5	5	5	5	4	2
33	5	5	5	5	5	5	5	5
34	5	5	5	4	5	5	5	3
35	5	4	4	4	5	5	5	4
36	5	4	4	5	5	5	5	5
37	4	3	4	5	5	5	5	4
38	5	4	4	4	4	4	5	4
39	5	4	5	5	5	5	4	4
40	5	5	3	5	4	5	5	5
41	5	5	3	1	1	5	5	5
42	5	4	5	2	4	4	5	1
43	5	4	5	3	4	5	5	4
44	5	2	5	5	5	5	5	5
45	5	5	5	4	4	5	5	5
46	5	4	5	4	5	5	5	5
47	5	5	5	5	4	3	4	1
48	5	4	5	5	4	5	4	4
49	4	5	4	3	3	5	5	4
50	5	4	2	2	5	5	5	1
51	5	1	5	1	2	5	5	4
52	5	5	5	3	4	5	5	4
53	5	4	4	5	5	5	4	4

Relevant Items in Investment Decision

^PONDENT	AGE	EDUC	PROF1	LIQU1	ASSE1	DIVH1	DIVI1	GROI1	SCG1	CAPS1
— 54	51	2	5	4	1	3	3	3	4	5
55	41	5	4	5	4	4	4	4	4	4
56	22	3	5	4	4	4	4	5	5	5
57	31	5	5	4	4	5	5	4	5	3
58	22	3	5	4	4	5	5	5	1	1
59	31	2	5	3	5	4	5	5	5	4
60	31	5	5	5	4	5	5	5	5	5
61	31	3	4	4	3	4	3	4	4	3
62	31	5	5	4	3	5	3	4	4	3
63	41	3	5	2	4	5	1	1	5	5
64	31	3	1	1	5	1	1	1	1	1
65	51	2	5	5	5	5	5	5	5	5
66	41	5	5	5	5	5	4	5	5	5
67	22	3	4	3	4	3	5	5	5	5
68	31	3	5	2	5	3	3	3	3	5
69	51	5	5	5	4	5	4	5	4	5
70	22	3	5	5	5	5	5	5	5	5
71	31	5	5	4	2	3	5	4	3	2
72	22	3	5	5	5	5	5	5	5	5
73	22	5	4	4	2	4	2	4	4	3
74	60	2	5	1	4	4	4	4	4	1
75	51	3	5	1	5	4	5	5	4	1
76	31	3	4	1	1	4	4	5	5	1
77	31	3	5	4	4	5	5	5	4	4
78	51	2	5	3	5	5	5	5	5	2
79	22	3	5	5	3	4	3	4	5	2
80	31	5	5	5	5	4	3	5	5	1
81	31	3	5	4	4	3	3	5	5	5
82	31	3	5	5	4	5	5	5	4	5
83	22	3	4	3	2	4	4	5	5	4
84	31	5	5	4	3	5	5	5	4	4
85	31	3	5	1	5	4	3	5	5	4
86	51	5	5	5	5	5	5	5	5	5
87	51	2	5	4	5	5	5	5	4	3
88	22	3	1	1	1	1	1	1	1	1
89	22	3	5	5	5	5	5	5	5	4
90	60	5	5	5	5	5	5	5	5	5
91	31	2	5	5	5	5	5	5	5	5
92	31	3	5	4	2	5	4	4	5	3
93	41	2	4	4	5	2	4	4	5	4
94	41	2	5	3	5	2	2	5	5	5
95	41	2	5	1	1	1	1	1	1	1
96	22	3	5	5	5	5	5	5	5	5
97	41	3	4	1	5	3	3	4	5	5
98	22	2	5	4	1	3	4	4	4	1
99	41	3	1	2	3	1	1	1	1	1
100	31	3	1	2	1	1	1	1	1	1
Totals	3296	340	469	394	402	390	397	430	428	356
Mean	33	3	5	4	4	4	4	4	4	4
^StdDey	10	1	1	1	1	1	1	1	1	2

APPENDIX 4 - CODED QUESTIONNAIRE FOR LOCAL INVESTORS

AGE	EDUC	PRFU2	MNGR2	KEYM2	MKTS2	CCVP2	RASC2	RASI2	CSPM2	TADC2
		Specific Considerations								
41	3	5	4	3	5	4	5	4	5	4
22	5	5	5	4	4	5	5	5	5	4
22	3	5	3	2	4	5	5	3	5	3
31	2	5	5	1	5	5	5	4	4	5
22	5	5	3	3	5	2	4	4	4	4
41	3	5	5	4	5	5	5	5	5	4
31	3	5	5	5	5	4	1	4	4	4
31	3	5	4	4	5	4	5	5	5	2
31	3	5	5	2	5	5	5	4	5	4
22	5	5	5	3	5	3	5	4	5	2
22	3	5	5	4	5	5	5	5	5	4
22	3	5	4	4	5	5	5	5	5	4
31	5	5	5	3	5	4	4	5	5	4
22	3	5	5	3	5	4	5	5	4	4
31	3	5	5	5	5	4	5	5	5	4
31	3	5	5	5	4	4	4	4	4	4
31	1	4	3	5	5	1	3	3	5	1
31	3	5	4	4	5	5	5	4	5	3
31	3	5	4	3	3	3	4	4	3	5
41	5	5	4	4	4	3	5	5	4	5
31	5	4	5	5	5	4	4	5	5	4
60	2	1	5	1	5	5	1	1	5	1
51	2	2	3	2	4	2	2	2	4	2
31	2	5	4	3	5	5	5	5	4	5
51	2	1	1	1	5	1	1	1	5	1
31	5	4	5	3	5	2	5	1	5	3
51	3	5	4	4	5	5	2	2	5	5
31	5	4	4	3	5	3	5	3	5	2
22	5	5	3	3	4	5	4	4	5	5
22	5	4	4	4	5	1	4	4	5	3
31	5	5	5	4	5	5	5	4	4	3
22	3	5	4	5	5	4	5	4	5	5
22	3	4	4	5	4	4	4	5	4	4
22	3	5	4	3	5	5	4	5	5	3
22	3	5	5	4	5	5	5	5	5	4
41	2	5	4	4	5	5	5	4	5	3
31	3	4	5	5	5	4	4	5	5	4
31	3	5	5	5	5	5	4	4	5	4
31	5	5	5	3	5	4	5	5	5	4
22	3	5	3	3	5	3	5	5	5	4
31	3	5	5	5	4	5	3	3	3	5
41	3	3	5	5	4	5	5	5	5	3
31	5	3	3	3	5	5	5	5	5	3
31	3	5	3	1	3	5	4	3	5	4
22	5	5	5	5	5	5	5	5	5	5
51	2	5	5	4	5	5	4	4	5	4
31	3	5	5	4	4	4	5	4	4	5
31	3	5	5	4	5	4	4	4	5	5
22	5	4	1	2	3	1	5	5	4	3
22	5	5	5	1	5	2	5	5	5	3
41	3	5	1	1	1	5	5	5	5	1
41	5	5	5	3	4	4	5	4	3	4
31	5	5	4	4	5	4	4	4	4	5

Specific Considerations

:ES	PRFU2	MNGR2	KEYM2	MKTS2	CCVP2	RASC2	RAS12	CSPM2	TADC2
54	~~3	5	4	4	4	4	1	4	1
55	4	5	5	4	5	4	4	4	4
56	5	5	5	5	2	4	4	5	3
57	4	5	5	5	3	5	4	5	4
58	4	4	4	5	4	3	3	5	4
59	5	1	4	5	4	2	4	5	1
60	5	5	5	5	5	5	5	4	5
61	4	3	3	4	4	3	3	4	4
62	5	5	3	4	5	4	4	4	4
63	5	2	5	5	1	2	2	2	2
64	1	1	1	5	1	1	1	1	1
65	5	5	5	5	5	5	5	1	4
66	4	5	5	4	4	4	4	4	4
67	4	5	5	5	5	4	4	4	4
68	4	3	1	2	4	5	5	1	2
69	5	5	4	4	3	5	5	4	3
70	5	5	5	5	2	5	5	5	5
71	5	3	3	5	3	3	3	5	4
72	5	5	5	5	5	5	5	5	5
73	4	2	2	3	4	2	2	5	5
74	4	4	4	4	1	4	4	4	1
75	4	5	1	5	1	1	1	5	1
76	5	5	5	5	4	5	4	5	5
77	5	5	3	5	4	4	4	5	4
78	5	3	3	5	5	5	5	5	3
79	5	5	3	4	3	5	5	4	3
80	5	5	3	5	2	5	5	4	5
81	5	5	5	5	5	5	5	5	5
82	5	4	3	5	4	4	4	5	4
83	4	4 4	4	5	3	4	3	4	4
84	5	5	5	4	5	5	5	4	5
85	4	4	4	3	1	2	2	5	4
86	5	5	5	5	5	5	5	4	5
87	5	4	5	5	3	4	4	3	3
88	5	1	1	1	1	1	1	5	1
89	4	4	3	5	5	5	4	5	3
90	5	5	5	5	4	5	5	4	5
91	5	5	5	5	5	5	5	5	5
92	5	3	3	5	3	4	4	5	3
93	5	4	3	4	3	4	4	3	4
94	5	3	3	5	2	5	5	5	5
95	1	1	1	5	1	1	1	1	1
96	4	5	5	5	4	5	5	5	5
97	5	5	5	5	5	5	5	5	5
98	5	4	2	5	2	3	4	5	5
99	2	1	2	1	1	1	1	1	1
IOC	1	1	1	1	2	1	1	2	2
Total	446	446	354	450	368	406	391	436	359
Mean	4	4	4	5	4	4	4	4	4
	1	4	1	1	1	1	1	1	1

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APPENDIX 4 - CODED QUESTIONNAIRE FOR LOCAL INVESTORS

	M(jnetary & Fiscal factors					Indust Factors			Safety	Accounting Policies		
RESP	AGE	EDUC	INTR3	INFL3	TAXT3	COMP4	STIG4	INID4	SAFT5	DEPM6	STVM6	BADD6
	41	3	5	4	4	4	4	4	5	1	1	1
2	22	5	5	5	5	5	5	4	5	4	4	5
3	22	3	5	3	4	5	4	4	5	4	5	2
4	31	2	5	5	5	5	4	5	1	4	4	5
5	22	5	5	4	4	4	3	2	5	3	3	4
6	41	3	5	5	5	5	5	5	5	4	4	5
7	31	3	5	4	4	5	4	4	1	2	4	4
8	31	3	5	4	2	5	4	2	1	4	4	4
9	31	3	5	5	5	5	4	4	5	5	4	5
10	22	5	5	5	3	4	5	3	5	3	4	5
11	22	3	5	5	5	5	4	5	5	5	4	5
12	22	3	5	5	5	3	4	3	1	5	5	5
13	31	5	5	5	3	3	4	5	5	4	5	3
14	22	3	5	5	5	4	5	4	5	4	5	4
15	31	3	3	3	3	5	4	4	5	4	4	4
16	31	3	3	3	1	4	5	4	5	1	2	5
17	31	1	1	5	1	4	1	1	5	1	1	1
18	31	3	5	4	2	4	4	2	3	2	2	5
19	31	3	4	5	4	5	5	5	5	4	4	5
20	41	5	5	4	4	5	4	5	4	3	4	5
21	31	5	5	5	5	5	4	4	5	5	4	5
22	60	2	1	1	1	5	5	5	5	1	1	1
23	51	2	3	4	3	3	4	4	4	3	3	2
24	31	2	4	3	5	2	4	5	5	5	5	5
25	51	2	4	4	5	5	1	1	5	1	1	5
26	31	5	4	3	4	3	4	2	4	1	1	1
27	51	3	5	5	5	5	5	4	5	5	4	4
28	31	5	5	3	3	4	3	3	2	4	3	4
29	22	5	5	5	3	3	4	4	5	4	5	4
30	22	5	4	1	1	1	4	3	5	3	4	3
31	31	5	5	5	4	3	3	5	5	3	5	5
32	22	3	5	5	5	5	4	3	5	5	5	4
33	22	3	5	4	3	4	4	3	4	5	5	4
34	22	3	5	4	4	4	3	3	4	5	5	4
35	22	3	5	5	5	4	3	5	5	4	4	5
36	41	2	1	1	1	5	4	3	5	5	5	5
37	31	3	3	3	3	4	3	3	5	2	2	2
38	31	3	3	3	2	4	4	4	5	3	5	5
39	31	5	3	5	2	4	3	5	5	4	3	5
40	22	3	5	5	2	5	4	4	5	1	1	4
41	31	3	5	5	1	3	3	5	5	3	5	5
42	41	3	5	5	5	2	3	4	5	4	4	4
43	31	5	5	5	5	5	4	3	5	4	5	5
44	31	3	5	4	3	5	4	3	5	4	5	3
45	22	5	5	5	4	5	5	5	5	5	5	5
46	51	2	4	4	4	5	4	4	5	4	4	5
47	31	3	5	4	4	5	4	4	5	5	4	4
48	31	3	5	4	4	5	5	5	5	5	5	5
49	22	5	3	1	3	3	1	4	4	3	5	3
50	22	5	5	3	1	5	3	4	5	1	1	1
51	41	3	5	5	5	5	1	1	5	1	1	1
52	41	5	5	4	5	5	3	3	5	4	5	4
53	31	5	5	5	4	5	4	5	5	4	4	3

	Monetary & Fiscal factors					Indust Factors			Safety	Accounting Policies		
-RESP	AGE	EDUC	INTR3	INFL3	TAXT3	COMP4	STIG4	INID4	SAFT5	DEPM6	STVM6	BADD6
- 54	51	2	4	5	4	4	4	1	5	1	1	1
55	41	5	4	4	4	4	4	4	5	4	4	5
56	22	3	4	4	2	5	4	3	3	4	5	5
57	31	5	4	3	2	4	3	5	5	4	3	4
58	22	3	5	5	5	4	5	3	5	1	1	1
59	31	2	1	1	4	3	5	1	4	4	5	4
60	31	5	4	4	4	5	5	5	5	4	4	4
61	31	3	4	4	3	3	3	4	4	3	3	3
62	31	5	5	5	5	5	4	4	5	5	4	4
63	41	3	4	2	2	4	3	2	4	4	2	5
64	31	3	5	1	1	5	5	5	5	4	1	1
65	51	2	5	4	1	4	4	4	4	4	5	4
66	41	5	3	3	4	4	4	4	5	4	5	4
67	22	3	4	4	4	5	5	5	5	4	4	4
68	31	3	4	5	3	5	4	4	5	1	1	4
69	51	5	4	4	5	4	3	3	5	5	5	5
70	22	3	5	5	2	5	5	5	5	1	1	5
71	31	5	2	2	2	5	4	3	5	2	2	2
72	22	3	5	5	5	5	5	5	5	1	5	1
73	22	5	5	5	5	4	3	4	5	3	3	3
74	60	2	5	1	1	4	1	1	5	5	5	1
75	51	3	5	1	1	5	1	5	5	5	1	5
76	31	3	5	5	5	4	4	5	4	4	3	2
77	31	3	5	4	4	4	4	4	5	1	1	1
78	51	2	3	3	5	2	3	5	4	4	5	3
79	22	3	5	4	4	5	3	3	5	4	5	5
80	31	5	5	5	4	4	4	4	5	4	4	5
81	31	3	4	4	4	5	5	5	5	3	3	5
82	31	3	3	4	3	5	5	5	5	1	1	1
83	22	3	4	3	3	4	3	4	4	3	3	4
84	31	5	4	4	4	5	4	5	4	4	4	5
85	31	3	5	4	4	2	3	4	1	3	4	5
86	51	5	5	5	5	5	5	5	3	5	5	5
87	51	2	3	3	3	3	4	3	5	4	5	3
88	22	3	5	1	1	1	5	1	3	3	5	1
89	22	3	5	5	5	4	5	3	5	1	1	1
90	60	5	5	5	4	4	5	5	5	5	5	4
91	31	2	5	5	5	5	5	5	5	5	5	5
92	31	3	5	5	2	5	4	3	5	4	2	3
93	41	2	4	4	4	4	4	3	5	3	4	4
94	41	2	5	2	1	3	4	5	5	5	5	5
95	41	2	1	1	1	5	1	1	1	1	1	1
96	22	3	5	5	5	4	5	4	5	5	5	5
97	41	3	5	5	1	5	5	5	5	4	4	4
98	22	2	3	3	2	4	2	3	5	1	1	1
99	41	3	1	1	3	1	1	1	1	3	1	1
voo	31	3	1	2	3	1	2	2	2	4	3	1
Totals	3296	340	425	385	342	415	378	371	444	340	352	362
Mean	33	3	4	4	3	4	4	4	4	3	4	4
Stdev		1	1	1	1	1	1	1	1	1	2	2

4 - CODED QUESTIONNAIRE FOR LOCAL INVESTORS

MANAGERIAL FACTORS									PREFERENCE				
AGE	EDUC	RMFP7	RMFR7	SCGA8	DIVI8	MINT8	GRII8	CAPS8	AGRIC2	COMM2	FINA2	INAL2	AISE2
41	3	5	5	5	3	3	4	3	2	3	4	5	3
22	5	5	5	5	5	5	4	5	4	4	5	5	4
22	3	1	1	4	5	4	5	3	1	5	5	4	3
31	2	5	5	5	4	5	5	5	1	5	5	4	4
22	5	5	4	3	4	5	4	3	3	4	4	5	4
41	3	5	5	4	5	5	5	5	4	4	4	4	3
31	3	5	5	2	5	2	5	1	3	3	4	5	2
31	3	5	5	5	5	4	5	5	3	4	5	5	2
31	3	5	5	5	5	5	5	5	5	5	5	5	2
22	5	5	3	5	4	2	5	4	2	5	5	5	3
22	3	5	5	5	5	4	5	4	5	5	4	5	3
22	3	5	5	5	5	5	4	5	4	5	5	4	5
31	5	5	5	4	5	4	5	3	5	4	5	5	3
22	3	5	5	5	3	3	2	4	5	4	4	5	3
31	3	5	5	5	5	5	5	5	3	4	4	5	3
31	3	5	5	4	4	2	4	2	3	4	5	4	3
31	1	1	1	1	1	1	1	1	1	1	1	5	1
31	3	4	5	4	2	4	4	3	1	3	5	4	4
31	3	5	5	4	4	5	5	5	4	4	5	5	4
41	5	4	2	5	3	1	5	4	2	4	5	3	4
31	5	5	4	5	5	4	5	4	4	5	5	4	3
60	2	1	1	1	1	1	1	1	5	2	5	2	3
51	2	4	4	3	3	3	3	3	4	3	5	4	2
31	2	5	5	5	4	5	5	1	3	5	5	3	3
51	2	2	3	5	5	5	1	1	3	3	5	5	5
31	5	5	4	5	4	3	4	3	5	4	5	4	2
51	3	5	5	5	4	4	4	4	5	5	5	5	5
31	5	5	4	4	5	3	5	4	2	5	5	4	3
22	5	5	5	5	4	3	4	5	5	5	5	4	4
22	5	5	4	4	3	3	4	4	3	4	5	4	3
31	5	5	5	4	4	4	4	3	3	4	5	2	3
22	3	5	5	5	5	4	5	5	3	5	5	3	4
22	3	5	4	4	4	3	4	4	3	5	5	3	4
22	3	5	4	4	5	3	2	5	3	5	4	5	4
22	3	5	5	5	5	2	5	4	3	4	5	4	5
41	2	5	5	4	5	4	5	5	3	5	5	4	4
31	3	4	4	5	4	3	4	3	3	4	4	5	2
31	3	5	5	5	4	3	5	3	3	4	5	4	3
31	5	5	5	5	5	4	5	4	4	5	4	5	1
22	3	3	5	4	5	2	5	3	2	4	5	4	1
31	3	1	1	3	3	1	5	5	2	5	5	3	2
41	3	5	5	3	2	2	3	4	1	5	4	4	5
31	5	5	5	3	2	2	1	2	4	4	5	5	4
31	3	4	5	3	3	4	3	3	4	5	4	1	1
22	5	5	5	5	4	5	5	5	4	5	5	5	4
51	2	5	5	5	5	4	5	4	2	44	5	4	3
31	3	5	4	4	4	3	4	4	5	4	3	4	4
31	3	5	4	3	2	5	3	3	3	4	3	5	3
22	5	4	5	5	3	2	5	4	2	3	5	4	1
22	5	5	5	5	5	4	5	1	1	2	5	5	3
41	3	1	1	5	2	5	5	4	5	4	2	3	1
41	5	5	5	5	5	4	4	3	3	4	5	4	2
31	5	5	4	3	3	3	3	3	4	4	4	5	4

MANAGERIAL FACTORS									PREFERENCE				
AGE	EDUC	RMFP7	RMFR7	SCGA8	DIVI8	MINT8	GRII8	CAPS8	AGRIC2	COMM2	FINA2	INAL2	AISE2
"51	2	1	1	1	1	1	1	1	4	4	4	4	4
41	5	4	4	4	4	4	5	5	4	5	4	3	4
22	3	5	4	5	5	3	5	4	3	4	5	5	4
31	5	4	4	5	4	4	3	3	2	3	5	4	4
22	3	1	1	1	1	1	1	1	2	3	5	4	3
31	2	1	3	4	3	3	2	4	4	5	5	4	3
31	5	5	5	5	5	5	5	5	2	4	5	5	3
31	3	4	4	4	4	3	4	4	3	5	5	5	3
31	5	5	5	5	4	4	5	4	4	5	5	4	4
41	3	4	2	2	2	2	2	2	4	2	5	2	1
31	3	5	5	1	3	5	5	1	4	2	5	2	5
51	2	5	5	3	3	2	3	3	3	3	5	3	2
41	5	5	5	4	4	4	4	4	4	4	5	4	4
22	3	4	4	3	3	3	3	3	4	4	5	3	2
31	3	5	4	5	5	3	3	3	2	5	5	5	2
51	5	5	5	4	5	4	5	5	1	5	5	3	3
22	3	5	5	5	5	5	5	5	1	3	5	5	4
31	5	4	3	5	5	2	5	3	3	5	5	5	2
22	3	5	1	5	5	1	5	1	5	5	5	3	1
22	5	4	4	4	4	4	4	3	3	4	4	4	3
60	2	5	5	4	4	1	5	5	1	5	5	5	1
51	3	5	1	4	5	1	5	1	5	4	5	4	3
31	3	5	4	5	3	2	4	4	3	4	3	5	3
31	3	5	4	4	4	4	5	3	3	4	5	4	4
51	2	5	4	5	3	2	4	2	3	4	5	3	2
22	3	5	4	5	5	4	3	3	2	5	3	4	1
31	5	5	5	5	3	3	5	1	2	4	5	3	2
31	3	5	5	5	4	5	5	5	3	3	5	5	1
31	3	5	5	4	4	3	4	4	3	4	4	3	2
22	3	4	4	4	4	4	4	4	3	3	4	4	2
31	5	5	3	4	4	4	4	4	5	2	5	5	3
31	3	1	1	0	0	0	0	0	0	0	0	0	0
51	5	5	5	4	5	5	5	5	4	5	5	4	3
51	2	3	4	3	5	4	4	4	3	4	5	3	2
22	3	5	1	5	3	1	2	1	3	2	5	5	4
22	3	5	4	3	3	2	3	3	3	2	5	5	2
60	5	5	5	5	5	3	4	1	4	5	5	5	4
31	2	5	5	5	5	5	5	5	4	5	5	5	4
31	3	5	5	5	3	4	3	2	2	3	4	5	1
41	2	5	4	4	3	4	2	3	2	3	4	4	2
41	2	5	5	3	5	1	1	2	3	5	5	5	5
41	2	1	1	1	5	1	1	1	5	1	1	1	1
22	3	4	5	5	5	4	5	5	5	5	4	5	4
41	3	5	5	5	2	5	1	1	3	5	5	5	3
22	2	4	4	4	1	1	4	1	2	5	4	1	1
41	3	1	2	1	1	2	1	1	1	2	5	4	5
31	3	1	1	1	1	3	2	1	1	2	5	5	4
3296	340	429	401	402	379	325	384	325	310	435	454	406	294
33	3	4	4	4	4	3	4	3	3	4	5	4	3
	1	1	1	1	1	1	1	1	1	4	1	1	1

DC

RISK ANALYSIS

DI	HIGH	MEDIUM	LOW	BETA	STDEV	RANGE	VARR	OTHERS
3	0	1	0	0	0	0	0	
5	1	1	1	0	1	0	0	
3	0	1	0	0	1	0	1	
2	0	0	0	0	0	0	0	
5	0	1	0	0	0	0	0	
3	0	1	0	0	1	1	1	
3	0	1	0	0	0	0	0	
3	0	0	1	0	0	0	0	
3	0	0	0	0	0	0	0	
5	1	1	0	0	0	0	0	
3	0	1	0	0	0	0	0	
3	0	0	1	0	1	1	0	
5	0	1	1	0	1	1	1	
3	1	1	1	0	0	0	0	
3	1	0	0	0	0	0	0	
3	0	1	1	0	0	0	0	
1	1	0	0	0	0	0	0	
3	0	1	0	0	0	1	1	
3	0	1	1	0	0	1	1	
5	1	0	0	0	1	0	1	
5	0	0	1	0	1	0	0	
2	1	0	0	0	0	0	0	
2	0	1	0	0	0	0	0	
2	1	1	0	0	0	0	0	
2	0	1	0	0	0	0	0	
5	1	1	0	0	0	0	0	
3	0	0	0	0	0	0	0	
5	0	0	1	0	0	1	0	
5	0	1	0	0	0	0	0	
5	1	1	0	0	1	1	1	
5	0	1	1	0	1	0	1	
3	0	0	1	0	0	0	0	
3	0	0	1	0	0	1	0	
3	0	0	1	0	0	1	1	
3	0	1	0	0	0	0	0	
2	1	0	0	0	1	1	1	
3	0	1	0	0	0	0	0	
3	1	0	0	0	0	0	0	
5	0	1	0	0	1	1	1	
3	0	0	1	1	1	0	1	
3	0	1	0	1	1	1	1	
3	0	1	1	1	1	1	1	
5	0	1	0	0	0	0	0	
3	0	1	1	0	1	1	1	
5	0	1	0	0	1	1	1	
2	0	0	1	0	0	0	0	
3	0	1	0	0	1	1	1	
3	0	1	0	1	1	1	1	
5	0	1	1	0	1	0	0	
5	0	1	0	0	0	0	0	
3	0	1	0	0	0	0	0	
5	1	0	0	0	0	0	0	
5	0	1	0	0	1	1	1	

2	0	0	0	0	0	0	0
5	0	0	1	0	1	0	0
3	1	1	0	1	1	0	1
5	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0
2	1	1	0	0	0	0	0
5	0	0	1	1	1	1	1
3	0	1	0	0	1	1	1
5	1	0	0	0	1	1	0
3	0	1	0	0	0	1	0
3	0	1	1	0	0	0	0
2	0	0	0	0	0	1	0
5	0	1	1	0	0	1	1
3	1	0	1	1	1	0	0
3	0	1	0	0	0	0	0
5	0	1	0	0	0	0	0
3	1	1	0	0	0	0	0
5	0	1	0	0	1	1	1
3	0	0	1	1	0	1	0
5	0	0	1	0	0	0	0
2	1	0	0	0	0	0	0
3	0	0	0	0	0	1	0
3	0	0	1	0	1	1	1
3	0	0	1	0	0	0	0
2	0	1	0	0	1	1	1
3	1	1	0	0	0	0	0
5	1	0	0	0	0	0	0
3	1	0	0	0	0	1	1
3	0	1	0	0	0	0	0
3	0	1	0	0	0	0	0
5	1	1	0	0	0	0	0
3	1	0	0	0	0	0	0
5	0	1	0	0	0	1	1
2	0	1	0	0	1	0	1
3	0	1	0	0	1	1	0
3	1	1	0	0	0	0	0
5	0	1	0	0	1	1	1
2	1	1	1	1	1	1	1
3	0	1	0	0	0	0	0
2	0	1	1	0	0	0	0
2	1	0	0	0	0	0	0
2	0	0	1	0	0	0	0
3	1	0	0	0	1	1	1
3	1	0	0	0	0	0	0
2	0	1	0	0	0	0	0
3	0	1	1	0	0	0	0
3	0	1	0	0	0	0	0
340	**29**	**60**	**31**	**9**	**34**	**35**	**32**
3.4							

APPENDIX 4: CODED QUESTIONNAIRE FOR FOREIGN INVESTORS

FACTORS CONDISERED IN MAKING INVESTMENT DECISIONS AT THE NSE

RESPON	AGE	EDUC	PROF1	LIQU1	ASSE1	DIVH1	DIVI1	GROI1	SCG1	CAPS1
1	41	5	3	1	3	2	2	1	1	5
2	41	5	5	4	5	4	4	4	3	4
3	41	3	5	4	5	5	5	4	4	3
4	31	5	5	5	4	5	5	5	5	5
5	31	5	5	5	5	5	5	5	5	5
6	41	3	5	5	3	5	5	4	2	3
7	31	5	4	4	3	2	2	4	4	4
8	22	5	4	4	4	2	4	5	4	4
9	31	3	5	5	5	4	4	5	4	4
10	31	3	5	5	5	3	4	4	5	4
11	22	3	5	5	4	5	5	5	5	4
12	41	3	5	4	4	4	5	5	4	4
13	22	3	5	1	1	1	4	3	1	1
14	22	3	5	3	4	5	5	3	4	4
15	51	5	5	5	5	5	3	5	5	5
16	31	5	3	1	3	2	2	1	1	5
17	22	3	5	3	4	5	5	5	5	1
18	41	2	5	5	2	2	5	1	5	2
19	41	5	5	5	5	5	5	5	5	5
20	51	5	5	4	2	5	5	5	2	4
21	41	2	5	5	4	5	5	5	5	4
22	41	5	5	5	5	5	5	4	5	5
23	41	3	5	5	5	5	4	4	5	5
Totals	830	94	114	98	95	96	103	96	94	95
Mean	36	4	5	4	4	4	4	4	4	4
Std Dev	9	1	1	1	1	1	1	1	1	1

APPENDIX 4: CODED QUESTIONNAIRE FOR FOREIGN INVESTORS

			SPECIFIC FACTORS IN INVESTMENT DECISION								
RESPON	AGE	EDUC	PRFU2	MNGR2	KEYM2	MKTS2	CCVP2	RASC2	RASI2	CSPM2	TADC2
1	41	5	5	4	3	3	5	2	1	4	5
2	41	5	4	5	5	5	4	5	5	5	4
3	41	3	5	5	3	5	5	5	4	4	5
4	31	5	5	5	5	5	5	5	5	5	5
5	31	5	5	5	5	5	5	5	5	5	4
6	41	3	5	3	4	5	2	5	4	4	3
7	31	5	5	4	3	4	4	3	3	2	3
8	22	5	5	4	2	3	1	3	1	1	5
9	31	3	4	5	5	5	4	4	3	4	4
10	31	3	4	5	3	5	4	4	3	4	3
11	22	3	4	5	4	5	1	4	4	5	4
12	41	3	5	4	4	4	5	4	3	4	4
13	22	3	1	1	2	5	1	2	2	5	1
14	22	3	5	4	3	4	2	5	4	4	3
15	51	5	5	5	5	5	5	5	4	5	4
16	31	5	5	4	3	3	5	2	1	4	5
17	22	3	5	3	5	5	3	5	5	4	2
18	41	2	5	3	4	3	1	5	2	4	2
19	41	5	4	4	3	4	4	5	4	5	3
20	51	5	5	4	3	4	3	5	5	5	3
21	41	2	5	5	5	5	4	5	5	5	4
22	41	5	5	5	5	5	4	3	3	5	5
23	41	3	5	5	4	4	5	4	3	5	3
Totals	830	94	111	102	93	106	86	98	82	103	89
Mean	36	4	5	4	4	5	4	4	4	4	4
Std Dev	9	1	1	1	1	1	1	1	1	1	1

APPENDIX 4: CODED QUESTIONNAIRE FOR FOREIGN INVESTORS

			MONETARY & FISC>			INDUSTRIAL FACTOF			SAFETY	ACCOUNTING POLICIES		
RESP	AGE	EDUC	INTR3	INFL3	TAXT3	COMP4	STIG4	INID4	SAFT5	DEPM6	STVM6	BADD6
1	41	5	3	2	1	3	1	4	1	5	1	2
2	41	5	5	4	4	5	3	4	4	3	3	3
3	41	3	5	4	5	3	4	5	5	2	3	5
4	31	5	5	5	4	4	4	4	5	4	4	4
5	31	5	5	5	5	5	5	5	5	5	5	5
6	41	3	5	4	4	3	4	3	5	2	2	4
7	31	5	4	4	3	4	3	4	3	4	4	4
8	22	5	5	3	4	5	2	5	4	3	5	2
9	31	3	5	4	4	4	4	4	4	3	4	2
10	31	3	5	4	3	4	3	3	5	4	4	5
11	22	3	5	5	5	5	4	4	4	5	5	4
12	41	3	5	4	4	5	4	4	4	4	4	3
13	22	3	1	1	1	1	1	1	5	1	1	1
14	22	3	5	5	4	5	3	4	3	3	3	5
15	51	5	5	5	5	3	4	3	5	1	1	1
16	31	5	3	2	1	3	1	4	1	5	1	2
17	22	3	5	3	1	5	3	2	4	1	1	1
18	41	2	5	1	1	5	1	1	5	1	5	4
19	41	5	5	4	3	3	4	5	5	3	5	4
20	51	5	5	4	4	5	4	3	4	4	5	5
21	41	2	5	5	4	4	5	4	5	4	5	5
22	41	5	5	5	3	3	5	4	5	4	5	4
23	41	3	4	3	2	5	4	4	1	4	4	5
Totals	830	94	110	91	78	95	81	88	97	79	85	84
Mean	36	4	5	4	3	4	4	4	4	3	4	4
Std Dev	9	1	1	1	1	1	1	1	1	1	2	1

APPENDIX 4: CODED QUESTIONNAIRE FOR FOREIGN INVESTORS

MANEGERIAL FACTORS

ESPO	AGE	EDUC	RMFP7	RMFR7	SCGA8	DIVI8	MINT8	GRII8	CAPS8	AGRIC2	COMM2	FINA2	INAL2	AISE
1	41	5	1	4	2	4	1	1	3	4	1	2	2	5
2	41	5	5	5	5	4	4	5	5	3	4	4	3	4
3	41	3	5	5	2	3	5	2	3	3	3	5	4	1
4	31	5	5	5	5	2	2	3	2	2	3	5	5	3
5	31	5	5	5	5	5	5	5	4	3	5	5	4	4
6	41	3	5	5	3	3	3	2	3	1	5	4	5	1
7	31	5	5	5	4	2	4	4	5	1	3	4	4	4
8	22	5	4	5	4	3	4	3	4	3	5	3	4	4
9	31	3	5	5	5	5	5	5	5	5	4	4	5	5
10	31	3	5	5	5	4	3	4	4	2	4	5	4	3
11	22	3	5	5	4	4	5	5	5	1	2	2	3	1
12	41	3	5	4	5	5	5	4	4	4	5	5	5	4
13	22	3	3	1	1	5	1	1	1	2	5	5	4	2
14	22	3	4	4	5	5	4	4	4	4	5	5	4	3
15	51	5	5	5	5	3	3	5	5	2	5	4	2	3
16	31	5	1	4	2	4	1	1	3	4	1	2	2	5
17	22	3	5	5	5	5	1	2	2	2	3	5	5	3
18	41	2	5	2	5	3	1	5	3	1	5	3	4	2
19	41	5	5	4	5	4	2	4	4	2	3	5	5	3
20	51	5	4	4	5	5	4	5	4	3	3	5	5	2
21	41	2	5	5	5	5	4	5	4	5	5	5	5	4
22	41	5	5	5	5	5	3	4	4	5	4	5	5	4
23	41	3	5	5	5	4	1	3	4	5	5	5	5	4
otals	830	94	107	107	102	97	74	86	89	72	92	102	99	78
lean	36	4	5	5	4	4	3	4	4	3	4	4	4	3
id Dev	9	1	1	1	1	1	2	1	1	1	1	1	1	1

APPENDIX 4: RISK ANALYSIS FOR FOREIGN INVESTORS

			RISK ANALYSIS								BUY	
SPO	AGE	EDUC	HIGH	MEDIUM	LOW	BETA	STDEV	RANGE	VARR	OTHERS	YES	NO
1	41	5	0	1	0	0	1	0	1		0	1
2	41	5	0	0	0	0	0	0	0		1	0
3	41	3	0	1	0	0	1	0	1		1	0
4	31	5	1	0	1	1	1	1	1		1	0
5	31	5	0	1	0	0	0	0	0		1	0
6	41	3	0	1	0	1	0	1	0		1	0
7	31	5	0	1	0	0	0	0	1		1	0
8	22	5	0	0	0	0	0	0	0		1	0
9	31	3	0	0	0	0	0	0	0			1
10	31	3	0	1	0	0	0	1	1			1
11	22	3	1	1		0	0	0	0		1	0
12	41	3	0	1	0	1	0	1	1		1	0
13	22	3	0	0	0	0	0	0	0		1	0
14	22	3	0	0	0	0	0	0	0		1	0
15	51	5	0	0	0	0	0	0	0		1	0
16	31	5	0	0	0	0	0	0	0			1
17	22	3	0	1	0	1	0	1	0		1	0
18	41	2	1	0	0	0	0	1	0		1	0
19	41	5	0	1	1	0	1	1	1		1	0
20	51	5	0	1	0	0	0	0	0		1	0
21	41	2	0	1	1	0	0	0	0		1	0
22	41	5	1	0	1	0	0	1	1		0	1
23	41	3	0	0	1	0	0	0	0		1	0
	808	89	4	12	5	4	4	8	8		18	5
Pan	35											
S Dev	9											