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BEHAVIOURAL FACTORS INFLUENCING HIGH SCHOOL TEACHERS INVESTMENT DECISIONS IN THE STOCK MARKET IN NAKURU COUNTY, KENYA

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Abstract: *Behavioural finance arose due to the failure of modern financial theories [capital asset pricing model (CAPM), efficient market hypothesis and arbitrage pricing theory (APT)] to offer answers to the anomalies that were being experienced in the financial markets. Behavioural finance is the incorporation of psychology and sociology in the financial decision making. Studies have been conducted to establish the behavioural factors that influence investment decisions but they are not conclusive. Investments decisions by teachers are critical because of the need to increase the income they earn and hence the need to make good investment decisions. Investment decisions are postulated to be affected by individual behavioural factors. Therefore, the paper was to determine the behavioural factors influencing high school teachers' investment decisions in the stock market. The study employed phenomenology design. The population of the study was all the high school teachers investing in stocks in the Nairobi Securities Exchange in Nakuru County. Purposeful sampling was used to select the sample of the study. The study used 3 participants and one focus group. An unstructured in-depth interview schedule was used to elicit the behavioural factors that influence the investment decisions of high school teachers in the Nairobi securities exchange. Reduction process was used to analyse the data that was extracted from the in-depth interview of the participants. The study showed that high school teachers are affected by the behavioural factors while making investment decisions. The factors included herding behaviour, availability bias and loss aversion. The findings of this study will enable individual investors identify the behavioural factors affecting their investment decisions and hence be in a position to improve on their financial decision making which will ultimately enhance their performance in the stock market. Future researchers would also benefit from the study by using it as the basis for future related studies.*

Keywords*: Behavioural finance, Investment decisions, Stock Market, High School Teachers*

Introduction

Teachers, like other investors, make investment decisions to create wealth for their future consumption. To make the investment decisions, there are factors that guide the teachers. There are several behavioural factors that influence investors while making investment decisions (Luong & Ha, 2011). The existence of several behavioural factors influencing investment decision making predisposes teachers to biases and errors. Therefore, the present study will endeavour to establish the behavioural factors influencing high school teachers while making investment decisions in the Nairobi Securities Exchange (NSE).

Theories such as capital asset pricing model (CAPM), efficient market hypothesis and arbitrage pricing theory (APT) were thought to explain the anomalies (Cochrane, 1999) . But they have failed to explain the anomalies noted in the stock market over time. Therefore, there was a shift to try and establish other reasons for the anomalies. Researchers have since embarked on studies of how psychological and social behaviour affect financial decision making of the individual investors. The failure by modern theories of finance to explain the anomalies led to the birth of behavioural finance.

Behavioural finance incorporates psychology and sociology in financial decision making. Behavioural finance studies the influence of psychological factors on the financial markets (Das, 2012). The individual investors will be influenced by psychological factors while making investment decisions. Psychological factors to lead the individual investors into committing biases while making investment decisions. These biases could be thought to explain the anomalies exhibited in the stock market.

Three theories try to explain behavioural finance: heuristic theory, prospect theory and herding theory. Heuristic theory deals with the way people reduce complex tasks to simple tasks (Tversky & Kahneman, 1974). Heuristic theory enables people to make decisions in a simple manner and more quickly. Prospect theory proposes "that people do not always behave rationally" (Ricciardi & Simon, 2000, p. 5). They individual investors do not rationalise their decisions. The investors will prefer gains that are certain to those gains that are uncertainty, even if gains with certainty may have less value. Therefore, the individual investors are risk averse. Herding behaviour postulates that individuals will be influenced by the decision of others while making financial decisions in the stock market. The theories have been put forward to explain how investors make decisions in the stock market.

The stock market in Kenya is in the developing economy and as such the market is still developing. The Nairobi Securities Exchange (NSE) facilitates the trading in the securities by individuals in Kenya. There has been an increase in the interest of trading in shares going by the oversubscription of the initial public offering in the recent times. The increase in the trading of the securities has brought with it challenges. Therefore, there is the need to study the behavioural factors that influence high school teacher's investment decisions using phenomenological design. This study is intended to improve investment decisions that are made by the individual high school teachers so as to minimise the errors they make due to behavioural factors that could lead to losses.

Literature Review

A study (Bashir, Scholar, Ali, Scholar, & Tanvir, 2013) noted that," Psychology plays an important role in explaining the financial behaviour of investors and making the financial decision" (p. 278). Individual investors are presumed not to use the efficient market hypothesis and fundamental values while making investment decisions in the stock market. They use some established rules to make financial decisions in the stock market. These rules do not follow the traditional finance concepts like capital asset pricing model, efficient market hypotheses and fundamental values. The use of psychological and social factors leads the individual investors to commit biases while making investment decisions since they do not follow the traditional methods of evaluating investment opportunities. Since the individual investors commit biases which may lead to making of losses, it is important to study the behavioural factors influencing investment decisions. The study will improve financial decision making. Therefore, this study will determine behavioural factors influencing high school teacher's investment decisions in the stock market.

Mackay wrote about the panics that the world has experienced and tried to relate how group behaviour affects finance (Odlyzko, 2011). The study showed that when people are in groups, their decision making is influenced by the group behaviour. The work influenced financial decision making giving birth to behavioural finance. Behavioural finance became prominent when researchers connected psychology to the stock market decisions (Selden, 1912). The decisions about buying and selling of the stocks are influenced by psychological behaviour of the individual investors. Behavioural finance arose out of the need to explain the causes of anomalies in the financial markets which the traditional finance could not explain.

Behavioural finance is been defined as "the study of the influence of psychology on the behaviour of financial practitioners and the subsequent effect on markets' (Sewel, 2007). The individual investors are influenced by psychological and social factors while making financial decisions. Behavioural factors influence financial markets (Águila, 2009). Therefore, individual investors whose decisions affect the market are influenced by the behavioural factors.

Two different cognitions held concurrently produce cognitive dissonance (Sewel, 2007). The different cognitions are likely to influence how individuals make decisions. These decisions are likely to make individuals commit errors that may produce losses in the long run. An investor who belief that a particular share is not a good one to buy may end up buying the same share because the majority of the people belief that they are good ones to buy. The individual investors will reduce the tension between what he beliefs as true and what other investor's belief as true.

Herding behaviour has been postulated to influence individual investor's decision-making in the stock market. Herding behaviour is a situation where the investor makes financial decisions based on the decision of other investors. Therefore, if other investors are buying a particular stock the individual investor would follow suit and when other investors are selling then the individual investor would also sell. The popular opinion influences stock prices and hence stock market decisions (Sewel, 2007). A study by Aduda, Oduor and Onwonga (2012) showed the existence of herd behaviour whereby individual investors are influenced by the decisions of friends and colleagues.

Individual investors are guided by fear and sad feelings when making investment decisions in the stock market. The fear and sad feelings brigs about the fear of loss and the fear of regret. The individual investors fear making losses and, therefore, this influences the stock market decisions they make. A study by Annual, Rim and Estate (1979) has shown that individual investors are risk averse for the gains and on the other hand, they are risk takers for losses. The individual investors will be less willing to gamble with the gains than gambling with losses. Therefore, they will choose gains they are certain than choosing higher gains but with uncertainty.

Regret aversion influences the individual investors. Regret aversion occurs when individual investors make decisions to avoid being regretful later when the outcome of the decision is known. Therefore, they will avoid making decisions that may make them regret in the future. As noted by Annual et al., (1979), individuals investors fear making errors. Therefore, the fear of regretting will influence the decision making of the investors.

Heuristic factor influences the individual investors. The heuristic factors include availability bias and overconfidence. Individual investors are affected by availability bias when they make financial decisions based on the easily accessible information (Águila, 2009). This is because individual investors will make decisions using the readily available information. This is confirmed when the individual investors invest in the locally available stock while not investing in the international stock because their information is not readily available. This indicates the making of decisions based on the information of the available stock.

Overconfidence is experienced when the individual investors assume that they have more knowledge and experience than their peers (Águila, 2009). This is confirmed by the excessive trading by the individual investors who think that they have more knowledge and experience in the trading of stocks than their peers. Therefore, they presume that they will perform better than the other individual investors. .

Theoretical Framework

Three behavioural theories explain behavioural finance: herding theory, prospect theory and heuristic theory.

Herding behaviour

The herding behaviour influences investment decisions in the stock market when individual investors follow the actions of other investors. Individuals are social beings. Therefore, group norms normally guide individual investors in making decisions. MacKay showed the effect of group psychology on the individual decision making (Odlyzko, 2011). The proposition by Mackay was preceded by Jensen and Meckling (1951) study which postulated that the individual investors are products of their environment which implies that they will follow the decisions of other investors in the stock market.

Prospect Theory

Prospect theory shows that individuals are “less willing to gamble with profit than with losses” (Vijaya, 2014, p.298). Therefore, the individual investors will fear to make some decisions because of the possible outcomes that they expect. The individual investors fear to make losses and, hence, will experience loss aversion. Therefore, the individual investors will make decisions to avoid losses from their investments.

Heuristic Theory

This concept is useful when individuals make complex decisions because it enables them to arrive at a decision which could have taken longer. There are three heuristics that investors can use. They include representativeness, availability and anchoring. Therefore, the heuristic theory is the way individuals reduce complex tasks to simple judgmental tasks but which often leads to biases or errors (Tversky & Kahneman, 1974). These heuristics are very economical and efficient but may lead to making errors in decision making (Tversky & Kahneman, 1974). Overconfidence is also another heuristic that influences investment decision making (Ngoc, 2013). Overconfidence is where investors presume to be more experienced than the average investor and hence will make above average returns. The individual investors will trade excessively and, hence, may lead them to make losses.

Methodology

The study employed phenomenology design. Phenomenology studies “describe the meaning for [several] individuals of their lived experiences of a concept or phenomenon” (Creswell, 2007, p. 57). Phenomenology attempts to describe the everyday experiences of the research participants about a phenomenon. Phenomenology “is rigorously descriptive, uses the phenomenological reductions, explores the intentional relationship between persons and situations, and discloses the essences, or structures, of meaning immanent in human experiences through the use of imaginative variation” (Finlay, 2009, p. 7). There are four essential characteristics of phenomenology research; intentionality, phenomenological reduction, description and essence. Intentionality enables the researcher to focus on the conscious ideas of the objects and not natural objects. Phenomenological reduction involves the suspension of judgement in order to study the phenomenon without being affected by your views and position. Then it is possible to describe the phenomenon and its structure described.

This study endeavoured to describe the teacher's experiences of investment in the stock market. Phenomenology was chosen because the study intended to outline the experiences of high school teachers while making investment decisions in the stock exchange. As postulated by Priest (2015), "The aim of phenomenology, then, is to produce a description of a phenomenon of everyday experience, in order to understand its essential structure" (p. 51).

The study assumed constructive-interpretive philosophy. It is because of the assumption that there are multiple realities and individuals create the understanding of the phenomenon from the experiences they have with their environment. Teachers also create their knowledge about investment decisions from the reality of their experiences in the stock market. This methodology was appropriate because the study intended to determine the experiences of the high school teachers on investment decisions of the high school teachers.

The population of the study consisted of all high school teachers investing in stocks on the Nairobi Securities Exchange in Nakuru County. Purposeful sampling was employed to get participants. This is where the respondents are selected because they have had experiences about the phenomenon being studied (Groenewald, 2004). That is why teachers with investment in the stock market were chosen to provide information to answer the research questions. The participant included one focus group and 3 interviewees. Phenomenological method recommends at least 3 interviewees for the researcher to be able to handle the participants imagination (Englander, 2012). Starks and Trinidad (2007) noted that focus groups and interviews are appropriate methods for collecting data in a phenomenology study. Therefore, this study used focus group and individual interview for data collection.

The study focused on investment decisions and, more precisely, the influence of behavioural factors on the investment decisions. The central research question was: what behavioural factors influence high school teachers while making investment decisions in the stock market? The specific interview questions were;

1. What is your personal experience while investing in the equity markets?
2. What behavioural factors influence you to invest in the stock exchange?

Data gathering was done through unstructured in-depth interview. The interviews were done by the researcher and they were done in two phases. The first step was interviewing the 3 individual participants and later the focus group interview was done. Permission was sought from the interviewees and audio-recording was done for all the interviews. In interviewing the participants I bracketed my preconditions and presuppositions since as noted by Wimpenny and Hons (2000), " Bracketing [the] preconditions and presuppositions about the world as it is experienced by the participants the phenomenon can be revealed in its true form" (p. 1487).

After the interviews, I listened to the recording and made notes. In the making of notes, I recorded the key words and statements. The process lets the participants' voice be heard and, hence bring out the lived experiences of the teachers on investment in stock markets (Groenewald, 2004). Validity and truthfulness were enhanced by the audio-recording of all the interviews and also I bracketed myself during interview transcription (Groenewald, 2004). I thanked the participants after every interview for participating in the study. The

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researcher together with the respondents went through the recorded interview to confirm the accuracy of the recording.

A study (Priest, 2015) has identified steps that can be used to generate systematically data and analyse the same. They include the division of the text into units; the transformation of units into meanings expressed as phenomenological concepts; and the tying together of transformed meanings into a general description of the experience Polkinghorne, 1989, as cited in Priest, 2015). Another element added is horizontalization where all elements are given equal weight. Analysing phenomenological data used the reduction process. The study employed the key word in context (KWIC) to identify the major themes. The key words are identified and then systematically identify similar words or phrases in the text. The study used grouping the words or phrases with similar meanings to identify the themes. The researcher then constructed textual descriptions of the experiences of the high school teachers on investment in stocks. Constructing of the textual descriptions was extracted from the themes that arose from the reduction in the data analysis.

Presentation of Findings

The purpose of the study was to establish the lived experiences of high school teachers while investing in the stock market. This section presents the findings of this study using the following subheads:

1. A description of where the study took place (Natural setting)
2. Characteristics of the participants
3. Participants experiences
4. Presentation of themes
5. Hermeneutic summary of essential themes

Natural setting

The interviews took place in Molo town, Nakuru County, Kenya between January and February 2016. The unstructured in-depth interview was used to collect data on the experiences of the high school teachers on the stock investment decisions. The teachers were interviewed from their offices in the school which was found to be convenient for them. The focus group the interviews happened in a hotel conference room in Molo town. The hotel room was necessary so that we could have an interview without interruptions.

Characteristics of the Participants

The participants were all high school teachers in Molo town and had trading experience of between 5 and 12 years. Four of the teachers had an undergraduate degree and two had a master's degree. The participants were selected using purposeful sampling and all the participants were contacted by the researcher by phone. The date and place of meetings were set before the interview took place. The participants were asked to describe their experiences of investment decisions in the stock market and what factors influenced them to invest in the stock exchange. The participant's characteristics are shown in the table below.

Table 1: Participants characteristics

Participant	Education	Numbers of years in investing in the stocks
A	Bachelor's degree	8
B	Bachelor's degree	12
C	Master's degree	10
D	Bachelor's degree	5
E	Bachelor's degree	9
F	Master's degree	12

All the interviews were audio taped which were later listened to so that the recording could be transcribed into data ready for analysis. The transcripts were re-read several times and the themes that were arising were noted on the transcripts.

Participants' experiences

Participant A

The participant was a male and has been teaching in high school for the last 20 years. The participant had a bachelor's degree. The interview was held in his office for between 30 to 45 minutes. He had eight years trading in the stock market. The interview was recorded using a tablet which was later transcribed into data for analysis

My experience with investing in the stock market is that it is not easy. It is not easy because analysing the stocks and concluding which one to buy and which one to sell is complicated. Investing in stock requires somebody with an understanding of how the stock market operates. I have not been able to earn a lot from my trading in the stocks. This is because of not trading frequently and the fall in the prices of some of the stock.

One time I heard about the Safaricom Company selling their shares through a friend and he told me that they were good to buy because the company was making an enormous amount of profit. I, therefore, decided to buy them. There were also many people who bought the Safaricom stocks.

Everybody wanted to buy the shares for Safaricom Company because it was public knowledge that the company was making good profits. Am sure you must have heard about it in the newspapers. I learnt about Safaricom's good performance from the daily newspapers and the discussion in the public places. I friend of mine once remarked that the best shares to buy are those that are performing well. Safaricom was one of the companies that were in the news about good performance regarding profits.

Participant B

The participant was a male and has been teaching in high school for the last 26 years. He had a bachelor's degree. The participant had 12 years in the stock market trading. The interview was held in the office for between 30 to 45 minutes. The interview was recorded using a tablet which was later transcribed into data for analysis

My experience with trading in the stock market has been disappointing because of the losses that I have incurred with the falling prices of the stocks that I bought. I was even contemplating not to continue trading in the stock but was influenced to continue trading by my colleague who said that trading in shares is good if you are patient especially by buying and waiting for the share price to increase.

I bought the shares that I currently own because they were the ones that were on offer for purchase. Since they were the only ones on offer I had little choice but just settle by choosing from them. When I wanted to buy the shares, I went to the broker and was given the ones that were available.

I looked at the companies that were trading and selected to buy those that were performing well. Our SACCO, Mwalimu National, has floated shares which I am contemplating buying because I think they will do well in the future. The fact that I belong to Mwalimu National SACCO makes me feel that it is good to support my SACCO by buying the shares that it is floating.

A colleague in the office had bought the shares from Kengen Company and I was influenced by the colleague to purchase the IPO for Safaricom shares which were floated. The shares performed very poorly until I regretted why I bought the shares because the price per share was trading at shs. 2. 40 while we had bought them at shs. 5 per share. It took some time for me to recover from the experience and start trading in the shares again.

Participant C

The participant was a female who has been teaching in high school for the last 20 years. She had a master's degree. The participant had 10 years trading in the stock market. The interview was held in her office for between 30 to 45 minutes. The interview was recorded using a tablet which was later transcribed into data for analysis.

Participant C noted that she has been trading in the stocks for income purposes and sometimes she fears to lose her investment because of reduction in the prices of the stocks. One of the factors that I look at when thinking about investing in the stock market is prices that are existing for the stocks. I buy the stocks whose prices are affordable. On the other hand, the amount that is available for buying the shares also influences me to buy the stocks that the amount will afford.

Another factor that determines which shares to buy is the shares that are of popular companies that are doing well in performance. Those firms that have good prospects are the good shares to buy. My sister is good in trading in the shares. I, therefore, consult her when I want to buy the shares when I have money that I think should be used in buying the shares. At one time a friend was so passionate about the Barclays bank shares which made me also buy the shares because they were doing very well.

Focus Group

The focus group discussion took place in an exclusive location at a hotel conference room in Molo town. The participants were three high school teachers from three different secondary schools in Molo town. The researcher introduced the purpose of the interview to the participants. The interview took about 2 hours. The interview was recorded using a tablet which was later transcribed into data ready for analysis

Participant D was a male and has been teaching in high school for 11 years. He was married with one child. He has been trading in the shares for the last five years. Participant E was a male who has taught in high school for the last 16 years and he has been trading in the stock market for nine years. He was married with four children. Participant F was a female with teaching experience of 21 years. She had been trading in the shares for the last twelve years. She was married with two children.

The experience of stock investment is that it is a long term investment which is meant to earn a return. Individual investors should buy shares and wait for their prices to appreciate. The stocks will improve in the dividend and prices over time. The individual investor will have to invest and wait to realise returns.

During the advertisement of the IPO for Safaricom and Kengen, the media was used to advertise them and friends were also talking about it in the common places. Many individual investors were influenced to buy the stocks. We talk with friends about the investment in shares, the benefits of buying and the fundamentals of the company from where to buy. We also encouraged each other to buy the shares.

The fear of deteriorating in prices influences the decision to buy the shares. When one invests in shares, there is always the fear that the prices will decline and lead to losses for the individual investors.

Safaricom has a lot of presence in the market geographically. We bought the shares because we knew Safaricom and we knew the kind of business it was doing. Safaricom had network connection across the country which made the company visible among the possible investors.

There was the publicly available information about profitability and stability for the future, for example, Barclays Company is pooling out of Africa. The pooling out of Africa will make the shares of the company not sell because of the negative information. Sometimes I need to know the CEO of a company for me to have confidence in investing in its shares.

The prices also influence the decision to buy or sell the shares in the stock market. The prices of the share will affect buying decisions because I will buy the shares that I will be able to afford. I have heard people say that you should buy when the prices are reducing and wait to sell when the prices have increased.

Presentation of themes

The behavioural factors that influence the investment decisions of the individual high school teachers constitute the psychological and social factors that guide the way they analyse situations before making decisions. The behavioural themes that emerged from the study were as follows were herding behaviour, availability and loss aversion. There were also other factors which are not behavioural but still influenced the teachers' individual investment decision making in the stock market.

Herding behaviour influences the individual teachers to make investment decisions in the stock market. Herding behaviour was noted when participant A said that "one time I heard about the Safaricom Company selling their shares through a friend and he told me that they were good to buy……" The participant acknowledged that a friend had influenced him to buy safaricom shares during the IPO. Participant B also said that a colleague influenced him to buy the shares "a colleague in the office had bought the shares from Kengen Company and I was influenced by the colleague to buy the IPO for Safaricom shares which were floated". Participant C also noted that she was influenced by her sister who was good at trading in the shares. During the focus group discussion it came out that friends and the discussion in the social places did actually determine the decision making in the stocks to buy and also at what time to buy. Participant A said that, "There were also many people who bought the Safaricom stocks". These experiences of the individual teacher's investment decisions pointed to the influence of the other people's decision while making investment decisions. Therefore, the findings point to the herding behaviour by the high school teachers while making investment decisions.

Availability also determines the individual teachers' decision making in the stock market. Participant B said that he bought the shares that 'were on offer". In other words, he bought the shares that were available. Participant B also goes on to note that, "The fact that I belong to Mwalimu National SACCO makes me feel that it is good to support my SACCO by buying their shares". Individual investors could also be influenced by the shares that they are familiar with. Being a member of Mwalimu National SACCO may have made the participant be familiar with the shares floated and hence decides to buy the shares. This findings show that availability is a factor that influences the individual teachers while making investment decisions.

Loss aversion also comes out as a factor that will influence individual high school teacher's investment decisions. Participant B noted that, the safaricom "shares performed very badly" which made him not buy any shares for some time. Because the shares performed badly he did not trade in shares for some time until he was convinced by his colleague to continue buying the shares. In the focus group discussion it was noted that fear of deteriorating prices influences stock market decisions from the statement that, "Fear of deteriorating in prices influences the decision to buy the shares". This clearly indicates that loss aversion influences stock market decisions.

Although the study was aimed at determining the behavioural factors influencing investment decisions, during the interview two other themes that are important were noted. They are market related factors and company related factors. In the market factors the Participant C noted that, "One of the factors that I look at when thinking about investing in the stock market is prices that are existing for the stocks". Also in the focus group it was said that, "The prices of the share will affect buying decisions because I will buy the shares that I will be able to afford". Therefore, the prices of the stocks also influence the investment decisions of the individual high school teachers.

The company factors also did determine the investment decisions of the individual high school teachers. Participant A noted that companies that were making good profits could influence investment decision making. He said that, "I friend of mine once remarked that the best shares to buy are those that are performing well" and safaricom was such a company that was performing well. Participant C noted that companies that were performing well and those that were popular would influence investment decisions. The focus group did mention that they will buy shares whose companies were profitable. This shows that company-related factors did influence the individual high school teachers in making investment decisions.

In conclusion, the themes that were identified by the study included herding factor, availability factor, loss aversion factor, market related factors and company related factors. Therefore, the study identified three behavioural factors which are herding factor, availability factor and loss aversion factor.

Discussion of Findings

The phenomenon of this study was to establish the lived experiences of the high school teachers while making investment decisions with particular interest of the factors that determine individual investment decisions. The findings of studies (Aduda et al., 2012; Rekik & Boujelbene, 2013) resonate with the findings of this study of the existence of herding behaviour. The individuals were poised to be affected by the decisions of other investors in the stock market decisions. The individual investors could be affected negatively by the herding behaviour (Aduda et al., 2012). The individual investors are more likely to make errors since they do not use fundamental values while making investment decisions. The individual teachers may have a low understanding of the investment in the stock market which may be the reason for following the decision of others. Luong and Ha (2011) confirmed the occurrence of individual herding behaviour while making investment decisions. The variables that were studied included the buying of stocks, selling, and choice of trading stocks among others. Das (2012) also established that referrals by friends determine investment decisions by individuals who confirm the findings of this study. Therefore, the investors are prone to herding behaviour which was shown by the findings of this study. The following preposition is made from the findings of the study.

Preposition 1: Herding behaviour influences the investment decisions of the individual high school teachers.

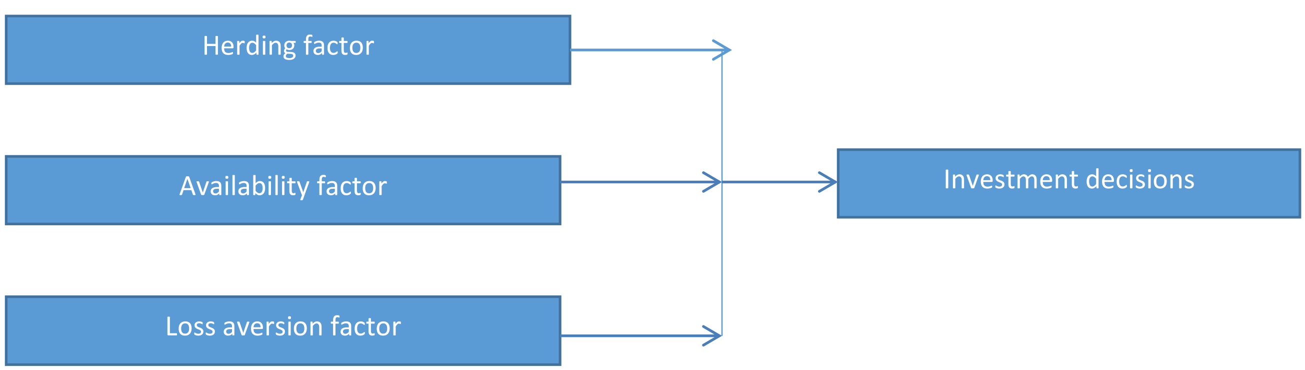
The study established that availability factor influences the investment decisions of the individual high school teachers. A study (Luong & Ha, 2011) confirmed the existence of the effect of availability on the investment decisions by individual investors. Availability of shares in the market was found to influence the investment decisions of the individual investors (Aduda et al., 2012). This determined the buying and selling of the shares by the individual investors. This confirms the findings of this study that availability bias influences the investment decisions of the individual investors. Therefore, the following second preposition is established.

Preposition 2: Availability influences the investment decisions of the individual high school teachers.

The study also found the influence of loss aversion. Loss aversion is the tendency by the individual investors to be influenced by the intentional decisions aimed at reducing loss making. This is when individual investors avoid buying stocks when they anticipated future fall in the stock prices. A study by Luong and Ha (2011) found that loss aversion influences investment decisions of individual investors. Another study (Rekik & Boujelbene, 2013) also indicated the presence of loss aversion bias in the investment decisions by individual investors. Therefore, the findings of this study are confirmed that loss aversion influences individual investors.

Preposition 3: Loss aversion influences the investment decisions of the individual high school teachers.

The study sought to determine the behavioural factors influencing the investment decisions of individual investors. The findings have established that indeed the individual investors are affected by the behavioural factors while making investment decisions. The relationship between the independent variables and the dependent variable is indicated by the figure below.



Independent variables Dependent variable

Figure 1: Relationship between behavioural factors and investment decisions

Conclusion

The study found that individual teachers are influenced by the following behavioural factors when selecting the stocks to buy. The factors that the study found to be influencing investment decisions are herding behaviour, availability bias and loss aversion attitude. Other factors that the study established which influence investment decisions, although they are not behavioural factors, are market-related factors and company-related factors. There are other behavioural factors which this study did not establish using the phenomenological study.

Therefore, it is recommended that future researchers should do similar studies but with the different population to establish the other behavioural factors.

The findings of this study are important because they will enable individual investors to identify the behavioural factors that could affect their investment decisions making and hence help them improve their investment decisions for better performance in the stock market. The study will be used by investment advisors to tailor their investment advice to fit individual investors. It will also be used as a framework for enhancing regulatory policies in the investment sector to reduce the effect of the behavioural factors on the stock market. Future researchers could also use the study as a guide for their related studies.

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