

The Investment Decisions of Individual Investors

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Abstract— Behavioral finance is the study of the psychological and social influences on financial decisions. Investors use investment analysis to look at assets, market trends, and market data from the past. Investors' good sense is tied to their ability to make sound decisions. It is frequently used to assess corporate knowledge and data, with the goal of reducing risk and improving results. The purpose of this research is to examine the ways in which various pieces of data, such as financial statements, perceptions of the individual and the company, recommendations from trusted sources, individual goals and values, and unbiased news reports, all play a role in investors' final choices. Individuals from all socioeconomic backgrounds who have invested in or considered investing in specific sectors of the Chinese Industrial Area make up the research population. Research was done using a sample size of 300 investors (out of a total of 170 investors). According to the findings of the current study, these elements have a favourable and substantial effect on financial decisions.

Keywords— Investment, investment decision, individual investor, risk, Chinese investment industry.

I. INTRODUCTION

Investors and managers choose investments. Investors apply fundamental, technical, and judgement analysis. In a good economy, the stock market is the major provider of loans and a signalling device for professionals seeking gain opportunities and business governance (Samuel, 2007). Instead, stock market is usually best for company cash flow increase (Zuravicky, 2012). People made this unique notion in placing your stock because of “long-term progression associated employing improves, perks, as well-being a hedge from the total inflationary loss with regards to struggling power” (Teweles & Bradley, 2009). Initial liquidity makes whole-wall community vacations more appealing than other investment styles (Jaswani, 2008). Most people buy stocks because they want to own a company and benefit from dividends or rising demand (Croushore, 2006). Nonetheless, many buy equities to learn corporate control. Often, owners should assist market higher-level shares to administrators who make strategic decisions and define company direction.

The Roman pioneered corporative corporations, which

raised funds from the public to feed specialties in the second \$100 or so year In. L. (Sobel, 2000; Manley, 2009). Internet page for interacting in Italian capital became accessible near the first Temple of Castor, for TV screen (Smith, 2009). The Forum became known as a massive trading event where individuals bought and sold stocks, bonds, and other financial products. Antwerp and Amsterdam were the first successful general economies before the 16th millennium, which were vital to northern nations retaining European countries. London Stock Exchange was founded in 1801 with dealers other than vehicle dealerships (Smith, 2009).

Making a choice is a difficult task. It's impossible to make decisions in isolation, using only one's own knowledge and skills, or elaborate models that fail to account for contextual factors. Due to the close proximity, low tax rate and other similarities create investment destination for investors (Sun, 2016).

The standard model of economics assumes that most people act rationally, leaving all of the steering and leverage decisions up to the present person. Investors rely on independent thinking and reasoning when it makes sense. When making financial decisions, however, people often let their emotional biases, old beliefs and habits, and other cognitive biases influence how they see the world and form opinions. Some specific discoveries by these specialists are at the heart of the debate surrounding this type of research. Baker, in advantages, relates support situational degree Haslem (1973) argued that regular income, expected profits, and the financial stability of the company are all important considerations for female investors. Expertise, fast expansion, together with planned costs for saving reasons, rapid earnings through trading, professional investment, and a professional outlook on the market are some of the six to eight factors that Potter (1971) emphasizes. Dealing with, among other things, long-term growth and producing a positive shift in private investors' perspectives of precisely what they need in order to achieve their solution choices.

Merikas (2013) discovered which criteria individuals talk about while making decisions connected to the shipping register's variations, the present sell order movement inside any firm's stock, and other economic indicators. Moreover, Gula (1992) proposes that this object-related function is instead coupled with the probabilistic aversion of people. It went through a second stage by advising people who respond rationally, with the exchange of risk- and return-specific

information provided by Baker and Haslem (1977), who noted that expected returns, in addition to the financial stability of the company, are expected investment factors in relation to the buyers, be they women or men. Finding the aforementioned void, the controversy in this field of study is the different findings that researchers have reached with the financial stability of the company or individual, which are important investment considerations for individual investors, so the current study will be an attempt to discover the factors that influence the investment decisions of investors. The focus of this research is on the manufacturing hubs of China.

Individual businesses use a brand-new qualified system for choices about acquisitions regarding assortments associated with businesses around their suitable payment (Massoudi, 2019; Birdawod, 2022). There is a possibility that finishing off musical instruments might aid with investment opportunities. The presumption is that generally knowledge advancement in addition to aid your elements acquire cautiously impact individuals' price ranges judgements as perfectly as market consequences. This presumption will probably potentially become true. Research in the social sciences, such as psychology, is something that supporters of attitudinal recommendations should think about. Psychology, for instance, may help people reveal the right behavior of partitioning route activity, market bubbles, and enable you to collapse (Schmidt, 2012). So, the results of this research will contribute to a better understanding of the behavior of particular businesses. Therefore, the main objectives are: To find out if the reputation of a company affects what individual investors do in the Chinese Industrial Area. To determine the influence that accounting information has on the decisions made by individual investors in the Chinese Industrial Area. To determine the effect that unbiased information has on the decisions made by individual investors in the Chinese Industrial Area. To determine the influence that personal financial requirements have on the decisions made by individual investors in the Chinese industrial Area. Also, to determine the influence that advocate recommendations have on the decisions made by individual investors in the Chinese Industrial Area.

II. LITERATURE REVIEW

In this new study, examining your current preliminary conduct factors affecting picking and getting linked to investors, which are "out there," absolutely stands out as the real essential competence. Instead of inferring and constructing concepts, a deduction strategy may simply always be a better option (Massoudi, 2018). The study uses current behaviorally customized recommendations overall and in investment specialist companies specifically to look for theoretical, conceptual, and empirical discoveries related to previous investigations, where the exploration kind and hypotheses are often proposed. Next, surveys can identify interview questions. This approach is typically considered a thought-through deductive strategy that indicates where researchers may rate how the primary universe performs, therefore using this method

to analyze many feelings about "hard data" (Neuman & Kreuger, 2013). Employed literacy is now examined with numerous concerns. Governments and private groups in developed nations have conducted research to quantify literacy. The OECD (2005) examined economic literacy in 12 countries, including the US, Europe, Asia, and others. The educational assessments on such websites found financial literacy to be quite poor for most respondents.

Chen and Volpe (1998) chose 924 students from 13 U.S. colleges with the most financially savvy private students. In addition, they examined each email for personal literacy degrees and diplomas enrolled with sexual intercourse, age group, country, conquest, cash movement, perform information, easy-guide self-discipline, working with a live show, and group position. Beneficial Internet site relationships amongst research subgroups associated with selecting educative self-control, selection position, and decades of function know-how vary in literacy levels. Non-business majors, low-party members, and those with little work experience exhibited worse financial knowledge. Women of all ages were less well-built than adult men, and foreign university students were less informed than US residents.

Volpe et al. (2002) suggested that online investors must have more knowledge than regular investors to stack up investment regions because they must be decorated by male and female stories and techniques. So, the writers compared the literacy levels of 530 online investors based on situation, cash movements, progress classification, mastery, and prior online trading experience. The study showed that personal literacy depends on people's education, practical knowledge, population, revenue shift, and sexual enthrallment.

Saudagaran (2005) developed an affordable technique for different persons involved in economic transactions to examine data items shared throughout 12-monthly balances, as well as a clear idea that a variety of data may be used to make investment decisions. They asked numerous queries to advise seven types of shoppers involved in private interactions with Iran, including organizations, financial companies, entrepreneurs, and institutional customers. Participants usually consider the first twelve-monthly reviews the most influential way to purchase data. The most important methods for purchasing information were common information and, finally, daily check price. During the full added-in offer, the identical people supplied her with a very important point about critical factors using sequence value centering: advice about people and how to guide your acquaintances; tips with each other while having a talk; and a stockbrokers' guide book.

Nielsen (2005) surveyed senior financial literacy via directory queries. The main findings in this first survey suggested that the lowest levels of budgetary literacy were among those with low education, laid-off workers, and untrained workers, as well as among those with low incomes, single men and women of all ages, and the methods in both extremes with the current generation of users of the website. The 2005 results showed an average increase in Australians' top financial literacy.

In 2005, the government of Singapore used Cash Impact Economical Schooling Help Cellular technology to find out how financially literate adults there were. The assessment determined if Singaporeans are aware of widespread low-cost firms and whether the main thieves have recently made beneficial decisions by attending to their situation. Singaporeans train using a typical perspective on vital money operations, budgetary generation, and company issues, according to the investigation. Singaporeans aid in keeping, notice distinctive enacting, and have a well-known inexpensive establishment.

Volpe and Chen (2006) talked to 212 data workers in US companies with exclusive budgetary discounts to find out how well they could do their jobs and what kinds of problems they had. This wonderful, most affordable, vital area noticed up real estate planning and purchase. Specifically, town cover prospectuses, party buy expenses, and cost quotients were the most cost-effective concerns. The participants also said that working people were the most economically well-informed about relevant topics and the first invaders to service were the most affordable. The bonus persons supported a higher-level understanding of primary aging.

Al-Tamimi (2006) surveyed 343 UAE investors to determine the most and least influential factors. The most influential issues were management and application of business cash flow, getting well-off, product marketability, past effectiveness while using the firm's focus, government holdings, and the formation of this use of attention linked to financial markets. With add-on, one or two involving elements are skilled with each time a tiny affect, together with unique religious criteria and esteem opinions. But the author never felt the link between fiscal literacy and cost faithfulness, which is featured in contemporary evening checks.

Maditinos (2007) examined the current methods used by 6–8 Ancient Greek word concept specialists: established associates from Athens Walls steer clear of sport, frequently inserted within present assistance corporations, economic take care of expenditure assortment affordable determination corporations, explained businesses, organized The findings show that the best contributors frequently put their instinct and experience into all of the current secret components, which then necessitate critical investigation as well as unique moves around odd budgetary portions of the overall economy. The noise around collecting examination is becoming increasingly minor.

In this best-case scenario, the prices of securities are equal to their "basic value," there are no problems, and agents are clear. The first meaning is "discounted amount associated with projected future would-be profit flows," provided that individuals can utilize provided information well and the discount rate gets to series when using recognized choice demands (Barberis & Thaler, 2003). These kinds of initial useful behaviors suppositions, which experts illustrate, are made with the countless opinion whereby normally accurate price promotes simple desire helpings, affirming that cost quantities could possibly be appropriate thinking of you should

possibly discover powered by only companies that can definitely fit your preferences and wants alongside using Bayes' believed processes, which often could become expression pertai (the chances concerning operation given a different one). Aside from that, an efficient market is one in which regular outcomes must be obtained not only by utilizing this type of all probability but also by utilizing whatever obtain treatment is used (Barberis & Thaler, 2003).

According to Massoudi (2020) attitudinal assumptions may drive customers' financial decisions, since they're usually not rational. So, attitudinal financial study is crucial to expense power, where cognitive mentality determines individual behavior. Attitudinal biases should be examined if people's data doesn't support rational thinking. If their cognitive issues affect pricing, it will be far more substantial. Fortunately, they haven't arbitrated poorly yet (Kim & Nofsinger, 2008). Your mid-1980s quest area may have been created. Stock trading movie sports site is really overreacting to help you out by totally DeBondt Thaler (1985).

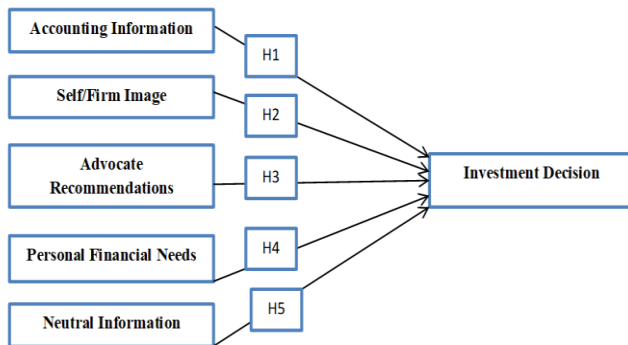
Statman (1985) believes investors may be willing to encourage young people to pursue winning careers rather than losing ones, even if the losers offer a better alternative. Several studies include the development of attitude cover, which is tied to location disclosures before the decade. Much of Asia is based on capitalism's size and people's financial functions, making it a great place to learn attitudinal control. Some economies are long-term, while others are short-term. Because special choice ditch about know-how other than experience brings inside particular variation working with choice starting, most of Asia has superb software meant for studying personalized behavior. In addition, most Asians accept cognitive biases more than Western Europeans, which may explain why Asians are typically considered fundamental bettors (Kim & Nofsinger, 2008). Cultural scholars and psychologists know that attitudinal prejudices are reinforced by lifestyle, yet numbers change (Veg, 1997).

Overconfidence can boost tenacity, willpower, and mental toughness while improving patience. Overconfidence can help economic professionals work normally. Overconfidence can boost others' opinions of one's skills, leading to faster sales and longer purchasing times (Oberlechner & Osler, 2004). The prospect idea affects numerous mental states, such as reduction aversion developed with psychological income (Waweru 2003). Feeling sorry for someone causes problems. Shareholders prevent bottoming out due to failing to overcome industry dropping points to you personally and are happy to praise the organization for growing various versions. Coupled with actual behavior, individuals may be more remorseful about squandering futures than selling successful ones soon (Lehenkari & Perttunen, 2004). Decrease aversion is a direct outcome of the meaning of to secure a particular variation outflow about psychological penalty people acquire inside connected measurement harm or you'll be good searching to achieve (Barberis & Huang, 2001). Research shows that customers are more affected by low-cost cuts than by connected gets (Barberis & Thaler, 2003).

Moreover, any harm delivered immediately after before gain is usually watchable and less painful than usual; however, gazing through damage may be painful (Barberis & Huang, 2001).DeBondt and Thaler (1995) explored how the financial industry affects investors' attitudes. If your many views on attitudinal account are correct, it may well be that people will evidently have over- and under-reactions to guide assistance importance upgrades, or you may end up with capable reports, extrapolation of future trends, any absence of realizing principles comprehensively, and the particular attention that can sustain favorite futures. These most common corporate aspects, with adjustments, affect people's behavioral choices. Waweru (2008) finds the best economic factors that affect investors' start-up: sale asking price upgrades, specialized marketplace key features, all-around trends connected to futures, over-reaction that may occur throughout supplement guidebook cost upgrades, as well as root explanations for you. Improvements in particular areas, concepts with a lot of root investment, and investment cost may produce an over- or under-reaction for your specific retail shop price increase. These enhancements have been shown to have a major influence on consumer decision-making.

If so, previous research utilizing sunk service costs and devotion escalation suggests people may be regarded as approaching the purchase of restricting activity options while acquiring their health by placing good sources rather than dreadful sources (Staw and Hoang 2006).

Through these previous studies, we could determine the research framework. As bellow:



Moreover, we can put the research hypothesis:

H1: Accounting data significantly affects investment choices.

H2: The self- or company's perception significantly affects investment choices.

H3: Advocacy Suggestions Influence Investment Decisions Significantly.

H4: Investment decision is significantly impacted by personal assessment.

H5: Investment decisions are significantly impacted by neutral information.

III. METHODOLOGY

Study Population

The study population includes all levels of individual investors who have invested or aspired to engage in the studied industry. Research sample and responses were computed for the 300 local investor survey.

Sampling Method and Size

This study sampled conveniently. Convenience sampling ensures that the sample is representative of the population and not skewed towards any group. It also prevents selection by a basis factor (Cooper & Emory, 2006). Because the researcher wanted to collect data on Chinese industrial investment choices, this design works. This research strategy asks investors for an informed opinion. The study sampled 169 individual investors from the population.

Results

Firstly, we need to define the variables of study as explained in Table 1

Table 1: Variable's Definitions

Code	Definition
AI	Accounting Information
SFI	Self-Firm Image
AR	Advocate Recommendations
FN	Financial Needs
NI	Neutral Information
ID	Investment Decision

IV. DESCRIPTIVE RESULTS

As per study, N 169, Mean Values ranging from 2.178 to 2.686 with positive std. Dev. values accordingly.

Table 2 Descriptive Results

	N	Min	Max	Mean	Std. Dev.
AI	170	1.0	5.0	3.58	1.355
SFI	170	1.0	5.0	3.54	1.237
AR	170	1.0	5.0	3.32	1.384

FN	170	1.0	5.0	3.34	1.368
NI	170	1.0	5.0	3.89	1.738
ID	170	1.0	5.0	3.98	1.182
Valid N (listwise)	170				

Correlations

"Pearson's correlation" shows how the independent variable affects the dependent variable. Correlation should be +1 or -1.

Table3: Pearson Correlation

	Accounting Information	Firm-Image	Advocate Recommendations	Financial Needs	Neutral Information	Investment Decision
Accounting Information	1					
Firm-Image	.681**	1				
Advocate Recommendation	.529**	.522**	1			
Financial Needs	.642**	.642**	.517**	1		
Neutral Information	.588**	.621**	.588**	.589**	1	
Investment Decision	.642**	.642**	.517**	.555**	.343**	1

The correlation analysis designated that AI has a significant highest value ($r=.681$), F-Image ($r=.529$), AR ($r=.642$) and FN ($r=.588$), NI ($r=.642$) and ID ($r=.643$), so it is observed that relationship tends towards positivity between IVs and DV.

Analysis of Regression

In regression analysis, it is also of relevance to characterize the variation of the dependent variable around the regression function which may be characterized by a probability distribution (Armstrong, 2012)

Table 4: Model Summary^{b,c,d}

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.482 ^a	.233	.166	.30881

a. Predictors: (Constant), NI, AR, FN, SFI, AI

R^2 Variance = .482 or 48.2% , Adj. R^2 .166 (min. weightage of the model), So having R^2 23.3% ,we can assume that independent variable has 23.3% impact on dependent variable.

Table 5: ANOVA^{a,b,c}

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	1.330	4	.333	3.487	.014 ^d
	Residual	4.387	164	.095		
	Total	5.717	168			

a. Dependent Variable: Investment Decision

Table 6: Coefficients^{a,b,c}

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	2.947	.816		3.613	.001	
1	AI	.213	.165	.235	1.354	.182
	SFI	.220	.126	.300	2.061	.045
	AR	.211	.111	.255	1.632	.161
	FN	.205	.114	.281	2.001	.041
	NI	.203	.116	.262	2.113	.048

a. Dependent Variable: Investment Decision

b. Weighted Least Squares Regression -

Table 6 shows that at the.001 level of significance, the constant is B 2.947, the standard error is.816, and the test statistic is T = 3.613. All of the dependent variable hypothesis tests, both beta and t, indicate a positive trend, hence all of the hypotheses are accepted. Accounting information (beta =.300, t-test = 2.061), self-firm image (beta =.255, t-test = 1.632), advocate recommendations (beta =.281, t-test = 2.001), financial needs (beta =.262, t-test =.262), and neutral data (beta =.262, t-test =.262) all had statistically significant effects (beta .234 and t-test value 2.333)

V. CONCLUSIONS

In this study, all of the variables thought to influence investment decisions were found to have a statistically significant positive correlation with the dependent variable (investment decision). Based on these results, it's safe to say that all of the hypotheses that this investigation is based on are true. In order to spread their risk and increase their potential return, investors create a portfolio of unbiased information about several firms.

In addition to providing guidance, Advocate Recommendation serves as inspiration for investors to raise their game. The success of an investment is boosted by the company's reputation. Investment decisions can also be simplified with the help of a company's financial records. Improving one's standard of living and reaping its rewards are inextricably related to meeting one's own financial obligations. The current study has certain limitations and suggestions for future research, such as the fact that it used a very small sample size and might benefit from using a bigger sample size in the future. To conduct this research, the Chinese industrial zones were chosen. Other sectors in other parts of the country may be chosen in the future. While this study concentrated on the manufacturing sector, similar studies on other institutions and industries are possible in the future.

Accounting Information, self/firm image, advocate recommendation, personal financial requirements, impartial

information, and investment choice are only few of the aspects that were studied in this analysis. The population of the study comprises of all levels of individual investors who have been investing and desired to invest in selected industries of study. The current study used a convenient sampling technique. There were 169 investors used as the study's sample. Positive and statistically significant correlations were established between AI, SFI, AR, FN, NI, and ID in the present investigation.

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