
Effect of Investor's Investment Avenues on Individual Portfolio Choice at The Nairobi Securities Exchange, Kenya

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ABSTRACT: Investor's specific needs plays a major role of determining a portfolio choice of an investment portfolio composed of a single or multiple assets that an investor chooses within a certain period of time. The objective of this study was to assess the effect of investor's Investment Avenues on individual portfolio choice at the Nairobi securities exchange and to investigate the moderating effect of investor's age on the correlation investor's Investment Avenues and individual portfolio choice at the Nairobi securities exchange. A descriptive research design was used for collecting data for the variables under study for up to a period of twenty years from January, 2013 to December, 2017. The population of study was made up of individual investors estimated at 2.4 million as at 31st December 2017 based on Central Depository and Settlement Corporation Limited (CDSC). A target population of 997,605 active retail investors who also form the accessible population at Nairobi securities exchange (NSE) were used to draw a sample size of 385 active individual retail investors. Both stratified and convenience sampling was used to draw the needed number of respondents. A structured questionnaire was used to collect the data whereby drop and pick approach was used. Pilot testing of the instruments was performed to assess its reliability. Further, multiple regression techniques were used to analyze the data. The study findings revealed that investor's Investment Avenues have a positive and significant effect on individual portfolio choice at NSE, Kenya. As such a unit increase in a predictor variable leads to an increase in individual portfolio choice through investment in stocks. Further, the results of the study indicated that age moderate the relationship between investor's Investment Avenues and individual portfolio choice. The study would be beneficial to investment banks and brokerage firms in policy formulation to assist individual investors in their portfolio choices and also to the academicians to advance the conceptual arguments of the moderating effect of age on the relationship between investor's Investment Avenues and individual portfolio choice at NSE, Kenya.

KEY WORDS: investor's investment avenues, Individual portfolio choice, Investor's age, modern portfolio theory.

1. INTRODUCTION

Individual portfolio choice is the results of the process of investing one's funds in different investment opportunities, asset classes and markets that have low, negative, positive or possibly no correlation between their choices, that will earn the total return over time that one needs (Reilly and Brown,2012). A portfolio refers to a collection of investment or financial assets owned or held by an individual, investment company, financial institution or hedge fund (Bodie, Kane & Marcus, 2013). Basically we have individual investors and institutional investors.

According to Markowitz (1952), one optimizes expected returns based on the level of market risk upon a construction of an investment portfolio chosen. Accordingly, by combining various asset classes into a portfolio, overall portfolio risk can be minimized and higher return can be achieved than with a portfolio that is not properly optimized. The investment of the portfolio chosen with the largest portfolio return is usually prioritized (Hatemi & El-Khatib, 2014). There are wide-ranging factors that influence individual portfolio choice which may include investor's specific needs and investor's age that have influential implications.

In the study by Jagongo and Mutswenje (2014), it was established that an investor also takes into consideration the market situations like financial results of the companies, bonus issue, price earnings ratio and the reputation of the company. Social relevance and image, accounting information as well as past performance of firm's stock were other factors as cited by Rahnuma and Sultan (2013). These were noted to be attributes of investor's specific needs.

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Lutfi (2011) revealed a significant association between investor demographics (gender, marital status, age, income, education, and number of family) and choice of financial products (bank products, physical assets and capital market instruments) and risk tolerance of an investor (risk seeker and averse) with no focus on individual portfolio returns status. The study showed the significant connection that exists between investor asset choice and risk tolerance. Mittal and Vyas (2007) investigated the role of variables such as gender, education, age, income and occupation on the investment choice in India on a sample of 428 investors. These studies did not look at the retail investor objective of determining whether these demographic socioeconomic factors have an effect on investor's portfolio choice or otherwise. In addition, the focus was on demographic and socioeconomic perspective which is inadequate and inconclusive for factors that influence individual portfolio choices are multidimensional (Dominique, Tessa & Hadji, 2013).

2. LITERATURE REVIEW

2.1 Expected Utility Theory

The writers who introduced the concept of utility were Jeremy Bentham (1748-1832), Thomas Bayes (1702-1761), and Daniel Bernoulli (1700-1782). Jeremy Bentham, in his 1789 book *Principles of Morals and Legislation*, introduced the concept of utility. Jeremy Bentham believed that utility in terms of pleasure and pain could be measured numerically on a scale unique up to an affine transformation. One could use it and arithmetic to make interpersonal comparisons and to aggregate individual utilities into a social utility. The theory was further applied in mathematics and probability theory by Thomas Bayes. The concept of utility is central to the Bayesian School, which applies in statistics. Daniel Bernoulli also further invented the notion of utility as a concept in probability theory and gambling distinct from money. Bernoulli had argued in this direction to prove that utility and money were not the same.

In 1947, Von Neumann and Morgenstern introduced expected utility theory in financial decision making. The theory, was based on earlier work by Bernoulli (1738), and provides a normative model of rational choice under risk. Thus, people maximize their well-being (or utility), given their preferences and constraints, by aggregating the probability-weighted (wealth) outcomes, measured in terms of utility. Utilities are subjective and usually nonlinearly related to money amounts, as displayed in a utility function. People behave rationally if they make choices that maximize their expected utility, so in this framework, economic agents are optimizers (i.e., maximizers, given their constraints). Generally speaking, the expected utility framework presupposes risk aversion. Those who prefer a certain outcome more than a gamble that provides at least the same expected payoff are risk averse. To accept the gamble, these decision makers have to be compensated. Their risk attitude, induced by the curvature of the utility function, determines the degree of compensation they require. A concave function indicates risk aversion, and the more concave the function is, the more risk averse the person is.

Empirical evidence indicates that a majority of people prefer to avoid risk and are prepared to take it only if they receive compensation. Expected utility rests on a set of assumptions (or axioms), such as; comparability (or completeness), which means that agents have well-defined preferences and thus can rank all prospects; transitivity, such that preferences are consistent and invariant, which means that preferences are independent of the context (Copeland, Weston & Shastri, 2005). Critically, expected utility theory is a theory about how to make optimal decisions under risk. It has a normative interpretation which economists particularly used to think applies in all situations to rational agents but this is not always the case. Also, in empirical applications, a number of violations have been shown to be systematic and these falsifications have deepened understanding of how people actually decide. For example, Bernoulli's theory on the utility of wealth assumed that if two people have the same wealth all other things being equal the people should be equally happy which is not practical (Kahneman & Tversky, 1979). Bernoulli's theory thus lacked a reference point. Nevertheless, it remained a dominant theory for over 250 years.

2.2 Investor's Investment Venues and Individual Portfolio Choice at the Nairobi Securities Exchange

Despite the longstanding and widespread financial advice to hold well-diversified portfolios, several studies have found that many individual investors trade in diverse ways hence influencing the level of their liquidity and portfolio performance (Gonzales & Gonzalo, 2007). Investment Venues management means enabling the investment portfolio to one, stay within its targeted asset allocation bands and two, be able to meet cash flow obligations as and when they fall due, without incurring unacceptable losses. If there are mismatches between the maturity of the non-profit's investments and its scheduled cash outflows, then the portfolio is exposed to a potential liquidity risk (Heather, 2009).

Luong and Doan (2011) explored the behavioral factors influencing individual investors' decisions and their relationship with investment performance at the Ho Chi Minh stock exchange. The collected data was analyzed by using SPSS and AMOS software. Semi-structured interviews with some managers of the Ho Chi Minh stock exchange were conducted to have deeper understanding of these behaviors. The results showed that there are five behavioral factors affecting the investment decisions of individual investors at the Ho Chi Minh stock exchange: Herding, market, prospect, overconfidence-gamble's fallacy, and anchoring-ability bias. Most of these factors have moderate impacts whereas market factors had high influence. This study also established the correlation between these behavioral factors and investment returns.

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Among the behavioral factors mentioned in the study of Luong and Doan (2011), only three factors were found to influence the investment performance: Herding, prospect and Heuristic. The heuristic behaviors are found to have the highest positive impact on the investment performance while the herding behaviors are reported to influence the investment performance positively at the lower level. In contrast, the prospect behaviors gave a negative impact on the investment performance. In this study, there exists a conceptual gap on how to gauge individual portfolio choice. The current study will incorporate Holding Period Return (HPR) for the assets invested in by the individual investor which is expressed as the ratio of ending value to beginning value of investment. This approach helps in expressing the change in value of an investment after the end of a particular period (Reilly & Brown, 2012).

Harikanth and Pragathi (2012) analyzed the factors that influence the investment behavior of individual investors, attitude of respondents towards different financial investment and awareness of investors towards various investment avenues. Data was collected with the help of a structured questionnaire relating to socio-economic background of employees consisted of 12 questions relating to age, educational qualification and income. The sample size was 270 respondents who were randomly selected from urban investors of two districts of Andhra Pradesh that is Warangal and Karimnagar. The data was analyzed using simple descriptive tools like averages and percentages which were performed using Microsoft excel application package and the secondary data was obtained from various internet websites, journals, magazines and other published sources. It was found that educated males were more interested in risky avenues like shares than female's investors. Female investors make a good portfolio for themselves and think for their future with an objective of getting high capital gain from a particular avenue.

According to Harikanth and Pragathi (2012) study, the significant relationship between income and occupation on investment avenues was established in order to satisfy safety, periodic return, liquidity, better future contingency needs. Male urban investors were found as participative in nature with regard to investment avenues selection due to their larger exposure to market knowledge as compared to females. This study focused on the socio demographic influence on asset selection by investors. However, the study ignored the influence of those factors on the individual portfolio choice. This study aims at establishing whether investment avenues of an investor are associated to individual portfolio choice at the Nairobi securities exchange.

Bairagi and Rastogi (2013) gauged the awareness and preferences of investors of Pune for different investment avenues available and analyzed the factors that influence their perception and preferences. Another objective of the study was to analyze the relation between awareness and socio-economic factors relating to the investors. A sample of 526 respondents, most of them belonging to the household of Pune city was utilized. The authors focused on identifying the level of awareness of investors about various investment avenues and were asked to rank the investment avenues in terms of level of their awareness. Convenient sampling and simple random procedures were used to select the respondents. Weighted average scores were used to analyze the data. Banks deposits were rated as highest preference, followed by small saving schemes and insurance was the third preferred investment. Safety of investment was found as the major objective of investment.

The ranking in the study of Bairagi and Rastogi (2013) implies the order of liquidity levels in each investment opportunity. There is need of carrying further investigation to find out if liquidity factors are factored in by the retail investors. The current study will focus on investment avenues of the investor and regress its composite values against the individual portfolio choice scores. To achieve this objective the current study will establish the extent to which investor's investment avenues related facets, namely; future contingent needs, sources and level of liquidity and safety of investments influence the individual

2.2 Investor's Age and Individual Portfolio Choice at the Nairobi securities exchange

Behavioral finance literatures have endeavored to examine whether investor's age influence investor behavior with less focus on whether it influences individual portfolio choice. However, researchers have used diverse conceptual approaches with a purpose of achieving their objectives.

Hakan, Selin, Mehmet and Azize (2011) investigated adaptive and maladaptive effects of certain demographic variables (age, gender, education and marital status) and trading strategies (portfolio value, turnover ratio, investment period, consulting advice, number of stocks in the portfolio, percentage of stock investment) on trading performance of individual investors. The findings suggest that in general, investors who had less amounts of portfolio value and turnover rates, had a tendency to outperform the market and thus exhibit superior performance. Moreover, the study revealed that the investors who outperformed the market are the ones who were highly educated, relying on the recommendations of experts and on the side of gender, women performed better than men. To measure portfolio performance of individual investors, the study compared individual portfolio performance level and that of the market so as to classify it as outperforming or underperforming. This study will further consider other investor profile aspects such as investor's specific needs, to establish the extent to which age influence individual portfolio choice. Fatima and Shafi (2016) sought to determine the impact of demographic factors on investment behavior. The results depict that age and occupation has significant impact on the investment decision making of the investors of Kashmir while gender and marital status did not exhibit any significant relation with the investment behavior.

There exists a research gap to establish the extent to which diverse retail investors specific needs influence individual portfolio choice. The study by Fatima and Shafi (2016) delineated investment behaviour and demographic characteristics whereas the

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current study will consider the two categories of variables as investor specific needs (independent variable) and regress them against individual portfolio choice which will assume the dependent variable.

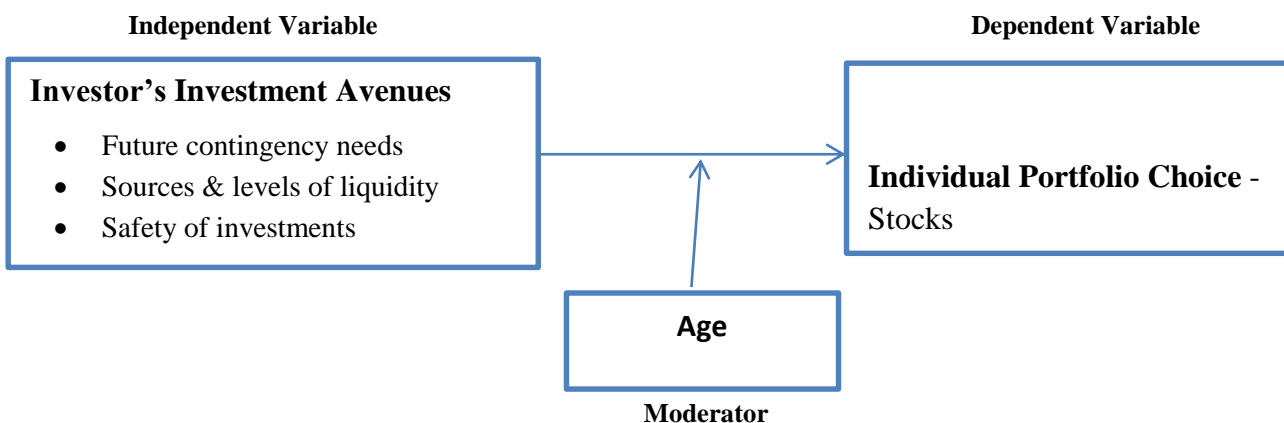
Barber and Odean (2001) investigated the influence of age on performance of common stock investments. A sample of 35,000 households holding common stocks were used for the study. Concerning age of households, the findings revealed that young investors hold more volatile portfolios and their average monthly turnover declines as age increases. It further reported that these differences are more pronounced between single men and women. Single men trade 67 % more than single women and earn annual risk-adjusted net returns that are 2.3 % less than those earned by single women. Additionally, married women earned a stock market annual risk-adjusted net return 1.4 % more than married men.

The objective of this study was to identify those aspects of investors' trading strategies and their demographic variables which appear to account for the differences in trading returns. It was presumed that demographic characteristics of the individual investor will have predictive effects on the investor portfolio choice. There exists a knowledge gap to establish whether age as a moderator associate with individual portfolio choice.

CONCEPTUAL FRAMEWORK

According to Mugenda and Mugenda (2009), a conceptual framework is a diagrammatical representation of the hypothesized relationship between the independent and dependent variables in a study. In the current study, the conceptual framework is based on investor's specific needs which is assumed to have influence on individual portfolio choice the dependent variable. The researcher used age as the moderating variable as the relationships are assumed to be non-linear. The assumed relationship between the variables is shown below.

Conceptual Framework



Problem Formulation

Previous studies have demonstrated that age influence the investor behavior. There is a knowledge gap to find out whether such investor's investment avenues are value adding to the investor by incorporating the individual portfolio choice perspective. This study will delineate investor's investment avenues and investor behaviour and instead determine how investor's investment avenues influence individual portfolio choice. Nevertheless, the mentioned studies did not investigate the extent to which investor's age moderate the relationship between investor's investment avenues and individual portfolio choice. The afore mentioned studies were bivariate, for they considered the relationship between the explanatory and response variables without considering the moderating effect some of those variables may have on the model. This study will incorporate a multiple regression model to comprehensively establish the moderating effect of investor's age on the relationship between investor's investment avenues and individual portfolio choice at NSE, Kenya.

3. RESEARCH METHODOLOGY.

3.1 Research Design

This study sort to establish the effect of investor's investment avenues on individual portfolio choice at Nairobi Securities Exchange. The study used quantitative structured research design for collecting data for the variables under study. The individual investors used data for study for up to a period of twenty years from January, 1998 to December, 2017. Houser (2011) notes that it is designed to provide in-depth information about the characteristics of subjects within a particular field of study, thus, it can help identify relationships between variables.

3.2 Sample Size and Sampling Technique

A sample is a collection of units chosen from the universe to represent it (Kombo and Tromp 2009). The study used both stratified and convenience sampling. The NSE had 62 companies who were registered to trade at the exchange at the time. It was through

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stock brokerage/ investment firm that investor’s trade at these companies. There were 19 stock brokerage/investment firms existing at the Nairobi Securities Exchange at the time and therefore through them form the target population as well as the sample of this study. The study first adopted the strata made up of the 19 stock brokerage firms and used the proportion of the active retail investors in each stratum to arrive at the sample size of individual investors for each brokerage firm. Subsequently, convenience sampling was used to select samples from every stratum which have the required investor attributes, namely, active that is, they have been trading at the NSE, and have an asset portfolio of one or more portfolio of assets.

Individually, using simple random sampling the researcher through the brokerage firm identified a retail investor and ascertains that the investor has the right attributes. Using this procedure, the researcher approached all the targeted active retail investors through the brokerage firms’ management as given to each brokerage firm.

3.3 Research Instruments

The study used a structured questionnaire. The study collected the data utilizing quantitative data. In this study the quantitative data was obtained from general information, investor’s investment avenues, investor’s age and on individual portfolio choice.

The questionnaire was designed to address specific objectives, research questions and test hypothesis. This study used a 5-point Likert scale to measure the investor’s investment avenues and individual portfolio choice. The Likert scale, which is essentially an interval scale, is designed to examine how strongly subjects agree or disagree with a statement (Sekaran & Bougie, 2010). Kothari (2009) explains that 5-point Likert scales are used because they are more reliable and can provide more information.

4. RESEARCH FINDINGS AND DISCUSSION

4.1 Response Rate

Questionnaires were administered to a total of 385 investors. Out of these 320 were dully completed and returned. On the other hand, 35 questionnaires were not returned. Finally, 30 questionnaires that had been filled and returned had gaps, omissions and/or errors. This set of questionnaires were disqualified and therefore excluded from the respondents. The response rate of those that were dully filled and returned of 83.1% was considered good and representative and conforms to Mugenda and Mugenda (2009) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The 83.1% is therefore considered a high response rate. The response rate for this study is as shown in table 4.1 below.

Table 4.1 Response rate for the questionnaires

Response	Frequency	Percentage
Dully filled and returned	320	83.1%
Not returned	35	9.1%
Disqualified questionnaires	30	7.8%
Total	385	100%

Source: Survey Data (2022)

4.2 Descriptive Statistics of the Variable

This section illustrates descriptive findings and discussions based on the objectives of the study. The study focused on features of Individual Portfolio Choice and investor’s investment avenues and the moderating variable investor’s age. The findings are presented in forms of Percentages, Means and Standard Deviations. For the moderating variable the investor’s age used ratio scale method of measurement and used nominal scale method of measurement in marital status, while for the investor’s investment avenues were done using the 5 Point Likert-Scale ranging from: Strongly Disagree (SD)= 1, Disagree(D)=2 Neutral(N)= 3, Agree(A)= 4, and Strongly Agree (SA)= 5.

Table 4.2 Investment Avenues

	SD	D	N	A	SA	Mean	Sd
The safety of the investment is a key determinant to guide me on the type of investment securities I will invest in	1.9	9.1	10	48.8	30.3	3.97	.968
I consider the order of my liquidity levels and sources that would be available when investing	3.1	11.6	22.8	44.4	18.1	3.63	1.009
I closely manage my liquidity and prefer to stay within my target asset allocation	0.0	4.7	24.4	51.3	19.7	3.86	0.781
While investing my needs should meet my cash flow obligations	3.4	9.1	18.1	37.8	31.8	3.85	1.072

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I always consider my investment avenues in areas of safety, liquidity or better future contingent needs	0.3	6.3	26.3	44.4	22.8	3.83	.862
I am always concerned about getting high capital gains of securities I have invested in different firms	0.0	9.1	17.5	45	28.4	3.93	0.906
Valid N (list wise) = 320							

Source: Survey Data (2022)

The findings in Table 4.10 revealed that majority of the respondents in all the areas agreed(A) with the statements, that “The safety of the investment is a key determinant to guide me on the type of investment securities I will invest in” with 48.8% (Mean=3.97,SD=.968), that “I consider the order of my liquidity levels and sources that would be available when investing I consider the order of my liquidity levels and sources that would be available when investing” with 44.4% (Mean=3.63,SD=1.009), it was similar to “I closely manage my liquidity and prefer to stay within my target asset allocation” with 51.3% (Mean=3.86, SD=.781) were in agreement. The respondents were also in agreement with the statement that “While investing my needs should meet my cash flow obligations” with 37.8% (mean=3.85,SD=1.072), similarly was in agreement with the statement that “I always consider my investment avenues in areas of safety, liquidity or better future contingent needs” with 44.4% (Mean=3.83,SD=.862) and finally they were in agreement with the statement that “I am always concerned about getting high capital gains of securities I have invested in different firms” with 45.0% (Mean=3.93, SD=.906)

On average most respondents Agree (A) that had 45.3% (Mean =3.18, SD=0.933). This implies that most investors Agree with the opinions expressed about their investment avenues when investing at NSE. The study by Harikanth and Pragathi (2012) had found out that a significant relationship between income and occupation on investment avenues was established in order to satisfy safety, periodic return, liquidity, better future contingency needs. However, the relationship between Investment Avenue and individual portfolio choice was not explored. This study will fill this gap.

Further, in the findings of Bairagi and Rastogi (2013) who gauged the awareness and preferences of investors of Pune for different investment avenues available and analyzed the factors that influence their perception and preferences. It found out that banks deposits were rated as highest preference followed by small saving schemes and insurance was the third preferred investment. Safety of investment was found as the major objective of investment. The ranking in the study implies the order of liquidity levels in each investment opportunity. This finding was dissimilar to that of this study.

4.3 Age

The study sought to determine the opinion of respondents when investing. Using ratio scale method of measurement, the respondents were required to indicate their age in years within a given range. Table 4.3 shows the age category of the respondents and have been categorized into five sub-groups.

Table 4.3 Age bracket

Age	Under 25	Between 25 to 35	Between 35 to 45	Between 45 to 55	Over 55	Mean	SD
Percentage	14.1%	19.4%	30.0%	14.7%	21.9%	3.11	1.331

Source: Survey Data (2022)

The results as shown in Table 4.3 above showed that most respondents were aged between 35 and 45 representing 30.0%, 21.9% being over 55years, 19.4% being between 25 and 35 years, 14.7% were between 45and 55 years and 14.1% being under 25 years with a mean of 3.11 and Standard Deviation of 1.331.

The group of between the ages of 35 and 45 is usually energetic, very active, is experienced, responsible and has skill as affirmed by Teeples & David (2010). This is followed closely by those of 55years and above of age. This group is mostly those who are done with educating their children and therefore, they have high disposable income for investment. The above implies that age has an influence in the investors behavior.

4.4 Individual Portfolio Choice

The study sought to determine the respondent’s individual portfolio choice during investment process. The results are presented in Table 4.4

Table 4.4 Individual portfolio choice on stocks

	Non eSD	V.Low	LowN	High Mean	V. High SA Std.Dev
1. The frequency at which I make decisions on individual portfolio choice on stocks	8.1	23.8.1	15.0	35.0	18.8 3.33 1.246
2. The frequency at which I delegate the decision making to my stock broker on individual portfolio choice on stocks	6.6	8.1	17.5	30.6	37.1 3.84 1.200

Valid N (list wise) = 254

Source: Survey Data (2022)

The findings in Table 4.15 above revealed that majority of the respondents in all the areas were high with the statements, that “The frequency at which I make decisions on individual portfolio choice on stocks” with 35.0% of the respondents were high (Mean=3.33, SD=1.246), on the other hand “The frequency at which I delegate the decision making to my stock broker on individual portfolio choice on stocks” with 37.1%(Mean = 3.84, SD = 1.200) of despondences were very high. On average most respondents had a high frequency of 35.93% (Mean = 3.52, SD = 1.23).

4.5 Inferential Statistics of the study variable

This entails the individual correlation analysis of the variables, the combined correlation analysis, the multiple regression analysis models and the hypothesis test.

4.5.1 Correlation between Individual Portfolio Choice in respect to stocks and Investment Avenues

The investment avenues are the composite score of value of the correlation coefficient obtained from opinions on future contingent needs, sources and levels of liquidity and safety of investments of the ith investor.

The correlation between Individual Portfolio Choice in respect to stocks and Investment Avenues at NSE was examined and the Pearson correlation results from this study are as shown in Table 4.26.

Table 4.26 Correlation between Individual Portfolio Choice in respect to stocks and Investment Avenues

Variables	Coefficient type	Individual Portfolio Choice - Stocks	Investment Avenues
Individual Portfolio Choice – Stocks	Pearson Correlation	1	.449**
	Sig. (2-tailed)		.000
	N	254	
Investment Avenues	Pearson Correlation	.449**	1
	Sig. (2-tailed)	.000	
	N	254	254

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data (2022)

The investment avenues are the composite score of value of the correlation coefficient obtained from opinions on safety of investments, order of liquidity levels and sources, cash flow needs and obligations and concerns about getting high capital gains of the ith investor. There is a positive correlation between Individual Portfolio Choice in respect to bonds and Investment Avenues which is statistically significant at (r=.449). This implies that Investment Avenues positively influence Individual Portfolio Choice in respect to bonds at NSE.

4.5.2. Correlation between Individual Portfolio Choice in respect to stocks and Age

Investor’s age was obtained from the composite score from the segmentation of their ages in 5 groups from under 25 years up to over 55years of the ith investor. The correlation between Individual Portfolio Choice in respect to stocks and age at NSE was examined and the Pearson correlation results from this study are as shown in Table 4.6

Table 4.6 Pearson Correlation Coefficient between Individual Portfolio Choice in respect to stocks and Age.

Variables	Coefficient type	Individual Portfolio Choice – Stocks	Age
Individual	Pearson Correlation	1	.193**
Portfolio Choice	Sig. (2-tailed)		.002
–Stocks	N	254	
Age	Pearson Correlation	.193**	1
	Sig. (2-tailed)	.002	
	N	254	254

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data (2022)

It is also evident from the results that there is positive and significant correlation (P-value of 0.002 which is less than 0.05) between Individual Portfolio choice in respect to stocks and Age at NSE (r=.193). This implies that age positively influence Individual Portfolio Choice in respect to stocks and plays an important role in NSE.

4.6 Moderated Multiple Regression Analysis Results

Moderated multiple regression analysis was conducted to determine whether investor’s age moderates the effect of investor’s specific needs on individual portfolio choice at the Nairobi securities exchange.

4.6.1 Overall Significance Test Results

Table 4.7 shows the overall test results for the hypothesized research for model 1 and model 2

Table 4.7 Moderated Regression model in relation to Individual portfolio choice on Stocks with Age

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error			
1.(Constant)	.414	.096		4.298	.000
Investment Avenues	.101	.025	.183	4.029	.000
2.(Constant)	.228	.096		2.366	.019
Investment Avenues	.108	.024	.197	4.547	.000
Age	.256	.026	.4247	5.977	.000

a. Dependent Variable: Individual portfolio

Source: Survey Data (2022)

4.7.1 Optimal models with Moderated Multiple Regression Analysis

Model 1

OLS Equation $Y = \beta_0 + \beta_1 X_1$

Then $Y = 0.414 + 0.101 X_1$

From the above equation Individual portfolio choice on Stocks = 0.414 + 0.101 Investment Avenues. **Equation 4.1**

From the above regression model, it was revealed that holding Specific needs as zero, and the individual portfolio choice in respect to stocks at the Nairobi securities exchange would be at 0.414. It would imply that 0.414 was being contributed by other factors (variables) other than the study variable.

Further, having Specific needs as the only variable, denotes that if all other independent variables are rated as zero, a change of magnitude of one unit in X_1 (lifestyle characteristics), $\{Y = 0.414 + 0.125 * 1\}$ leads to a 0.539 change in Y (Individual portfolio choice in respect to common stocks. This implies that there is positive and significant effect (p<.005) on the direct relationship between all the independent variables and the dependents variable the Individual portfolio choice.

Model 2

$M2 = \beta_0 + \beta_1 X_1 + Z$

$M2 = .022 + .095 X_1 + .156 Z$

In model two a regression was done to determine the moderating effect of age on the relationship between investor’s specific needs on Individual portfolio choice on stocks. After testing for the independent variable the regression analysis revealed that age

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had a moderating and significant effect on the relationship between investor's specific needs and Individual portfolio choice on stocks as $p = 0.000p < 0.05$ as shown in Tale 4.7 above.

5. IMPLICATION TO RESEARCH AND PRACTICE.

The findings of the current study would benefit many stakeholders. One, the investors would acquire a deeper understanding of how their portfolio choices may be influenced or moderated by investor's age adopted to enhance decision making towards achieving their set goals of making choices of investing. The outcome would encourage the investor to focus on installation of the right portfolio policies such as minimize market information asymmetry. That is, the investors will mitigate their investment risks. The Capital Market Authority (CMA) with the new knowledge on the cause-effect relationship between investor specific needs and individual portfolio choice will have guidelines to rely on to develop trading policies that considers the investors' wide range of characteristics. This will make the market attractive to both existing and potential traders. The development of those policies will give an assurance of security trading continuity and creation of job opportunities will increase in the country.

Past studies have been focusing on the demographic, socioeconomic and psychological factors and how such factors have influenced investor behaviour. The current study findings will help the academicians add to the stock of knowledge through eradication of the knowledge gap that has been in existence of the outcome of investor behaviour in the market for it will demonstrate the relationship those factors have with individual portfolio choices. In addition, researchers can explore other areas of investor specific needs that have not been covered using this outcome as a point of reference.

6. CONCLUSIONS

The findings indicate that most of the investors have been trading continuously for between five and ten years. Further, most of the investors are in the age group of between 35 years and 45 years.

It was established that there is a positive correlation between investor's specific needs and individual portfolio choice in respect to stocks at NSE. In addition, they were statistically significant meaning that investor's specific needs positively influence portfolio choice at NSE.

The study established that their family structure and social environment did not necessarily affect their investment choices when making greater investment decisions. Similarly the majority did not necessarily carry out social screening of the firms they invested in when making investment choices. Further, majority of investors did not bother to keep an eye on priorities of firms if they would do harm to the community or check whether such firms follow social priorities to avoid social hazards. This did not apply to stock as it was not statistically significant.

7. FUTURE RESEARCH

Researchers can explore other areas of investor profile that have not been covered using this outcome as a point of reference.

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