

**AN IMPACT OF BEHAVIOURAL FACTORS ON INVESTMENT  
PERFORMANCE OF INDIVIDUAL INVESTORS AT  
COLOMBO STOCK EXCHANGE IN GAMPAHA DISTRICT**

By

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## ABSTRACT

The performance of the CSE has been increasing with the development of country. However, it makes much more complex in investment decisions process. Recent studies on individual investor behavior have shown several factors influence their investment decisions in stock market. Therefore the main objective of this study is determining investment behavior of individual investor at Colombo Stock Exchange in Gampaha District. Furthermore, impact of behavioral factors on Investment performance is also examined. Hypotheses are proposed to identify impact of each factor and these hypotheses are tested through the questionnaires distributed to 100 individual investors at Colombo Stock Exchange in special reference with Gampaha District. The collected data are analyzed by univariate, bivariate and multivariate analysis through SPSS. The result shows that there are four behavioral factors affecting the investment decisions of individual investors at the Colombo Stock Exchange: Heuristic, Market, Prospect, and Herding. Most of these factors have positive impacts whereas Herding has high impact. In contrast, there is no positive impact between prospect behaviors on the investment performance. This research will be useful for investors to understand common behaviors, from which justify their reactions for better returns as well as security organizations can also use this information for better understanding about investors to forecast more accurately and give better recommendations.

**Keywords:** Behavioral Factors, Investment Performance, Stock Exchange

## TABLE OF CONTENTS

Acknowledgement.....	I
Abstract.....	II
Table of Contents .....	III
List of Tables.....	VII
List of Figures .....	IX
CHAPTER 1: INTRODUCTION	
1.1 Background of the study .....	01
1.2 Problem statement .....	03
1.3 Research questions .....	04
1.4 The objectives of the study .....	05
1.5 Significance of the study .....	05
1.6 Scope and limitations of the study .....	07
1.7 Summary.....	07
CHAPTER 2: LITERATURE REVIEW	
2.1 Introduction .....	08
2.2 Overview of the Colombo Stock Exchange .....	08
2.2.1 Stock Exchange.....	09
2.2.2 Listing Platforms.....	09
2.2.3 Central Depository System .....	10
2.2.4 CDS Account .....	10
2.2.5 Stock Broker Company.....	10
2.2.6 Individual investors .....	10
2.3 Importance of the Stock Markets.....	11
2.4 Investor Buying Decision Process.....	12
2.5 Behavioral factors influencing on Investment performance of individual investor.....	14
2.5.1 Heuristic Variables .....	14
2.5.2 Prospect Variable .....	16
2.5.3 Market Variable.....	19
2.5.4 Herding Variables.....	20
2.5.5 Investment performance .....	21
2.6 Summary .....	22

## CHAPTER 3: CONCEPTUALIZATION AND OPERATIONALIZATION

3.1 Introduction .....	23
3.2 Conceptual Framework .....	23
3.2.1 Heuristic Variables .....	24
3.2.1.1 Representativeness .....	25
3.2.1.2 Over confidence .....	25
3.2.1.3 Anchoring .....	26
3.2.1.4 Gamblers' fallacy .....	27
3.2.1.5 Availability .....	27
3.2.2 Prospect Variables .....	28
3.3.2.1 Loss Aversion .....	28
3.3.2.2 Regret Aversion .....	28
3.3.2.3 Mental Accounting .....	29
3.3.2 Market Variables .....	29
3.3.3 Herding Variables .....	30
3.4 Operationalization .....	31
3.5 Summary .....	32

## CHAPTER 4: METHODOLOGY

4.1 Introduction .....	33
4.2 Study Design .....	34
4.3 Population .....	34
4.4 Sampling Design and Sample Size .....	34
4.5 Data collection .....	34
4.5.1 Data Collection Tools and Instruments .....	35
4.6 Methods of Measurements .....	36
4.7 Method of data presentation .....	38
4.8 Data process and analysis .....	38
4.8.1 Univariate analysis .....	38
4.8.1.1 Mean .....	39
4.8.1.2 Standard deviation .....	39
4.8.2 Bivariate Analysis .....	39
4.8.2.1 Correlation Analysis .....	39
4.8.3 Multivariate Analysis .....	40

4.9 Hypothesis .....	41
4.10 Summary .....	42
<b>CHAPTER 5: DATA PRESENTATION AND ANALYSIS</b>	
5.1 Introduction .....	43
5.2 Analysis of Reliability .....	43
5.3 Univariate analysis.....	44
5.3.1 Frequency Distribution Analysis of respondents by their Personal Characteristics .....	45
5.3.1.1 Gender Distribution.....	45
5.3.1.2 Age Distribution .....	46
5.3.1.3 Marital Status.....	47
5.3.1.4 Educational Level .....	48
5.3.1.5 Average monthly income .....	49
5.3.1.6 Duration of attending the Stock Market.....	50
5.3.1.7 Amount of Investment.....	51
5.3.1.8 Nature of place of residence .....	52
5.3.2 Frequency Distribution for Research Information.....	53
5.3.2.1 Frequency distribution of Heuristic Variables.....	53
5.3.2.2 Frequency distribution of Prospect Variables .....	53
5.3.2.4 Frequency distribution of Herding Variables .....	54
5.3.2.5 Frequency distribution of Investment Performance.....	55
5.3.3 Descriptive Statistic for Research Information.....	56
5.3.3.1 Descriptive Statistic for Heuristic variables .....	56
5.3.3.2 Descriptive Statistics for Prospect Variables.....	57
5.3.3.3 Descriptive Statistics for Market Variables.....	57
5.3.3.4 Descriptive Statistics for Herding Variables .....	58
5.3.3.5 Descriptive Statistics for Investment Performance.....	58
5.4 Bivariate Analysis.....	58
5.4.1 Correlation Analysis.....	59
5.4.1.1 Correlation between Heuristic variables and Investment Performance of individual investors.....	59
5.4.1.2 Correlation between Prospect variables and Investment Performance of individual investors.....	59

5.4.1.3 Correlation between Market variables and Investment Performance of individual investors .....	60
5.4.1.4 Correlation between Herding variables and Investment Performance of individual investors .....	60
5.4.2 Scatter Plots.....	61
5.5 Multivariate Analysis.....	63
5.5.1 Multiple Regression Analysis.....	64
5.6 Hypotheses .....	65
5.7 Summary .....	67
<b>CHAPTER 6: DISSCUSSION</b>	
6.1 Introduction .....	68
6.2 Behaviors of individual investors.....	68
6.2.1 Heuristic Variables .....	68
6.2.2 Prospect Variables .....	70
6.2.3 Market Variables .....	70
6.2.4 Herding variables .....	71
6.2.5 Investment Performance .....	71
6.3 Impact of Behavioral factors on Investment Performance of individual Investors.....	72
6.3.1 Heuristics Variables .....	72
6.3.2 Prospect Variables .....	72
6.3.3 Market Variables .....	74
6.3.4 Herding Variables .....	74
6.4 Summary .....	74
<b>CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS</b>	
7.1 Introduction .....	75
7.2 Conclusions .....	75
7.3 Recommendations.....	77
7.4 Further research .....	78
7.5 Summary .....	78
References.....	79
Appendix.....	84