



Identification and comparison factors influencing investors' decisions in Tehran Stock Exchange Market

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ABSTRACT

The effect of the securities market in the country economic development is obvious. One of the major duties of this market and optimum allocation of resources is to conduct capital. Increasing business activity caused the financial arrangements, processes and organizational financial management practices, increasingly more complex. Such is the continuity of the companies and firms must have adequate financial resources to be sought. Without access to financial resources, many activities not are carried out as a result of the realization of the objectives will not be achieved. The main objective of this research is to identify and compare factors influencing investors' decisions are market Tehran Stock Exchange. The study population consisted of all investors to buy or sell shares in the hall have presented Tehran Stock Exchange. In this study, library and field method is used. The results of the questionnaire show that the decision of investors to bank deposit interest rate, Volatility of stock price, Industry, Dividend per share and a source of advice and order there is a significant relationship.

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1. Introduction

The impact of market stock exchange at economic development of country is an obvious matter. One of basic and important duties of this market is to launch investments and allocate the sources. Widespread developments of business activities have been made the financial relations, processes and methods of financial organizational management more complex. Because of this, we should seek the continuity of companies and economic institutes in having enough financial sources. Without access to financial resources, most of activities would not be launched, so that goals will not be done. Financial authorities of companies and economic institutes have concentrated with all of their effort on this issue in order to recognize financial markets and their tools, so that they could provide necessary resources. Stock and debt market has significant rule at economic growth and development in a wide range and consequently will bring social welfare. Planners of country also at adjusting the plans have prioritized development and access to it traditionally and have accepted it as a fundamental principle. It should be mentioned that achieving development needs appropriate mechanisms which are compatible with the process

of realization of development (Fuller and Thakor, 2010).

2. Statement of problem

Considering the macro variables of investment market due to the efficiency of money market will give more precise information for investing at stock exchange market to investors, in other word the market will be efficient. It's clear that investment market which its main aspect in our country is stock exchange which is under the influence of several variables such as privatization, political and economic tension, exchange rate fluctuation, inflation, stock price and etc. the goals of companies is different from payment of dividends and maybe it is for especial consumer attraction of transferring data to market or just have the output of cash flow of market for all stockholders in a fair and equal way. Therefore, no one of the theories of stock profits could not be more successful solely than other theories and the reason is likely that here are different motivations for payment of dividends. There are several researches that have confirmed the positive reactions of stock price towards cash profit increase and negative reaction of stock price towards the cash profit decrease (Eizadinia et al., 2010). This pattern is so valuable, because it has been confirmed in different researches. The recent studies have shown that abnormal output can be

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affected by financial information of companies. In other word some of investors have tried to calculate the expected output rate by the use of financial ratios which for lack of information of other investors of this relation, this information has not been reflected in real price of stock and made excess output for the group of investors that were informed and aware of this relation. Based on this fact, if most of investors be aware and informed of this relation, the abnormal output at investment market will decrease approximately so that the efficiency of market will increase. It should be said that consideration of published financial information and analysis of its relation with abnormal output is so important (Saeidi, 2006; Rashidi and Asil, 2015).

3. Literature of research

The result of analyzed the herding behavior of 12 investors at stock exchange which has been done from 2001 due to stock output deviations indicates the lack of herding behavior of total output of market during 2003 during the market boom at Tehran stock exchange. However some evidences of herding behavior were seen at market downturn through daily data of output. Effective factors on long-term output of newly accepted stock at Tehran stock exchange. In five industries of eleven industries of Tehran stock exchange the strong expected reflection of investors was so obvious; however it is not true in other industries (Saeidi, 2006). Reflection of stock investors towards annual income advertisements of companies at two market of stock exchange in China; the results show the strong reflection of investors at two markets; changes of traded stocks at Oman stock exchange. At Oman stock exchange firstly there aren't taxes on cash profit and investment income, secondly company transparency is low and thirdly companies divide profits randomly. The results of research showed that declaration of cash profit increase will increase the stock price and decrease of cash profit will decrease stock price. Likewise in companies which never change the dividend profit, there is no significant change (Eizadinia et al., 2010).

4. Hypotheses of research

- H₁: There is a relationship between bank deposit interest rates and investors' decisions.
- H₂: There is a relationship between volatility of stock price and investors' decisions.
- H₃: There is a relationship between industry and investors' decisions.
- H₄: There is a relationship between cash profit per share and investors' decisions.
- H₅: There is a relationship between recommended and order resources and investors' decisions.

5. Method of research

Beside this and on the other hand the goal of research is applied and the method of current research is descriptive-survey because the researcher will answer a real question during a research process. Also in this research we have used of library/field methods. Population of research includes all the investors who have referred to Tehran stock exchange for selling and buying stocks. The method of sampling in this research is simple random sampling. The used tools for data gathering in this research are questionnaire which has been made by researcher. The goal of hypothesis testing of statistical method is significance of correlation coefficient and T-test. Likewise, in order to consider the type of average test (parametric or nonparametric) we have used of Kolmogorov-Smirnov test.

6. The results of hypothesis test

H₁: As you can see the average of impact of bank deposit interest rate on decisions of investors is higher than 3 and equals 3.65 and since the significance level is lower than 0.05 (sig=0.000), so this difference is significant and in other word the bank deposit interest rate is effective on investors' decisions (Table 1).

Table 1: T-test for bank deposit interest rates and investors' decisions

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error mean		
H ₁	384	3.6528	.67860	.03463		
One-Sample Test						
Test Value = 3						
	t	df	Sig. (2-tailed)	Mean difference	95% Confidence interval of the difference	
					Lower	Upper
H ₁	18.85	383	.000	.65278	.5847	.7209

H₂: As you can see the average of impact of fluctuations, the stock price on decisions of investors is higher than 3 and equals 3.74, and since the significance level is lower than 0.05 (sig=0.000), so this difference is significance and in other word the fluctuations of stock price is effective on investors decisions (Table 2).

H₃: As you can see the average of impact of kind of industry on decisions of investors is higher than 3 and equals 3.84, and since the significance level is lower than 0.05 (sig=0.000), so this difference is significance and in other word the kind of industry is effective on investors decisions (Table 3).

Table 2: T-test for volatility of stock price and investors' decisions

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
H ₂	384	3.7435	.56145	.02865		
One-Sample Test						
Test Value = 3						
H ₂	t	df	Sig. (2-tailed)	Mean difference	95% Confidence interval of the difference	
					Lower	Upper
	25.949	383	.000	.74349	.6872	.7998

Table 3: T-test for industry and investors' decisions

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
H ₃	384	3.8431	.60940	.03110		
One-Sample Test						
Test Value = 3						
H ₃	t	df	Sig. (2-tailed)	Mean difference	95% Confidence interval of the difference	
					Lower	Upper
	27.111	383	.000	.84310	.7820	.9042

H₄: As you can see the average of impact of cash profit of every stock on decisions of investors is higher than 3 and equals 3.64, and since the significance level are lower than 0.05 (sig=0.000), so this difference is significance and in other word the cash profit of every stock is effective on investors decisions (Table 4).

H₅: As you can see the average of recommended resources on decisions of investors is higher than 3 and equals 3.64, and since the significance level is lower than 0.05 (sig=0.000), so this difference is significance and in other word the recommended resources is effective on investors decisions (Table 5).

Table 4: T-test for cash profit per share and investors' decisions

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error mean		
H ₄	383	3.6292	.53442	.02731		
One-Sample Test						
Test Value = 3						
H ₄	t	df	Sig. (2-tailed)	Mean difference	95% Confidence interval of the difference	
					Lower	Upper
	23.043	382	.000	.62924	.5756	.6829

Table 5: T-test for recommended and order resources and investors' decisions

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
H ₅	384	3.6208	.56917	.02905		
One-Sample Test						
Test Value = 3						
H ₅	t	df	Sig. (2-tailed)	Mean difference	95% Confidence interval of the difference	
					Lower	Upper
	21.375	383	.000	.62083	.5637	.6779

7. Results and suggestions

As you can see the average of impact of bank deposit interest rate on decisions of investors is higher than 3 and equals 3.65 and since the significance level is lower than 0.05 (sig=0.000), so this difference is significant and in other word the bank deposit interest rate is effective on investors' decisions. The average of impact of fluctuations, the stock price on decisions of investors is higher than 3 and equals 3.74, and since the significance level is lower than 0.05 (sig=0.000), so this difference is significance and in other word the fluctuations of

stock price is effective on investors decisions. The average of impact of kind of industry on decisions of investors is higher than 3 and equals 3.84, and since the significance level is lower than 0.05 (sig=0.000), so this difference is significance and in other word the kind of industry is effective on investors decisions. The average of impact of cash profit of every stock on decisions of investors is higher than 3 and equals 3.64, and since the significance level are lower than 0.05 (sig=0.000), so this difference is significance and in other word the cash profit of every stock is effective on investors decisions. The average of recommended resources on decisions of

investors is higher than 3 and equals 3.64, and since the significance level is lower than 0.05 ($\text{sig}=0/000$), so this difference is significant and in other words the recommended resources are effective on investors' decisions.

Suggestions obtained from results of research are as follows:

1. It is recommended to increase the deposit interest rate in order to make a competitive benefit to attract investors.
2. It is recommended that through analysis of market and competitors and also financial analysis by skillful experts and making an outlook, try to decrease the fluctuations of stock price.
3. It is recommended that due to selected industry for activity, there will be enough attraction.
4. It is recommended that cash profit of stock taken into consideration as much as possible at its highest limit which is considered as a competitive benefit.
5. It is recommended that in order to present active companies, use free resources and valuable advertising channels as much as possible.

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