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The Cause and Effect of Wise Investment Decisions in Malaysia: A Qualitative Approach

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Abstract

In the global stock market environment, individual shareholders have become a central issue for irrational thinking towards investment decision making. They are recognized as one of the investor groups that is highly exposed to investment risks and losses. The key aspects of the issues are mainly attributed to their limited knowledge, skills, and expertise. This paper seeks to remedy these problems by examining the challenges in making wise investment decisions among individual shareholders in Malaysian Public Listed Companies and recommendations from key stakeholders' perspectives. The methodological approach taken in this study is a qualitative design based on interviewing the key stakeholders (board members, and representatives of Bursa Malaysia and Minority Shareholder Watchdog Group). With the help of the NVivo software in managing the data, this study analyses the data and concludes that there are four challenges and four recommendations in making wise investment decisions among individual shareholders. The findings can be categorized into internal challenges (investment culture and investment knowledge) and external challenges (dissemination of information and voting power). The recommendations are also grouped into internal recommendations (diversification and research) and external recommendations (company representative and annual report). This paper does not engage with the overview from the individuals themselves and requires further research. This study offers some important insights for investors, companies and policymakers.

Keywords: *investment decision, challenges, recommendations, individual shareholders.*

INTRODUCTION

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There are various investment types available in Malaysia and globally to achieve desired financial goals. Each investment type has its own set of features, risks, and returns which may vary depending on the investors' goals. In general, the main participants in the investment markets are individual shareholders and institutional investors. Individual shareholders are individuals that directly invest their own money, either from savings or through borrowing. In contrast, institutional investors are made up of companies or institutions that invest on behalf of a group of beneficiaries. In this case, individuals are not involved directly in the investment transaction as all the decisions are controlled by the management of the company.

Notably, investment in stocks has delivered generous returns since the features began involving transactions between investors and invested companies. However, it should be stated that although transactions are only limited to the two parties, stock market efficiency is affected by internal and external factors of the company. Invested companies are believed to have the ability to manage and oversee internal factors as they are the ones who have the legal power to do so. However, they are unable to control external factors that may have negative consequences on the stock market environment. It might be risky to investors, especially individual shareholders, as it has been reported that they mostly have a high potential for irrational thinking and thus may cause a loss in investment.

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The ultimate existence of individual shareholders is acknowledged in the Companies Act 2016. As stated in Section 9 CA 2016, one of the requirements for the formation of the company states that there should be one or more members with limited or unlimited liability to perform the obligations of the company. The provision allows incorporation of the company even with only one member. However, the act stipulates that the maximum number of shareholders should not exceed 50 members for private companies (Section 42 (1)). Thus, as long as it is more than one participating member, any number of shareholders is acceptable for public listed companies.

As individual shareholders contribute capital for the company's business operations, they may be granted special privilege as owners of the companies. Among the rights are selling and buying shares, voting on the appointment of directors through motions and resolutions, receiving dividends out of the profits of the company as stated in Section 131 CA 2016, and accessing certain information pertaining to the affairs of the company. Other than the Companies Act 2016, the policymakers have also come out with several rules and regulations to restrict the conducts of the companies in order to protect individual shareholders' rights, namely Bursa Malaysia Listing Requirement, Malaysia Code on Corporate Governance, and Rules of Bursa Malaysia Securities.

Furthermore, to ensure the growth of the Malaysian stock market, Bursa Malaysia allows an increasing number of companies to be listed on Bursa Malaysia. To illustrate, the Securities Commissions statistics show that 920 companies were listed in June 2019, compared to only 904 in 2016 (Islamic Capital Market, 2019). Bursa Malaysia also categorizes the types of companies based on different criteria which are Main Market, ACE Market, and LEAP Market. Hence, depending on their capabilities, individual shareholders have a wide array of options for their investment decisions.

To ensure widespread participation among the public in the stock market, the policymakers in Malaysia have organized educational programs and seminars to encourage involvement in stock market and boost financial literacy among Malaysians. Some of the programs held by Bursa Malaysia are "The Power of Earnings", "How to be Close to the Stock Market" and "Strategies to Pick Stocks for Investment Portfolio (Bursa MKTPLC, 2019)". Thus, concrete development of the stock market involves multiple parties, such as individual shareholders, companies, and policymakers. All of them depend on each other to ensure that their objectives are met. Hence, this study was constructed to examine the challenges faced by individual shareholders and provide recommendations to overcome the problems based on key stakeholders' perspectives.

LITERATURE REVIEW

This section presents the literature review from previous studies worldwide intending to outline the key understanding of the research topic as a whole. Surveys, such as those conducted by Inova (2017), show that there are several contributing challenges faced by institutional investors in the United Kingdom in monitoring their investee companies and the effects of social, environmental, and governance policies. The study analyses the findings through semi-structured interviews among 25 UK-based institutional investors, NGOs working with investors as part of their shareholder activism campaigns, service providers, and experts in the field of responsible investment. They discovered that the themes most cited by the respondents are; misalignment of interests within the investment chain (11), lack of transparency and investor activism (10), internal conflict of interest (10), scarcity of diversified portfolio and resources (8), and client inertia (7). It can be concluded that institutional challenges are the main factors attributed by the investors and investee companies. The findings prove that there are no monitoring barriers faced by the institutional investors due to their behaviors. Hence, it should be noted that an ethical relationship between investors and investee companies is vital for their mutual benefits.

Also, a previous study by Maenpaa (2017) highlights the influence of shareholders' values. The aim of interviewing the top management of the companies that have their headquarters in Helsinki, South of Finland is to explore the overall picture of how shareholder values impact the decision-making process. The study found that the most challenging aspect of decision making is attributed to the rapid changes in the business environment and the macro environment. The companies were unable to control effects that were beyond the management's power. It is recommended and vital for the companies to follow up and plan their strategies as the world's market and shareholder values keep changing rapidly.

In the same field of study, Armour, Enriques, Hansmann, and Kraakman (2017) explore deeply the basic governance structure of public corporations in connection to the interests of shareholders. The authors analysed corporate laws in three regions, namely, Europe, United States, and Japan. The study also highlights that the main issue arising between shareholders and companies is the conflict of interest. The problem does not only jeopardize the rights and interests of the shareholders, but it is also costly in terms of shareholders-managers monitoring. As shareholders hold voting rights, many countries have improved the voting power to ensure that owners can utilize the rights in easier ways. For example, Japan, France, Germany, Italy, United Kingdom, United States, and Brazil allow shareholders the opportunity to hold electronic meeting and voting.

Boshkoska (2014) identifies problems faced by individual shareholders and suggests some measures that can be used to resolve problems in investment. The author realizes that the main issue faced by shareholders is the conflict of interest within the management. This leads to information asymmetry and highly risky investment. The consequences of this challenge is borne by stockholders, especially individual shareholders. Thus, the author comes up with two main measures to protect the power and interest of stockholders. The internal measures involve structured measurement practices by the management of a company composed of an internal audit, changes in the salaries and payments of the managers, concentrated ownership, and application of good corporate governance. Meanwhile, the external measures are composed of an external audit, market of capital, and a law or legal frame, which emphasizes the roles of other interventional relationships between the company and individual shareholders.

In Malaysia, an attempt has been made by Rachagan and Mohd Sulaiman (2013) to discover the challenges in shareholders' empowerment by focusing on directors' remuneration. It is generally known that the limited power among shareholders hinder their ability to monitor and oversee the remuneration of the top management. As clarified in the study, shareholders' empowerment originates from the ownership structure in Malaysia and, theoretically, the control of shareholder structure and agency problem. It is believed that fewer holdings of the shares and limited control of the companies' business operations hinder the rights and interests of the shareholders. Apart from that, the study provides possible suggestions and recommendations to safeguard the rights of shareholders and ensure ethical conducts and practices by the company. Among the suggestions proposed is the compulsory need to form a remuneration committee governed by a majority of independent directors and introduce a remuneration policy that is rooted in the approval from the board as a whole and then passed to the shareholders' decisions.

METHODOLOGY

To date, various methods have been developed and introduced to examine the challenges as well as suggest recommendations for wise investment decisions. The use of a qualitative method is a well-established approach in determining the objectives of this study. Qualitative methods offer an effective way for subject materials to be explored with greater detail, a high potential towards gathering additional important information about the subject, and a high ability to gather information from an individual's emotional response. Since the challenges faced by individual shareholders are based on key stakeholders' perspectives, they are relatively unexplored. Especially in Malaysia, this study sought to conduct an in-depth interview serving as an appropriate research method. The key stakeholders that are involved in the subject matter are board members, a representative from Bursa Malaysia, and a representative from Minority Shareholder Watchdog Group (MSWG). Even though the participants work across a wide range of institutions, their roles and responsibilities reflect the decision-making behaviors and aim for the comprehensive perspectives on the challenges and recommendations.

The data collection was managed through a purposive sampling that can be claimed as the most appropriate sampling technique for the qualitative design. The purposive sampling is one of the non-probabilities that involve a small number of cases. Thus, the sampling is very selective in choosing the units of analysis which will be best able to answer the research objectives (Laerd Dissertation, 2012). It is believed that purposive sampling is one of the most cost- and time-effective sampling methods since it does not require a large sample, as long as it can contribute to the study. In this study, the samples are selected due to their contribution to individual shareholders' investment decision making. The first respondents are board members, the top management group that governs the investee of individual shareholders. Board members manage the business operations and make management decisions on behalf of shareholders for the growth of the companies. The main objective of the management of a company is to ensure wealth maximization to owners. The second group of respondents are the representatives from Bursa Malaysia. Bursa Malaysia is one of the frontline regulators that manage the share investment transactions between the public and the companies. Plus, Bursa Malaysia is also responsible to enact laws and regulations to ensure the growth of the Malaysian stock market. The final group of respondents are the representatives from MSWG, an institution solely dedicated to safeguarding the interests and rights of minority shareholders. MSWG help minority shareholders by handling any complaints that jeopardize them.

The initial sets of questions were submitted to the Research Management Centre (RMC) of Universiti Teknonologi MARA (UiTM) to assess the ethical issues of the questions. Then, they are validated by the experts to determine the appropriateness of the questions to be given to the respondents. The interviewees were asked to give opinions on the challenges faced by individual shareholders as well as suggest recommendations that are deemed to be wise investment decisions. The aims of this study are to provide an opportunity to consider the information and knowledge of different key stakeholders, which makes the research findings robust and rich, shedding light on divergent aspects of the research objective, and avoid bias. Prior to starting the interview session, this study contacts the key stakeholders through a phone call to determine the exact key stakeholders that are suitable to accomplish the research objectives. Once the key persons are determined, the letter of interview, appointment, and set of questions were emailed to the respondents to ensure they are well-prepared and familiar with this study.

Altogether, six face-to-face interviews were conducted with the key stakeholders (board members, Bursa Malaysia, MSWG). As cited by Creswell (2013), Langdridge (2007), and Morse (1994), the ideal number of interviews is less than 6. All interviews lasted between 60 to 90 minutes. Prior to the start of the interview, the respondents were asked for consent to be recorded during the interview and notified that the recorded interview will be used for academic purposes. Since all of them agreed, they were digitally recorded and transcribed verbatim. Once the 6 interviews were completed, the data analysis began when the recordings were transcribed and transformed into a coherent narrative. With the help of NVivo software to manage the analysis, the data was grouped into a thematic analysis. After a careful analysis, this study combined similar the codes into themes. Several challenges and recommendations were mentioned by different key stakeholders were recorded. The next section presents the detailed findings of this study.

FINDINGS

The profiles of the respondents are depicted in Table 1. Before the main questions were asked to the respondents, this study asked questions about the demographic profile of the respondents. In total, there are 6 respondents who participated in this study: 4 of them were board members, and one each representing Bursa Malaysia and MSWG. 3 of the respondents were of Chinese origin and the other 3 were Malay. There were no Indian respondents. A majority of the respondents were male (83.33%), compared to only 16.67% of female participants, implying that the dominant players are male. Based on the number of years of working experience for each designation, an equal distribution was found for each of the groups' working experience. 2 of them have less than 5 years of working experience, 2 others have 6-10 years of experience, while the rest have over 10 years of working experience. The study established that among the respondents from the board members, the highest number of participants (50%) are from trading services sector, implying that the sector embodies more companies listed on Bursa Malaysia. The remaining board members represent the industrial and consumer product sectors respectively at 25%.

Notably, within the group of investors, individual shareholders faced a number of obstacles in investment-related decision making and many reported that they incurred a great number of risks and loss from the investments. Thus, this study also came up with possible solutions to the obstacles to ensure that wise investment decisions can be made by individual shareholders based on key stakeholders' perspectives. The themes that emerged based on the interviews are; (1) dissemination of information, (2) investment culture, (3) investment knowledge, and (4) voting power, and these are recognized as barriers. Meanwhile, this study recommends that individual shareholders (1) meet company representatives, (2) review annual reports, (3) diversify their portfolio, and (4) research the stock market.

The board members of consumer and industrial product sectors along with the representative of Bursa Malaysia agreed that the dissemination of information is one of the barriers faced by individual shareholders in making wise investment decisions. Even though the argument from each respondent is different, the main point focuses on the lack of access to information. The issues arise when information is not fully disclosed to individual shareholders. This puts individual shareholders at a disadvantage as they do not possess information that could save them from investment risks and losses. It is also noted that the dissemination of information is not done in a timely manner. Since the share price in the stock market can change rapidly, a delay in the decision-making process may bring negative consequences.

Table 1: *Profile of respondents (N=6)*

Variable	Frequency (n)	Percentage
Designation		
Board Member	4	66.66
Representative of MSWG	1	16.67
Representative of Bursa Malaysia	1	16.67
Race		
Chinese	3	50.00
Malay	3	50.00
India	-	-
Gender		
Male	5	83.33
Female	1	16.67
Working experience		
Less than 5 years	2	33.34
6-10 years	2	33.34
More than 10 years	2	33.34
Type of Company		
Trading services sector	2	50.00
Industrial product sector	1	25.00
Consumer product sector	1	25.00

The next issue regarding the dissemination of information is that it is costly to acquire complex information other than the compulsory disclosure by information providers. The representative of Bursa Malaysia emphasized that individual shareholders were unable to afford subscription to get information as they have less capital compared to institutional investors. The respondents highlighted that the subscription is really important to individual shareholders as the information supplied is more than the commonly available knowledge. It seems that the issues stemmed not only from the lack of necessary information but also from the additionally informative contents provided to certain individual shareholders. The respondents depicted the situation as below:

> *"The challenges nowadays, of course, the dissemination of the information." (M1, C, Consumer product sector).*

> *"Sometimes, the dissemination of information. It is not transparent, not fast enough. Some investors may know; some may not know. Or sometimes the dissemination of information the other one may not fully disseminate you know." (M4, C, Industrial product sector).*

"Maybe lack of access to resources, I think. You have the Bloomberg terminal is would the best but million ringgit a month. Not all can afford. […] If you have no contact, you cannot go through. Institutional investors of course because they are huge. For the retail I think the limitation on resources. […] Retail maybe they don't have, like institutional they have the research team, a lot of work, in terms of researching. They have the manpower. But retail, you are in the group of friends' retails." (M5, M, Bursa Malaysia).

The second most cited challenge to individual shareholders in investment involvement is the investment culture in Malaysia. Both respondents who are on the board of directors of companies from the trading services sector agree that there is no active investment culture in Malaysia. Malaysia is a multiracial society made up mainly of Malay, Chinese, and Indian people. Both respondents highlighted the involvement of Malays in the stock market. Based on the findings, Malay individual shareholders are more likely to be involved in illegal investment schemes that are not endorsed by the policymakers. Hence, many reported cases of fraud investment involve Malay individual shareholders. The respondents also claimed that the reason for the high involvement in illegal schemes is due to the minuscule exposure to the stock market. The Malays' unfamiliarity with investment and low financial literacy hinder their ability to monitor the stock market in an effective manner. Even though there are always risks in investment, many Malay individual shareholders incur high losses due to traps made by scammers. The observation from the directors are as below:

"Probably the culture, quick rich. Maybe our people less invest. This is a fact. […] Again, I think Malays had less exposure in terms of investment, in terms of how to handle the money. It is the fact." (M2, M, Trading services sector).

"To go and monitor stock market, and all that, not so much. But Chinese, yes. Our Malays, not." (M3, M, Trading services sector).

This shows that the lack of investment knowledge is also considered a barrier to a wise investment decision. The argument is raised by both board members from trading services sector, who highlighted that individual shareholders do not have a full understanding of their investee companies and their business. Although the investment is handled and controlled by agents, as owners individual shareholders should be familiar with their companies' business operations in order to make decisions during annual general meetings. It is also important that individual shareholders know whether the criteria of the investee company are aligned with their demographic profiles and investment objectives. Some of the clearer criteria that should be take into consideration by individual shareholders are Shariah or non-Shariah companies, what are the sectors, and who are involved in the management of the companies. The respondents mentioned that:

"The mind-set of the investment people is still not matured. […] We are not matured enough because we have no in-depth understanding of the company that you are. […] I think the maturity is not there yet." (M2, M, Trading services sector).

"Yes, exactly. They don't have investment knowledge. They don't know what the business is all about." (M3, M, Trading services sector).

Voting power is another challenge to effectively make investment decision among individual shareholders in Malaysia. A representative from MSWG, an institution that protects the welfare of minority shareholders, claimed that individual shareholders are at a disadvantage based on the voting practices among investors as exercised in Malaysia. Besides, a globally practiced voting power with 1 vote per share will hinder the rights of minority shareholders as owners of a company since they hold fewer number of shares in comparison to institutional investors. In voting power practices, it is impossible for minority shareholders to stand against the decisions made by institutional investors even when the shareholders group together. The respondent explains that:

> *"The challenges are to get their voice to hear. Because they are minority shareholders. 1 share 1 voting, they might not be able to give the impact. […] But for the minority shareholders, it is a challenge for them to get the company to change." (F1, MSWG).*

The key stakeholders were asked to give suggestions to help investment decision making. Based on the data analysis from the interview, this study discovers that the first recommendation of the key stakeholders is to consult the company representative. The directors from the trading services, industrial and consumer products sectors agreed that company representatives would help individual shareholders in consulting about the investee companies. As company representatives should be able to disseminate trustworthy information, they can help individual shareholders to evaluate the gathered information, leading the shareholders to be able to make wiser investment decisions. Specifically, the respondent from the consumer product sector claimed that the company representative should be the company secretary. Meanwhile the respondent from the trading services sector opined that the CEO is a more suitable person as they act as a representative of the company. Both of the board members acknowledge their vital role in the company by citing their duties and roles in the Companies Act 2016:

> *"They can contact the company secretary. The shareholders if they have any problem, they can get in touch with the company secretary." (M1, C, Consumer Product Sector).*

> *"Yes, but the most company the only person that have the authorized to speak up on behalf of the company is CEO. Like my company, I am the only person authorized yang to speak on behalf, a mandatory policy." (M2, M, Trading Services Sector).*

> *"Where if they do come, the representative of that company has to answer them. The person would know the in and out of the company. Means the potential investors or current shareholders to ask about. Is the connection between the company inside and the people outside." (M4, C, Industrial Product Sector).*

Reviewing the annual report is another suggestion recommended by the key stakeholders to individual shareholders. This is suggested by the directors from the consumer product and trading services sectors, highlighting that the annual report contains a great amount of useful information. The annual report has to be presented by the company annually to their members. The Malaysian Public Listed Companies have to share all the material information that are supposedly disclosed to inform the public about the companies' business operations. Hence, it is believed that through analysing annual reports, individual shareholders will have more information and in depth knowledge about a company. The below statement is made by the respondents:

> *"My recommendation to them, read the financial report of the company. They have their regarding business, they have their marketing strategy, the financial performance in term of the profitability and along with this we talk about sustainability." (M1, C, Consumer Product Sector).*

> *"So, you read through that, because you want to invest money in the company. You need to know what the company is doing, what is the investment that they are doing. […] Like the annual report, it is a full bible. For me, it is a bible. When you read 5 or 7 pages of our management discussion analysis, you understand that 7 pages, you exactly know what the business is all about." (M2, M, Trading Services Sector).*

In addition, the director from the trading services sector proposed that individual shareholders have to diversify their investment portfolio to have better returns. Policymakers have created a great number of investments options to cater to the public's investment objectives. This means that diversification can be made across different types of investments that are available in the financial market, such as in property, funds, and shares. The loss in one investment will cover those of other investments, making it possible for individual shareholders to gain more returns from the diversified investments. The respondent mentioned that:

> *"Yes, diversify. For your investment portfolio that's why. So, you don't put all the egg in one basket. […] But you have to diversify. You invest a little bit in terms of property, you invest a little bit into funds, different funds, mutual funds, public funds, and then you diversify into shares." (M2, M, Trading Services Sector).*

The fourth and final recommendation mentioned by the representatives of Bursa Malaysia and MSWG is to research the stock market. The respondents highlighted that individual shareholders have to learn more and monitor the movement of their shares in the stock market. It is one of the ways to ensure that individual shareholders make wise investment decisions. As the stock market is easily affected by internal and external factors, regular monitoring is very important to ensure that individual shareholders make timely investment decisions. Learning about investment also ensures that individual shareholders become knowledgeable investors in order to avoid making mistakes in investment decisions. The respondents argue that:

> *"Be open to the market. Let say they are not useful to the market, so be open to learn about it. […] More willing to learn about the advantages trade in the stock market." (M5, M, Bursa Malaysia).*

> *"You have to do your homework before you invest. After you invest, you have to monitor your investment. So, after they invest, they have to monitor." (F1, C, MSWG).*

DISCUSSION

After a thorough analysis, the data from the interviews by the key stakeholders suggests that there are 4 challenges and 4 recommendations. As mentioned previously, the first challenge faced by individual shareholders is the dissemination of information. Consistent with previous literature, Haeberle (2016) and Rodrigues and Galdi (2017) discover that market information should be available to the entire public, especially to investors. However, the information is controlled by the management of the companies and is not fully disseminated to members of the company. The problem of dissemination of information is also believed to be caused by the weak enforcement by the policymakers in making it compulsory for companies to publish material information that is helpful to individual shareholders. Even though Bursa Malaysia requires specific types of information to be disseminated and has made stipulations on multiple occasions, the reaction of the companies are unfavourable.

It is discovered that the lack of investment culture is another issue impacting wise investment decisions among individual shareholders. The drive for inequality between races varies and might be due to the investment practices in the family, friends, and people surrounding them. This is illustrated by a comment made by the President of Malaysian Bumiputera Remisier Association, Md. Hasrin Md. Hassim, who suggested that Malay individual shareholders are likely to invest in unlawful investments. Moreover, in Malaysia, it can be observed that the most active individual shareholders that are involved and attend companies' AGM are predominantly Chinese.

The third challenge raised by the respondents is the lack of investment knowledge among individual shareholders, corroborating the idea that investors showed a lack of knowledge about investment products (Kramer, 2015). The concern is very critical because it may delay investment decisions and the public can be easily scammed by illegal investments. The gap in their knowledge may lead individual shareholders to invest unwisely, or they may be steered towards higher risks and greater losses.

From the findings, it is shown that one of the barriers for wise investment faced by the individual shareholders is weak voting power. The present findings seem to be consistent with the research by Gillan and Starks (2003), which found that institutional investors holding a large block size of shares will control a bigger portion of voting power in the company. The practice of 1 vote 1 share will obviously hinder the voting rights of individual shareholders, limiting their involvement in making decisions or changes in their investee companies. As their voting power is diminished, individual shareholders will have fewer rights within a company.

However, the key stakeholders suggested a few ideas to help individual shareholders. The first recommendation proposed by the respondents is for individual shareholders to meet the company representative who has been appointed to entertain any questions and query by individual shareholders. This suggestion is consistent with another study done by McNulty, Florackis, and Ormrod (2012) who claim that as a subject of internal corporate governance, the director has the responsibility to satisfy individual shareholders. Apart from advising individual shareholders, the representatives also have the opportunity to promote their companies and attract more investors. It will bring mutual benefits to individual shareholders and the companies. Second, this study supports the idea of Abdullah, Almsafir, and Al-Smadi

(2015) and Sehar, Bilal, and Tufail (2013), all of whom agree that the annual report does not only provide financials but also non-financial information. The usefulness of the annual report is believed to give huge benefits to stakeholders.

In addition, another recommendation mentioned by the respondents is diversification. Similarly, Abidin, Ariff, Md. Nassir, and Mohamad (2004) and Bin and Yuan (2016) argue that due to the inconsistent stock market in Malaysia, it is advisable to diversify during periods of crisis. The diversification is one of the alternatives for individual shareholders to gain more and secure higher returns. However, it should be noted that involvement in the various investment fields should be aligned with individual shareholders' capabilities and objectives.

It is possible to hypothesize that the challenges and recommendations can be developed into internal and external behaviors. Internal behaviors refer to personal motivation and the desire to achieve desired goals. As defined by Callahan (2018), it is an individual's ability to benefit directly from the buying decisions. In contrast, external behaviors in this study is focused on outsiders' influencing process that affect the process of consumer buying. Youn and Faber (2000) define external behavior as motivation that is controlled by motivators to attract consumers. Thus, this study concludes that knowledge of investment and investment culture is regarded as an internal challenge, as it is attributed to individual shareholders' personality. External challenges are composed of the dissemination of information and voting power as they do not solely come from individual shareholders but external influences that can control power and hinder wise investment decisions of individual shareholders. The same concept can be applied to the recommendations of the key stakeholders. This study constructs that internal recommendations that have to be changed personally by individual shareholders are diversification and research on the stock market while external recommendations that have to be imposed by outsiders in order to help individual shareholders are access to company representatives and the availability annual reports.

CONCLUSION

The current study set out to determine the challenges faced by and recommendations for individual shareholders, based on a total of 6 qualitative interviews. This study finds that (1) dissemination of information; (2) investment culture; (3) investment knowledge; and (4) voting power have been systematically discussed as the challenges, while (1) company representative; (2) annual report; (3) diversification; and (4) research on stock market are recommendations to help individual shareholders make wise investment decisions. Based on the classification of internal and external behaviors as mentioned previously, it can be determined that those challenges and recommendations are not solely caused by individual shareholders themselves, but are also put in effect by. It is really important to have insight from the key stakeholders in an initiative to ensure the growth of the Malaysian stock market as well as attract more participation from the public in financial decisions.

It is believed that this study contributes a great implication to investors, companies, policymakers, and theoretical part. Investors can have a better educated view on the common challenges faced by individual shareholders in making investment decisions and become well prepared with the recommendations that should be taken at an early stage of investing. It would help stop individual shareholders from incurring huge losses and prevent taking risks on the wrong investments. Thus, it will motivate individual shareholders to keep being active in the stock market as they can control the possibility of investment losses. On part of companies, in order to ensure that they can maintain and attract more investors to the company, it should improve current managerial and corporate governance practices to ensure that all of their owners enjoy the same benefits promised by the company. It also should be reminded if companies can provide the best service for investors, they have a high chance to secure high profit and consolidate a positive image.

This present study makes several noteworthy contributions to policymakers as they have authority on their side by following the laws and regulations. It is hoped that the current policy can be revised to ensure that it will not jeopardize the interest of some investors. The laws and regulations are not only limited to the investors, but should also be practiced by the companies. In order to ensure transparent transactions in the stock market, policymakers have to take the sides of investors and companies equally. This research also extends the knowledge on the behavioral financial fields without neglecting the other contributions to give opinions on this issue. Due to limited research, it is found that this is the first study that reports investors' behaviors from key stakeholders' perspectives.

Finally, a number of important limitations need to be considered. First, only 6 respondents were involved in this study comprising of board members from the trading services, the industrial product and the consumer products sectors, and representatives of Bursa Malaysia and MSWG. Second, the issues that have arisen in this study are simply to determine the challenges and recommendations for wise investment decisions. In view of the importance of the study, future research could work towards the challenges and recommendations from the other key stakeholders that have an interest in the investment decisions in addition to quantifying the perspectives from individual shareholders. Furthermore, additional information can be gathered through mixed methods, expounding on the qualitative analysis applied by the current study. This would also require a greater degree of consensus on the topic by having better operational procedures by the investors in Malaysia as a whole. In addition, the research could analyse the barriers in a different geographical context.

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