

**“SECURITY MARKET INVESTMENT AND DECISION MAKING
IN BUYING SHARES:**

A CASE STUDY ON KELANTANESE INVESTORS”

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“IN THE NAME OF ALLAH, THE MOST MERCIFUL, THE MOST BENEFICIENT”

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ABSTRACT

The research title is "Security Market Investment and Decision Making in Buying Shares: Study on Kelantanese Investors". This research is carried out to explore the factors that influence investment decision-making by the investors, how far their level of knowledge on certain factors such as financial terms or aspects; internal and external factors might affect the investor in making their investment decision, and beliefs on the past experience. It is also to see how likely the investors obtain profits based on the factors that influenced them in making investment decision. Researcher is using the primary data and secondary data. This study involves 100 individual investors in KB Securities Sdn Bhd. For this purpose, researcher used questionnaires to collect the data from the respondents. There are 46 questions used. The data collected were analyzed using the SPSS program by using the Frequency and Chi-Square test. The overall result from the study shows, there are eight factors that influence the investors in making investment decision, and the factor that most influenced investors in making their investment decision is the company financial performance. Then, most of the investors are familiar and understands towards the financial statement of the company, which include the financial items (company annual report, Profit and Loss account and others). The result also shows that Malaysian political situation are most influenced the performance of local stock market. And then, the investors are relied on company performance in making the investment decision. The result also shows that most of the investors seldom make a profit based on the factors above. The investors obtain knowledge on investment is from their reading. And lastly, for the hypothesis testing, it show there is a significant relationship between making the right decision (get profit) and the factors of Top Ten counter active of the day, Right and bonus issue, and company financial performance.

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1.0 INTRODUCTION

Nowadays, investment topic becomes the most debatable topic in the country. This is because; an investment is the most important component in the financial market where it provides an opportunity for people to make their investment. The existence of stock exchange is an answer to the investors to invest and for the companies to obtain the fund for working capitals by selling their shares to the public investors.

There are three main reasons why the people invest in shares. The first one is what is called as Capital Gain; the second reason is an Income Stream. Many listed companies pay out all or part of their profits to shareholders and this pay out is called a dividend. A dividend is like an interest on a term investment except that the amount of the dividend depends on how well the company is performed. And the third reason why investors buy shares is to diversify their risk. We heard of the saying: "Don't keep all your eggs in one basket?" Some investors might have a term investment, or funds in a savings account, a retirement scheme and possibly property or Unit Trusts. Buying shares is just another way to invest the savings and spread the risk.

The stock market should be seen as a medium for long-term investment and not so much for short term trading unless the investors have the necessary tools and experience. Its main purpose is to provide a market place for raising new funds, and for trading outstanding shares buyer and seller, who determine share prices freely and competitively.