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Relationship between Social Interaction of Individual Investors and Stock Market Participation Decision among Secondary School Teachers from Nakuru County, Kenya

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Abstract:

Stock market is beneficial to the general economy and individual investors. Regardless of the benefits of stockholding few individuals participate in the stock market. Many researches have tried to provide explanation for the observed limited individual investor stock market participation. The study sought to explain the low individual investor participation by investigating the relationship between social interaction and individual investor stock market participation decision among secondary school teachers in Nakuru County. The study employed explanatory research design. Primary data was collected using structured questionnaires from a sample of 320 teachers' selected using stratified proportionate random sampling technique. The research findings found that social interaction has a significant positive relationship with stock market participation decision of secondary school teachers in Nakuru County. The study concludes that that social interaction of individual investors has a significant relationship with stock market participation decision among secondary school teachers from Nakuru County. The study recommends teachers focusing on investment in stocks should affiliate themselves with investment groups with an orientation to stocks investments where they can have access to investment advice.

Keywords: Social interaction, stock market participation decision, teachers

1. Introduction

Trading in investment started in the 1800s whereby mutual funds flourished in Great Britain and in the United States. This trade later spread to other continents and countries around the world (Anderson, Born and Schnusenberg, (2010). Securities exchanges provide avenues where financial securities can be traded. Companies in turn are able to raise funds by trading their securities in the exchange market. Carmichael and Pomerleano (2002) agree that capital markets aid in marshalling both local and international capital.

Stock market makes significant contribution to the general financial well-being of a country. Emerson (1976), for instance, observed that the liquidity of the market for stock predicts economic growth, capital accumulation and stock markets existence which accelerate the increase of productivity growth rate. Olweny, Namusonge and Onyango (2012) found a positive relationship between the securities market and economic growth in Kenya. Demirgüç-Kunt and Levine (1996) found that countries with well-developed stock markets also had more advanced banking and nonbank financial mediating institutions like investment firms, brokerage houses and mutual funds. Contrary, countries with weak stock markets had weak financial intermediaries. This shows that the development of the market for stocks adds to the general growth of the economy since it goes hand in hand with other facets of financial development.

To the individual investors participation in the stock market results in higher returns and improves their well-being considerably. Mehra and Prescott (1985) report that investors in the stock market amass more wealth when compared with nonparticipants in the stock market because of the numerous benefits that they obtain from participating. Guvenen (2006) similarly reported that nonparticipation in the stock market built great disparities in terms of wealth. Mankiw and Zeldes (1991) further revealed that participants in the stock market enjoyed higher consumption in their lifetime. This suggested that it would be better for an individual to take part in the stock market as nonparticipation results in lower returns.

Despite these benefits, securities market in Africa has been observed to be generally underdeveloped and especially the Sub-Saharan financial system which has been found to be the least developed based on pointers of economic progress. Allen, Otchere and Senbet (2011) observed that African stock markets encounter key challenges in terms of depth in both listing and market capitalization. The findings showed that stock exchange markets of Africa, excluding Egypt and South Africa, remained the least compared to other regions in the number of companies listed and market capitalization. This clearly shows the low participation rates for investors in many African countries. The study further

revealed that East Africa markets liquidity was shown to be very low; in most cases having less than 1% of GDP of values in stocks traded.

Although initially, the stock market was dominated by individual investors, there has been a decline in individual investor participation rates. Rutterford and Hannah (2016) report that there was low individual investor participation in the stock market which stood at 11% for the UK companies in 2016. Further, the study reported a low individual investor participation in the US stock exchange which stood at 42% in the year 2010. Ameriks and Zeldes (2000) similarly reported that many individual investors do not participate in the market for stocks at any given point in time. In Kenya, the regulator of capital markets report that individual investors reduced their investments in equity from a high of twenty seven percent (27%) of the market capitalization in 2008 to a low of fourteen percent (14%) in 2010. As at 2015, the Oxford Business Group study reported that the percentage of individual investors in Kenya was 4% of total investors in the Securities Exchange Market. Generally, individual investors participating in the stock market is low in Kenya (Aduda, Masila and Osongo, 2012). However, the individual investor participation is still in decline. This implies that the stockholding puzzle is far from being solved.

A number of studies have provided an explanation of for instance social interaction (Hvide and Östberg 2015; Ammann and Schaub 2016) on participation in the stock market. In Kenya few studies have tried to explain the reasons why very few individuals participate in the stock market. There was need to provide explanations for this limited stock market participation and this study sought to fill this gap by establishing the relationship between social interaction of individual investors and stock market participation decision for secondary school teachers in Nakuru County, Kenya. In examining the relationship between social interaction and stock market participation decision among secondary school teachers the following hypothesis was tested

- H_{01} : There is no significant relationship between social interaction of individual investors and stock market participation decision

Figure 1: Conceptual Framework

2. Literature Review

2.1. Social Interaction and Stock Market Participation Decision

Social interaction has been shown by previous studies to provide an explanation for the stock market participation decision for individual investors. Social interaction provides an important channel through which information about investment can be obtained and spread by individual households.

Rantala (2017) conducted a study on how social interaction influences the spread of investment ideas. Data was collected from individual investors who had participated in the collapsed Ponzi scheme in Finland. The scheme was not available publicly and new members could be recruited into the scheme through an invitation from existing members. Previously earned returns facilitated the recruitment of new members into the scheme. The results revealed that social interaction caused the investment idea to spread wildly among the population steadily attracting more and more investors especially through word of mouth communication. The study reported that social structures were significant in facilitating the spread of investment ideas and though this facilitated welfare improving results, but it could also result in individuals making grave investment mistakes. This study suggests that social interaction can be important avenue for investment ideas, which is not limited to stock market participation. There is need to incorporate this variable determination of antecedents of stock market participation by individuals.

Although many previous studies have linked social interaction to more trading activity among individual investors, a study by Heimer (2016) sought to investigate whether social interaction could result in the negative trading by retail investors. The study examined the relationship between social interaction and the disposition effect. Primary data used was collected from a sample of 2,598 traders through a social networking platform developed by the researcher. Regression analysis was used to analyze the data. The study observed that social interaction contributes to the disposition effect in as much as it also leads to more trading of investors in the financial market. This was attributed to the fact that investors sought to portray good images about themselves and their investment decisions. The study further revealed that inexperienced traders had the greatest increase in the disposition effects since they relied mostly on the social connections.

Ammann and Schaub (2016) sought to examine the role played by social interaction in influencing the investment decision of investors. Data was collected from European investors using a sample of 1,000 investors through an online social trading network designed to allow provided trading strategies that followers could immediately make investment in. The study revealed that only investors with successful investments communicated about their investment strategies and although they did not give the actual values in terms of returns, many investors followed their strategies. This suggests that investor behavior is influenced by sentiment. Further, the study reported that it was mainly small unsophisticated traders who relied on these social networks to make the investment decision. The study suggests that uninformed investors behavior is influenced more by the social interactions when compared to the sophisticated investors.

Tauni, Fany and Iqbal (2016) conducted a survey that sought to assess the influence of the sources of information on the trading behavior of individual investors in the futures market of China with a special focus on investor personality traits. The study used the Big Five personality framework and structural equation modeling was used to establish the moderating effects of personal traits on the relationship between the information source and investor behavior in the market. The study reported that the sources of information significantly impacted the frequency of trading of investors and specifically information acquired through word of mouth communication resulted in more trading in outgoing investors.

Hvide and Östberg (2015) conducted a study on social interaction at work and its effects on individual investment decisions. The study reported that the investment decisions of individuals were positively correlated with the choices of investment of coworkers. This means that the choice an individual makes in their investment was strongly influenced by the choices of their fellow colleagues. However, the study also showed that this effect did not result in better investment decision by the individuals because following the decisions of others did not result in higher investment return.

Another study by Macours and Vakis (2014) conducted an experiment that sought to establish the causal effects of social interactions of leaders on the investment behavior of households in Nicaragua. The study explored the effects of proximity to the leaders coupled and forms of communication between the leaders and the beneficiaries of the conditional cash transfers on household investment behavior. Survey instruments were used to collect data about the households. The study found that social interaction with leaders positively impacted investment behavior of individual households and that continuous motivation and communication of leaders was important in facilitating the positive change in the investment patterns of households. The study further recommended that the programs should be tailored in such a manner to enhance social interactions since it resulted in positive investor behavior of households. In Kenya, Wendo (2015) also found that majority of the advocates relied on professional and investment advisors in making the investment decision. Further the study found that the opinions of colleagues did not affect their stock market participation decision.

Lui, Zhang and Yang (2014) conducted a survey on social interaction and participation in the financial market. The study not only looked at the traditional way of social interaction, but also the modern social interaction. They obtained data from a sample from all 150 Chinese Counties using well-structured questionnaires. They analyzed data using linear regression models and from the findings reported that social interaction, both traditional and modern interaction has a positive influence on stock market participation.

Li (2014) investigated the effect of sharing information among extended members of the family on individual participation in the financial market in the future. Data was collected from the Panel Study of Income Dynamics from a sample of more than 13,600 individuals belonging to over 2,500 families for a seven year period concerning their stock market participation. Logistic analysis was used to measure the participation of investors. The study revealed that sharing of information among the members of the families significantly influences stock market participation decision by individuals. The study found that investors who had members of their families previously participating were 30% more likely to participate in the market for stocks within a period of 5 years. The results suggest that the knowledge acquired on investment and the experiences that were shared among family members about investment attracted non participants to start investing in stocks.

Heimer (2014) conducted a household survey on the relationship between social interaction and the level of activity of investors in the US stock market. The survey used data obtained from the consumer expenditure quarterly interview survey. Data was analyzed through the use of logistic regressions. The results of the study reported that the chances that an investor will be an active trader increases by 20% if the investor is social. This means that social interaction is positively related to active stock market participation. The study however ignores other factors like income and aggregate returns of investors which can explain the level of active trading by investors. Also, it does not provide direction on the causal relationship between the social interaction and level of active trading of investors.

Hellström, Zetterdahl, and Hanes (2013) examined the influence of family members on the stock market participation decision of individuals. The objective of the study was to establish the effects of both the community interactions and interactions within the family setting. The study found that individuals were more likely to increase their participation rates after the close family members had experienced positive returns from their trading in the stock market. Similarly, negative returns of family members would negatively influence participation rates for individuals. The study further revealed that the results would be more pronounced on individuals who were less knowledgeable. The effect of family was also found to affect male and female investors positively while community effects influenced the males largely.

Aduda, *et al.*, (2012) conducted a study on the behavior and the performance of retail investors for companies listed at the Nairobi Securities Exchange (NSE) in Kenya. The study sought to establish how individual investors make their investment decisions. The study observed that most investors relied on advice from colleagues and friends (3.65 on a Likert scale of (1-5) in making their decision to invest in stocks. Also widely held opinion about the market at 3.58 and latest trends in share price movements at 3.53 could explain the herding behavior of investors as observed in the NSE. These findings were similar to the conclusions of Speidell (2009) which found that investors were inclined to the trades of others in emerging markets. These factors drive investors to behave rationally or irrationally in their decision to invest or not to invest.

Kaustia and Knüpfer (2012) conducted a study seeking to investigate the effects of peer performance on investment in the stock market in Finland. The study hypothesized that peers could influence stock market entry decision through peer outcomes. Panel data was obtained from Finnish Central Depository on entry dates and portfolio returns in a neighborhood of 2,668 observations for 93 months. Regression analysis was used in this study and fixed effects were used to eliminate effects from other observable characteristics. The study found that there was an increase in new stock market participants in a neighborhood that reported high stock returns. The study concluded that the neighborhood effect is

positive and significant predictor of entry into the stock market. The study also concluded that the social interaction influence provides explanation for the reason why stock market participation tends to increase sharply in situations of high market returns. This means that investor stock market entry decision can be motivated by the positive performance of the investments of investors' local peers.

Shanmugham and Ramya (2012) assessed the impact of social factors on the trading behavior of individual investors for individual investors who actively traded in the Indian stock market. The study sought to establish the drivers of investment behavior of retail investors by examining the role of the media, social interactions and the internet in influencing investor decision making. Primary data was collected from the 500 respondents that were identified using snowballing sampling techniques. Data was then analyzed using regression analysis. The study found a positive relationship between social interaction and the intention to trade. Similarly, the media showed a positive relationship with the intention to trade in the market. The study concluded that social factors influence the trading activities of retail investors to a large extent.

Laasko (2010) investigated stock market participation rates and household characteristics in Europe. The study sought to shed more light on the stock market participation puzzle by investigating a comprehensive list of participation drivers in order to analyze their explanatory power. The data used was collected from the Cross European Survey on Health Ageing and data that was collected from a set of questions about the household characteristics under study. The study observed that risk aversion in the strongest driver for the decision to invest in the stock market while out of the other variables under study, sociability provides the most explanation in the stock market participation.

Ng and Wu (2010) assessed the influence peer effects have on the trading activities of retail investors of Mainland China. Data about the Chinese investors was collected from the Shanghai Stock Exchange for a period of one year. The study's findings revealed that word of mouth had a strong influence on the trading decisions of retail investors particularly those who had close proximity to each other. Further, these effects were observed more in the purchase of stocks rather than in the sale of local stocks. Since there was likelihood that the investors were inexperienced, the results suggest that the peer effects observed through word of mouth could explain the speculative behavior of individual investors.

Brown and Taylor (2010) investigated the relationship between social interaction and stock market participation among individual investors. The study used panel data from the British National Child Development Study. Data was collected from a sample of 7,286 individuals. Social interaction was measured by establishing whether the individuals attended church and the frequency of attending church, whether the individual believes that people can be trusted, whether the individuals belonged to any club, whether the individual was a member of a sports club and whether this individual had friends that they had visited twice or thrice prior to the time of conducting the study. Their findings found that there exists a positive relationship between social interaction and stock market participation within a fixed effects logit framework that controlled for time invariant unobserved data. Further, the study found that the relationship prevailed across almost all the measures of interaction. The study found that the effect of social interaction on participation was even greater for the individuals who were members of many clubs. This implies that individuals who were socially excluded were less likely to participate in the financial markets and therefore they would miss out on the profitable opportunities brought about by investing in the stock market.

A study by Brown, Ivković, Smith and Weisbenner (2008) investigated the effect of community interaction in the form of spoken word effects on participation in the stock market. Particularly, the study sought to establish the extent to which an individual is influenced to participate in the market for stocks where a greater number of individuals in the community were investors in the stock market. The study obtained 10 year panel data on taxpayers and included fixed effects to control for observable and unobservable factors. The study revealed that retail investor participation increases by 4% with a 10% rise in community stock ownership. The results further suggest that whenever stock ownership in a community increases it has a multiplier effect since it increases the likelihood that other individuals will also start to invest in the stock market. Despite the findings, the study suggests that the strong causal relationship could be as result of influence from other unobserved factors.

Hong, Kubik and Stein (2004) carried out a survey that examined the effect of social interaction on participation in the stock market. The study developed a model that predicted that greater stock market participation among social households than among non-social individuals when all other factors of wealth, risk aversion, race and education were controlled. The model further predicted that the participation rates to be sensitive to exogenous factors. Data was collected from the Health and Retirement on 7500 households. The study revealed that it was more probable that individuals interacting with their neighbors and those who attended church participated more in the market for stock compared to non-social individuals and this effect found to be even stronger in states where the participation was higher.

Duflo and Saez (2002) investigated the effect colleagues had on participation in a retirement plan. Data was collected from 12,500 staff of a University from US. The study wanted to establish whether the decision to participate and the choice of mutual fund vendor could be affected by the decisions of other members in the same department. The study noted that members who belonged in one group operated within the same joint environment and that they grouped themselves together because they shared the same preferences. The University provided data about the individuals under study through their tax deferred account plan. Ordinary Least Square regression was used in the analysis of data. The study reported that peer effects were significant for both participation and the choice on the vendor of mutual fund.

Another study by Madrian and Shea (2001) sought to investigate the savings behavior of employees in a U.S. Corporation before and after introducing automatic enrollment to the 401(k) retirement plan. Data was collected for a two year period before and after the introduction of the automatic enrollment to evaluate the saving behavior of the employees under study. The employees had many options of fund choices namely foreign stock, stock mutual funds, money market fund, stable value fund and a bond fund. The study observed that decisions to participate in the plan were inclined to the

selections of coworkers. Similarly, Speidell (2009) observed that resident investors account for the greatest share of trading in numerous developing markets like Kenya and revealed that investors are exceedingly inclined to trading centered on the trades of others in these emerging countries.

Many of the reviewed literature have focused on countries with developed markets. Further, empirical literature on the effects of social interaction is still limited for developing countries like Kenya. There was need to investigate the relationship between social interaction and participation in the stock market in Kenya. Also there was need for studies focusing on both participants and non-participants in order to determine the reasons for investor decision to participate. This study therefore sought to investigate the relationship between social interaction and stock market participation decision among secondary school teachers from Nakuru County.

2.2. Stock Market Participation Decision

Many researchers have tried to explain why individual investors who make direct investment in the stock markets are few. In Kenya few individuals participate in the market for securities (Oxford Group Study, 2015).

The reviewed studies have evaluated stock market participation using participation in the stock market, the level of activity in the financial securities already held, the reason for investing and the type of investment security chosen to evaluate stock market participation. This provided a basis for the current study in evaluating the stock market participation variable.

2.3. Social Development Theory

This theory was advanced by Lev Vygotsky in 1978. The theory proposes that social interaction precedes development. This is because social development is important in the process of learning. It also argues that cognition and consciousness come as a result of socialization. Vygotsky's theory is one of the basics of constructivism. The theory suggested method of knowledge expansion centered on an individual's vigorous participation in critical thinking and problem solving. According to this theory there exists a more knowledgeable person who in this case provides insight to the learner. The theory concentrated on the people and their interaction with the sociocultural environment. He proposed that human beings utilize the tools that develop from culture to mediate their social environments and the result of whose internalizations results in higher thinking skills (Vygotsky, 1978).

The theory was deemed relevant to the study since it was used to explain the relationship among sociable people or peers in terms of social patterns in making individual investors and specifically secondary school teachers make a decision on investing in the stock market. These people normally have common beliefs and values grounded on their culture who can be family, classmate, neighbors or friends. The theory seems to suggest that for members in a sociable group, there are those who provide insight to others thereby guiding the decisions of others. In this case social interaction of individual investors was expected to influence the stock market participation decision of the secondary school teachers because they share experiences.

The theory covers social interaction on determination of individual investor's stock market participation decision. It was important in the investigation on the bearing of social interaction on stock market participation by the secondary school teachers of Nakuru County, Kenya.

3. Research Methodology

This study employed explanatory research design. The population of the study comprised of 1,609 secondary school teachers from the Nakuru, Molo, Njoro, Naivasha and Gilgil sub counties of Nakuru County as indicated by the Teachers Service Commission Report (2018). Stratified proportionate random sampling was used in this study. The Sub Counties represented the strata. Simple random sampling was then used to determine the representative sample in each stratum. Primary data was used and was collected using structured questionnaires. Pilot testing was used to check the instruments reliability. Cronbach alpha was used to test reliability of items measuring a particular construct. The results obtained an overall Cronbach Alpha correlation coefficient of 0.804. Factor analysis was used to check validity of the constructs and all the items met the loading cut off of 0.4 and were therefore retained for analysis.

Descriptive and inferential statistics were used to analyze the data with the aid of Statistical Package for Social Scientists (SPSS) version 25. Descriptive statistics entailing frequencies, percentages and chi-square values were used to summarize data, while inferential statistics such as correlation coefficient, ANOVA and regression analysis were used. Regression analysis was used where the dependent variable was regressed against the explanatory variable to establish the relationship between social interaction and stock market participation decision. Research hypothesis was tested at 5% significance level using the regression while F-statistic was used to measure whether the model fits the data significantly.

The study employed the following regression model

$$Y = \beta_0 + \beta_i X_i + \varepsilon$$

Where;

- Y - Stock market participation decision
- X_i - Social interaction of individual investors
- B_i - Regression coefficients for the independent variable
- β_0 - Regression Constant
- ε - Stochastic error term assumed to be normally distributed

4. Analysis and Findings

4.1. Social Interaction of Individual Investors

Respondents were asked to indicate the extent to which they agreed with social interaction of individual investors statements. The responses were analyzed using frequencies, percentages and chi-square. The chi-square values which are statistically significant indicate that there is association between social interaction statements and stock market participation decision.

Social interaction statements N=231	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Chi-Square (χ^2)	P value
I consider family members positive financial outcomes in making my investment decision making	16(6.9%)	5(2.2%)	55(23.8%)	69(29.9%)	86(37.2%)	160.131	0.117
I consider co-workers positive financial outcomes in making my investment decision making	14(6.1%)	10(4.3%)	62(26.8%)	71(30.7%)	74(32.0%)	152.111	0.229
I consider friends positive financial outcomes in making my investment decision making	51(22.1%)	71(30.7%)	66(28.6%)	27(11.7%)	16(6.9%)	169.031	0.048
I consider welfare groups membership in making my investment decision making	42(18.2%)	66(28.6%)	79(34.2%)	24(10.4%)	20(8.7%)	173.535	0.029
I consider investment advisors when making my investment decision making	57(24.7%)	79(34.2%)	64(27.7%)	18(7.8%)	13(5.6%)	151.264	0.243
I consider foreign investors positive financial outcomes in making my investment decision making	3(1.3%)	26(11.3%)	62(26.8%)	80(34.6%)	60(26.0%)	153.644	0.203
I consider social interaction as a result of religion in making my investment decision making	41(17.7%)	13(5.6%)	33(14.3%)	64(27.7%)	80(34.6%)	169.474	0.045

Table 1: Descriptive Results for Social Interaction of Individual Investors

Source: Research Data, 2019

On social interaction of individual investors, the results indicate that majority of the respondents 155 (67.1%), were in disagreement that they consider family members positive financial outcomes while making the investment

decision with 55 (23.8%) holding neutral opinion while 21 (9.1%) were in agreement with the statement ($\chi^2=160.131$, $p>0.05$). 145 (62.7%) disagreed that they consider co-workers positive financial outcomes while making the investment decision ($\chi^2=152.111$, $p>0.05$). There was agreement among a fair majority of the respondents 122 (52.8%) that they consider friends positive financial outcomes while making their investment decision making while 66 (28.6%) held neutral opinion and 43 (18.6%) disagreed ($\chi^2=169.031$, $p<0.05$). Most of the respondents 108 (46.8%) agreed that they consider welfare group membership while making the investment decision, 79 (34.2%) held neutral opinion while 44 (19.1%) disagreed ($\chi^2=173.535$, $p<0.05$).

The results also indicate that majority of the respondents (136(58.9%) consider investment advisors while making the investment decision ($\chi^2=151.264$, $p>0.05$). The results also indicate that 140 (60.6%) of the respondents do not consider foreign investors positive financial outcomes in the investment decision making ($\chi^2=153.644$, $p>0.05$). Further, most respondents 144 (62.8%) were in disagreement that social interaction as a result of religion is considered when making the investment decision ($\chi^2=169.474$, $p<0.05$).

4.2. Stock Market Participation

Respondents were asked to indicate the extent to which they agreed with stock market participation statements. The responses were analyzed using frequencies and percentages.

Stock market participation statements N=231	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Chi-Square (χ^2)	P value
I have invested in stocks/ shares	50(21.6%)	61(26.4%)	77(33.3%)	29(12.6%)	14(6.1%)	267.290	0.000
The stocks/shares I have invested in are traded in the security's exchange	10(4.3%)	13(5.6%)	38(16.5%)	71(30.7%)	99(42.9%)	323.000	0.000
I invest in order to make a return in form of dividends and capital gains	106(45.8%)	92(39.8%)	19(8.2%)	5(2.2%)	9(3.9%)	290.230	0.000
I invest to increase savings and to borrow funds	94(40.7%)	69(29.9%)	26(11.3%)	24(10.3%)	18(7.8%)	312.562	0.000
I actively buy and sell in the stocks I have invested in	10(4.3%)	11(4.8%)	51(22.1%)	88(38.1%)	71(30.7%)	269.178	0.000

Table 2: Descriptive Results for Stock Market Participation
Source: Research Data, 2019

On stock market participation, the results indicate that majority of the respondents 111 (48%) agreed that they have invested in stocks/ shares, 77 (33.3%) held neutral opinion while 43 (18.7%) were in disagreement ($\chi^2=267.290$, $p<0.05$). According to 170 (73.6%) of the respondents, the stocks/shares they have invested in are not traded in the security's exchange while 23 (6.5%) indicated that the shares they have invested in are traded in the security's exchange ($\chi^2=323.000$, $p<0.05$). Majority 198 (85.6%) of the respondents were in agreement that they invest in order to make a return in form of dividends and capital gains ($\chi^2=290.230$, $p<0.05$). According to 163(70.6%) of the respondents, they invest to increase savings and to borrow funds ($\chi^2=312.562$, $p<0.05$) while there was disagreement among most respondents 159 (68.8%) on whether the respondents actively buy and sell in the stocks they have invested in ($\chi^2=269.178$, $p<0.05$).

Table 3 presents the model summary for the regression analysis between the predictor variable (social interaction) and the dependent variable (stock market participation decision). The R square is 0.126 which implies that 12.6% variation in stock market participation can be explained by social interaction of individual investors. This means that 87.4% variation in stock market could be explained by other factors other than social interaction.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.431 ^a	.126	.111	.83558	.126	12.878	1	229	.000

Table 3: Model Summary of Social Interaction and Stock Market Participation Decision

Table 4 show that there exist a statistically significant positive relationship between social interaction of individual investors and stock market participation decision among secondary school teachers from selected sub counties in Nakuru County ($\beta = 0.288$, $p < 0.05$). This implies that when social interaction of individual investors increases by an additional unit, stock market participation increases by 0.288. The null hypothesis (H_{02}) was rejected that "There is no significant relationship between social interaction of individual investors and stock market participation decision". The following regression equation was obtained.

$$Y = 2.263 + 0.288 X_1$$

Where;

Y – Stock market participation decision

X_1 – Social Interaction of individual investors

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.263	.296		7.643	.000
	Social Interaction	.288	.080	.231	3.589	.000

Table 4: Coefficients Results for Social Interaction and Stock Market Participation Decision

Source: Research Data, 2019

5. Conclusions and Recommendations

It can be concluded that social interaction of individual investors has a significant relationship with stock market participation decision among secondary school teachers from selected Sub Counties in Nakuru County, Kenya. There exists a positive significant relationship between social interaction of individual investors and stock market participation decision. The findings of this objective further report that friends' positive financial outcomes and investment advice is considered when making the investment decision. It can also be concluded that foreign investors' positive financial outcomes and social interaction as a result of religion does not influence investment decision making secondary school teachers from selected sub counties in Nakuru County.

The study also recommended that secondary school teachers focusing on investment in stocks should affiliate themselves with investment groups with an orientation to stocks investments where they can have access to investment advice. This is because the study found that social interaction influences stock market participation decision of teachers from Nakuru County.

The study used a case study approach by investigating secondary school teachers and therefore the findings of the study may not be generalized on other groups within the population. The study therefore recommends that the study should be done on a broader scale in Kenya. Yin (2003) reveals that case study findings cannot be generalized. The study also recommends that further research should use a quantitative approach in order to test and validate the research findings.

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