

Impact of Psychosocial Factors on Sustainability of Stock Investors' Inclination: A Case of the South Pacific Stock Market

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Abstract: Previous research has documented that psycho- cognitive resources and socioeconomic status have significant influences on investment behavior in financial assets. Drawing from the positive psychosocial perspective, I hypothesized that positive enterprising personality mediates the influence of individual characteristics on investment behavior. I tested this hypothesis in the Structural Equation Modeling (SEM) framework using a purposive sample of potential stock investors in Fiji. The theoretical framework and analytical procedures, I introduce here, can also be used to discover additional factors influencing investment inclination and then estimate the predictors of stock market investments in other developing countries with similar socioeconomic contexts, for example, Sri Lanka. The results revealed that four latent factors (Intuition, Education and knowledge, Sociocultural norms, and Enterprising personality) are distinct dimensions of investment inclination together with the maturity factor (Age) towards stock investments. The findings could broaden our understanding about the direct and indirect impact of psychosocial characteristics on stock market participation through positive, personal resources such as an enterprising personality. The findings will be useful for financial service providers and regulators in designing educational programs for different levels of maturity, knowledge, and education, to enhance enterprising personality qualities amongst people generally, and inculcate positive attitudes towards stock investments in the young through high school curricula and mass-awareness programs.

Keywords: Enterprising personality, Fiji, Investment behavior, Investment inclination, Psychosocial resources, Social sustainability, Sri Lanka, Stock market participation.

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