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EFFECT OF SOCIAL FACTORS ON INVESTORS' TRADING BEHAVIOUR: DOES MARITAL STATUS MATTER IN NON-PROFESSIONAL INVESTORS OF THE SAUDI FINANCIAL MARKET?

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Abstract

The study seeks to determine the main social factors in non-professional Investors' trading behaviour and how these factors are related to the investors' demographic characteristics such as marital status in the Saudi Financial Market. The study covers non-professional investors using the convenience sampling method to obtain information from 331 respondents through a modified questionnaire. Data were analysed via Structural Equation Modelling (SEM) approach to examine the posited research hypotheses. The results reveal that stronger influence from peers had an impact on non-professional investors' behaviour due to the low cost of information. The results found the indirect cues of peer influence via "comparing" their wealth relative to their peers. While, generally, subjective norms failed to explain non-professional investors' trading behaviour, the results reveal married people are more affected by social pressure, thus subjective norms have a significant influence on the behaviour of non-professional investors



who are married. Finally, herding behaviour failed to influence non-professional investors' trading behaviour owing to experiences gained from previous financial crises and shocks.

Keywords: Social Factors, non-professional Investors, peers influence, subjective norms, herding behavior

INTRODUCTION

A stock market refers to a system in which human and social interactions take place (Hirschey and Nofsinger, 2008). Stocks are discussed and information is exchanged between investors and neighbours, friends, relatives and colleagues. In addition, individuals seek advice from analysts, advisors, planners and bankers. Therefore, it can be asserted that complex decision-making behaviour is exhibited by individual investors, particularly non-professional investors, when making investment decisions.

The emerging area of finance, referred to as 'behavioural finance,' mainly concentrates on the factors that determine the trading behaviour of individual investors. The focus of behavioural finance is on the individual characteristics, psychological or otherwise, that determine the common financial and investment activities (Ritter, 2003). The behavioural biases of non-professional investors are usually considered responsible for this complex decision-making behaviour. However, it is important to further evaluate the impact of social factors and interactions with other individuals where irrational behaviour may be shown by non-professional investors (Oehler et al., 2018). Mistakes may be made commonly by non-professional investors because of subjective norms, a herd attitude or peer influence, in addition to their beliefs. This may determine market behaviour and may increase the trading activity of irrational individual investors (Barber and Odean, 2000).

Behavioural finance scholars have recently started examining the impact of social factors on the investing behaviour of investors (Borgers et al., 2015; Chhatwani & Mishra, 2021). However, these studies have not considered the likelihood of demographic factors (such as marital status) of the investor functioning as a moderating variable between social factors and their perceived investment performance in the developing market of Saudi Arabia.

Hence, compared to earlier times, investment decisions now play a more significant role. Therefore, the purpose of developing this research is to examine the impact of social factors such as herd behaviour, subjective norms, peer influence, as well as beliefs of non-professional investors' trading behaviour in the developing market of Saudi Arabia. The study has the key objective of determining how, in a vibrant conventional society, non-professional investors behave when making their investment decisions and how such social factors affect their trading

behaviour, considering the differences in marital status. In addition, no study has been previously carried out in this regard in the Saudi financial market, and hence, the existing literature would greatly benefit from examining this unresearched field.

Financial institutions and policymakers may use the results of this study in several developing countries that are attempting to implement efficient financial trading policies and are putting in greater efforts to make their financial systems more efficient. In addition, the social factors that have been identified as being significant to non-professional investors' trading behaviour in a vibrant traditional society may help in improving the existing policies.

The structure of the rest of the paper is as follows: The pertinent literature on social financial factors is summarised in Section 2. In Section 3, the research methodology is presented, while in Section 4, the findings are presented. The conclusion and implications of the study outcomes are discussed in Section 5.

LITERATURE REVIEW

Peer behaviour (action-based social interaction) or peer outcome (outcome-based social interaction) can socially influence the decisions of individuals. It is indicated in a body of research that individuals want to maintain their status by following social norms, i.e. they want to "keep up with the neighbours"; thus, they behave in the same way as their peers (Bernheim, 1994). However, according to the other line of theory, peer influence can function as a source of observational learning (Banerjee, 1992), where vital information may be obtained by rational investors by noting the actions or outcomes attained by their peers. Behavioural factors of investment have been examined in most studies, and the results showed that when entering the stock market (CAO et al., 2021) or when buying particular stocks (Hvide and Ostberg, 2014), individuals usually follow their beliefs. However, the impact of social factors is not clear, particularly when the behaviour is either because of individuals getting to know about the investment through imitation or simply because of adherence to social standards. Though it was determined in a few studies that stock market participation is also positively affected by higher neighbour stock returns, which offers evidence for the impact of social factors (Kaustia and Knupfer, 2012), no study has been carried out that investigates the part played by marital status and social factors such as herd behaviour, subjective norms, peer influence, in addition to the views of non-professional investors in the financial market of Saudi Arabia.

The nexus between peer influence and investors' trading behavior

The phenomenon in which individuals' actions, attitudes and beliefs are influenced by other individuals is known as peer influence (Ahmad et al., 2014). A significant part is played by

peer influence in selecting eco-friendly products and services as customers are motivated to change their behaviour when they get to know about the user satisfaction of their colleagues and relatives. Peer influence is also considered as the encouragement provided by peers to perform specific actions (Brisol and Mangleburg, 2005). Therefore, individuals are inclined to wish to accept the norms in their overall group and modify their purchasing behaviour in the stock market when their peers endorse investing. It has been shown in previous studies that peer influence (i.e. from colleagues, friends, opinion leaders and family) has a statistically significant relationship with investors' purchasing behaviour in terms of financial products, in different settings, such as purchase intention of financial market products (Wolske et al., 2020).

It has also been determined that investors' intention to invest in the stock market is significantly determined by peer influence as peers can provide reasons and convince others to acknowledge the significance of greater wealth (Kuchler & Stroebel, 2021). When individuals exhibit a high degree of concern regarding their future, they are showing a responsible attitude in preserving and increasing their wealth. It was determined by the researchers that there are three kinds of peer influence, i.e. utilitarian, informational and value-expressive (Lessig and Whan, 1978; Bearden and Etzel, 1982; Childers and Rao, 1992; Makgosa and Mohube, 2007). Utilitarian influence refers to the extent to which the choices of a person are influenced by the expectations, preferences or interests of others (Bearden and Etzel, 1982; Lessig and Whan, 1978). Informational influence occurs when a person observes the behaviour of other individuals and tries to obtain related information from those he/she considers to be relevant (John and Christopher, 2013). Finally, when a person links his/her intention with others, value-expressive influence occurs. Hence, the behavioural intention of customers is frequently affected by those in their surroundings, such as relatives, colleagues, celebrities and salespeople (Maram and Kongsompong, 2000; Childers and Rao, 1992). Hence the following hypothesis was developed in the study.

H1: Peer influence has a significant and positive effect on the trading behaviour of non-professional investors.

The nexus between beliefs and investors' trading behavior

The subjective possibility that a specific behaviour will give rise to a specific outcome is referred to as a behavioural belief. Behaviour is linked by each behavioural belief to a specific outcome (the benefit acquired or cost incurred when the behaviour is carried out) or to another attribute, such as favourable or adverse affective experiences (Ajzen and Driver, 1991). Therefore, a vital part is played by the beliefs of investors regarding the future potential of assets and companies. In contrast to weather forecasters, for example, a mix of fundamental

values and others' expectations with respect to these values need to be determined by the investors. The weather is not affected by the beliefs of forecasters; however, the beliefs and actions of investors do affect market prices (Egan et al., 2014). Thus, beliefs may be described as mental interpretations held by investors regarding the characteristics of the stock market (Malmendier et al., 2020). For instance, beliefs are developed by investors regarding the risk and return expected for stocks over a given time (WR & Papadimitriou, 2022).

Attitudes may be described as psychological tendencies that are exhibited when specific behaviours are examined (Ajzen, 2000). A direct part is played by attitudes, created from internal associations and evaluation procedures, in giving rise to positive or negative intentions (Farah, 2014). Ajzen and Fishbein (1980) and Chang (2006) asserted that identifying the characteristics, qualities and properties of the object being examined can help determine the behavioural beliefs of an attitude. Beliefs may be powerful; however, only a few of them can be accepted by individuals at a certain time. These beliefs function as direct determinants of attitudes, and eventually, behavioural intentions. The significant impact of beliefs on intentions has been demonstrated in various studies (Taylor and Todd, 1995; Shih and Fang, 2004). It has been shown in earlier studies that there is a possible relationship between a person's behavioural intention and their perceived beliefs (Fu, Farn, & Chao, 2006; Amin et al., 2014).

H2: Beliefs have a significant and positive effect on the trading behaviour of non-professional investors.

The nexus between subjective norms and investors' trading behavior

The social pressure faced by a person to act in a certain way is known as a subjective norm (Ajzen, 1991). Family members, friends, relatives and people with whom the individual has a close relationship may give rise to this perceived social pressure. Subjective norms can also signify 'the individual's belief that the most important people in his/her life are of the view that the concerned behaviour should not be exhibited by them' (Fishbein and Ajzen, 1975)¹. This suggests that a major role in influencing the individual's intentions and also their investment decisions may be played by friends, family members, opinion leaders and social norms (Rahadjeng and Fiandari, 2020). As a result, the individual is likely to behave in the way the people around him/her expect him/her to behave (Liebana-Cabanillas et al. 2018). Investors' behaviour studies typically include the aspect of social pressure. Nevertheless, all behaviours could not be carried out under people's volitional control, and the performance of behaviour was mostly dependent on non-motivational factors such as money, time, cooperation of others and

¹ Ajzen and Martin Fishbein developed the Theory of Reasoned Action, which depicted 'attitude' and 'subjective norms' to be two determinants of behavioral intention

skills (Ajzen, 1985). Subjective norms in investing depend on the different parties associated with the concerned individual.

When making investment decisions, related parties serve as a means of reference (Raut et al., 2018). These may include family members, colleagues and the opinions of financial experts. The intention to invest will be supported when positive information is provided by scholars. The mass media, including both electronic and print media, also offers information. Perceived behaviour control refers to an individual's perception regarding the ease or difficulty with which they can do something (Ajzen, 1991). The ability to buy shares, use information technology to buy shares and the ease with which stock information developments can be obtained offer convenience (Cucinelli et al., 2016). The control of scholarly behaviour is influenced by these different conveniences (Cucinelli et al., 2016). It was determined by Liebana-Cabanillas et al. (2017) that subjective norm was a significant predictor of behavioural intention. Other studies have provided similar outcomes (Ting et al., 2016). Liebana-Cabanillas et al. (2015) performed another study in Spain in which they determined that the two constructs had a significant relationship. It is because of the normative expectations of close family members, friends and relatives that subjective norms affect decision-making (Cavazos, 2013). The impact of subjective norms in the domain of financial investment has been examined by various scholars (such as Sharma & Gupta, 2011; Croy, Gerrans, & Speelman, 2012; Koropp, Kellermanns, Grichnik, & Stanley, 2014). The findings of these studies showed that subjective norm is a significantly influential factor that has an impact on the investment behaviour intention of the investors; and when making investment decisions, investors who have limited financial knowledge frequently depend on the advice given by their family members, friends and relatives.

H3: Subjective norm has a significant and positive effect on the trading behaviour of non-professional investors.

The nexus between herd Behaviour and investors' trading behavior

Behavioural patterns that are related to individuals are referred to as herding (Devenow & Welch, 1996). This means that herding behaviour is the tendency of individuals to follow others and make similar investment decisions when there is limited information available to the public. Investors wish to know where they can make a profit by depending on collective instead of personal information (Ahmad & Wu, 2022). Thus, investors do not use their judgment to make decisions, because of which securities may become incorrectly priced, leading to the creation of an inefficient market condition with speculative bubbles. Herding behaviour is particularly observed during market extremes. This may happen because of two reasons—social pressure

and the common belief that the crowd cannot be wrong and has more knowledge than the individual investor. When they are uncertain about the outcome, investors follow their peers or a specific group, disregarding their knowledge and expertise to escape the criticism they may receive if they make an incorrect decision (Choi & Yoon, 2020).

It was suggested by Hirshleifer, Subrahmanyam, and Titman (1994) that the focus of most investors was only on a group of securities, whereas they did not consider other securities that had similar exogenous properties. It is the everyday life habits of investors of copying others that typically results in them exhibiting herding behaviour, not because others behave optimally, but because people are not willing to put in additional effort. Christie and Huang (1995) stated that 'individuals withhold their own beliefs and exhibit investment behaviour based on the collection actions of the market, even when they do not agree with its forecasts' (p. 31).

Behaviour-driven herding occurs when investors follow the trading behaviour shown by other investors, because of which groups of investors that are not related to each other change their decisions (Vo & Phan, 2019). However, the focus of previous studies has been on the phenomenon of individual herding that is shown in stock performance and trading volume, and the lack of consideration of potential sources of information that could give rise to individual herding. This study hypothesises that the actions of non-professional investors can be affected by herd behaviour.

H4: Herd behaviour has a significant and positive effect on the trading behaviour of non-professional investors.

The nexus between Marital status differences and investors' trading behavior

Several studies that evaluate the correlation between marital status and behaviour have been carried out. These studies typically support the research results of Barber and Odean (2001), particularly the one that suggests that single people are more likely to take risks in comparison to those who are married (Roszkowski et al., 1993; Sung and Hanna, 1996; Grable, 2000; Yao and Hanna, 2005; Faff et al., 2008). However, it seems that this result has been supported in a limited number of studies (Haliassos and Bertaut, 1995; Hallahan et al., 2003). Agnew et al. (2003) have asserted that there is an impact of marital status on investment behaviour; however, they also assert that more aggressive investment behaviour is shown by investors who are married compared to those who are single, and they also exhibit a greater willingness to take risks. The social factor of marital status (single or married) affects the trading behaviour of non-professional investors differently. The research model proposed is shown in Figure 1.

H5: There are significant differences between the three marital status states (singles, partnership without children and partnership with children) regarding the quality of the relationship.

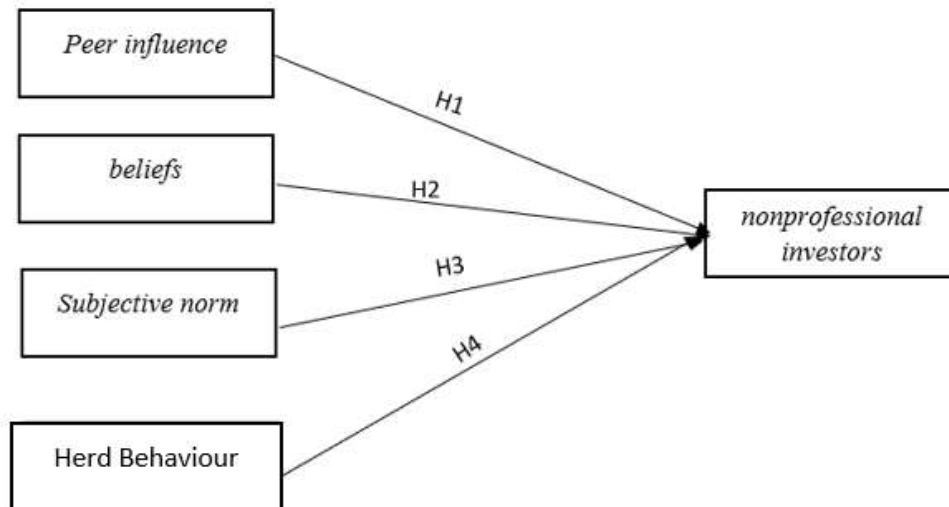


Figure 1: Research conceptual model

METHODOLOGY

A descriptive research design was adopted. The participants of interest were novice investors in the Saudi stock market who had invested for a minimum of 12 months. An online survey was utilized to gather information from the selected group. The participants were carefully screened to ensure that they met the minimum requirement of 12 months' tenure in stock investment. To assess the various variables, a 5-point Likert scale was used, with scores varying between 5 (totally concur) and 1 (totally dissent). Before data collection, a preliminary examination was performed on a sample of 30 cases to assess all elements, revealing a Cronbach's alpha exceeding 0.8. Subsequently, digital surveys were dispatched to amateur investors who possessed a minimum of one year of involvement in the stock market, resulting in the retrieval of 331 viable surveys to be scrutinized for subsequent analysis.

As per the suggestions of Comrey and Lee (2013) and Tabachnick and Fidell (2013), an observation unit count of over 300 is usually suitable for a structural equation model. Additionally, SEM analysis can be performed on an observation unit count within the range of 300 to 400, as indicated by Molwus, Erdogan, and Ogunlana (2013).

The present study employed structural equation modeling (SEM), a data analysis method developed by Wang and Wang (2019) established on the principles of path analysis and factor analysis. SEM has several benefits, including the capacity to evaluate elaborate models with hidden variables and determine comprehensive model fitness indicators for hypothesis

verification. To make sure of the validity and excellence of the model testing process, it is crucial to include essential fit indices, such as Root Mean Squared Error of Approximation (RMSEA) and Comparative Fit Index (CFI), as noted by Hair, Babin, and Krey (2017).

ANALYSIS

Upon conclusion of information compilation from the participants, the research team utilized SPSS software to examine numerical summaries and conduct dependability analysis. To assess the hypothesized correlation, the research team implemented SPSS AMOS software for implementing confirmatory factor assessment, conducting full model testing and analyzing convergent and discriminant legitimacy.

The evaluation of participants' demographic characteristics is presented in Table 1, based on collectively 331 individuals who took part in the research.

Table 1: Sample profile

Variable	Frequency	Percentage
<i>Gender</i>		
Male	292	11.8
Female	39	88.2
<i>Occupation</i>		
Not working	91	27.5
Work in public sector	38	11.5
Work in privet sector	113	34.1
Businessman	12	3.6
Student	77	23.3
<i>Age</i>		
less than 25	71	21.5
from 26 to35	157	47.4
36 to 45	88	26.6
Above 45	15	4.5
<i>Education</i>		
Matric	4	1.2
Intermediate	114	34.4
Undergraduate	184	55.6
Postgraduate studies (Master's, PhD, higher diploma)	29	8.8
<i>Income</i>		
Less than 5000 riyals	113	34.1
From 5,000 to 15,000	123	37.2
From 15,001 to 25,000	66	19.9
More than 25,000	29	8.8
<i>Marital Status</i>		
Single	152	45.9
Married	179	54.1

Common Method Bias

To examine the impact of common method variance, a factor analysis was conducted using Harman's (1967) single-factor analysis. Results suggest that this is not a significant matter of interest for the current study as the single factor explains only 48.71% of the total variance, which is trivial and below the threshold of 50% (Podsakoff et al., 2003). Therefore, no significant common method bias is represented, and it is unlikely to have influenced the investigative model's outcomes.

Reliability

During this study, the consistency of the instrument was tested using internal reliability, which is a measure of the coherence of an idea (Nunnally & Bernstein, 1978). To measure the inner consistency, several markers were investigated to measure a distinct design, and Cronbach's alpha was a frequently utilized method for testing internal reliability (Haier et al, 2017). Cronbach's alpha value is classified based on its reliability score. An alpha value of 0.90 or less is deemed to have robustness, while a score ranging from 0.70 to 0.90 is deemed strong reliability. A spectrum between 0.50 and 0.70 is regarded as medium reliability. However, a score below 0.50 is deemed to have limited reliability. According to Haier et al. (2017), researchers generally consider Cronbach's alpha value above 0.70 to be the desirable level of internal consistency. In this study, all four variables were assessed for internal consistency using Cronbach's alpha, and their values (ranging from 0.722 to 0.909) were well above the benchmark of 0.70. As such, the study demonstrated a high level of reliability, indicating that the scales utilized in the research were consistent and dependable (Table 2).

Validity Test

To evaluate the dependability and accuracy of the research instrument, a confirmatory factor analysis (CFA) was conducted. The goodness of fit of the measurement model was assessed using fit measures recommended by Jaccard and Wan (1996), including RMSEA, CMIN/df and CFI. CFA was preliminary conducted on each of the variables. Across all measures, the goodness of fit measures exceeded the acceptable model fit limits.

By using two categories of validity, construct validity has been evaluated, which are known as discriminant and convergent. Convergent validity is determined through average variance extracted (AVE), composite reliability (CR) and factor loadings (Fornell & Larcker, 1981). Factor loadings are utilized to determine which items are aligning with the measurement of the construct. Additionally, Hair, Black, Babin, Anderson, and Tatham (2009) suggested, the minimum threshold for factor loading is 0.5, but it is recommended to have a factor loading of

0.7 or higher for an ideal measurement model. Table 2 portrays the factor loading concerning all the measures utilized in the investigation. The measurement model's test result adheres to the validity criteria, indicating that the constructs and items used in the measurement model are appropriate for exploring the hypotheses and theoretical models. The entire evaluation suggests that the structural model is acceptable as based on the findings.

Discriminant Validity

The second table in the study shows the average variance extracted (AVE) and the squared inter-construct of the degree of association between each variable. To establish divergent validity, the average variance extracted (AVE) of a construct should exceed the squared correlation between that construct and the other constructs included in the model. In Table 3, the AVE and squared inter-construct association are presented, demonstrating that the AVE of each construct surpasses its squared association with other constructs in the model. This finding provides support for the presence of divergent validity in the measurement model.

Table 2. Standardized factor loadings and individual item reliability

Measures	Factor Loading	Composite Reliability	Cronbach Alpha	AVE
Peer influence				
PI1	0.882	0.901	0.900	0.751
PI2	0.851			
PI3	0.867			
Belief Behaviour				
BB1	0.826	0.874	0.722	0.638
BB2	0.897			
BB3	0.654			
BB4	0.798			
Subjective norms				
SN1	0.742	0.913	0.909	0.726
SN2	0.837			
SN3	0.902			
SN4	0.917			
Herd Behaviour				
HB1	0.806	0.823	0.826	0.538
HB2	0.718			
HB3	0.725			
HB4	0.680			
Nonprofessional				
investing	0.806	0.913	0.906	0.779
Behaviour	0.965			
INV1	0.870			
INV2				
INV3				

Table 3. Discriminant validity

	(1)	(2)	(3)	(4)	(5)
Herd Behaviour (1)	0.734				
Peer influence (2)	0.613	0.867			
Belief Behaviour (3)	0.718	0.667	0.799		
Subjective norms (4)	0.709	0.799	0.737	0.852	
Investing Behaviour (5)	0.509	0.574	0.656	0.583	0.883

Hypotheses Test Results

To determine the validity of our proposed model, Confirmatory Factor Analysis (CFA) was employed in this research. The aim was to test whether the factor structure of a collection of manifest and latent variables was supported by the data. The analysis was used to establish the relationship between observed variables and their underlying latent variables. After analyzing the data, it was found that all the indicators were within the permissible level, indicating a good fit for the model. The model's performance was evaluated using the Tucker-Lewis Coefficient (TLI) and Comparative Fit Index (CFI) which yielded a score of roughly 0.912, indicating the model's overall suitability. Table 4 displays the outcomes of testing four hypotheses using an alpha level of 0.05 and 0.001.

The outcomes of the hypotheses that were either supported or refuted are summarized in Table 4. The values of the Adjusted Goodness of Fit Index (AGFI) and Goodness of Fit Index (GFI) in this model are 0.922 and 0.916 respectively, both of which fall within the desired extent. The Root Mean Square Error Of Approximation (RMSEA) value for the model is 0.057, which is also within the acceptable range, indicating that the model is satisfactory. The Chi-square value, as per Haier et al. (2017), falls within the range of 1 and 5, and the value for our model is 3.644, indicating that the model meets the criteria and is deemed acceptable.

The study formulated three hypotheses to investigate the relationship between certain factors and lay investors' behavior. The first hypothesis (H1) was validated as it posited that social impact from peers would have a beneficial effect on unskilled investors' behavior. The findings of the first hypothesis indicated that social influence from peers favorably and markedly influenced unskilled investors' Behaviour ($\beta = 0.183$, $SE = 0.088$, $p = 0.038$), thus lending substantiate to H1. The second hypothesis (H2) was validated as it stated that Belief Behaviour would have a favorable effect on non-professional investors' behavior. The outcome of the second theory displayed that Belief Behaviour favorably and markedly influenced non-professional investors' Behaviour ($\beta = 0.485$, $SE = 0.095$, $p < 0.001$), strongly corroborating H2. The third hypothesis (H3) was disproved, it hypothesized those individual beliefs and values would have a beneficial outcome on non-professional investors' behavior. However, the findings

of the third hypothesis revealed that Subjective norms did not have a substantial beneficial effect on non-professional investors' Behaviour ($\beta = 0.114$, $SE = 0.113$, $p = 0.317$). Consequently, the findings did not corroborate H3.

The fourth hypothesis proposes a favorable association between Herd Behaviour and the Behaviour of non-professional investors. However, the finding of the research indicates that Herd Behaviour has no substantive beneficial effect on the Behaviour of lay investors ($\beta = 0.073$, $SE = 0.116$, $p = 0.531$). These findings did not corroborate the fourth hypothesis, leading to its rejection.

Table 4. Hypotheses test results

		Estimated Path Coefficient	standard Error	Critical Ratio	P
Peer influence	→ nonprofessional investors behavioral	.183	.088	2.078	.038
Belief Behaviour	→ nonprofessional investors behavioral	.485	.095	5.127	***
Subjective norms	→ nonprofessional investors behavioral	.114	.113	1.002	.317
Herd Behaviour	→ nonprofessional investors behavioral	.073	.116	0.626	.531

Note: *** $p < 0.001$

Multi Group Analysis

The influence of civil status on the study's outcome was investigated via a comparative analysis approach. Two separate analyses were conducted, one for individuals with a partner ($N = 179$) and the second group of individuals without a partner ($N = 152$). The model's fitting statistics indicated optimal fit, for both the married and unmarried groups ($CMIN/DF = 2.748$, $p < 0.001$, $CFI = 0.907$, $GFI = 0.901$, $NFI = 0.904$, $RMSEA = 0.063$). The results of the multi-group analysis are presented in Table 5.

Table 5: multi group analysis

	Path	single	married	
H1	Peer influence → nonprofessional investors behavioral	0.125	0.195**	supported
H2	Belief Behaviour → nonprofessional investors behavioral	0.542***	0.465***	Not supported
H3	Subjective norms → nonprofessional investors behavioral	-0.032	0.329*	supported
H4	Herd Behaviour → nonprofessional investors behavioral	0.139	0.165	Not supported

Notes: *** p -value < 0.01 ; ** p -value < 0.05 ; * p -value < 0.10

DISCUSSION AND FINDINGS

By employing an SEM methodology, this research scrutinized the impact of social determinants on the trading Behaviour of nonprofessional investors concerning financial instruments within the Saudi financial industry. Moreover, the study investigated whether the correlation between these factors and investors' Behaviour differed based on their civil status. The observational findings showed that both peer influence and belief Behaviour have a notable influence on nonprofessional investors' behavior. However, as indicated in Table 4, personal convictions and group thinking were found to be less effective in explaining nonprofessional investors' behavior. Additionally, the impact of peer influence on nonprofessional investors' Behaviour was found to be significant. Observations revealed that nonprofessional investors were able to modify their beliefs regarding underlying principles of investment over time and acquire information at minimal expense through the influence of results achieved by peers, which can be classified as a form of immediate impact.

Due to potential communication biases, individuals are typically unable to directly find visual evidence of all results of their peers. Hence, nonprofessional investors need to make use of indirect indicators, such as the participation status of their peers and comparing their wealth, to deduce the outcomes of their peers. Consequently, peers have the potential to impact the decision-making process of nonprofessional investors through these two likely pathways, in addition to factors such as reliance and minimal information expense.

Beliefs have a considerable impact on nonprofessional investors, according to the research. It's important to comprehend how these beliefs influence financial decision-making and their impact on the economy as economic conditions fluctuate, beliefs also shift. Investors are usually categorized as positive or negative investors based on their beliefs before a market crash. In the Saudi market, nonprofessional investors form their beliefs around the energy sector and crude oil prices, which influence their responses. As a result, when oil prices drop, most investors become more negative about the economic market.

There was no success in utilizing subjective norms to understand the investment conduct of non-expert investors. This suggests that certain actions can be entirely controlled by an individual's willpower. Often, external factors, for instance; financial resources, abilities, and collaboration, particularly for individuals who live alone, play a role in the execution of conduct. Conversely, the data presented in Table 5 indicate that married individuals are more vulnerable to social influence. Therefore, subjective norms have a notable impact on the conduct of married non-expert investors.

Similarly, the act of following the crowd did not have an impact on the trading Behaviour of non-expert investors, despite their limited financial knowledge. This can sometimes result in a

lack of information balance and an increase in herd mentality. Nonetheless, herding results in unwise investment choices, as seen in economic meltdown and market collapse such as those in Asia (1997-1998) and Argentina (2000-2006), the dot-com bubble (2008-2009), and even the 2006 Saudi market crash (Armansyah, 2018). Consequently, such downturns have the potential to boost the financial knowledge of non-expert investors and curtail herd behavior.

CONCLUSION AND IMPLICATIONS

The Saudi financial market was the focus of this research, which aimed to investigate the effects of social influences on non-expert investors' trading behaviours and investment choices. The data evaluation and conversational exchange conducted revealed that the behaviour of non-expert investors in stocks is impacted by peer pressure. Furthermore, belief patterns among investors, commonly categorised as negative and positive based on their prior beliefs, are linked to the behaviour of non-expert investors. On the other hand, subjective norms were found to be inadequate in explaining the trading behaviour of non-expert investors including single individuals. In contrast, people who are married are more vulnerable to societal coercion, making subjective norms highly impactful on the behaviour of married non-expert investors. Additionally, the study showed that herd mentality does not affect the trading behaviour of non-expert investors. Due to the impact of financial disturbances, most non-expert investors possess proficient financial literacy and can distinguish between discernment and understanding, avoiding the herd mentality.

The implications of this research are manifold and extend to investing individuals, investment consultants, firms and governmental institutions. Investors need to grasp the impact of social elements on their forthcoming investment ventures. Understanding investor behaviour motivations is pivotal in shaping upcoming corporate plans. Financial advisors can leverage the insights of this research to provide optimal investment recommendations to their customers. Therefore, this research could have considerable benefits for individual investors, financial services providers and other relevant interested parties.

LIMITATIONS AND FUTURE STUDY

This research aims to assess how social factors, such as herd behavior, subjective norms, peer influence, and the beliefs of non-professional investors, impact trading behavior in the emerging Saudi Arabian market. Like any study, this research has certain limitations. One initial limitation concerns the sample size used in this study. Future research should consider a broader and more culturally diverse population. Additionally, this study primarily employed a quantitative research approach through an online survey, lacking in-depth discussions with

respondents. In future research, a qualitative methodology, such as conducting in-depth interviews or focus group discussions, should be considered. Lastly, while this study focused on the influence of social factors on trading behavior in Saudi Arabia, future research should explore how these social factors affect other variables, including decision-making and the trading behavior of professional investors.

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