

The Impact of Behavioral Factors Related to Informational Aspects on Investors' Behaviors in Financial Markets – A Survey Study of a Sample of Investors in the Tunis Stock Exchange

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Abstract

This study aimed to examine the impact of behavioral factors on the behaviors of investors in the Tunis Stock Exchange. To achieve this objective, three behavioral factors related to informational aspects were considered: financial information, advice and recommendations, and media. These are viewed as biases that influence the behavior of many investors and thus impact their investment decisions. The study sample was limited to a group of investors in the Tunis Stock Exchange. The study hypothesis was tested through questionnaires distributed to investors in the Tunisian market, and the collected data were analyzed using the statistical software SPSS v25.

The overall results revealed variations in the level of influence:

- A significant influence of financial information on investor behavior was found, attributed to the investors' preference for reviewing all available market information. As a result, they tend to rely on familiar and accessible information sources.

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- A weak influence of advice and recommendations was observed, as investors do not wholly base their decisions on the suggestions of brokers, financial analysts, family, friends, and colleagues, preferring instead to rely on their own personal convictions.

- The results also found no influence of the media on investor behavior, as media sources are not considered reliable due to a lack of trust from Tunisian investors.

Keywords: Behavioral factors, investor behaviors, investment decisions, Tunis Stock Exchange

I. Introduction

Investors always seek to achieve objectives such as expected future returns. Despite differences in these goals, they ultimately converge on a single primary goal: profit from investment. However, investments face different types and levels of risk, varying with the efficiency of financial markets and the environment in which investments operate.

Thus, investors need effective management to evaluate returns and construct investment portfolios that yield suitable profits. They also need to understand the factors that determine market prices. However, relying solely on financial indicators is insufficient, as decisions are often affected by behavioral biases that may lead investors away from rational decisions.

Investor decisions play a crucial role in determining market direction. Understanding investor behavior requires exploring the behavioral factors that influence decision-making. This can help investors comprehend common behaviors and explain their reactions in pursuit of better returns.

These influencing factors vary widely. Identifying and understanding them helps improve investment decision-making and mitigate risks. This study focuses on behavioral factors related to informational aspects: financial information, advice and recommendations, and media—assuming investors make decisions based on available and personal information, and often follow peers' advice (friends, family, analysts, brokers). They may also be drawn to stocks highlighted by news and media coverage.

Hence, this study investigates behavioral factors affecting investor behaviors in the Tunis Stock Exchange and how these influence their investment decisions. The study seeks to answer the main research question:

What are the behavioral factors affecting the choices and perceptions of investors in the Tunis Stock Exchange?

1. Research Hypotheses

Based on previous research, there is no doubt that behavioral factors influence investors' decisions. This study investigates the impact of behavioral variables on investor decisions in the Tunisian market by testing a main hypothesis and several sub-hypotheses, formulated as follows:

- Main Hypothesis:

There is an effect of behavioral factors related to informational aspects on investor behaviors in the Tunis Stock Exchange.

- Sub-Hypotheses:

- There is a significant effect of advice and recommendations on investor behavior.
- There is a significant effect of financial information on investor behavior.
- There is a significant effect of the media on investor behavior.

2. Study Objectives

The study aims to:

- Understand investor views in the Tunis Stock Exchange regarding factors that influence their investment orientations.
- Analyze investor behavior to evaluate the influence of such behaviors on stock prices.
- Provide psychological suggestions related to administrative matters.
- Contribute to building a psychological safeguard system during financial market crises.

3. Study Importance

This study is important for several reasons:

- It provides a deeper understanding of investor behaviors and the influencing factors.
- It emphasizes the importance of behavioral aspects in pricing stocks, improving market performance and investor decision-making.
- It highlights the key variables that current and prospective investors should consider when making investment decisions.

II. Theoretical Framework

1. Advice and Recommendations

Many investors, even those with long experience, may not handle securities transactions effectively and thus seek advice from brokers, analysts, friends, or family. These recommendations help address poor market practices. Investor decisions are significantly influenced by the opinions of others, especially when their knowledge is limited.

Several studies have explored this factor, including And & Rehman (2013), which found a positive correlation between recommendations and stock selection. Other studies (Shafi, 2014; Shafeeq, 2017; Akhter & Ahmed, 2013; Hossain & Nasrin, 2012) concluded that individual investor behavior is largely shaped by advice from brokers, analysts, and peers.

2. Financial Information

Investor decisions are heavily influenced by company accounting data—earnings per share, financial statements, dividend expectations, and past performance. Investors gather data from sources reflecting company image, reputation, performance, and condition (Akhter & Ahmed, 2013).

Brzezczynski, Gajdka, & Kutan (2015) analyzed investor reactions to public information (e.g., monetary policy announcements, IMF news) in emerging markets and found that such information significantly affects asset prices, supporting theories that public information is a key asset pricing determinant.

The quality of financial information is vital. According to Rashid & Nishat (2009), better-quality and more accessible information boosts investor satisfaction. Studies by Jains & Dashora (2012) and others confirmed that rational investors prefer reviewing available information and tend to be cautious.

Investors also use external sources like blogs, reliable news sites, and reports from financial firms (Gholami & Tehrani, 2015).

3. Media

Media plays a major role in shaping decisions by reflecting public expectations and protecting company reputation, especially during crises. Media not only transmits information but also actively shapes decisions. Its content often originates from the company itself, based on asymmetric information (Ayza, 2014).

Many investors rely on economic newspapers before trading, and actively monitor personal devices for updates via media sources (Gholami & Tehrani, 2015). Media shapes investor expectations and sentiments (Ayza, 2014).

Media plays two key roles:

1. Paving the way for market movements.
2. Stimulating those movements directly.

It keeps investor focus on specific information for extended periods—a phenomenon called the "attention cycle", which can sometimes lead to speculative bubbles (Ramaswamy & Ramya, 2012).

Many studies have addressed the impact of media on the behavior of individual investors. For instance, a study by Akhter & Ahmed (2013) found that a significant proportion of investors regularly

read articles published in daily newspapers and gather information from the internet and television talk shows. Additionally, media focus on the stock market has a substantial impact on the attitudes of small investors toward investing in the market (Bennet, Selvam, Indhumathi, Ramkumar, & Karpagam, 2011). Economic media has a greater influence compared to economic newspapers on investors' decisions (Gholami & Tehrani, 2015). Financial journalism directly affects small investors, in addition to the interest of major shareholders or investment funds in knowing whether public opinion is favorable or not. The media image of a company reflects general expectations and can sometimes assist in decision-making. In general, financial journalism is biased toward information about large companies that receive the majority of financial news. Financial journalism has a direct and strong impact on investors and/or financial analysts when reporting on small companies with limited information available (Ayza, 2014). Mullainathan & Shleifer theorized the impact of journalism in general, rather than financial journalism, documenting its effect on shaping public opinion and considering it a news market (Mullainathan & Shleifer, 2005). Media also affects the volume and trading behavior of individual investors (Ramaswamy & Ramya, 2012).

A study by Kadariya (2012) concluded that political and media coverage influences investment decision-making. Meanwhile, a study by Barber & Odean (2008) on the impact of attention and news on buying behavior among individual and institutional investors found that individual investors tend to buy stocks that attract their attention in the news market. A study by And & Rehman (2013) examined the effect of a company's appearance in the media on individual investors' decision-making and found a significant impact on how the company's media presence influences individual stock investors' decisions. However, a study by Peress (2011) showed that media affects investors' trading behavior but does not impact stock returns. This supports theories where information gradually spreads among investors through media, but it directly reflects in stock prices due to arbitrage trading, meaning media is not essential for informational efficiency of stock prices, though it plays an important role in disseminating information among investors.

III. Applied Framework of the Study:

1. Study Methodology:

1.1. Study Population and Sample: To apply the theoretical study and determine the impact of behavioral factors on investor behavior in financial markets, a population consisting of investors in the Tunis Stock Exchange was selected. Accordingly, a questionnaire was distributed to a randomly selected sample from this population. Two samples were relied upon: the first being the exploratory sample aimed at verifying the validity of the measurement tool (the questionnaire), and the second

being the final sample used to survey the opinions of the sample members and collect data. The final sample consisted of 64 investors. ResearchGate+5Evidence Investor+5ideas.repec.org+5

1.2. Method and Tools: After sorting the questionnaires and removing invalid ones, the collected data were processed using the statistical program SPSS v25. Statistical techniques were employed to achieve the study's objectives: Cronbach's alpha test, commonly used in social and behavioral research to verify the validity of the measurement tool; descriptive statistics to describe the level of impact of behavioral variables on investment decision-making of investors in the Tunis Stock Exchange.

Reliability and Validity of the Measurement Tool: Several tests measure reliability; however, this study relied on Cronbach's alpha coefficient, which is considered one of the most important means of measuring internal consistency reliability.

Table No. (03-01): Reliability and Validity Coefficients of the Questionnaire Sections

Sections	Cronbach's Alpha	Number of Items
First Section	0.623	09
Second Section	0.698	11
Third Section	0.571	08
Overall	0.725	28

Source: Prepared by the student based on the outputs of the statistical program SPSS v25

- First Section: The advisory and recommendation section shows a strong reliability with a Cronbach's alpha of 0.623 for a total of 09 items.
- Second Section: The financial information section shows a strong reliability with a Cronbach's alpha of 0.698 for a total of 11 items.
- Third Section: The media section shows a moderate reliability with a Cronbach's alpha of 0.571 for a total of 08 items.

The overall reliability coefficient is 0.725, indicating strong reliability, meaning the tool is stable and valid for measurement.

2. Presentation and Discussion of Study Results:

This section addresses the presentation and analysis of the results obtained through statistical tests using the SPSS v25 program, where the impact of behavioral factors on investor behavior in the Tunis Stock Exchange was measured.

Presentation of Study Results:

This part of the study presents the results of statistical analysis and determines the presence or absence of the impact of behavioral factors to test the main hypothesis and its sub-hypotheses.

Determining Weighted Mean Values: To classify responses according to the weighted arithmetic mean, the range is determined and divided by the number of alternatives (measurement fields) as follows:

- Range = Upper limit of the scale – Lower limit of the scale = $5 - 1 = 4$
- Dividing the range by the number of alternatives: $4 / 5 = 0.79$, meaning 0.79 is added to the lower limit of the scale, resulting in:

Table No. (03-02): Classification of Responses According to Weighted Arithmetic Mean

Scale Equivalent Degree	Weighted Arithmetic Mean Range	Scale Degree	Fields
Very Low	1.00 to 1.79	Strongly Disagree	Field 1
Low	1.80 to 2.59	Disagree	Field 2
Medium	2.60 to 3.39	Neutral	Field 3
High	3.40 to 4.19	Agree	Field 4
Very High	4.20 to 5.00	Strongly Agree	Field 5

Source: Prepared by the student

Determining the Impact of Behavioral Factors on Investors' Behavior:

The impact of behavioral variables on investor behavior is determined in order to guide investment decisions through calculating the sample mean values for each variable. Since a 5-point scale was used to measure the effect of these variables, the average values can be interpreted as follows:

- Average values less than 2.59 indicate that the variables have low or very low effects; thus, there is no significant impact below this value.
- Average values from 2.60 to 3.39 indicate moderate effects, and hence a weak impact exists between these two values.
- Average values greater than 3.40 indicate high or very high effects, and therefore an impact exists above this value.

Table (03-03): The Impact of Information-Related Factors on Investor Behavior

Sample Trend	Standard Deviation	Mean Value	Axes
Medium	0.094	2.879	Advice and Recommendations

Sample Trend	Standard Deviation	Mean Value	Axes
High	0.118	3.503	Financial Information
Very Low	0.114	1.812	Media

Source: Prepared by the student based on outputs from SPSS v25

It is clear from Table (03-03) that the "Advice and Recommendations" factor recorded a mean of 2.879 with a standard deviation of 0.094. This shows that investors do not express a clear opinion about investing based on advice and recommendations from friends, colleagues, family members, experts, analysts, or stock brokers. Therefore, there is a weak effect of recommendations on the behavior of small investors.

It is also evident from Table (03-03) that the "Financial Information" factor achieved a mean of 3.503 with a standard deviation of 0.118, which indicates that investors care about receiving financial information in a timely, accurate, and transparent manner. Accordingly, there is an effect of the financial information factor on investor behavior.

Furthermore, Table (03-03) shows that the "Media" factor achieved a mean of 1.812 with a standard deviation of 0.114, indicating that investors do not pay much attention to economic news or the advice of financial experts via newspapers, magazines, or television. This confirms the absence of media influence on investor behavior.

Discussion of Study Results:

The aim of this section is to discuss the obtained results and compare them with the findings of previous studies. To answer the main hypothesis and the sub-hypotheses, the presence or absence of effects of behavioral factors on investors' decision-making was analyzed.

The study found a weak effect of the advice and recommendations factor on investor behavior. This suggests that investors in the Tunis Stock Exchange do not fully rely on decisions based on recommendations from brokers, stock dealers, financial analysts, family members, or friends and colleagues. Although obtaining recommendations from family and friends makes investors feel more reassured, and expert advice from credible media sources may be helpful, it seems these media do not enjoy the trust of Tunisian investors.

This result differs from the findings of studies by And & Rehman (2013), Shafi (2014), and Akhter & Ahmed (2013), which concluded that recommendations are among the most influential factors on individual investors' behavior. It also contrasts with Gunathilaka (2014) in terms of insider opinion influence but aligns in showing that recommendations from brokers, advisors, friends, and family do have some influence.

The study also found that financial information affects investor behavior, indicating that investors are driven by the information available to them. They prefer to be well-informed about all data in the market. This means their behavior is affected by the volume of financial information they receive—more information drives more activity. However, such information may sometimes be false or appear as rumors aimed at undermining investor confidence and market stability. This result aligns with studies by Akhter & Ahmed (2013), Brzeszczyński, Gajdka, & Kutun (2015), Shafi (2014), Gholami & Tehrani (2015), Gunathilaka (2014), and Menike, Dunusinghe, & Ranasinghe (2015).

Although the media is considered one of the most influential factors and has been shown to be a dependable variable affecting investors' decision-making—since analyst opinions typically highlight the positive side of investing and encourage speculative gains driven by greed—the study found no effect of media on investor behavior.

This lack of influence may be due to a lack of trust in media content (news, analysis, interpretation, reports, interviews, etc.), as investors perceive it as misleading. Therefore, media is not seen in the Tunis Stock Exchange as a reliable source to raise awareness or attract potential investors and new analysts.

While experts view media as a key player in influencing impulsive behaviors (both positive and negative) and as a source of news, their views on media reports—when coming from trusted and documented sources—can influence the way investors make decisions. However, Tunisian investors do not attribute much value to external information from the media, as confirmed by this study. These findings contradict previous studies by Bennet, Selvam, Indhumathi, Ramkumar, & Karpagam (2011), Gholami & Tehrani (2015), Ayza (2014), And & Rehman (2013), and Barber & Odean (2008), which found that media focus has a significant impact on investor attitudes toward stock market investments and that media portrayal of companies significantly influences investor decisions.

IV. Conclusion:

This study aimed to address investor behavior in making investment decisions, as one of the topics in behavioral finance, focusing on the impact of information-related behavioral factors. Based on empirical evidence and the main and sub-hypotheses, the results were largely consistent with previous research.

The study was conducted as a survey on a group of investors in the Tunis Stock Exchange to understand the dimensions of behavioral factors and how to use them to interpret investor behavior, considering that rational decision-making is a major challenge for investors in financial markets. The key findings are summarized as follows:

- There is an effect of financial information on investor behavior in financial markets, as investors prefer to be informed of all available market information and rely on familiar and accessible sources for their investments.
- There is a weak effect of advice and recommendations, as investors do not fully base decisions on suggestions from brokers, analysts, family members, or friends, and tend to rely on their personal convictions.
- There is no effect of media on investor behavior, as Tunisian investors do not consider media a trustworthy source.

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