



Factors Influencing Generation Y Investors When Choosing a Broker Firm

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Abstract

This research examined the factors influencing generation Y investors when choosing a broker firm of generation Y in Bangkok. The researcher used multiple linear regression and the Pearson correlation coefficient for statistical tests to test the relationships and differences between dependent and independent variables. Therefore, the research used questionnaires to collect data from generation Y investors. The sample for the study consisted of 290 generation Y investors. There are two variables considered, the dependent variable is generation Y investors' decisions, and the independent variables are credibility, reliability, understanding clients, scale of the firm, and service offers. The results of multiple linear regression analysis showed that these four factors, credibility, reliability, understanding clients, and service offers, have a statistically significant influence towards generation Y investors' decisions. They indicate that credibility, reliability, and understanding of clients are significant, whereas the scale of the firm is not significant. Lastly, the results of the Pearson correlation coefficient showed that there is a statistically significant correlation between these four factors, credibility, reliability, understanding clients, scale of the firm, and selecting a brokerage. Then, there is a relationship between and selecting a brokerage firm. However, there is no relationship between the scale of the firm and selecting a brokerage firm.

Keywords : Working Capital Management, Business Performance, Automotive industry

1. Introduction

In the past few years, it has become more and more evident for Millennials not to trust on a single job (Rodgers, 2017) dual income is in trend as, the cost of living which included food, housing, education and medical costs, and fuel expense is rising higher inevitably. Therefore, it might be a good idea for them to start looking for another job or they might think about starting their own business. Moreover, the Millennials have the concept that they would like to earn more money, they also have a plan to generate passive income or let money work for them. Besides, they consider taking up a temporary job instead of their full-time job. This passive income concept is very well-known and challenge to the Millennials. (Mint,2020)

Nowadays, the Millennials are very interested in passive income such as earning received from a rental property, limited partnership, not involved in active participation (Bhavana,2021). A few analyses determined about interest and dividend would be passive income. In another way, it is a term of progressive income in which the

earner takes little effort to generate income. Furthermore, they plan and monitor their financial plan for the future.

The Millennials called as generation Y, was born between 1980 and 2000. Generation Y is flexible, style-conscious, (Hyler, J. N. 2013). Moreover, generation Y concentrate on the relationship between themselves, their work and their life. They are quite independent, confident and this young generation are surrounded by technology, internet, social media and computer. (Islam, Cheong, Yusuf, Desa,2011).

Nowadays, generation Y and Millennials carry their own ambitions, needs and dreams (Bhavana,2021). They are interested in investments such as stock, fund, fixed income in the market in order to make more money from investment. Generation Y tries to gain knowledge, study and learn how to enter and make profit in investment markets the market. Therefore, they probably look for the broker on behalf of them and be serviced by the broker. As a result, the broker firms should concern more about generation Y. Generation Y are the largest group of consumers and likely to going forward while other generations are slowing down



around the world. (Poudpongpaiboon Mintarkhin, Arakvichanun, 2014). In Thailand, the Thai population of generation Y has the present account is about 28% and there are the most of other generations. Moreover, they still remain as the biggest. (Poudpongpaiboon, Mintarkhin, Arakvichanun, 2014).

2. Literature Review

Overall, this chapter aims to summarize theories and research this study that concerned with two main types of variables. The first type is independent variables that are the factors that would be the characteristics of brokers such as credibility, reliability, understanding clients, scale of the firm, and service offer. The second type is dependent variable that focuses on generation Y investors' decisions. For final part of this chapter, the research will propose a conceptual framework with research hypotheses.

Independent Variables

Credibility

Credibility is the term of the quality that is trusted and believed and also the quality that somebody makes people believe or trust them. Furthermore, it includes trustworthiness, believability, and honesty. In order to have a great reputation for the broker firm, good financial status is required and they need to have enough funds to support any risks and can solve any problems related with their business (Wannaklang, 2006). In addition, credibility is a subject which can be measured by perceived quality and people's limits based on the collaboration of various factors (Andersson, Kreegimäe, Niiranen, 2019). Nowadays, the organization's perceived credibility might differ from the same organization if it was compared with the organization's perceived credibility in future. Furthermore, the past actions can be used the past actions to predict future behaviors. (Poon, Koehler, Buehler, 2014). In term of the broker firm, they have effective systems, internal audit and good operational standards with qualified. The staff must not have bad performance about corruption or take advantage of clients. The staff should be honest in dealing with the assigned transactions. (Wannaklang, 2006).

Reliability

The reliability is about the term of consistency between dependability and performance. (Wannaklang, 2006). For the information measures of reliability performance to improve in achieving high-reliability and the performance denotes that the transaction has demonstrated the information which is accurate and enabled preventing the errors that could lead to disasters. (Ghaith and Ma, 2021). It means that the broker firm perform very good performance, behave the right performance, then the firm honor its promises (Wannaklang, 2006). Furthermore, for the preprocessing of reproducible information, in order to solve the problem of repeated data, some studies have considered the evolution of data over time and considered its freshness value. (Zayani, Ghorbel and Amous, 2018). Moreover, the broker should have related educational background such as Business Administration in economics, finance, accounting and marketing so they have good analysis, communication skills, good ability to describe market and investment situation and always update information of transaction to the buyer on time. (Wannaklang, 2006). The broker must be available in critical time for prompt service, providing accurate transactions and trading efficiently, make sure the securities trading account is always correct (Wannaklang, 2006).

Understanding Clients

Due to the high level of understanding and contact with the client, this form of service is considered the most intangible (Walsh, Gordon, 2010). The broker firm understands customers and they know what customers need and want, then they can provide services to make customers satisfied by using several strategies (Wannaklang, 2006). As a result of understanding clients, the broker can help the investor by following their goals. The broker must know investor needs, and wants based on the information provided, then they can provide services to make customers satisfied by using several strategies. In addition, the broker should service online- news from Bloomberg, Reuters, or Technical analysis (Wannaklang, 2006).

Scale of the firm

Scale of the firm is the size of the company refers to the size of the organization. Otherwise, you can explain the dimensions of the management or organization, such as total capital investment, high service categories, (Wannaklang, 2006). In addition, the broker firm typically receive compensation by means of commission or fees that

are charged once the transaction has successfully completed (Hayes, 2021). For the large size firm means Top Ten in highest investment among broker firms and provides margin service to investors by allowing them to borrow money from a broker. (Wannaklang, 2006).

Service offer

Service offer is the term for a full-service broker. It is a licensed financial broker trading company that provides its clients with a wide range of services, including research and advice. (Kagan, 2020). Moreover, the purpose of service is that the broker can provide services beyond the customer's expectation. (Wannaklang, 2006). For instance, the broker needs to analyze market situations, provide report documents, and update accurate investment data and information. Then, the broker should help investors to make better investment decisions (Wannaklang, 2006). Furthermore, the broker will service you by alerting and concerning any critical situation such as political situation, exchange rate, interest rate, etc.

Dependent Variable

Generation Y investor's decision

Generation Y investor's decision is the term of an investor's judgment to select the brokerage firms. This research concludes both generation Y who intend to choose a broker and who already use the service of brokers or already invest in the stock market.

No.	Variables	References
1	Credibility	Andersson, Kreegimäe, Niiranen (2019), Poon, Koehler, Buehler (2014),
2	Reliability	Ghaith and Ma (2021), Zayani, Ghorbel and Amous (2018), Wannaklang (2006),
3	Understand clients	Walsh, Gordon (2010),
4	Scale of the firm	Hayes (2021), Wannaklang (2006),
5	Service offer	Kagan (2020),

Conceptual Framework

Based on the conceptual framework of the study for generation Y investors as figure 1 below, there are five hypotheses examined as shown below.

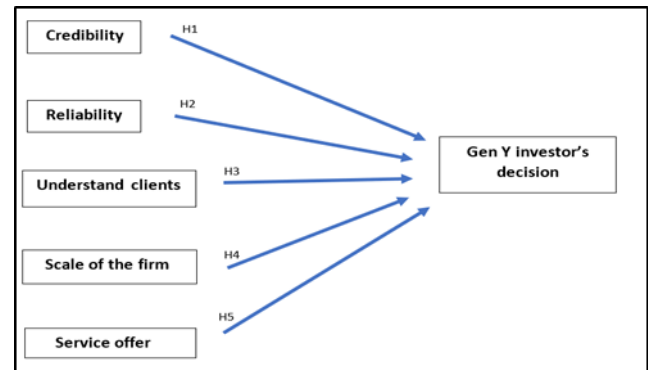


Figure 1: Conceptual Framework

Hypothesis 1: Credibility	
H0	There is no relationship between credibility and generation Y investor's decision.
Ha	There is a relationship between credibility and generation Y investor's decision.
Hypothesis 2 : Reliability	
H0	There is no relationship between reliability and generation Y investor's decision.
Ha	There is a relationship between reliability and generation Y investor's decision.
Hypothesis 3 : Understanding clients	
H0	There is no relationship between understanding clients and generation Y investor's decision.
Ha	There is a relationship between understanding clients and generation Y investor's decision.
Hypothesis 4: Scale of the firm	
H0	There is no relationship between the scale of the firm and generation Y investor's decision.
Ha	There is a relationship between the scale of the firm and generation Y investor's decision.
Hypothesis 5: Service Offers	

H0	There is no relationship between service offer and generation Y investor's decision.
Ha	There is a relationship between service offer and generation Y investor's decision.

Summary

This literature review proposes to identify definitions and explanations of factors influencing independent variables such as credibility, reliability, understanding clients, scale of the firm and service offer. Overall, the literature review indicated factors which are likely to influence generation Y investor's judgment to select the broker's firms.

3. Research Methodology

Research Design

In order to get the primary data for analyzing the hypotheses, questionnaire survey is used as research design because it is quick, inexpensive, flexible, efficient and accurate. It is very quick and flexible because questionnaire surveys can be taken anywhere that willing to collect the data and the question in the questionnaire is flexible to answer. Furthermore, it is inexpensive when compared with other methods of survey such as telephone interviews. It is also efficient and accurate because nowadays people in generation Y are interested in trading stock, they try to learn and trade stock and this research sample of generation Y around Bangkok as the target population. That's why this research uses the questionnaire survey as research design.

Population, Sampling Technique, and Sample size

For sampling the target population – generation Y around Bangkok, this research uses a non-probability method as a sampling technique. However, there are several types of non-probability so convenience sampling is used because the researcher selects the easiest population members from which to obtain information. In addition, this research also samples the sample size of the respondents, about 290 respondents.

Cochran's formula (1977)

Cochran's sample size formula. We normally use an alpha level at .05 (error of 5%). Where n_0 is the sample size, p is the estimated proportion of population, $1-p$ is the estimate of variance, Z is the value for the selected alpha level (1.96 for 0.25 in each tail) and a 95 percent confidence level and e is the acceptable error.

Sample size: we use Cochran's formula (1977) as below,

$$n_0 = \frac{Z^2 p(1-p)}{e^2}$$

$$= 267 \text{ Sample size}$$

Reliability Test

For calculating Cronbach Alpha scores with 30 sets of pilot questionnaires is calculated with the correlation between all pairs of elements, and generally accepted rules greater than 0.7 indicate an acceptable level of reliability, and 0.8 or higher indicates a very good level. However, for this study all the test results of independent variable were more than 0.7 (Cronbach, 1951) as result below,

Table 3 : Reliability Test

Variables	Cronbach's Alpha	Number of items
Credibility	0.8756	7
Reliability	0.7982	4
Understanding clients	0.7075	4
Scale of the firm	0.7703	2
Service offer	0.7929	4

Multiple Regression Model:

$$IVD = \beta_0 + \beta_1 (CDB) + \beta_2 (RLB) + \beta_3 (UDC) + \beta_4 (SCF) + \beta_5 (SVO) + \epsilon_{ij}$$



Where β_i are the estimated parameters, β_0 represents a parameter times x-variable, x-variable can be a predictor and ϵ_i is an error term.

IVD = Generation Y investor's decision

CDB = Credibility

RLB = Reliability

UDC = Understanding clients

SCF = Scale of the firm

SVO = Service offer

4. Data analysis and Results

For this research on factors influencing investors when choosing broker firms, with generation Y investors of the stock market in the Bangkok area through an online platform. The data were collected from 290 questionnaires. The detail of the demographic of the respondents was shown in part one sample profile. The data received from questionnaires were analyzed by using multiple regression analysis. The statistical application program was used by the SPSS Program.

Demographic Profile Summary

The first part of a generation Y investor consists of five demographic variables such as gender, age level, education level, occupation, and income per month. They examined the data of 290 respondents of generation Y who lived in Bangkok as table 4 below.

Table 4 : Demographic profile

Demographic	Characteristics (N=290)	Frequency	Percentage (%)
Gender	Female	179	61.72
Age	20 - 30 years old	173	59.66
Education	Bachelor's degree	240	82.76
Occupation	Private sector employee	127	43.79
Monthly Income	15,001 - 30,000 Baht	142	48.97

For overall above, the respondents are 38.28 % male and 61.72% female. For age, the majority is 20 - 30 years old which is 59.66 %, followed by 31- 40 years old which is 40.34% .For education background, the majority is bachelor's degree with 82.76%, followed by Master's degree or higher is 15.86%. For occupation, the majority is private sector employees (43.79 %) followed by business owners (21.38%), government officers (19.31%). The majority monthly income ranges are 15,001 - 30,000 Baht (48.97%), followed by 30,001 - 45,000 Baht (23.1 %) respectively.

Multiple linear regression analysis and results

Table 5: Result of MLR for H1-H5 with generation Y investor's decision as dependent variable

Variables	Standard Coefficient (β)	t Stat	P-value	Result
Credibility	0.1898	2.5370	0.0117*	Reject Ho
Reliability	0.2134	3.6499	0.0003**	Reject Ho
Understanding clients	0.2767	3.8399	0.0002**	Reject Ho
Scale of the firm	-0.0411	-0.8223	0.4116	Accept Ho
Service offers	0.3017	4.8174	0.0000**	Reject Ho
R Square	0.4818			
Adjusted R Square	0.4727			

*represents the correlation which is significant at the 0.05 level (1-tailed).

**represents the correlation which is significant at the 0.01 level (2-tailed).

For this hypothesis, it is used multiple regression method is used. The data tested about the relationship between five independent variables: credibility, reliability, understanding clients, scale of the firm, service offers and generation Y investor's decision. It shows that they exhibit statistically significant relationships towards generation Y investor's decisions at 95% confidence level. Furthermore, the p-value for four factors out of five is less than 0.05. They are credibility, reliability, understanding of clients and service offers are less than 0.05 and scale of the firm which p-value



is more than 0.05 that is 4.817. Therefore, it means that the four factors are significantly related to a generation Y investor's decision. They are indicated that credibility, reliability, understanding of clients and service offers are significant whereas scale of the firm is not significant.

Descriptive Analysis

Descriptive analysis refers to transforming raw data in a way that is easy to understand and explain. The first form of analysis is describing responses. The descriptive statistics consists of calculating, frequency distributions, and percentage distributions in order to describe each variable that is associated with respondents' data. The demographic characteristics were summarized in the form of simple descriptive statistics. The demographic profile is summarized and exhibited in the table below.

Pearson's correlation coefficient

The Pearson correlation coefficient is used to test statistics that measure the relationship between two variables and it is considered the best method to measure the association between the variables of interest. It provides details and information about the correlation as well as the direction of the relationship.

Table 6: Pearson's Correlation Matrix

Descriptive Statistics (N=290)		Pearson Correlations					
Variable	Correlation	IVD	CDB	RLB	UDC	SCF	SVO
IVD	Pearson Correlation	1	.306*	.512*	.514*	-.049	.528*
	Sig. (2-tailed)		.000	.000	.000	.403	.000
CDB	Pearson Correlation	.306*	1	.206*	.306*	-.027	.261*
	Sig. (2-tailed)	.000		.000	.000	.652	.000
RLB	Pearson Correlation	.512*	.206*	1	.536*	.055	.538*
	Sig. (2-tailed)	.000	.000		.000	.348	.000
UDC	Pearson Correlation	.514*	.306*	.536*	1	.026	.497*
	Sig. (2-tailed)	.000	.000	.000		.659	.000
SCF	Pearson Correlation	-.049	-.027	.055	.026	1	.014
	Sig. (2-tailed)	.403	.652	.348	.659		.807
SVO	Pearson Correlation	.528*	.261*	.538*	.497*	.014	1
	Sig. (2-tailed)	.000	.000	.000	.000	.807	

Note: * represents the correlation which is significant at the 0.01 level (2-tailed).

Based on Pearson's Correlation Matrix above, there are four factors, credibility, reliability, understanding clients, service offers that have a relationship with selecting a brokerage firm and there is no relationship for scale of the firm with selecting a brokerage firm. From the result shows that there is a statistically significant correlation between these factors, credibility, reliability, understanding clients, service offers and selecting a brokerage firm with a 2-tailed significance of 0.000, which is less than 0.01. Therefore, the null hypothesis is rejected which means that there is a relationship between credibility, reliability, understanding clients, service offers and selecting a brokerage firm at 0.01 significant levels. However, there is no significant correlation between the scale of the firm and selecting a brokerage firm with a 2-tailed significance of 0.403, which is greater than 0.01 because the null hypothesis is accepted which means that there is no relationship between scale of the firm and selecting a brokerage firm.

5. Discussion and Conclusion

This research had explored the influence of credibility, reliability, understanding clients, scale of the firm and service offer on the generation Y investor's decision in Bangkok. This study explains more about the academic work of demographic differences of investors, and relationships of brokerage firm's characteristics and investors' decision (2006) to research more about the insight of generation Y's investors. This research demonstrates the result of the hypothesis testing for the first part. The second part obtains discussion and conclusion. The final part is composed of limitations and recommendations.

For the previous study, the results from hypothesis testing found that there is just only one factor which is significant. It is credibility. Based on the results from this present hypothesis testing, we use multiple regression and Pearson correlation method for five hypothesis testing. For the result from multiple regression method, the data is tested about the relationship between five independent variables which are credibility, reliability, understand clients, scale of the firm, service offers and generation Y investor's decision. It shows that these four factors are significantly related to a generation Y investor's decision. They are indicated that credibility, reliability, understanding of clients and service offer are significant whereas scale of the firm is not significant.



The result from Pearson correlation coefficient analysis shows that there is a statistically significant correlation between credibility, reliability, understanding clients, and service offer and selecting a brokerage firm with a 2-tailed significance of 0.000, which is less than 0.01. Therefore, the null hypothesis is rejected which means that there are a relationship between these four factors.

Limitations of this research

For the limitation, the researcher studies and focuses only on five independent variables, credibility, reliability, understanding clients, scale of the firm and service offers which influence on generation Y investor's decision separately.

Practical Implication

Nowadays, the marketer and brokerage firm try to better service to customers. They try to understand and find more the strategy to attract generation Y customers. Furthermore, the findings of this study would help them to have effectively strategy to service customers in order to provide service and solve the problems systematically. The results show that these four factors, credibility, reliability, understanding clients, service offer are statistically significant. These four factors are significant. The findings of this research suggest that the marketers of brokerage firm should concern and consider about these four factors of the characteristics of brokerage firm because these four factors are very important from the perspective of investors than the other factors.

Recommendation for practices

Firstly, this research will be useful for generation Y investors who would like to invest in the stock market and would like to choose brokers considerably. The result found that credibility or reliability or understanding clients or service offers is the one of the grateful predictors in decision to select a broker of generation Y investors

Secondly, this research can help each broker to more understand the requirements of their customers. Therefore, the broker firms can apply and create more strategies from this study and improve their services to attract more generation Y customers.

Recommendation for future study

Firstly, this research will be useful for further study because they can be used to apply and test for across different generations such as generation x, people who were born between 1965-1980 after the baby boomers were born 1946-1964. and generation z who is the newest generation, born between 1997 and 2012(kasasa,2021)

Secondly, this research will be useful for further study due to collecting data from questionnaires, the questionnaires in this research was collected from investors of generation Y around Bangkok. Thus, the research findings were limited the area. According to this limitation, it is recommended the further research should extend the area of the study for a broadly range such as Southern area, Northern area.

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