

## Investment Decision among Public Sector Retirees: A Behavioural Finance View

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**Abstract :** This study attempts an exploration into behavioural finance in which the traditional assumptions of expected utility maximization with rational investors in efficient markets are dropped. It reviews prior research and evidence about how psychological biases affect investors behaviour and stock selection. This study examined the relationship between demographic variables and financial behaviour biases among public sector retirees who invested in the Nigerian Stock Exchange prior to their retirement. By using questionnaire survey method, a total of 214 valid convenient samples were collected in order to determine how specific demographic and psychological trait affect stock selection between dividend paying and non-dividend paying stocks. Descriptive statistics and OLS were used to analyse the results. Findings showed that most of the retirees prefer dividend paying stocks in few years preceding their retirement but still hold on to their non-dividend paying stock on retirement. A significant difference also exists between senior and junior retirees in preference for non-dividend paying stocks. These findings are consistent with the clientele theories of dividend.

**Keywords :** behavioural finance, clientele theories, dividend paying stocks, stock selection

**Conference Title :** ICBEFM 2018 : International Conference on Business, Economics, Finance, and Management

**Conference Location :** London, United Kingdom

**Conference Dates :** February 15-16, 2018