



A STUDY ON FACTORS AFFECTING INVESTORS BEHAVIOUR TOWARDS STOCK MARKET

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ABSTRACT

Individual investment behaviour is go into with decisions about purchases of small amounts of securities for their own account. It is pretended that information structure and the factors within the market consistently influence individuals investment decisions furthermore as market outcomes. This study was to determine the factors influencing investment decisions at the Stock Market. We have aimed to review about perception of investors about different factors that affecting stock market. It also focuses on preferences of investors about various sectors related to investment in stock market. For the study we have applied descriptive research plan, used sampling method to select respondents and collected data through structured questionnaire using survey technique. The collected data were then analysed with statistical techniques including Analysis of variance (ANOVA), Chi-square.

Key Words: Investment Decision, Individual Investors, Stock Market, Investor Behaviour, Factors Influencing Investment Decision.

INTRODUCTION

Economically, an investment is the purchase of goods that are not useful for today but it is helpful in the future to create wealth. In the Monetary sense investments include the purchase of bonds, stocks etc. Stock market takes part a vital role in the economy of a country.

Indian stock market is one among of the oldest stock markets in Asia. In 1875 Bombay Stock Exchange (BSE) was established by twenty two brokers. Most of the trading in the Indian stock

market happens on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). In India out of all the listed corporations on the BSE, only five hundred corporations constitute more than 90% of its market capitalization; the remainder of the group consists of extremely illiquid shares. Nearly all the significant firms of India are listed on both the exchanges. Recently total market revenue of NSE and BSE reached at Rs. 9,99,813.43 Crores between 2020 and 2021, including cash and F&O segment("Market Turnover BSE/NSE, Indian Stock Market data, Cash Market, Futures & choices by bseindia.com," 2021).

REVIEW OF LITERATURE

Hosseini, Ahmad, and Lai (2011) studied for the interval between January 1999 to January 2009 and look into the relationships between stock market indices and four macroeconomics variables, particularly crude oil rate, monetary resource, industrial production and rising prices in China and India.

Barber and Odean (2001) studied that web is the major supply of data for adolescent investors while investing. Adolescent investors also started investing through on-line trading.

Yartey (2008) studied that developing economies found that macroeconomic factors such as income level, gross domestic investment, banking sector, private capital flows, and stock market liquidity are important determinants of stock market growth in evolving market countries. He conjointly found that political risk, law and order, and administrative quality are important determinants of stock market development as a result of they enhance the viability of external finance.

Chen, H., Lobo, B. J., & Wong, W.-K. (2006) studied that the U.S. stock plays vital role in the relationship with Indian and Chinese stock market, whereas there is a associate relationship between Indian and Chinese stock market.

Bhattacharjee and Swaminathan (2016) studied that the significance for authorities in India and the USA to maintains stability in the execution of economic plans to prevent their crash on stock markets and help create a beneficial investment environment. It was come to end during the period of policy declaration market remains unstable in US and India.

OBJECTIVES OF THE STUDY

- To analyse the factors influencing the investment behaviour of individual investors.

RESEARCH METHODOLOGY

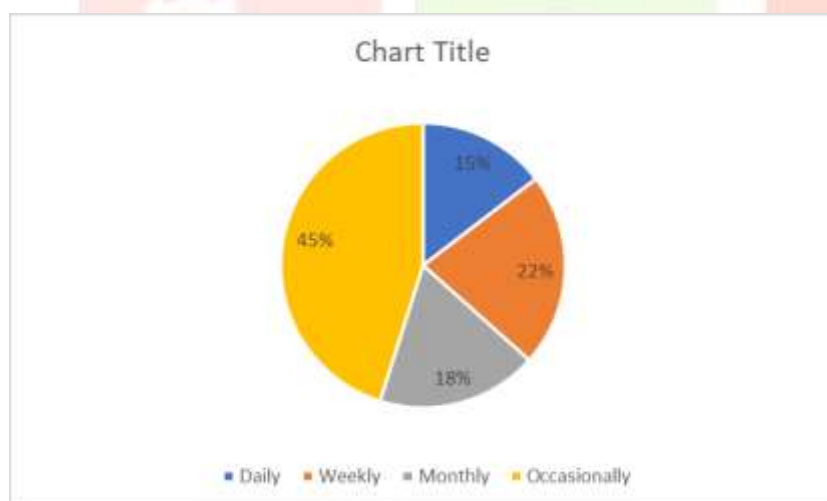
Descriptive research plan is implemented in this study. The sampling technique adopted within this study was convenient sampling method. Primary data were collected directly from the respondents through questionnaire and secondary data were collected from the published records, journals and websites. A sample size of 81 employees has been taken in this study. Tools used for analysis are simple percentage analysis, bar chart, pie chart, Chi-Square test in SPSS tool, Anova in SPSS tool.

DATA ANALYSIS

I. Respondents monitoring status of their Investment

No of Particulars	No of respondents	Percentage
Daily	11.826	14.60%
Weekly	17.82	22%
Monthly	14.823	18.30%
Occasionally	36.531	45.10%
Total	81	100%

Source: Primary data.



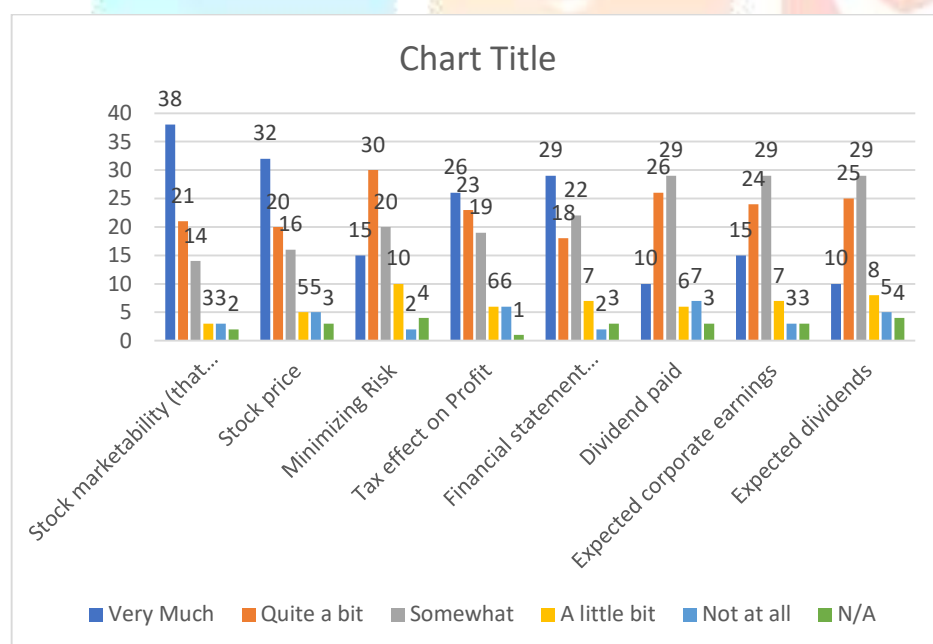
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Majority (45%) of the respondents often monitor their investment

II. Respondents opinion on factors influencing their investment decision.

No of Particulars	Very Much	Quite a bit	Somewhat	A little bit	Not at all	N/A	Total
Stock marketability (that can be easily sold).	38	21	14	3	3	2	81
Stock price	32	20	16	5	5	3	81
Minimizing Risk	15	30	20	10	2	4	81
Tax effect on Profit	26	23	19	6	6	1	81
Financial statement condition	29	18	22	7	2	3	81
Dividend paid	10	26	29	6	7	3	81
Expected corporate earnings	15	24	29	7	3	3	81
Expected dividends	10	25	29	8	5	4	81

Source: Primary data.



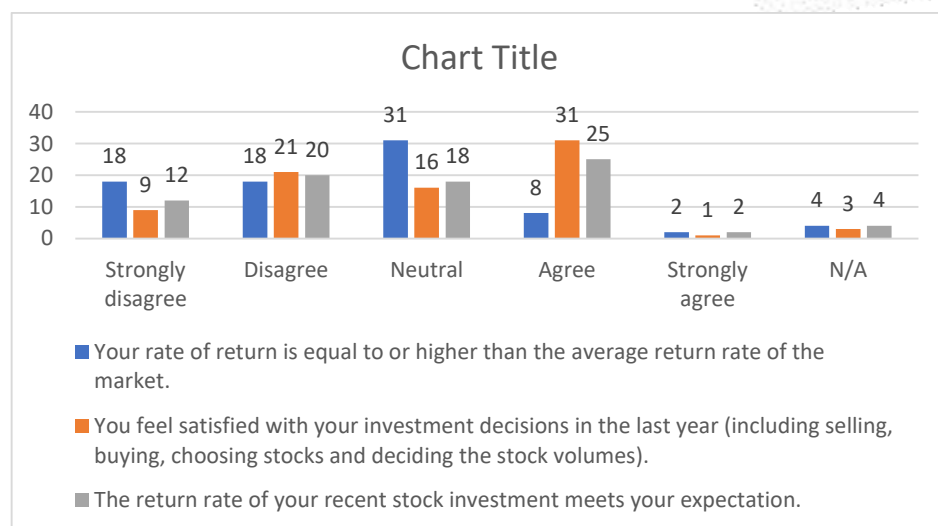
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It is found that stock marketability, stock price, tax result on profit and financial statement condition are the factors that mostly affect the investors behaviour towards stock market.

III. Respondents opinion on their investment performance.

No of Particulars	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	N/A	Total
Your return on investment is equal to or higher than the average return rate of the market.	18	18	31	8	2	4	81
You feel happy with your investment decision in the last year.	9	21	16	31	1	3	81
The return on investment of your recent stock investment reach your expectance.	12	20	18	25	2	4	81

Source: Primary data.



INFERENCE

It is found that majority of the respondents have strongly agreed to some of their investment performance in stock market that is, there rate of return is equal to or higher than the average return rate of the market, they feel satisfied with their investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes), the return rate of their recent stock investment meets their expectation.

Chi-square

IV. Tables showing the association between educational qualification and opinion on their investment performance

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	23.093 ^a	25	.572
Likelihood Ratio	18.110	25	.838
N of Valid Cases	79		

a. 30 cells (83.3%) have expected count less than 5. The minimum expected count is .01.

INTERPRETION

Since p value is higher than 0.05 , we accept the alternate hypothesis and reject the null hypothesis. Therefore, there is an association between educational qualification and opinion on their investment performance.

ANOVA

V. Table showing the association between how often the investors monitor their investment and how other investors decisions of buying and selling stocks have impact on their investment decisions.

ANOVA

How often do you monitor your investment ?

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.243	4	.311	.325	.860
Within Groups	70.656	74	.955		
Total	71.899	78			

INTERPRETATION

Significance level 0.860, which is above 0.05 therefore, there is no statistically significant relationship between how often the investors monitor their investment and how other investors decisions of buying and selling stocks have impact on their investment decisions.

CONCLUSION

The study was conducted on the eighty one investors that represent the sample size. To gather information, we used a structured questionnaire that was personally handled the respondents. The respondents were the individual investors. This study found the factors influencing investment decisions in Stock Market. Results of factor analysis disclosed that the foremost necessary factors were: Investment returns, economic conditions, Diversification, loss minimization, Third party opinion, The goodwill of the firm, accounting information Perception towards the firm, Environmental factors, Risk minimization, reputation of the firm, expected corporate earnings, profit and condition of statement, past performance firm's stock, price per share, expected dividend by investors. The above study will help the investors to get more knowledge about how to make decision while investing in stock market.

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