

# Investment Insight: Demographics and Investment Preference among Retail Investors.

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**Abstract:** *This research studies about the investor's preference with special reference to Neyveli Township. This study has considered 200 respondents. The main objective of the study is to determine the factors that influence the investors while making investments. This research has used self-construction questionnaire. Frequency analysis, mean and standard deviation, and ANOVA has been computed. It is found that the regular income, security for income, safety, children education, risk protection, purchasing of new asset, debt free life, children marriage, luxury lifestyle, parental care, home loan, tax benefits, vacation planning, retirement plan, future return and charity have an influence on the investors. The result shows that age and gender has no influence in the investment.*

**Keywords:** *investment, retirement plan, tax benefit*

## I. INTRODUCTION

Safe investments are good practice for common man those who would not like to take risk. Investors look for the best investment option that will earn decent return with the least amount of risk. However, such an investment financial product does not really exist. This is because every investment has some risk involved in it, i.e. high, moderate, low risk. While selecting an investment avenue, investors have to match their own risk profile with the risks associated with the product before investing. There are some investments that bring high risk but have the potential to generate high inflation-adjusted returns than other asset class in the long run while some investments come with low-risk and therefore lower returns. Investors have to carefully analyse and choose right investment alternatives when adding to their existing portfolio.

## II. REVIEW OF LITERATURE

Literature suggests that most of the research on investors' behavior proves that market information affects the investors' behavior. Similarly, demographic factors such as Gender, Age and risk tolerance level also influence the investor's preferences. Awais et al. (2016) explored that the factors which influence the decision-making process of investors. According to their research, the decisions of the investors depend upon the degree of the risk factors. Finally, they found that the upgraded level of facts about financial information and the increased capacity of analyzing that information, investor could improve the capacity jump into risky investments for earning high returns by dealing investment efficiently.

Shukla (2016) The study focused on the salaried person only. The author concluded that majority of the respondents invested their money based on education background and they invested in purchasing home and long-term investment. Respondents have the principles of investment as safety and low risk. Kavitha (2015) examined that the investor's attitudes and perceptions towards stock market investments. A sample of 125 respondents was used and the findings analyzed using SPSS. The study used a cross-sectional survey design and with application of quantitative and qualitative data. The study may also use descriptive and correlation approaches to establish the relationships amongst the study variables. The study made several recommendations among which to increase investor awareness as a means of inspiring local investors to list on the stock exchange. The regulatory authorities should improve on their performance in order to increase the confidence of the retail investor. Furthermore they should introduce investor incentives to boost the volumes traded on the exchange with a review of The stock market regulations with a view to make them stronger and more attractive to local investors. Selvi (2015) discussed some studies that are available on the investors' attitude towards investment avenues failed to offer a lot of information the conventional investment avenues, bank deposits and gold are the most preferred avenues, while insurance schemes and post office instruments are getting increased attention. She concluded most of the respondents have not preferred to invest their savings in UTI and mutual funds. Senthil. D (2015) Commodity future is observed as an avenue to invest directly in the commodity market. The study has aimed to evaluate the investors perception towards the service provided by brokers and agencies, redressal mechanism, transaction cost, and income tax liability. The prime objective of futures market is to hedge or mitigate the price risk in commodities. The unique feature of futures market is that we do not have to actually hold the commodities in physical form or take delivery in physical form. A sample of 100 respondents is taken for this study. The study concludes that the government has to reduce the rate of tax liability on the income from commodity trading. Senthil (2012) Mutual fund is one of the avenues for investors to invest in capital market. Though mutual fund do not yield higher returns like equity and commodity market, equally it does not fetch lower returns, thereby offering moderate returns with moderate risks. Diversification and Systematic investment plan are important advantages in the mutual fund industry.

Revised Manuscript Received on July 05, 2019.

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Retrieval Number: I8715078919/19©BEIESP  
DOI:10.35940/ijitee.I8715.078919

### III. RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. The present study indicates the factors that influence the investment. This research study is descriptive in nature. Simple random technique is applied to collect the data. This research has used self construction questionnaire. The influence factors questionnaire has sixteen statements. Further, Frequency analysis, mean and standard deviation, and ANOVA were computed. A questionnaire has been adapted from past literature to collect data from potential investors for analysis. The questionnaires are handed over to investors of Neyveli township. Total 212 questionnaires are distributed. Of the total 212 questionnaires, 206 questionnaires were received from respondents out of which 6 questionnaires were incomplete and so irrelevant. Hence, this study has considered 200 questionnaires for used further analysis.

### IV. OBJECTIVE OF THE STUDY

1. To find out the factors influencing the investment decisions of investors.
2. To investigate the factors influencing the investment based on demographical characteristics.

### V. HYPOTHESIS OF THE STUDY

Ho: there is no factor influencing the investment, based on age of the investor

Ho: there is no factor influencing the investment, based on gender of the investor

Ho: there is no factor influencing the investment, based on Monthly Saving of the investor

Ho: there is no factor influencing the investment, based on occupation of the investor

Ho: there is no factor influencing the investment, based on experience of the investor

### VI. ANALYSIS AND INTERPRETATION

In this part, using the collected data, analysis is done. The statistical tools like frequency analysis, descriptive statistic and Analysis of variance (ANOVA) are used. The analysis is as follows:

**Table 1 Demographical characteristic of the investors**

Profile	Categories	Frequency (Percentage)
Age	30-40	11 (5.5)
	41-50	81 (40.5)
	51-60	83 (41.5)
	Above 60	25 (12.5)
Gender	Male	132 (66.0)
	Female	68 (34.0)
Monthly saving	Below 50,000	27 (13.5)
	50,001-60,000	37 (18.5)
	60,001-70,000	54 (27.0)
	70,001-80,000	53 (26.5)
	Above 80,000	29 (14.5)
Occupation	Govt. employee	34 (17.0)

	PSU employee	27 (13.5)
	Private employee	54 (25.0)
	Professional	37 (18.5)
	Self employed	48 (24.0)
Investment experience	Below 1 year	23 (11.5)
	1-3 years	84 (42.0)
	3-5 years	73 (36.5)
	Above 5 years	20 (10.0)

Source: primary data computed

From the table, it is observed that 41.5 percent of the investors fall under the 51-60 age group. Male are dominant investors as per this study. 27 percentage of the investors lie in the Monthly savings under the group Rs.60,001-70,000. Based on employment, private employees are found to be prevalent. 42 percent of the investors belong to 1-3 year experience category.

**Table 2 Factors influencing investment**

	N	Mean	Std. Deviation
Regular Income	200	3.86	1.14
Security for Income	200	3.93	1.08
Safety	200	4.00	1.01
Children Education	200	4.30	1.08
Risk Protection	200	3.82	1.06
Purchasing of New Asset	200	3.85	1.12
Debt Free Life	200	3.68	1.28
Children Marriage	200	4.01	1.04
Luxury Lifestyle	200	3.98	1.03
Parental Care	200	4.02	0.99
Home Loan	200	3.89	1.07
Tax Benefits	200	3.83	1.17
Vacation Planning	200	3.89	1.10
Retirement plan	200	4.03	1.10
Future return	200	3.63	1.35
Charity	200	3.98	1.12

Source: primary data computed

In table 2, Mean and standard deviation values are tabulated. It is found that the safety, children education, children marriage, parental care and retirement benefits strongly influence the investment decision.

**Table 3 Investors opinion towards Investment influence factors based on Age**

	Age	N	Mean	Std. Deviation	ANOVA	
					F-value	P-value
Investment Influence	30-40	11	67.63	7.55	0.625	0.600
	41-50	81	65.88	7.84		
	51-60	83	67.37	7.17		
	Above 60	25	66.36	6.69		
	Total	200	66.66	7.39		

Source: primary data computed

Table 3 portray the investors opinion towards Investment influence factors based on age. Regular income, security for income, safety, children education, risk protection, purchasing of new asset, debt free life, children marriage, luxury lifestyle, parental care, home loan, tax benefits, vacation planning, retirement plan, future return and charity are considered as factors that influence the investment. The total score is treated as influence in the investment. There are sixteen statement and total score is computed. Mean and standard deviation are computed.

Ho: there is no factor influencing the investment based on age

One-way ANOVA test is conducted to test the hypothesis. The ANOVA test value is 0.625 and p-value is 0.600. The result shows that there is no factors influencing the investment based on age.

**Table 4 Investors opinion towards Investment influence factors based on gender**

	Gender	N	Mean	Std. Deviation	ANOVA	
					F-value	P-value
Investment Influence	Male	132	66.46	6.84	0.277	0.599
	Female	68	67.04	8.41		
	Total	200	66.66	7.39		

Source: primary data computed

Table 4 indicates the investors opinion towards Investment influence factors based on gender. Regular income, security for income, safety, children education, risk protection, purchasing of new asset, debt free life, children marriage, luxury lifestyle, parental care, home loan, tax benefits, vacation planning, retirement plan, future return and charity are considered as factors influencing the investment. Mean and standard deviation are computed. From the mean value, it is obtained that the female are highly varied when compared to male.

Ho: there is no factors influencing the investment based on gender

One-way ANOVA test is conducted to test the hypothesis. The ANOVA test value is 0.277 and p-value is 0.599. The result shows that there is no factors influencing the investment based on gender

**Table 5 Investors opinion towards Investment influence factors based on income**

	Monthly Saving	N	Mean	Std. Deviation	ANOVA	
					F-value	P-value
Investment Influence	Below 50,000	27	65.37	7.58	0.794	0.530
	50,001-60,000	37	66.00	7.69		
	60,001-70,000	54	67.66	6.56		
	70,001-80,000	53	66.09	6.55		
	Above 80,000	29	67.86	9.58		
	Total	200	66.66	7.39		

Source: primary data computed

Table 5 displays that the investor's opinion towards Investment influence factors based on Monthly Saving. Regular income, security for income, safety, children education, risk protection, purchasing of new asset, debt free life, children marriage, luxury lifestyle, parental care, home loan, tax benefits, vacation planning, retirement plan, future return and charity are considered as factors influencing the investment. Mean and standard deviation are computed. From the mean value, it is obtained that above 80,000 Monthly Saving group's investors display high level mean value at 67.86.

Ho: there is no factors influencing the investment based on Monthly Saving

One-way ANOVA test is conducted to test the hypothesis. The ANOVA test value is 0.794 and p-value is 0.530. The result shows that there is no factor influencing the investment based on Monthly Saving.

**Table 6 Investors opinion towards Investment influence factors based on occupation**

	Occupation	N	Mean	Std. Deviation	ANOVA	
					F-value	P-value
Investment Influence	Govt. employee	34	64.76	5.94	1.685	0.155
	PSU employee	27	66.11	6.39		
	Private employee	54	67.90	7.68		
	Professional	37	65.29	9.27		
	Self employee	48	67.95	6.64		
	Total	200	66.66	7.39		

Source: primary data computed

Table 6 elaborates the investor's opinion towards investment influence factors based on occupation. Regular income, security for income, safety, children education, risk protection, purchasing of new asset, debt free life, children marriage, luxury lifestyle, parental care, home

loan, tax benefits, vacation planning, retirement plan, future return and charity are considered as factors influencing the investment. Mean and standard deviation are computed. From the mean value, it is obtained that the Self employed investors show high level mean value at 67.95.

Ho: there is no factors influencing the investment based on occupation

One way ANOVA test is conducted to test the hypothesis. The ANOVA test value is 1.685 and p-value is 0.155. The result shows that there is no factors influencing the investment based on occupation.

**Table 7 Investors opinion towards Investment influence factors based on experience**

	Experience	N	Mean	Std. Deviation	ANOVA	
					F-value	P-value
Investment Influence	Below 1 year	23	65.91	9.05	.621	.602
	1-3 years	84	66.04	7.14		
	3-5 year	73	67.54	7.17		
	Above 5 years	20	66.85	7.41		
	Total	200	66.66	7.39		

Source: primary data computed

Table 7 brings the investors opinion towards Investment influence factors based on experience. Regular income, security for income, safety, children education, risk protection, purchasing of new asset, debt free life, children marriage, luxury lifestyle, parental care, home loan, tax benefits, vacation planning, retirement plan, future return and charity are considered as factors influencing the investment. Mean and standard deviation are computed. From the mean value, it is obtained that the 3 to 5 year experience investors having high mean level at (67.54).

Ho: there is no factors influencing the investment based on experience

One way ANOVA test is conducted to test the hypothesis. The ANOVA test value is 0.621 and p-value is 0.602. The result shows that there is no factor influencing the investment based on experience.

### VII. FINDINGS OF THE STUDY

- It is found that the Regular income, security for income, safety, children education, risk protection, purchasing of new asset, debt free life, children marriage, luxury lifestyle, parental care, home loan, tax benefits, vacation planning, retirement plan, future return and charity are strongly influencing the investment.
- The result shows that there is no factor influencing the investment based on age.
- The result shows that there is no factors influencing the investment based on gender
- The result shows that there is no factor influencing the investment based on Monthly Saving.
- The result shows that there is no factor influencing the investment based on occupation.

- The result shows that there is no factor influencing the investment based on experience.

### VIII. CONCLUSION

Investment decisions are influenced by certain identified factors. The most important principal factors are regular income, security for income, safety, children education, risk protection, purchasing of new asset, debt free life, children marriage, luxury lifestyle, parental care, home loan, tax benefits, vacation planning, retirement plan, future return and charity. These factors are non-significantly influenced by age, gender, monthly saving, occupation and experience of investors. Thus, policy makers can recognize the factors that appeal to different groups and segments of investors in an attempt to make the investment attractive to the investors. The results of this study can be used by developing-country policymakers to promote an improved investment climate.

### IX. LIMITATIONS

- The research is restricted to Neyveli Township and not India
- The study has been conducted to analyze only some factors affecting investment behavior of investors.
- The sample size may not truly represent the behavior of the population.
- This study is for a particular time frame and hence the results might differ with the change in government policies, inflation, RBI interest rate policy, etc. because sentiments might change thus affecting the investors' behavior towards making investment.

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