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A STUDY ON INVESTORS' BEHAVIORAL DETERMINATION, BASED ON DEMOGRAPHICAL FACTORS FOR INVESTMENT ALTERNATIVES: WITH SPECIAL REFERENCE LUCKNOW AND KANPUR DISTRICT OF UTTAR PRADESH

Sandeep Kumar Rawat
Assistant Professor, Har Sahai P.G. College, Kanpur
Email Id- sr03896@gmail.com

Dr. Pooja Srivastava (Corresponding Author)
Assistant Professor BBD University, Lucknow, UP India
Email id; pj.srivastava1@bbdu.ac.in
Orchid Number: https://orcid.org/0000-0002-3135-3138?lang=en

Abstract
Understanding investor's behavior always been a complex area for the researcher. There are hundred and thousands of researches have been conducted in this field and so many concepts and theories have been drawn from them but still we can not say we are well aware about the investor and how he will react in a particular situation. So for better understanding the behavior of the investor in this paper the author is trying to investigate the role of demographical factors on behavioral determination of the investors.

Key Words: Investors' Behavior, Demographical Factors, Concepts, Theories

Introduction

Investor behavior is a complex and multifaceted area of study that seeks to understand the decisions and actions of individuals and institutions in financial markets. It is influenced by a wide range of factors, including psychological, economic, and social variables. In this article, we will reveal some of the key factors that influence investor behavior and how they impact financial markets.

1.1 Psychological Factors

a) **Risk Aversion:** One of the most fundamental psychological factors influencing investor behavior is risk aversion. People tend to prefer certainty over uncertainty, and this preference often leads to conservative investment choices. Investors are generally averse to losses and tend to overvalue potential losses compared to potential gains. The prospect theory, developed by Kahneman and Tversky in 1979, explores how people make decisions under risk and uncertainty

b) Overconfidence: Overconfidence can lead investors to believe that they have superior information or abilities, causing them to trade more frequently and make impulsive investment decisions. Overconfident investors may take excessive risks, leading to poor investment outcomes.

c) Behavioural Finance

Behavioral finance is a subfield that focuses on understanding how psychological biases affect financial decision-making. It incorporates concepts like the availability heuristic, anchoring, and confirmation bias, among others, to explain why investors often deviate from rational behavior.

d) Market Sentiment

Investor behavior is heavily influenced by market sentiment, which is the overall attitude of investors and their perception of the market's future direction. Positive sentiment can lead to bullish behavior, driving up asset prices, while negative sentiment can lead to bearish behavior and market downturns. Sentiment can be influenced by news, economic indicators, and geopolitical events.

e) Herd Behaviour

Herd behavior occurs when investors follow the crowd rather than making independent decisions. This can lead to bubbles and crashes in financial markets.

f) Information and Media Influence

Investors are heavily influenced by the information they receive. The media plays a significant role in shaping investor sentiment and decisions. Sensational news can trigger panic selling or irrational exuberance, both of which can impact market stability.

1.2 Economic Factors

Economic conditions, such as inflation rates, interest rates, and overall economic growth, can have a substantial impact on investor behavior. For example, during periods of high inflation, investors may seek assets that can provide a hedge against the eroding value of currency, such as gold or real estate.

1.3 Regulatory Environment

Government regulations and policies can significantly influence investor behavior. Changes in tax laws, financial regulations, or monetary policy can affect investment decisions. For example, tax incentives for certain types of investments can lead to increased investor interest in those assets.

1.3 Social and Cultural Factors

Cultural norms and societal values can influence investment choices. In some cultures, saving and conservative investments are highly valued, while in others, risk-taking and entrepreneurship are more encouraged.

1.4 Technical Factors

The availability of online trading platforms, robo-advisors, and real-time market information has changed the way investors access and react to financial information, potentially increasing the speed and frequency of trading.

1.5 Demographical

The age, gender, and income level of investors can impact their behaviour. For instance, younger investors may be more inclined to take risks, while older investors may prioritize capital preservation and income generation.

2. Review of Related Literature

In conclusion, investor behavior is influenced by a multitude of factors, both psychological and external. Understanding these factors is crucial for investors, financial professionals, and policymakers. Behavioral finance research has shed light on the cognitive biases that affect investor decision-making, while economic and market conditions, along with regulatory and cultural factors, further shape behavior in financial markets. Moreover, advancements in technology continue to reshape the landscape of investor behavior. Recognizing and accounting for these factors is essential for making informed investment decisions and maintaining a well-functioning financial system.

Ramakrishna Reddy & Ch. Krishnudu (2009) According to a study on the investing behaviour of rural investors, a nation's investment culture is a necessary precondition for capital generation and the quicker expansion of its economy. The attitudes, beliefs, and propensities of people and organisations to allocate their money to a range of financial assets—more often than not, securities—are referred to as investment culture. In order to safeguard and promote small and household investors in particular, as well as to develop and regulate the security markets generally, a study on investor views and preferences becomes increasingly important.

Rajarajen Vanjeko December (2010), A study conducted by Finance India on the investment characteristics of Indian investors revealed that these characteristics can be used to better understand individual investors and their needs for financial products as well as the investors' future preferences. The study also revealed that equity is becoming a more popular investment option among individual investors.

Sushant Nagpal and B. S. Bodla june (2009) how an investor's lifestyle affects their investment strategy: an empirical study claims that the modern investor is a responsible, well-groomed individual. There are very few instances of blind investments because most investors are found to base their selections on some source and reference groups.

Ramprasath .S and Dr. B. Karthikeyan (2013), analysing how individual investors behave while choosing assets, it is found that most investors place a high value on "safety." Individual investors have also shown a preference for investment options such bank savings, LIC policies, and gold. In a similar vein, most investors assess their investment avenues' success on a regular basis.

3. Objective of the Study

Following objective of research has been taken for the research.

To find out the influence of demographical factors on investment behavior of the investors

4. Research Methodology

As per the need of the research we opted descriptive research design for this research.

4.1 Hypothesis of the Study

There is no significant influence of demographical factors and investment behavior of the investors.

4.2 Data Collection

Primar data have been used for this study and data is collected through google from. 50 respondents' responses have been recorded through convenient sampling technique.

4.5 Variable used in this study

S.N	Independent Variables	Dependent Variable
1.	Gender	Insurance
2.	Income Level	Gold
3.	Education Level	Property
4.	Age	Mutual Funds
5.	-	Other Investment

5. Analysis and Interpretation of data

The analysis chapter is divided into five section each section is

5.1 Analysis of Data and Testing of Hypotheses

Testing Hypotheses related to gender and investment options

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of FD is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.698	Retain the null hypothesis.
2	The distribution of Insurance is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.138	Retain the null hypothesis.
3	The distribution of Gold is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.232	Retain the null hypothesis.
4	The distribution of Property is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.238	Retain the null hypothesis.
5	The distribution of Mutual Funds is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.046	Reject the null hypothesis.
6	The distribution of Other is the same across categories of Gender.	Independent-Samples Mann-Whitney U Test	.001	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Figure No. 1 : Testing Hypotheses Related to Gender and Investment Options

Source: Primary

Interpretation: From the analysis it is clear that null hypothesis is rejected for mutual fund and other investment options and gender have a significant influence on the investment in mutual fund and other investment options while investment.

While gender has no significant influence while investing in FD, insurance, gold and property.

5.2 Analysis of Data and Testing of Hypotheses

Testing Hypotheses related to age and investment options

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of FD is the same across categories of Age.	Independent-Samples Kruskal-Wallis Test	.039	Reject the null hypothesis.
2	The distribution of Insurance is the same across categories of Age.	Independent-Samples Kruskal-Wallis Test	.012	Reject the null hypothesis.
3	The distribution of Gold is the same across categories of Age.	Independent-Samples Kruskal-Wallis Test	.019	Reject the null hypothesis.
4	The distribution of Property is the same across categories of Age.	Independent-Samples Kruskal-Wallis Test	.096	Retain the null hypothesis.
5	The distribution of Mutual Funds is the same across categories of Age.	Independent-Samples Kruskal-Wallis Test	.310	Retain the null hypothesis.
6	The distribution of Other is the same across categories of Age.	Independent-Samples Kruskal-Wallis Test	.008	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Figure No. 2 : Testing Hypotheses Related to Age and Investment Options

Source: Primary

Interpretation: From the analysis it is clear that null hypothesis is rejected for the investment in FD, Insurance , Gold and other investment options and age have a significant influence on all of them.

Null hypothesis is accepted for the investment in property and mutual fund and age have not significant influence while investing in property and mutual fund.

5.3 Analysis of Data and Testing of Hypotheses

Testing Hypotheses related to education level and investment options

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of FD is the same across categories of Education Level.	Independent-Samples Kruskal-Wallis Test	.216	Retain the null hypothesis.
2	The distribution of Insurance is the same across categories of Education Level.	Independent-Samples Kruskal-Wallis Test	.000	Reject the null hypothesis.
3	The distribution of Gold is the same across categories of Education Level.	Independent-Samples Kruskal-Wallis Test	.001	Reject the null hypothesis.
4	The distribution of Property is the same across categories of Education Level.	Independent-Samples Kruskal-Wallis Test	.009	Reject the null hypothesis.
5	The distribution of Mutual Funds is the same across categories of Education Level.	Independent-Samples Kruskal-Wallis Test	.157	Retain the null hypothesis.
6	The distribution of Other is the same across categories of Education Level.	Independent-Samples Kruskal-Wallis Test	.111	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Figure No. 3 : Testing Hypotheses Related to Education Level and Investment Options
Source: Primary

Interpretation: From the analysis it is clear that null hypothesis is rejected for the investment in insurance, gold and property and educational level have a significant influence on these investment options. While educational level has not a significant influence for the investment in FD mutual fund and other investment options.

5.4 **Analysis of Data and Testing of Hypotheses**

Testing Hypotheses related to income and investment options

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of FD is the same across categories of Income Level.	Independent-Samples Kruskal-Wallis Test	.001	Reject the null hypothesis.
2	The distribution of Insurance is the same across categories of Income Level.	Independent-Samples Kruskal-Wallis Test	.723	Retain the null hypothesis.
3	The distribution of Gold is the same across categories of Income Level.	Independent-Samples Kruskal-Wallis Test	.025	Reject the null hypothesis.
4	The distribution of Property is the same across categories of Income Level.	Independent-Samples Kruskal-Wallis Test	.313	Retain the null hypothesis.
5	The distribution of Mutual Funds is the same across categories of Income Level.	Independent-Samples Kruskal-Wallis Test	.003	Reject the null hypothesis.
6	The distribution of Other is the same across categories of Income Level.	Independent-Samples Kruskal-Wallis Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Figure No. 4: Testing Hypotheses Related to Income Level and Investment Options
Source: Primary

Interpretation: From the analysis it is clear that null hypothesis is rejected for the investment in FD, Gold, Mutual Fund and other investment options and income level have a significant influence on these investment options. While income level has no significant influence on investment in insurance and property.

Finding and Conclusion:

- From the above analysis it can be concluded that gender have a significant influence on the investment in mutual fund and other investment options while investment. While gender has no significant influence while investing in FD, insurance, gold and property.
- From the analysis it is clear that age have a significant influence while investment in FD, Insurance and Gold. Age factor does not take into consideration while investing in property and mutual fund.

- It can also be analyzed that educational level have a significant influence on investment in insurance, Gold and property. While educational level has not a significant influence for the investment in FD mutual fund and other investment options.
- It can also be concluded that income level has a significant influence FD, Gold, Mutual Fund and other investment options. While income level has no significant influence on investment in insurance and property.

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