

FACTORS INFLUENCING INVESTMENT DECISIONS: A STUDY OF INDIVIDUAL INVESTORS IN THE INDIAN STOCK MARKET

Mathew, R. L. and Kumar, S. R.

*School of Management Studies,
Cochin University of Science & Technology, Kochi, Kerala, India*

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Abstract

The increased competition and enormously complex products in the financial services industry make potential investors perplexed as to how to handle the choices they need to make. The quality of the choices made by investors is shaped by a multitude of factors. Nowadays, researchers in the field of finance have already been paying attention to issues impacting individual investors' investing preferences. The current research being conducted in the Indian stock market intends to better understand the factors that influence the investing decisions of individual investors. This study is designed to investigate the factors that are affecting the stock preferences of individual investors and also seeks to ascertain the relevant factors influencing their investment decisions. An attempt is also made to know the effect of these on their socio-economic variables in the context of the Indian stock market. In addition to the analysis of ranking data, an independent t-test, Analysis of Variance (ANOVA) and relevant post hoc tests were conducted to meet the objectives of the study. The results of primary data analysis indicate that return, risk, and past performance of stocks are the three major factors considered by individual investors while making investment decisions. The present study contributes to the academic community's interest in the micro area of behavioural finance dealing with the mind and motivations of individual investors, especially in the context of emerging markets. At the same time, the inferences drawn from the present study can be used by future researchers to understand the current preferences of individual investors on factors influencing stock investment decisions.

Keywords: Investor Preferences, Socio-Economic Factors, Investment Decision, Choice Criteria

1. Introduction

Investing is the method of putting money earned from various sources of income for the future in order to get the full benefits of their efforts in the future. People consider the investment of money as a means to a better-off ending. According to Buffett (2012), investing is the process of setting aside money today for the possibility of getting additional money in the future. The primary objective of the investment is to place money into different types of investment options with the expectation of multiplying it over time. The Indian stock market has witnessed unprecedented growth, attracting investors from across the world. Investors are drawn to the stock market because it has the potential to provide greater returns than fixed-income instruments while also helping to offset the effects of inflation. Individual investors are increasingly trading in the stock market.

Stock market investment in India may seem money-spinning, but not every investor is advantaged to get the maximum return on their investment. Here, what matters is the right decision taken by the investor. However, figuring out the potential of a particular stock is a very difficult process. Behavioural finance explores choice under uncertainty. Financial and investment decisions involve making choices between various investment options with the aim of a superlative increase in the individual's net worth. Today, an investor is exposed to various investment options but does not have the skill or capability to evaluate all of the options and make a rational decision. Decision-making is the method of identifying the best alternative among the multiple possibilities. This output decision has been made after a deep evaluation of all available options. It is the most challenging and demanding task that an investor faces while selecting stocks. According to Takemura (2014), "decision-making broadly refers to the function of consciousness to make a decision". It can also be defined technically as "the act of selecting an alternative from a group of alternatives, i.e., the choice of action".

According to a research report published by the State Bank of India (2021), "retail participation in the Indian stock market is on the rise, with 44.7 lakh retail investor accounts added in the first two months of the fiscal year ending March 2021". In recent times, individual investors have exerted influence over India's equity market like never before. The exceptionality of the present study lies in the underlying fact that, as the numbers of individual investors have blown up, it is pertinent to observe the current preference of individual investors on various factors influencing stock selection decisions in the midst of volatile economic conditions. Moreover, the present study incorporated the core factors

influencing the stock selection decisions of retail investors. In this situation, it should be noted that only a very few studies have looked in depth at the factors influencing individual investors' equity selection decisions, particularly in the context of an emerging market like India (Bishnoi, 2014; Das, 2012; Sultana & Pardhasaradhi, 2012). As a result, the present study was undertaken to empirically ascertain the factors influencing individual investors' investment decisions in the Indian stock market. An attempt is also made here to determine how these factors are associated with their socio-economic variables.

1.1. Problem of the Study

Investor preferences change over time as a result of psychological and socio-economic factors, and this influences investors' stock-selection behaviour. Individual investors' participation in the stock market was previously low due to apprehension about the risk factor (Grable, 2008; Sivaramakrishnan et al., 2017). However, due to changing psychological and socio-economic characteristics, people's attitudes toward various factors influencing stock investment decisions have shifted in recent years. People began to invest more in the stock market in order to maximise their returns. In addition, investors consider other core factors, such as liquidity and the safety of the investments, while making stock investment decisions. Every investor is unique, and their preferences for factors to consider when making investment decisions vary depending on their investment objective. Individual investors consider a variety of factors while choosing stocks and ultimately expect to end up with an optimal decision. It is widely accepted that not all investors are the same. Each individual's perception of various factors influencing an investment decision is unique. Investor preferences for these factors influencing investment decisions are influenced by psychological and situational needs. So, it is relevant to pay specific attention to those factors when selecting stocks and to making investment decisions. In the absence of sufficient literature on the Indian stock market, policymakers, institutions, and companies find it challenging to understand the various factors influencing stock investment decisions.

1.2. Objectives of the Study

The present study on factors affecting the investment decisions of individual investors in the Indian stock market is undertaken with the specific objectives of identifying the important factors affecting the investment decisions of individual investors in the Indian stock market and to analyse the association between investors' socio-economic variables and the factors that influence their investment decisions.

2. Review of Literature

There has been a significant advancement in the behavioural finance area in recent years. This section discusses some of the prominent research in the area of stock market investment decisions, which includes studies on factors that influence individual investor decision-making behaviour and the effect of socio-economic factors on investor behaviour. “Stock investing decisions can be defined as the process of choosing a particular alternative or weighing a number of alternatives” (Chandra, 2008). The selection of investment options depends on various criteria that provide a solid basis for decision-making. Some prior research has suggested methodologies and frameworks that facilitate the selection of such alternatives. Previous studies looked at the key elements that influence investors’ investing decisions and how these factors relate to the socio-economic factors of investors. Obamuvi (2013) discovered that the five most influential determinants of Nigerian investors’ investment decisions are expected stock split, capital increases, or bonuses, prior stock performance, dividend policy, get-rich-quick techniques, and expected corporate earnings. They found that past performance of the company’s share as an appraising factor is statistically not the same for investors. The performance of the stock is one of the core factors influencing the information examined by investors when making investment decisions. Investors dedicate a considerable amount of time and effort to scrutinising the stock’s prior performance (Patil & Bagodi, 2021) as it determines the anticipated returns from the stocks (Tavakoli et al., 2011).

Patil and Bagodi (2021) explored four categories of variables that affect investors’ decision-making behaviour and stock investment decisions across different sectors, and they included accounting information, advocate information, and neutral information in depth. Their findings include that past stock performance is essential to attribute to various sectors. A number of researchers examined the relationship between individuals’ willingness to take risks in their financial investment decisions. Risk attitudes affect asset choice. Hyll and Irrek (2015) show that individuals who are inclined to take high risks are more likely to hold stocks, bonds, and company assets; they are also less likely to own life insurance. Aren and Zengin (2016) investigated the effects of demographics, investment decision criteria on stock selection, and financial literacy on preferred investment choices and found that financial literacy level and risk perception are significant factors affecting investment decisions. In addition, investors’ perceptions of risk are also influenced by their financial literacy and gender. Charness and Gneezy (2012) gave robust substantiation for gender differences in

risk-taking. They found that, compared to men, women invest less and are more financially risk-averse. Fachrudin and Fachrudin (2016) determined the influence of investors' education and experience on investment decisions with the moderating effect of financial literacy in Medan city. They found that the stock investment decisions of equity investors are based on their age, income, and education. Gill and Biger (2009) studied gender differences and factors impacting Western Canadian investors' stock investment decisions. They found that stock investment decisions are interrelated to the degree of investors' perceptions of their investment proficiency and their general knowledge of neutral information available. The study also found that there is a significant difference between the gender of investors and the factors affecting their stock investment decisions.

Literature has evidenced that, while trading in the equity market, investors frequently face decision-making situations in which an investment choice must be made. Such choices can be related, and investor preferences may differ between individuals. Investors examine risk, return, prior performance, safety, and other factors when deciding whether to buy or sell stocks. In this study, these are generically called factors affecting stock investment decision-making. Previous studies individually examined various factors considered by an investor while making investment decisions. There are only a very few studies (Bishnoi, 2014; Das, 2012; Sultana & Pardhasaradhi, 2012) that examined those significant factors together, especially with regard to stock selection decisions and their priority among individual investors and the association of socio-economic variables with these factors, especially in the Indian stock market.

Based on the review of the literature and the second objective, the following set of hypotheses were formulated and empirically tested.

H₁: The gender of investors and the factors that influence their investment decisions differ significantly.

H₂: The age of the investors and the factors that influence their investment selections vary significantly.

H₃: The income of the investors and the factors that influence their investment decisions differ significantly.

H₄: The occupation of the investors and the factors that influence their investment selections vary significantly.

3. Methods

A survey method was conducted among the individual investors during the period from August 2021 to February 2022 to collect the primary data required for the study. The individual investors who have an investment in the Indian stock market constitute the population of the study. The sample size of the study is limited to 600 individual investors. As no prior list of individual investors was accessible, the sample respondents were identified in this study subjectively based on a combination of judgement and snowball sampling techniques (Sahi & Arora 2012). Individual investors who have a minimum of two years of trading experience are considered for the study. A specifically developed questionnaire was administered to collect the responses from the sample respondents. The respondents were asked to rank the seven important factors identified from the prior literature based on the preferences given by the investors. In addition to this, investors' socio-economic profiles were also collected for the purpose of the study. The collected primary data were tabulated and analysed. In addition to descriptive statistics such as mean and standard deviation, the statistical tests used for the hypotheses tests include the independent sample t-test and one-way ANOVA. Furthermore, Tukey's HSD, a post-hoc pairwise comparison test, was applied to explore the significant differences in respondents' perceptions of the factors influencing investment decisions among different groups within each category of their socio-economic variables.

4. Results

4.1. Factors Influencing Investment Decisions

Individuals' stock selection behaviour encompasses choices on the purchase of small amounts of securities. The choice of portfolio investments is influenced by various factors, including market dynamics, and individual risk profiles, and accounting data. Literature evidenced that investors' decisions to buy stocks were impacted by earnings per share and cash dividends (Azam & Kumar, 2011). Similarly, prior stock performance, dividend policy, and individual investors' get-rich-quick mentality influence investment decisions (Obamuyi, 2013). Another key factor for investors to consider when selecting equities is the classic wealth maximisation criterion. While choosing equities for their portfolio, investors give importance to the expected corporate earnings, projected losses in different local assets, risk reduction, the opinions of family, and their gut feelings about the economy. According to Hossain and Nasrin (2012), firm specific attributes or reputation, accounting information, net

asset value publicity, trading opportunity, ownership structure, people's impact, and personal finance needs all affect investment decisions.

Investors' stock investment decisions are grounded on various elements, and it is essential to examine all those factors considered by a potential investor before making an investment decision for evaluating various investment products and selecting an efficient asset mix for making an investment. These criteria influence the quality of an investor's the investment decision. Here, seven important criteria were identified, and investors were requested to rate them on the basis of their importance on a five-point scale. The data thus collected were tabulated, and the means and standard deviations were calculated, and ranks were assigned based on the mean values.

Table 1. Factors Influencing Investment Decisions

Factors Influencing Investment Decisions	Mean	Standard Deviation	Rank
Return	4.54	0.883	1
Risk	4.12	1.014	2
Liquidity	4.06	1.071	3
Past Performance	4.01	1.032	4
Safety	3.90	1.146	5
Source of Information	3.59	1.099	6
Diversification	3.38	1.237	7

The results of the data analysis presented in Table 1 show the important factors considered by the investors in the order of their preferences when making investment decisions. From the statistical results, it is clear that the return on investment (mean 4.54, standard deviation 0.883, rank 1) is the most important factor considered by investors while making investments in the stock market. The risk (mean 4.12, standard deviation 1.014, rank 2) involved in investments is the next most important criterion determining their investment decisions. At the time of investment, the liquidity (mean 4.06, standard deviation 1.071, rank 3) nature of the investment is given third consideration. The fourth and fifth criteria, in terms of importance given by the investors, are past stock performance (mean 4.01, standard deviation 0.032, rank 4) and safety (mean 3.90, standard deviation 1.146, rank 5) of investments. Investors also emphasise the source of information (mean 3.59, standard deviation 1.099, rank 6) and the possibility of diversification (mean 3.38, standard deviation 1.237, rank 7),

which are the sixth and seventh factors, respectively. The study's findings show that investors place high values on the return, risk, liquidity, and past performance of stocks.

The return on investment and risk involved in the investment are the most important criteria determining their stock investment decisions. Several previous studies found similar results, supporting the empirical evidence of the present study by highlighting that maximising returns and minimising risk are two central criteria considered by investors while making investment decisions (Baker & Haslem, 1974; Garling et al., 2009; Kengatharan, 2019; Tavakoli et al., 2011). In addition, the results of the present study also found that liquidity and past performance of the stocks are the next most important criteria considered while making stock investment decisions. Gunathilaka (2014) exhibited similar findings among retail investors on the Colombo Stock Exchange. Stocks' liquidity and past performance are the marginal factors in stock selection. Moreover, the present study's results exhibited a significant association between investors' socio-economic variables and factors influencing stock investment decisions. Baker and Haslem (1974) also found that socio-economic variables significantly impact investors' common stock risk and return preferences.

4.2. Gender-wise Analysis of Factors Influencing Investment Decisions

The gender-wise analysis of respondents on the factors influencing their investment decisions is also analysed separately to understand the views of male and female investors. The sample consists of 65 percent male and 35 percent female investors. To examine the significant association between the gender of the investors and the factors influencing their investment decisions, an independent t-test has been applied. Table 2 exhibits the results of the independent t-test. It shows that a significant difference exists on risk ($t(598) = -2.066, p = 0.039$), past performance ($t(598) = -2.170, p = 0.030$), source of information ($t(598) = 2.830, p = 0.005$), and diversification ($t(598) = 3.225, p = 0.001$) factors. Concurrently, there were no significant differences (since the p-value is above 0.05) between male and female investors with regard to the factors such as return, safety, and liquidity influencing their investment decisions. From this, it can be interpreted that women are decidedly more concerned with the risk factor than men when taking investment decisions, since the brain activity of male and female investors involved in calculating risk and preparing for action has differences. Men tend to have more sensation-seeking personalities, where taking risk is part of their enjoyment (Zuckerman, 1979). Men and women perceive and take risks differently due to the dissimilarities in their emotional responses. These differences in risk appetite make diversification intuitively appealing to women. Thus, women are more aligned with the long-

term investment principles of diversification and discipline. Women are less impulsive investors than men, taking more careful moves and making fewer trades, whereas psychological research also reveals that males are more overconfident than females. Therefore, men trade more excessively than women, eventually leading to significant gender differences in their stock selection (Barber & Odean, 2001). Hence, from the results of the statistical test for the hypothesis, it is concluded that the gender of the investors and the factors affecting investment decisions, such as the risk of investment, the past performance of securities, the source of information for investments, and the diversification of investments, differ significantly. The results are in line with the previous studies found that men take more risks than women (Barber & Odean, 2001; Bernasek & Shwiff, 2001; Grable, 2000; Grable & Roszkowski, 2007; Weber et al., 2002). At the same time, Hanna and Chen (1998) found no evidence of gender differences in risk perception.

Table 2. Gender-wise Analysis of Factors Influencing Investment Decisions

		Results of Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means						
Factors		F	Sig.	T	df.	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Return	Equal variances assumed	1.371	0.242	-1.342	598	0.180	-0.103	0.077	-0.254	0.048
	Equal variances not assumed			-1.350	395.541	0.178	-0.103	0.076	-0.254	0.047
Risk	Equal variances assumed	2.513	0.113	-2.066	598	0.039	-0.182	0.088	-0.354	-0.009
	Equal variances not assumed			-2.150	432.500	0.032	-0.182	.084	-.348	-0.016
Past Performance	Equal variances assumed	0.793	0.374	-2.170	598	0.030	-0.194	0.089	-0.370	-0.018

	Equal variances not assumed				427.82 5	-2.250	0.025	-0.194	0.086	-0.364	-0.025
Safety	Equal variances assumed	0.030	0.863	-0.990	598	0.323	-0.099	0.100	-0.294	0.097	
	Equal variances not assumed				384.65 3	-0.985	0.325	-0.099	0.100	-0.295	0.098
Liquidity	Equal variances assumed	0.502	0.479	1.205	598	0.229	0.112	0.093	-0.071	0.295	
	Equal variances not assumed				387.70 6	1.203	0.230	0.112	0.093	-0.071	0.295
Source of Information	Equal variances assumed	1.998	0.158	2.830	598	0.005	0.269	0.095	0.082	0.455	
	Equal variances not assumed				374.36 5	2.788	0.006	0.269	0.096	0.079	0.458
Diversification	Equal variances assumed	3.963	0.047	3.225	598	0.001	0.344	0.107	0.135	0.553	
	Equal variances not assumed				355.40 2	3.113	0.002	0.344	0.111	0.127	0.561

4.3. Age-wise Analysis of Factors Influencing Investment Decisions

The age of investors and the factors influencing their investment decisions were examined here by using one way ANOVA test. The four age groups of investors considered in the study were 20 - 30 years old, 30 - 40 years old, 40 - 50 years old and above 50 years old. Out of the sample respondents, around 39 percent fall in the age group of 20 to 30 years, followed by 30 percent are in the age group of 30-40 years, 19 percent are in the age group of 40 to 50 years and 12 percent in the age group of 50 years and above.

The one-way ANOVA test results between the different age groups of respondents and the factors influencing their investment decisions are shown in Table 3. The results of the study reveal that the risk ($F(3, 596) = [5.810]$, $p = 0.001$), past performance ($F(3, 596) = [2.745]$, $p = 0.042$), and diversification ($F(3, 596) = [3.413]$, $p = 0.017$) factors considered by different age groups differ significantly since the p-value is <0.05 . Regarding the age of respondents and other factors influencing investment decisions, there is no significant difference because the p-value is greater than 0.05. It means that the influence of risk, past performance, and diversification factors on investment decisions varies across different age groups.

In order to check for individual differences between age groups, post-hoc comparisons by Tukey HSD were selected. The test result revealed that, on risk factors, the mean difference of investors between the age group of above 50 and other age groups is significant (p-value <0.05), which indicates that the attitude towards risk of investors in the age group of 20 to 30, 30 to 40, and 40 to 50 are significantly different from those who are in the age group of 50 and above 50.

This means that investors who are in the age group of 50 and above give more prominence to the risk factor compared to other age groups because they are not willing to take high risks and anticipate only normal returns from their investments. The results obtained here also support previous research findings, which state that risk tolerance decreases with increasing age among investors (Chattopadhyay & Dasgupta, 2015). Similarly, on the diversification factor, the mean differences between the age group of 20 to 30 and the age group of 40 to 50 are significant (p-value <0.05), which indicates that the investors in the age group of 20 to 30 are significantly different from those who are in the age group of 40 to 50. This shows that investors who are in the age group of 40 to 50 diversify their investments in different stocks compared to other age groups, especially investors who are in the age group of 20 to 30. They diversify their investments to mitigate risk and get a balanced return.

Previous researchers also consistently found that age is a key factor in investment decisions and that youth tend to take more risks than elders. (Bellante & Gren, 2004; Grable, 2000; Hanna & Chen, 1998; Yao et al., 2011). Yang (2004) found contrary evidence to the present study's findings, which identified that age is not an essential factor in risk perception. Hence, the second hypothesis test results revealed that the age of the investors and the factors that affect their investment selection vary significantly with respect to factors such as the risk of securities, past performance of securities, and diversification of securities.

Table 3. Age of the Respondents and Factors Influencing Investment Decisions

Results of ANOVA Test						
Factors		Sum of Squares	df	Mean Square	F	Sig.
Return	Between Groups	1.271	3	0.424	0.542	0.654
	Within Groups	465.769	596	0.781		
	Total	467.040	599			
Risk	Between Groups	17.507	3	5.836	5.810	.001
	Within Groups	598.612	596	1.004		
	Total	616.118	599			
Past performance	Between Groups	8.696	3	2.899	2.745	.042
	Within Groups	629.277	596	1.056		
	Total	637.973	599			
Safety	Between Groups	8.733	3	2.911	2.231	0.084
	Within Groups	777.660	596	1.305		
	Total	786.393	599			
Liquidity	Between Groups	7.921	3	2.640	2.317	0.075
	Within Groups	679.264	596	1.140		
	Total	687.185	599			
Source of Information	Between Groups	2.941	3	0.980	0.811	0.488
	Within Groups	720.017	596	1.208		
	Total	722.958	599			
Diversification	Between Groups	15.468	3	5.156	3.413	.017
	Within Groups	900.365	596	1.511		
	Total	915.833	599			

4.4. Income-wise Analysis of Factors Influencing Investment Decisions

Income-wise analysis of respondents on the factors influencing their investment decisions is made to study the influence of those on investment decisions across investors having different levels of income. The tabulated primary data shows that 30 percent of the respondents belong to the income category of below Rs. 50,000, 39 percent are in the Rs.

50,000 - 1,00,000 income group, 22 percent belong to the Rs. 1,00,000 -1,50,000 category of monthly income group, and the rest have an income of Rs. 1,50,000 and above. The results of the ANOVA test among the income of the respondents and the factors influencing their investment decisions presented in Table 4 indicate that the return ($F(4, 595) = [8.942]$, $p = 0.000$), risk ($F(4, 595) = [4.718]$, $p = 0.001$), past performance ($F(4, 595) = [14.082]$, $p = 0.000$), safety ($F(4, 595) = [7.993]$, $p = 0.000$), liquidity ($F(4, 595) = [9.802]$, $p = 0.000$), and source of information ($F(4, 595) = [4.833]$, $p = 0.001$) of the securities are the significant factors since the p-value is <0.05 . At the same time, there is no significant difference (p-value is greater than 0.05) with regard to the diversification of investment. It shows that those factors influencing investors' decisions vary across different income groups except for the diversification factor. Hence, it can be interpreted that the income of investors and the factors affecting their investment decision are significantly related. Thereafter, in order to check for individual differences between income groups, post-hoc comparisons were done using Tukey HSD.

The test results indicate that the return and past performance of shares, as measured by the mean difference between the income group of less than Rs. 50,000 and other income groups except for investors who have an income of Rs. 2,00,000 and above, is significant (p-value <0.05). In the case of the risk factor, the mean difference between the income group of less than Rs. 50,000 and the income group of Rs. 1,00,000 - 1,50,000 is significant (p-value <0.05). In case of safety and liquidity factors, the mean differences between the income group of less than Rs. 50,000 and other income groups except investors who have an income of Rs. 1,50,000 and above are significant (p-value <0.05). In case of source of information, post-hoc analysis results show that the mean difference between the income groups of less than Rs. 50,000 and other income groups except investors who have income of Rs. 2,00,000 and above is significant (p-value <0.05).

When it comes to investment decisions, there is a significant difference between investors with low and high income based on factors such as expected return, risk perception, safety, and liquidity of the investment. Low-income groups trade in the market without focusing much on safety and liquidity aspects, as they are on the trading platform with the objective of becoming rich quickly. Similarly, high-income group investors aim to maximise their wealth and are least bothered about safety and liquidity aspects compared to other income groups. At the same time, the diversification factor doesn't make any difference among different income groups because risk minimization is one of the most significant components of achieving long-term financial goals. Hence, investors prefer to allocate their income among different

stocks while making stock selections, irrespective of their income level. Low-income investors are significantly different from middle-income investors in respect of their influence on the source of information while making investment decisions. The saving and investment behaviour of middle income investor groups is different from others, and they desire to be safe players. While testing the third hypothesis, the results show that the income of the investors and the factors that influence their investment decisions differ significantly, except for the factor diversification of investment. The results are in line with prior studies (Jain & Mandot, 2012; Kaleem et al., 2009; Shaikh & Kalkundrikar, 2011). In contrary to the present research findings, Obamuyi (2013) discovered no significant differences in evaluating past performance across various income groups.

Table 4. Income of the Respondents and Factors Influencing Investment Decisions

Results of ANOVA Test						
Factors		Sum of Squares	df	Mean Square	F	Sig.
Return	Between Groups	26.485	4	6.621	8.942	0.000
	Within Groups	440.555	595	0.740		
	Total	467.040	599			
Risk	Between Groups	18.872	4	4.718	4.700	0.001
	Within Groups	597.246	595	1.004		
	Total	616.118	599			
Past Performance	Between Groups	55.173	4	13.793	14.082	0.000
	Within Groups	582.801	595	0.979		
	Total	637.973	599			
Safety	Between Groups	40.101	4	10.025	7.993	0.000
	Within Groups	746.292	595	1.254		
	Total	786.393	599			
Liquidity	Between Groups	42.482	4	10.621	9.802	0.000
	Within Groups	644.703	595	1.084		
	Total	687.185	599			
Source of Information	Between Groups	22.751	4	5.688	4.833	0.001
	Within Groups	700.208	595	1.177		
	Total	722.958	599			

Diversification	Between Groups	3.642	4	0.910	0.594	0.667
	Within Groups	912.192	595	1.533		
	Total	915.833	299			

4.5. Occupation-wise Analysis of Factors Influencing Investment Decisions

The occupation-wise classification of the respondents covers 46 percent working in the private sector, 21 percent are doing their own business, 17 percent coming under the category of professional practice, 12 percent being government employees, and the remaining 4 percent engaged in other jobs, including retired people.

The ANOVA test was conducted to understand the factors influencing investment decisions among investors with different occupations, and the results are exhibited in Table 5. The results obtained revealed that there is a significant difference between the respondents working in different sectors and the factors affecting their investment decisions. The factors having significant influence (p -value < 0.05) include return ($F(4, 595) = [4.878]$, $p = 0.001$), risk ($F(4, 595) = [3.988]$, $p = 0.003$), past performance ($F(4, 595) = [13.614]$, $p = 0.000$), safety ($F(4, 595) = [8.117]$, $p = 0.000$), liquidity ($F(4, 595) = [8.440]$, $p = 0.000$), and diversification ($F(4, 595) = [2.612]$, $p = 0.035$). However, the factor source of information ($F(4, 595) = [0.553]$, $p = 0.697$) has no significant difference as the p -value is greater than 0.05.

A Post-hoc analysis is also carried out to check which occupational groups significantly differ in the factors affecting their investment decisions. The test results revealed that the return factor considered for investment by those working in the private sector is significantly different (p -value < 0.05) from that of those working in government or semi-government service, as well as investors doing professional practice. But as far as the risk factor is concerned, the significant difference is only between investors from the private sector and professionally employed investors. And also, investors who are doing professional practice differ from those who own businesses and retired groups in that they rely on the previous performance of the stock when making an investment decision.

Similarly, as far as the influence of the liquidity aspect is concerned, investors who are working in private service are significantly different from other occupational groups, except government and semi-government groups. Investors who are working in private service are significantly different from professionally practising groups when making an investment decision with regard to the factor of diversification of funds, as peer group influence is high

in professionally practicing groups. It may be the reason that investors working in government/semi-government services feel more secure in their jobs compared to private sector employees. The financial insecurity of investors working in the private sector makes a difference in their stock selection behaviour when taking investment decisions.

Hence, from the fourth hypothesis test results, it can be interpreted that the occupation of the investors and the factors affecting their investment selections vary significantly, except for the factor of the source of information about the investment. The present study's findings corroborate the previous study's finding that investors' occupations have a significant impact on their choice of investment (Bishnoi, 2014). Also, risk preferences may vary among individuals from different occupational backgrounds (Hill et al., 2019). In contrast, Bajracharya (2018) found that only the company's past performance shows a significant difference among various occupational groups. Similarly, Gunathilaka (2014) also found that occupations exhibit no differences in stock selection.

Table 5. Occupation of the Respondents and Factors Influencing Investment Decisions

Results of ANOVA Test						
Factors		Sum of Squares	df	Mean Square	F	Sig.
Return	Between Groups	14.828	4	3.707	4.878	0.001
	Within Groups	452.212	595	.760		
	Total	467.040	599			
Risk	Between Groups	16.085	4	4.021	3.988	0.003
	Within Groups	600.033	595	1.008		
	Total	616.118	599			
Past Performance	Between Groups	53.494	4	13.374	13.614	0.000
	Within Groups	584.479	595	.982		
	Total	637.973	599			
Safety	Between Groups	40.693	4	10.173	8.117	0.000
	Within Groups	745.701	595	1.253		
	Total	786.393	599			
Liquidity	Between Groups	36.895	4	9.224	8.440	0.000
	Within Groups	650.290	595	1.093		
	Total	687.185	599			
Source of Information	Between Groups	2.677	4	0.669	0.553	0.697
	Within Groups	720.281	595	1.211		
	Total	722.958	599			
Diversification	Between Groups	15.803	4	3.951	2.612	0.035

Within Groups	900.031	595	1.513
Total	915.833	599	

5. Conclusion

The present study empirically examined the important factors considered by individual investors while investing in the Indian stock market and also analysed the association between these socio-economic factors and how these factors influence their investment decisions. The selection of a share for investment is influenced by various factors. Investment decisions are a function of these factors. From the primary data analysis, it is concluded that the return from securities is the prime factor considered by equity investors while making an investment decision, followed by the risk involved in the investment, the liquidity nature of the investment, past stock performance, and the safety of the investments.

Socio-economic variables of investors, such as gender, age, income, and occupation, also determine their preferences, and there is a significant association between such variables and factors affecting investment decisions. The results of the analysis also revealed that the risk and past performance of stocks are significantly associated with all the socio-economic variables of the investors. It is also noticed that men and women perceive and take risks differently due to the dissimilarities in their emotional responses. Hence, diversification of security is intuitively appealing to women. The risk tolerance level decreases with the increasing age of investors, and investors in the age group of 50 and above give more importance to risk factors compared to other age groups of investors.

All five of the important factors influencing stock selection in the Indian stock market are significantly associated with socio-economic variables such as investors' income and occupations. These factors include the return from the security, the risk involved in the investment, the liquidity of the investment, the past performance of the security, and the safety of the investment. The study's findings add to academic knowledge by providing empirical evidence of its analysis of the important factors influencing individual investors' stock selection decisions and their significant association with the investors' socio-economic variables.

6. Limitations, Implications and Directions

The present study considered only the major factors influencing investment decisions and did not consider other psychological factors that may influence investors' investment decisions. There must be follow-up studies to update the findings, as individual investors' motivation to invest in the stock market may change from time to time due to changing investment objectives and psychological elements, as well as the socio-economic environment. The

present study contributes to the academic community's interest in the micro area of behavioural finance dealing with the mind and motivations of individual investors. At the same time, the inferences drawn from the present study can be used by future researchers to understand the current preferences of individual investors on factors influencing stock investment decisions. It assists in conducting in-depth research by linking individual investors' investment objectives and these factors to assess its impact on the dynamic stock market. Moreover, future research can be done by linking the findings of this study with the psychological factors affecting the investment decisions of individual investors. The findings also help policymakers and financial advisors who deal with client profiles make efficient stock selection decisions.

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