

Investment Practices: A Perception Of Work Force

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ABSTRACT

The investment decisions comprise significance outstanding towards broad-spectrum that ascends in employment openings and economic progression of a nation. The identification of Investment Boulevards has shown the wherewithal and benevolence of operational people to maintain and endow their finance for profits, in that attitude this study was scrutinized. This paper establishes an assortment of factors rooting towards investment decisions of the individual investors. On the foundations of substantial literature estimation, it was instituted that there are denial of distinct factors causing the investment choices of an individual. In addition, factors leading to investment decisions are dogged by profit proportion, high returns, safety, pressure of friends, risk alleviation, etc. It was projected that investment path ought to mull over all the variables as well as its influences on investment decisions of the investor. The study highlights the view of employees towards factors causing investment decisions. According to this study, the employees of financial sector perceive that preponderance of the investments is taking place due to better returns.

Key words: *investment, decisions, economy, investors, profit, returns, risks, influences.*

INTRODUCTION

Investors are constantly logical creature, proceeding to invest hard earned money. The investors cram the market circumstance by using approaches such as technical, fundamental, pricing model in addition to arbitrage pricing theory. The behavioural finance presumes that descriptions of market contestants and information configuration analytically have an authority on folks' investment decisions. In the behavioural finance, the characteristics of market people and aspects reasoning investment decisions of the individuals and market outcomes are elaborated. Mostly, the behavioural finance paves ways to people to describe and acquire battle on information for creating investment decisions. The outstanding augmentation in the investment segment in cooperation of volume as well as number of

depositors in India resulted in the deregulation of the Indian financial sector. The development of a range of investment products by means of plentiful options draws the investors for investments. The number of provincial stock exchanges has amplified. Equity shares are investment option that yields higher dividend expectations and greater capital appreciation. The eminence of altering regulations, payments pledged by depositories, energetic partaking of Government, effervescent intermediaries and modernized & technologically sophisticated exchanges have embedded confidence amongst the investors. This upshot in hefty responses from both Indian and foreign institutional investors. According to conventional financial theory, they are logical wealth maximizers, using fundamental financial rules as well as investment strategies entirely on risk-return contemplation. This study draws attention to a mixture of factors accountable for investment decisions. Some of the features such as profit proportion, prominent returns, guaranteed safety, geographical influences, acquaintances pressure, risk diversification, market instability, interest rate brunt, tax gains, extensive wants, industry disposition and political climate are employed to examine the rationale behind investment decisions in this study.

LITERATURE REVIEW

Chen et al. (2018) discussed about the allotment of budgets for the IT investments. The study natters that this would facilitate enhanced control on the upgrading of the IT savings implementation. The results of this study show that the investment decisions are based on strategy, organization, technology, process and finance.

Lu and Jiang (2018) highlights regarding the investment decisions based on two stages. This permits the businesses to encounter the first stage at opening and the last stage little later. The study suggests that the appropriate investment proportion may possibly improve the value of the investment and the changes would decrease the investment value.

Liu and Yin (2018) developed a forecasting model on the foundation of particle swarm optimization. The study analyses the problems in the portfolio and the constraints based on Markowitz's theory. The study also constructs a solution for the hybrid constraint. This would probably diminish the investment risks and returns on greater investments.

Marchioni and Albertomagni (2018) introduced NPV. This is responsible for measuring the consistency of the relative worth and project value drivers. The study makes

use of sensitivity analysis. The decrees of the study displays that the strong NPV upshots in an average level of return on investment.

To et al. (2018) investigated the impacts of the analyst coverage on the total factor productivity. The study illustrates that the higher analyst coverage may possibly improve the quality of the corporate investments. It is evident from the study that this would enhance the capital allocation efficiency of the firms.

Rutten et al. (2018) adopted an uncertainty role in order to explain the technological progress in investment decisions. The verdict of the study portrays that the uncertainty regarding the future sensor performance in addition to the uncertainty concerning the enhanced decision support would play a major role in the investment decisions.

Bayrak (2018) conceded the advantages and hazards concentrated due to integration of the information technology. The study strongly advocates that the bulky scale IT investments must be decided only after the appropriate evaluation and extensive calculation performed by the decision makers to avoid risks and attain more benefits.

Salmani et al. (2018) constructed a framework for the benefit cost analysis at channel level. This would lend a hand in the budget allocation among various channels which may possibly end result in the improved channel performance. The data is collected through questionnaire from the customers. Moreover optimal allocation of budget towards the investment is found from the study.

Pot et al. (2018) formulated a frame work in order to scrutinize the factors causing investment decisions. This gives focus on the forward looking investment decisions. It is found that the decisions upon infrastructure investments are not forward looking and the political processes are usually forward looking investment decisions.

Huikki et al. (2018) examined the vitality of the controls regarding pre-decision in the strategic investments. The date was collected from 108 interviews from 150 Finnish manufacturing companies. The outcomes of the study are the modifications in the management and the environment may perhaps play a significant role in the decision making process.

Lee and Shin (2018) exemplifies on the topic of the utilization of real options for the fintech investment decisions. The study also discusses about the challenges at managerial and

technical levels for both the start-ups and the traditional financial institutions that are in the race of disruptive innovation technology.

FACTORS CAUSING INVESTMENT DECISIONS

The intention of this study is in the direction of verdicting out the most noteworthy factors conscientious for formulating investment decisions. This is being executed with the assistance of fabricating a questionnaire enfolding a variety of attributes which are the basis for investment decisions. The sample size of this study is 50 and is employed in investment consultancy companies. The demographic summary comprises age, gender, qualification, designation, gross monthly savings and preference of investments. The frequency analysis of the demographic summary is shown in table 1.

Table 1: Frequency Analysis of Demographic Summary

| Gender | Frequency | Percent | Age | Frequency | Percent | Education | Frequency | Percent |
|----------------------|-----------|---------|------------------------|-----------|---------|-----------|-----------|---------|
| Male | 33 | 66% | <25 | 8 | 16% | School | 20 | 40% |
| Female | 17 | 34% | 25-35 | 22 | 44% | UG | 19 | 38% |
| Total | 50 | 100% | >35 | 20 | 40% | PG | 9 | 18% |
| | | | Total | 50 | 100% | Ph.D | 2 | 4% |
| Total | | 50 | | 100% | | Total | 50 | 100% |
| Designation | Frequency | Percent | Savings/Month | Frequency | Percent | | | |
| Accountant | 1 | 2% | <5000 | 22 | 44% | | | |
| Analyst | 10 | 20% | 5000 - 10000 | 20 | 40% | | | |
| Manager | 1 | 2% | 11000 - 15000 | 6 | 12% | | | |
| Consultants | 15 | 30% | >15000 | 2 | 4% | | | |
| Executive | 9 | 18% | Total | 50 | 100% | | | |
| Receptionist | 2 | 4% | Investment Preferences | Frequency | Percent | | | |
| Share transfer agent | 2 | 4% | Bank deposits | 9 | 18% | | | |
| Team leader | 2 | 4% | Shares | 24 | 48% | | | |
| Technical support | 3 | 6% | Mutual Funds | 5 | 10% | | | |
| Tell caller | 5 | 10% | Real estate | 1 | 2% | | | |
| Total | 50 | 100% | Insurance plans | 8 | 16% | | | |
| | | | Bonds | 3 | 6% | | | |
| | | | Total | 50 | 100% | | | |

It is remarkable from the table summary that the mainstream of employees working in investment consultancy firms are male (66%) and is between 25 to 35 years of age (44%) possessing school education (40%). It is also explicable from the table that preponderance of employees are consultants (30%) saving less than 5000 per month (44%) generally on shares (48%). The factors responsible for the decision making regarding investments are probed by means of five point scale. Table 2 expounds the analysis of mean for the factors causing investment decisions.

Table 2: Mean analysis for Factors causing Investment Decisions

| S.No | Factors causing Investment Decisions | Mean | Rank |
|------|--|------|------|
| 1 | Investment depends on the profit percentage (Profit proportion) | 2.90 | 7 |
| 2 | Investments give high returns (Prominent returns) | 3.28 | 1 |
| 3 | Share market investment is safe (Guaranteed safety) | 3.18 | 5 |
| 4 | Location plays major role in investment (Geographical influence) | 2.80 | 11 |
| 5 | Investment decisions are influenced by friends or co workers (Acquaintances pressure) | 3.24 | 4 |
| 6 | Investment is a technique to diversify the risks (Risk diversification) | 2.84 | 9 |
| 7 | Volatile market affects the investment decisions (Market instability) | 3.27 | 2 |
| 8 | Interest rates have major impact on the investment decisions (Interest rate brunt) | 3.26 | 3 |
| 9 | Investments are made to get tax benefits (Tax gains) | 3.14 | 6 |
| 10 | Investments are usually done for long term needs (Extensive wants) | 2.82 | 10 |
| 11 | Investments are based on the nature of the industry (Industry disposition) | 2.88 | 8 |
| 12 | Favourable political situations are a driving factor for making investment (Political climate) | 2.72 | 12 |

It is obvious from Table 2 that factor Prominent returns acquires the upmost mean value subsequently followed by market instability, interest rate brunt, acquaintances pressure, guaranteed safety, tax gains, profit proportion, industry disposition, risk diversification, extensive wants, geographical influence and political constancy. It is understandable from the mean table that employees of investment consultancy firms carry out investments on the basis of prominent returns. Table 3 exhibits the links amongst the factors which are confirmed by the factor analysis.

Table 3: Sampling Adequacy Analysis

| Sampling Adequacy Measure | | .707 |
|--------------------------------|--------------------|--------|
| Bartlett's Test for Sphericity | Chi-Square value | 92.374 |
| | Significance value | .000 |

Table 3 discloses the data sufficiency all the way through the analysis of KMO and Bartlett's. This analysis indicates that KMO value is above 0.6 and consequent significance value is accurately 0.000. As a result, the accumulated data is satisfactory for presenting factor analysis.

Table 4: Data Reduction

| S.No | Total | Variance % | Cumulative % |
|------|-------|------------|--------------|
| 1 | 1.829 | 15.241 | 15.241 |
| 2 | 1.456 | 12.136 | 27.377 |
| 3 | 1.370 | 11.419 | 38.796 |
| 4 | 1.288 | 10.736 | 49.532 |
| 5 | 1.288 | 10.732 | 60.264 |
| 6 | 1.217 | 10.140 | 70.404 |

Table 4 depicts the variance of every component. As of the table, 12 factors are bunched into 6 components and they jointly explicate 70% of variance.

Table 5: Clustering of Factors into Components

| S.No | Factors causing investment decisions | Component | | | | | |
|------|--------------------------------------|-----------|-------|-------|-------|-------|-------|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | Market instability | 0.835 | - | - | - | - | - |
| 2 | Industry disposition | 0.575 | - | - | - | - | - |
| 3 | Prominent returns | - | 0.837 | - | - | - | - |
| 4 | Interest rate brunt | - | 0.734 | - | - | - | - |
| 5 | Profit proportion | - | 0.461 | - | - | - | - |
| 6 | Guaranteed safety | - | - | 0.752 | - | - | - |
| 7 | Tax gains | - | - | 0.697 | - | - | - |
| 8 | Extensive wants | - | - | 0.782 | - | - | - |
| 9 | Geographical influences | - | - | - | 0.865 | - | - |
| 10 | Acquaintances pressure | - | - | - | 0.918 | - | - |
| 11 | Risk diversification | - | - | - | - | 0.499 | - |
| 12 | Political climate | - | - | - | - | - | 0.908 |

Table 5 demonstrates the bunching of 12 factors into 6 components. Based on the allotment of the factors, the components are named and are represented in table 6.

Table 6: Title of Components

| S.No | Component | Title |
|------|-------------|----------------------------|
| 1 | Component 1 | Influence of Environment |
| 2 | Component 2 | Influence of Returns |
| 3 | Component 3 | Influence of Protection |
| 4 | Component 4 | Influence of Neighbourhood |
| 5 | Component 5 | Influence of Risks |
| 6 | Component 6 | Influence of Government |

CONCLUSION

Every individual is disparate and on the basis of various factors like age, sexual category, education level, societal background, etc they probably invest. The most challenging confront faced are the decisions headed for investments. They act in rational manner and usually pursue their needs along with emotional partiality whilst making investment decisions. The factors that lead to investment decisions differ from individual to individual, position to position, type of securities to securities, and so forth. Thus to wrap up investor's investment decision is based on the accessible information unmitigated to them and their acceptance to enchanting risk. Therefore, each factor plays a noteworthy role in shaping the investment trend of an investor.

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