

# TO STUDY THE INFLUENCE OF PERSONALITY TRAITS ON INVESTMENT DECISION MAKING IN SHARES

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## ABSTRACT:

*Personality traits play a major role for making a decision of investing in share. In financial markets a share is a unit used as mutual funds, limited partnership and real estate investment trust. The owner of shares on the corporation company is a shareholder. In this paper we can study about the personality of an individual person and the investment decision from that we can conclude now each personality will make decision based on the personality traits.*

**Keywords:** *Personality traits, Investment decision, share.*

## INTRODUCTION:

Investment decisions are made by investors. An investment decision is often reached between an investor and his/her investment advisors for making an investment decision the personality traits will plays an important role. The major personality traits are openness to experience, conscientiousness, extraversion and introversion, Agreeableness and neuroticism. These personality traits will make a decision on investing on share. These five traits are Openness to Experience in this the person is ready to learn something new and creative, conscientiousness which is proactive, extraversion and introversion which is more control, Agreeableness which is adjustable and the last is neuroticism which means the person is negative minded. For the personality traits factors play a major role. The Important factors are discussed in the paper.

## PERSONALITY TRAITS:

Personality traits is a distinctive character of a person's thought feelings and actions so as to make the individual different from other person. Traits possess some important characteristics such as sociality, flexibility, functional unity. These traits make a person unique against others personality is often broken into statistically identified facts called five factors, which are openness to experience, conscientiousness, extraversion, introversion, agreeableness and neuroticism.

### **OPENNESS TO EXPERIENCE:**

Openness to Experience is a tendency to appreciate new art, ideas, values feelings and behaviors. In Persons who are openness to experience are generally active, have a tremendous inclination towards creativity and listen to their on openness are quite bread minded and modern in their outlook as compared to the other persons who score low on the same parameter. Such persons are conservative, reluctant to changes and have a traditional approach to life.

### **CONSCIENTIOUSNESS:**

Conscientiousness is a tendency to be careful on time for appointments to follow rules and to be hardworking from the name it suggests that person with a conscientiousness personality trait listen to their conscience and act according by. Such people are extremely cautious and self-disciplined. They never perform any task in haste but think twice before acting. People with this personality trait are generally methodical and sent to become perfectionists in the long run. People who score high on conscientiousness are proactive goal low score are not much goal oriented.

### **EXTRAVERSION:**

Extraversion tendency to be talkative sociable and to enjoy others, extraversion refers to a state where individuals show more concern towards what is happening outside. Such persons love interacting with people around and are generally talkative. They didn't like to spend time alone but love being the center of attraction of parties and social gatherings. They admire the company of others and hate staying alone.

### **INTROVERSION:**

Introversion is the tendency to have dominant styles. It refers to a state when a person is concerned only with his own life and nothing else. Such persons do not bother about others and are seldom interested in what is happening around. They prefer staying back at home rather than going out and spending time with friends and team to role on few trusted ones.

### **AGREEABLENESS:**

Agreeableness is the tendency to agree and go along with other rather than to assert one's own opinions and choose. It is a personality trait which teaches persons to be adjusting in almost all situations. They accommodate themselves to all situations and are friendly and kind hearted. People who score high on agreeableness are ready to help others and flash their big smile whenever a problem arises.

## NEUROTICISM:

Neuroticism is a tendency to frequently experience negative emotions, Such as anger, worry and sadness as well as being interpersonally sensitive. It is a trait where person are prone to negative thoughts such as anxiety, anger, guilty and so on. Such persons are often in a state of depression and do not know of how to enjoy life. These types of persons always look the negative side of life and find extremely difficult to cope up with stress.

## FACTORS AFFECTING PERSONALITY TRAITS:

Different factors affecting personality trait these personality trait factors can be mainly divided into two type namely Individual factors and environmental factors.

### INDIVIDUAL FACTORS:

The Individual factors are the factors of the person. These factors may be some times changed or not changed. These factors include heredity, Physique, Biological factor intelligence.

#### i) Heredity:

Heredity is something that passes from generation to generation. It is due to the genetic transfer from parents to children. That is the skill and traits that from parents to children as it is.

#### ii) Physique:

Physique of a person affect his personal by that is his/her enduring, biological make affects his personality. The body types are short and stout talk and thin, muscular and well proportioned.

#### iii) Biological Factors:

The biological factors also affect the personality of a person. This ability enables him to mold the social environment according to his requirement.

#### iv) Intelligence:

The persons who are very intelligent can make better adjustment in social environment.

### ENVIRONMENT/SOCIAL FACTORS:

Other than individual some social factors will also affect the personality of a person. These factors occurred due to the surroundings of a person. Some social factors which affect the personality of a person are family, school early experience, success and failure, cultural, physical & social.

**i) Family:**

Family is the foremost that influence the personality development of a person in his family. Parent's behavior attitude, their expectation from controls their education and attention to the child, influences the personality. The type of experience received from family in early childhood will play an important role in the development of personality.

**ii) School:**

School is another factor that influences the personality development school atmosphere and discipline affects personality development. Teach personality, character, peer student's attitude and character all influences personality of a child's development.

**iii) Early experience:**

One's experience is influencing the personality of a person. Better experience and positive experience suffered by person early in the stage of life is also affects personality of a person.

**iv) Success and Failures:**

Success and Failures suffered in the life also plays a key role in developing personality of a person. It may play as a role of motivation and demotivation in person.

**v) Cultural:**

The Cultural traditions, values accepted in a particular society are the cultural environment. These factors influence the development of person's personality.

**vi) Physical and Social:**

Physical and Social environment such as country of birth and living will also affects the development of a person personality.

There are many other factors live language, inter personal relationship, social role and ability to observe or perceive or thick etc., will also affects the development of personality.

**INVESTMENT DECISIONS:**

Share investing decisions by individual investors are usually based on their personal factors such as age, education, income and investment portfolio and others. Share investing decisions can be defined as the process of choosing a particular alternative of evaluating a number of alternative decision making is a complete process which includes analysis of several factors. Effective decision making in share market require better insight and understanding of human nature in a global perspective apart from sharp financial skills and ability to gain best out

of investment positive vision foresight, perseverance and drive are must for an investor to be successful in his investment decisions. Decision making under risk is directly associated with the decision making attitudes towards risk and return.. The most influencing factors on investment decision of investor are part performance of the company expected corporate earnings, dividend policy get rich quick marketing of the company. Also the other least influencing factors include religious reasons, rumors and loyalty to the company product. Government has a share in the company insider's information

### **PERSONALITY TRAITS INFLUENCE IN INVESTMENT DECISION:**

- I. If a person is openness to experience in personal trait, the person will be think about the way of investing in share.
- II. If a person is conscientiousness in personal trait the person will be well think before they invested and also they will very cautious and want perfection in their work. So they first think about the risk and return for the share.
- III. If a person is their extraversion in personal trait they person will be interested with everyone and didn't spend alone. If they invested in share they didn't think about the profit alone. Even though if they get loss, the person didn't worry for that, they more on.
- IV. If a person is Introversion, They person have the dominant style and they didn't think about others. It they invested in share they only think about the own profit.
- V. If a Person is Agreeableness, in personal trait, the person will be adjusted with everyone and accommodate all situation. If this type of person is invested in share they can manage all the problems risks in shares with his big smile on face.

### **CONCLUSION:**

It is conclude that personality trait can play a major role for investing in share. It is truly based on the perception of the investors. For the investor perception personality trait will be considered as important the one. Demographic variable like gender, age income and educational qualification of the investor play a vital role in deciding investors. For this paper we considered mainly on the big fire factors of the personality traits.

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