

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.*

1. INTRODUCTION

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 The study was guided by objectives with a purpose of tracking investor's attitudes and perceptions towards share market investments A sample of 125 respondents was used and the findings analyzed using SPSS. The study made several recommendations among which to increase investor awareness as a means of encouraging local investors to list on the share exchange. The regulatory authorities should improve on their performance in order to increase the confidence of the local investor. 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.

SHARE MARKET

The recent global economic situation has witnessed immense highs and lows including some unfortunate happenings related to share market. This has surged a debate on is it really that easy to make money in Indian share market today. Timing is the most important factor while investing in share market. This fluctuates on rapid basis so one cannot be completely dependent on this for money until and unless you are in this business for a long time. According to experts most of the time markets have overvalued or undervalued shares. This is the reason

why you get a wonderful buying and selling opportunity due to high and low valuations at the time when shares are traded. With the help of Indian share market today you need to test your financial knowledge, analytical capabilities, thought process and mental strength. This arena is not for weak and herd people.

An Initial Public Offerings (IPO) refers to the first issue of shares a company makes available to the general public. It is a one-time transaction between a company and its shareholders. This sale of new shares takes place in a market is called the "Primary Market." Companies that want to list their shares on an exchange must meet stringent financial, public distribution and management standards set by the exchange. After these standards are met, companies are listed on the exchange and shares are available to the general public. After a company launches its IPO, shares are bought and sold in what is called the "Secondary Market." Bonds are not traded on an exchange, but sold through investment dealers in an Over the Counter (OTC) environment. The secondary debt market is comprised of government and corporate bonds with maturities ranging from one year to perpetuity in theory, although those starting with maturities of more than 20 years are not common. Issues that have remaining terms 12 years are usually considered to be part of the long-term market. Derivatives are a special kind of financial instruments. Their value is based on the characteristics and value of some other underlying asset, including commodities, bonds, equities or currency.

A share market is a place in which long term capital is raised by industry and commerce, the government and local authorities and it is regarded as capital market. The money derives from private investors, insurance companies, pension funds and banks and is usually arranged by issuing houses and merchant banks. Share exchanges are also part of the capital market which provides a market for the shares and loan that represent the capital once it has been raised. Share market is a place where the securities can be sold and purchased at an agreed price. The term investment refers to the commitment of funds at present in anticipate of some positive rate of return in future course of time. There are three types of investors namely conservative investors, moderate and aggressive investors.

2. OBJECTIVES OF THE STUDY

- To study the factors influencing investment decision making in shares.
- To understand the behavioural aspects of the investors towards investment in share.
- To study the relationship between personality traits and investment decision making in shares.

SCOPE OF THE STUDY

The scope of the study is to determine which factor influence the customer to go for the investment. To study the personality traits of the investor which influence them to make a decision in invested on share

AREA OF THE STUDY

The Centurion Municipality was declared as the Salem city municipal corporation from 1.6.1994. The Salem City Municipal Council celebrated its Centenary in 1966. Fittingly the Municipality was upgraded into a special grade Municipality with effect from 1.4.79. Salem City Municipal Limits were further extended by the inclusion of Suramangalam Municipality, Jarikondalampatty Town Panchayat, Kannankurichi Town Panchayat and 21 other Village panchayats with effect from 1.4.94, with an extent of 91.34 sq.kms. and a total population of 6,97,061(2001 Census). Salem Corporation consists of 60 wards categorized under 4 Zonal Offices namely Suramangalam Zonal, Hasthampatty Zonal, Ammapet Zonal, Kondalampatty Zonal. Each Zonal Office has its own Zonal Chairman and an Asst.Commissioner to take care of Zonal Activities.

3. RESEARCH DESIGN

A research design is to represent what how to approach our research and condition for collection and analysis of the data to combine relevance to research purpose. The research design is the conceptual structure with in which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The task of defining the research problem is the preparation of the design of the research project, popularly known as the research design.

DESCRIPTIVE STUDY

The research design is descriptive for this study because descriptive design includes surveys and fact-finding enquires of different kinds. The main characteristic of this research is the researcher has no control over the variables. The researcher only report what has happened or what is happening.

SAMPLE DESIGN

The sample for the study is collected within the Salem region only. The sample design is convenience sampling. The sample is collected from the investors of the shares.

METHOD OF DATA COLLECTION

The data is collected from Primary data and secondary data. The primary data is collected from the investors. The secondary data is collected from the articles, books, journals.

STATISTICAL TOOLS USED

The statistical tool were applied upon the data collected. The suitable tools are applied to analyse and draw a meaningful conclusion. The hypothesis are framed and tested with the help of the suitable tool such as simple percentage analysis, anova, chi-square analysis

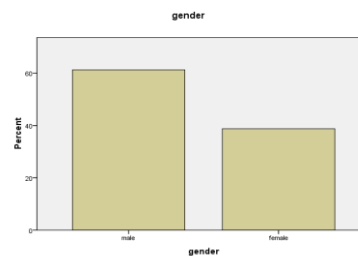
4. PERCENTAGE ANALYSIS

Table No: 4.1.1

Table Name: Gender of the respondents

SI.NO	PARTICULARS	NO.OF.RESPONDENTS	PERCENTAGE
1	male	68	61.3
2	female	43	38.7
3	Total	111	100.0

Figure 4.1.1



Interpretation

The above table shows that 61% of the respondents are male and 38% of the respondents are female.

Inference

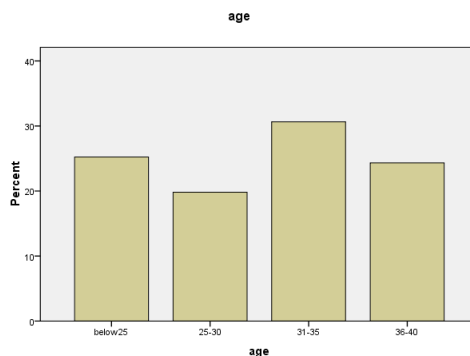
The majority 61% of the respondents are male only.

Table No: 4.1.2

Table Name: Age of the respondents

SI.NO	PARTICULARS	NO.OF.RESPONDENTS	PERCENTAGE
1	below25	22	19.8
2	25-30	28	25.2
3	31-35	34	30.6
4	36-40	27	24.3
5	Total	111	100.0

Figure 4.1.2



Interpretation

The above table shows that 20% of the respondents are below 25 age group, 25% of the respondents are 25 -30, 31% of the respondents are 31 – 35, 24% of the respondents are 36-40.

Inference

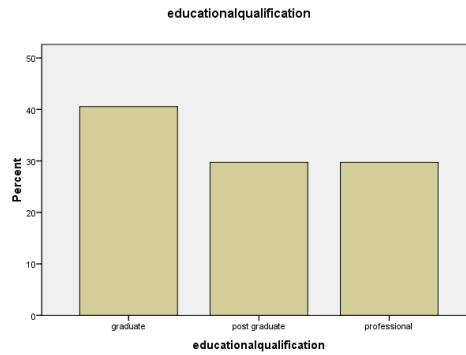
The majority 31% of the respondents are in the age group of 31 -35.

Table No: 4.1.3

Table Name: Educational qualification of the respondents

SL.NO	PARTICULARS	NO.OF.RESPONDENTS	PERCENTAGE
1	graduate	45	40.5
2	post graduate	33	29.7
3	professional	33	29.7
4	Total	111	100.0

Figure 4.1.3



Interpretation

The above table shows that 41% of the respondents are graduate, 30% of the respondents are post graduate, 30% of the respondents are professional.

Inference

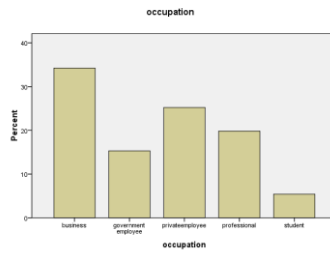
The majority 41% of the respondents are graduate

Table No:4.1.4

Table Name: Occupation of the respondents

SLNO	PARTICULARS	NO.OF.RESPONDENTS	PERCENTAGE
1	business	38	34.2
2	government	17	15.3
3	private	28	25.2
4	professional	22	19.8
5	student	6	5.4
6	Total	111	100.0

Figure 4.1.4



Interpretation

The above table shows that 38% of the respondents are doing business, 16% of the respondents are in government job, 25% of the respondents are in private job, 20% of the respondents are professional and 6% of them are students.

Inference

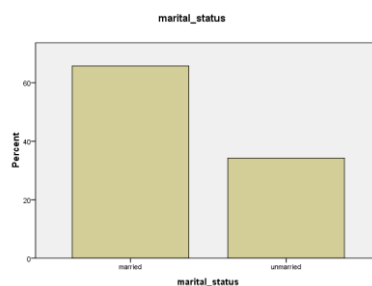
The majority 38% of the respondents are doing business.

Table No:4.1.5

Table Name: Marital status of the respondents

Sl.NO	PARTICULARS	NO.OF.RESPONDENTS	PERCENTAGE
1	married	73	65.8
2	unmarried	38	34.2
3	Total	111	100.0

Figure 4.1.5



Interpretation

The above table shows that 66% of the respondents are married, 34% of the respondents are unmarried.

Inference

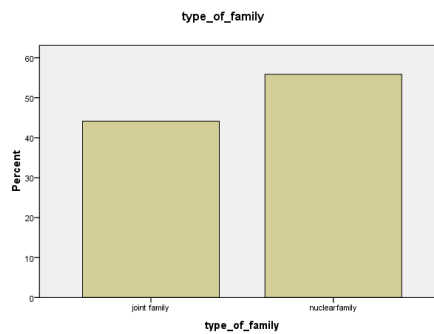
The majority 66% of the respondents are married.

Table No:4.1.6

Table Name: Family type of the respondents

SI.NO	PARTICULARS	NO.OF.RESPONDENTS	PERCENTAGE
1	joint family	49	44.1
2	nuclearfamily	62	55.9
3	Total	111	100.0

Figure 4.1.6



Interpretation

The above table shows that 44% of the respondents are joint family, 56% of the respondents are nuclear family.

Inference

The majority 56% of the respondents are nuclear family.

CHI SQUARE TEST

1. Checking relationship between gender and investor category.

HYPOTHESIS

H0 = There is no significant association between gender and investor category.

H1 = There is significant association between gender and investor category.

Table No: 4.2.1

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.530 ^a	2	.000
Likelihood Ratio	17.914	2	.000
Linear-by-Linear Association	.395	1	.530
N of Valid Cases	111		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.23.

Calculated value : 17.530

Degree of freedom : 2

Tabulated value : 5.99

Significant level : 5% level

Comparison : 17.530 > 5.99

Interpretation

Calculated chi-square value is greater than the table value. Therefore null hypothesis ,H0 is rejected. There is significant association between gender and investor category.

2. Checking relationship between age and market experience.

HYPOTHESIS

H0 = There is no significant association between age and market experience.

H1 = There is significant association between age and market experience.

Table No: 4.2.1

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	41.590 ^a	6	.000
Likelihood Ratio	54.875	6	.000
Linear-by-Linear Association	.615	1	.433
N of Valid Cases	111		

a. 1 cells (8.3%) have expected count less than 5. The minimum expected count is 4.36.

Calculated value : 41.590

Degree of freedom : 6

Tabulated value : 12.59

Significant level : 5% level

Comparison : 41.590 > 12.59

Interpretation

Calculated chi-square value is greater than the table value. Therefore null hypothesis ,H0 is rejected. There is significant association between age and market experience.

3. Checking relationship between occupation and source of investment.

HYPOTHESIS

H0 = There is no significant association between occupation and source of investment.

H1 = There is significant association between occupation and source of investment.

Table No: 4.2.1

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	44.025 ^a	8	.000
Likelihood Ratio	54.747	8	.000
Linear-by-Linear Association	5.693	1	.017
N of Valid Cases	111		

a. 4 cells (26.7%) have expected count less than 5. The minimum expected count is 1.57.

Calculated value : 44.025
 Degree of freedom : 8
 Tabulated value : 15.51
 Significant level : 5% level
 Comparison : 44.025 > 15.51

Interpretation

Calculated chi-square value is greater than the table value. Therefore null hypothesis ,H0 is rejected. There is significant association between occupation and source of investment

4. Checking relationship between educational qualification and nature of investment.

HYPOTHESIS

H0 = There is no significant association between educational qualification and nature of investment.

H1 = There is significant association between educational qualification and nature of investment.

Table No: 4.2.4

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	44.378 ^a	6	.000
Likelihood Ratio	56.055	6	.000
Linear-by-Linear Association	14.075	1	.000
N of Valid Cases	111		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.54.

Calculated value : 44.378

Degree of freedom : 6

Tabulated value : 12.59

Significant level : 5% level

Comparison : 44.378 > 12.59

Interpretation

Calculated chi-square value is greater than the table value. Therefore null hypothesis ,H0 is rejected. There is significant association between educational qualification and nature of investment.

ONE WAY ANOVA

1. Checking relationship between openness to experience and age

HYPOTHESIS

H0 = There is no significant association between openness to experience and age

H1 = There is significant association between openness to experience and age.

Table No: 4.3.1

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.326	3	.442	.396	.756
Within Groups	119.485	107	1.117		
Total	120.811	110			

Degree of freedom : 3
 Significance value : 0.756
 Significant level : 5% level
 Comparison : $0.756 < 0.05$

Interpretation

Calculated anova value is lesser than the significance value. Therefore null hypothesis ,H1 is rejected. There is no significant association between openness to experience and age.

2. Checking relationship between conscientiousness and marital status

HYPOTHESIS

H0 = There is no significant association between conscientiousness and marital status

H1 = There is significant association between conscientiousness and marital status

Table No: 4.3.2

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.144	1	9.144	6.630	.011
Within Groups	150.333	109	1.379		
Total	159.477	110			

Degree of freedom : 1
 Significance value : 0.011
 Significant level : 5% level
 Comparison : $0.011 < 0.05$

Interpretation

Calculated anova value is lesser than the significance value. Therefore null hypothesis ,H1 is rejected. There is no significant association between conscientiousness and marital status

3. Checking relationship between extraversion,intraversion and investor category

HYPOTHESIS

H0 = There is no significant association between extraversion , intraversionand investor category

H1 = There is significant association between extraversion, intraversion and investor category

Table No: 4.3.3

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.850	2	6.925	5.366	.006
Within Groups	139.393	108	1.291		
Total	153.243	110			

Degree of freedom : 2
 Significance value : 0.006
 Significant level : 5% level
 Comparison : $0.006 < 0.05$

Interpretation

Calculated anova value is lesser than the significance value. Therefore null hypothesis ,H1 is rejected. There is no significant association between extraversion, intraversion and investor category

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.