

A STUDY ON FACTORS AFFECTING ACADEMICIANS INVESTMENT BEHAVIOR

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ABSTRACT

Finance is as necessary in life as blood in human body. It is needed everywhere, whether for personal uses, public uses or corporate uses. Investment is some asset purchased today that is expected to give some return in future. So the main objective is to study the factors affecting academician's investment behaviour. The data was collected from 208 academicians in Jalandhar city. Factors analysis technique has been used in order to find out the factors affecting investment behavior of academicians. The study found that there were eight factors which affect the investment behavior of the investors.

Keywords: Academicians, Behavior, Factors, Investment

1. INTRODUCTION

Finance is as necessary in life as blood in human body. It is needed everywhere, whether for personal uses, public uses or corporate uses. Investment is some asset purchased today that is expected to give some return in future. When money is converted into asset and some future return is expected from that asset it is known to be investment. Something is not consumed today and it is used to have some wealth in future. Investment has the expectation of reward attached to it. People sacrifice or separate some part of their current income for some future reward. Investment is also about prioritizing the channels for allocation of money. Investments are done for various objectives, which vary from investor to investor. Investors

make investments in order to maximize their wealth. For this, the investors need to make rational decisions in order to have the best returns. The investment behavior should be free from the emotions and judgements. The behavior of investor is characterized by a number of factors. The decisions are also affected by psychological factors. The outcomes of the investment decisions are uncertain. The psychologists are of the opinion that decisions become more difficult and are even more uncertain and these tend to be influenced by emotions and feelings (Cianci, 2008). Successful investors are able to understand and balance the psychological influences (Iyer and Baskar, 2002). The ability that make the investor understand the judgement heuristic like rationality and irrationality of the investment behavior enables the investors to make the decisions with caution. Investors identify the role of emotions in investment decision making, also the demographic factors influence the investment decision making. A prudent investor who can balance the rational and irrational characteristics of investment behavior can make the best use of his money by investing in suitable avenues. Investment behavior is how individual judge, predict and analyse various options available to them while they make an investment decision. The main purpose that lies behind every investment decision is to maximize the income and reduce their expenses. The probability of profit or loss in the investments made by any individual is what affects the investment Behavior of that individual. The risk of loss or losing some money associated with the investment is what makes the whole decision making process of investors difficult. Every investors wants to use his savings rationally when it comes to investing them. Investment behavior is generally about activities like searching, evaluating, acquiring, reviewing various investment products and sometimes even disposing those products. Investment Behavior is depends on what the investor is looking while investing in various investment options. Also, the objectives which investor has in his mind drives him to take particular investment decisions. Although some investors are risk takers while some are risk aversers but every investor agrees on one common thing that is safe and secure investment avenue. Whenever an investor parts with his savings to invest in some avenue he looks for something in return or at least the safety of his amount.

2. LITERATURE REVIEW

Bhat (2018) analysed the behavior of Retail investors in Jammu and Kashmir towards various Investment alternatives. The study was based on both primary and secondary data. The primary data was collected from 200 retail investors in Jammu and Kashmir. The objectives of the study were to study investment behavior towards investment avenues and study

perceptions of different age groups towards various financial investments. One of the major finding was that male investors were 130 out of 200. It was found that the knowledge of investment boosts the returns from them. There are various options available to the investors in Jammu and Kashmir but investors are largely investing in shares, real estate, fixed deposits etc. Nallakannu and Selvraj (2018) studied the saving and investment pattern of college teachers in Terunelvi District of Tamil Nadu. The study was conducted with the objective of studying the socio economic background, to evaluate the saving habits of college teachers, to analyse the investment pattern of college teachers and to offer suggestions based on the findings. The study was based on both primary and secondary data. The primary data is based on the survey on 60 college teachers. It was found that the college teachers are sensitive about their investments. They want to invest their money in safer environment and they need regular return with lower risk. 60% of the teachers under survey were females. The significant relationship was found between annual income and annual savings of the teachers. Ahmad (2017) examined the factors that influence individual investor behavior in Pakistani Financial markets. The study was based on the primary data through questionnaires' and secondary data. The study resulted in the determination of ten factors that were considered important by more than 50% of the respondents of the study. Also, five factors were found to be least influencing on the behavior of Pakistani investors. The study used Cronbach alpha for testing reliability. Chi square test was used to find the association between two variables. The study was conducted through a modified questionnaire on 102 investors and the respondents were measured for 5 groups of 30 variables. Shanmugasundaram (2017) studied the various factors that influences investor's decision making process and analyzed the information reach and impact on investor's decision making process. The nature of the research was descriptive. The study was based on primary data collected from cities and towns of Tamil Nadu. The Secondary data was also used. It was concluded that investor decisions are influenced by psychological factors and Behavioral dimensions. He found the different peculiar characteristics of Indian Investors living in Tamil Nadu and dependence of small investors on advice of leading companies in making investment decisions. Manikandan and Muthumeenakshi (2017) analyzed perception of investors towards investment pattern on different investment avenues. The study concluded that most investors preferred bank deposits and most investors were not aware of investing their funds in Mutual funds. Sundari et al (2016) analysed people's preference in investment behavior. The objective of the study was to find out investment patterns of investors in various investment avenues. Secondary source of information was used for the study. The findings of the study was that the investors were aware of different modes of investment but the prime motive for the investment was the

tax benefit. The majority of the investors preferred life insurance policies over any other form of investment. Yadav and Singh (2016) studied the factors influencing investor's decision in investing in equity shares. Primary Data was used in the form of a questionnaire. The sample size was 100 respondents collected from Jaipur and Moradabad. The study used independent t-test and mean scores. The findings of the paper were that majority of investors look for the past dividends and past bonuses paid by the company or they act according to the information given to them by the stock broker or experts. Sowmya and Reddy (2016) analyzed the perception of investors towards various investment avenues. They have tried to know about investor's knowledge and preference of investing in investments. The study was based on both primary and secondary data, gathered from reports, journals, websites etc. The study concluded that majority of respondents were aware of all the savings schemes. The investors had prime objective of regular income for investment. Islamoglu et al (2015) studied that there were many factors affected the investment Behavior i.e. Demographic and psychographic. Survey was conducted in 277 banks employees in 24 branches of 14 banks in which Likert scale was used to find out the correlation between the investor and many variables. To find out the results they used SPSS tool. Kavitha (2015) concluded that there was a significant relationship between investor's attitude and stock market investments. It was suggested that to have more participants on NSE, efforts should be directed towards stronger regulation and awareness. The study revolved around the investor's attitudes and perception towards stock market investments and analyzed how investor's level of awareness influence their intention to invest in stock market. Both primary and secondary data was used for the study. Mistry (2015) analyzed the behavior of individual investors in Indian stock market, specifically their attitude and perception with respect to stock market information influencing investment decisions, categorization of investors. The research was descriptive in nature. The sources are both primary as well as secondary data. The questionnaire was framed and filled from people. It was found that small investors do not consider various financial elements before investing in stock market. They do not take decision immediately. They understand the market first and then react. Selvi (2015) examined the rural and urban areas of Coimbatore District, to find the main objective of investors when they make investments. The study included 300 people from both rural and urban areas in equal proportions. The study was to assess the attitude towards investment avenues. He suggested that door to door campaigns, organizing debates and competitions was essential to promote the savings habit. The study found that Investors didn't preferred UTI and mutual funds and it should have been promoted. The data sources were both primary and secondary. The Statistical tools applied were percentage analysis and Garret ranking technique. Boosreddy

and Bhargav (2014) analyzed that demographic factors and psychological factors were changed the investor perceptions like age, gender, family size etc. They used hypothesis and Pearson chi-square technique to draw a conclusion and found that risk was a main factor. The Females preferred less risk as compared to males and also old age investor take less risk as young ones.

3. NEED OF THE STUDY

Behavioral finance tries to study the pattern of investment of investors which can relate to both rational as well as irrational factors. Now a days, investors are getting more aware about the investment avenues. The investors invest according to their risk taking capacity. So, the study is undertaken to analyse the investment Behavior of academicians in different colleges in Jalandhar and to study the various factors affecting investment Behavior of the academicians. This study will be helpful for financial planners, advisors, investors and future researchers. The financial planners will get know about the preference of different investment avenues according to the demographic factors. The investors will know about the various factors affecting while making the investment decisions.

4. OBJECTIVES OF THE STUDY

To study the factors affecting investment behavior of academicians.

5. RESEARCH METHODOLOGY

Target population is the population on which the study will be conducted. Target population of the study is the academicians from different colleges in Jalandhar. The academicians in Jalandhar district will be as follows:

Table 1: List of colleges and number of investor

College Name	No. of Investors
Apeejay College of Fine Arts, Jalandhar	38
Apeejay Institute of Management and Technology, Jalandhar	11
Khalsa College, Jalandhar	13
DAVIET, Jalandhar	20
Trinity College, Jalandhar	10
GNDU College, Ladowali Road, Jalandhar	20
DAV College, Jalandhar	25

DAV University, Samastpur, Jalandhar	07
B.D. Arya College for girls, Jalandhar	10
C.T Institute, Jalandhar	10
Government Polytechnic College, Jalandhar	06
ST. Soldier Management and Technical Institute, Jalandhar	10
HMV College for girls, Jalandhar	28
	208

The data was collected from 250 academicians in Jalandhar. Out of which, only 208 questionnaires were completely filled, 20 questionnaires were not returned by the respondents and 22 questionnaires were incomplete. The sampling technique is the way by which the samples for the study are selected. The sampling technique of this study is convenience sampling. Convenience sampling is a non-probability sampling technique. In this technique, the subjects are selected because of their convenient accessibility and proximity to the researcher. Both primary and secondary data was used in the study. The primary data was collected through a well-structured questionnaire. The secondary data was collected from books, journals, articles, research papers and many more. The data was analysed with the help of MS-Excel and Statistical Package for the Social Sciences (SPSS) version 21. The factor analysis was used in order to find out the factors affecting investment behavior.

6. ANALYSIS AND INTERPRETATION

Reliability Analysis

Table 2: Reliability Statistics

Cronbach's Alpha	No of Items
.853	30

The value of Cronbach’s Alpha is 0.853 which is more than 0.6. So the data is reliable.

Kaiser-Meyer-Olkin (KMO)

Kaiser-Meyer-Olkin (KMO) is a statistic used to measure adequacy of the data. It is used to check the appropriateness of the factor analysis. The value of KMO is 0.755, which is more than 0.5 (Bajpai, 2017) as shown in the table below. So, the data is appropriate for the factor analysis.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.755
Bartlett's Test of Sphericity	Approx. Chi-Square	1728.226
	df	435
	Sig.	.000

Bartlett's test of sphericity is also significant (chi-square =1728.226, df =435, significance=.000). It indicates the suitability of the data for conducting factor analysis. Thus, these conditions are satisfied and the data is fit for conducting the factor analysis. Factor analysis is used for data reduction and summarization. Factor analysis is obtained by requesting the principal component to extract factors. The number of factors to be extracted is based on the eigenvalues. Only those factors with eigenvalue greater than 1.0 are retained. Orthogonal rotation method was varimax with Kaiser Normalization. Rotation converged in 20 iterations. The cumulative variance is 56.633% which is more than 50 % (Hair *et.al.*,2010)

Naming of Factors

Factors that were extracted by the way of factor analysis are named appropriately based on the variables constituting them. The name of factors, the statements underlying and factor loading

Factor 1- Meeting current financial requirements

This factor emerged as the most important having the highest percent of total variance of 19.890. Meeting the current financial requirement is a factor that indicates the financial requirement in present situation. So, this factor include statements like dividend policy which directly fulfils the financial requirement, capital appreciation also provide the financial benefit to the investor. Brand name also provide with the financial benefit. Four statements are loaded in this factor namely Dividend policy (0.675), my satisfaction with investments (0.665), Brand name (0.525), Capital appreciation (0.515). This factor is named as meeting the current financial requirement. Its reliability coefficient Cronbach's alpha is 0.696.

Factor 2- Future prospects

Future prospects are the possibility of occurrence of certain events in future. This factor includes the statements that relate to the possibilities investor relate to future. This factor has 7.548 percent of total variance having three statements loaded in it. The statement 'Safety of principal' (0.667) has highest loading followed by tax considerations (0.663) and future requirements (0.610). This factor is named as Future prospects having reliability coefficient, Cronbach's alpha is 0.559.

Factor 3- Complimentary benefits

Complimentary benefits as a factor is about the benefits or complimentary elements that investor get with the financial products. This factor has 6.140 percent of total variance and two statements loaded in it. 'Insurance cover' (0.802) with highest loading and 'Freebies' (0.593). It has reliability coefficient, Cronbach's alpha is 0.668.

Factor 4- Investment experience

Investment experience is the experience, which is related to events that assure the possibility of some event. Investment experience can relate to various statements including the past investment experience and the stories related to the investors who were successful. This factor has 5.651 percent of total variance. There are two statements loaded in it, 'stories of successful investors' (0.573) having highest loading and past investment experience with 0.525. The factor is named as Investment experience with reliability coefficient, Cronbach's alpha is 0.465.

Factor 5- Knowledge of Investor

Factor 'Knowledge of Investor' explains the knowledge that investor possess that make him take his financial decision. Knowledge of investor can depend on their familiarity with the investment avenues, the performance of avenues and convenience that they get technically while investing. 'Knowledge of Investor' factor has 5.040 percent of total variance and three statements are loaded in it. 'Familiarity of investment avenues' (0.754) having highest

loading, 'performance of avenues' (0.557) and 'technical convenience' (0.516). It has reliability coefficient, Cronbach's alpha is 0.521.

Factor 6- Conditions

Factor 'Conditions' is about the basic conditions that are related to the particular investment. The basic components attached to the investment decision. This factor has 4.254 percent of total variance and three statements loaded in it. The statement 'Term of investment' (0.776) has highest loading, 'amount of investment' (0.587) and risk factor (0.577). The name of factor is knowledge of investor and reliability coefficient, Cronbach's alpha is 0.534.

Factor 7- Information and Government policy

'Information and Government policy' as a factor is about the information that is available freely on the internet that affect the decision of investment. This factor has 4.160 percent of total variance and two statements loaded. The statement 'Information available on Internet' (0.706) has the highest loading and 'Government policy towards business' (0.581). The factor is named as Information and government policy having reliability coefficient Cronbach's alpha is 0.327.

Factor 8- Inflation and Growth Rate

Inflation and growth rate factor is about the rate at which investment will be expected to grow. This factor has 3.951 percent of total variance. It has two statements loaded in it namely 'Rate of Inflation' (0.755) and 'Growth rate' (0.581). This statement is named as Inflation and growth rate having reliability coefficient, Cronbach's alpha is 0.486.

6. FINDINGS AND SUGGESTIONS

The eight factors that affect the investment behavior are meeting the current financial requirement, future prospects, investment experience, complimentary benefits, and knowledge of investor, conditions, information and government policy, inflation and growth rate. It was observed during the study that there are more of female academicians in private

institutions as compared to the male academicians. The academicians as investors are not completely aware of the various avenues of investment, the traditional instruments like FD is more popular among them. It was observed that the female academicians are less involved into the financial matters and most of the academicians the investment is done with mere objective of tax planning. Investment advisors should consider the various factors that influence the investment Behavior. More tax concessions must be introduced by the Government for increasing the investments in various avenues, especially to the academicians.

7. CONCLUSION

The study elucidates the general view of the academicians regarding their investment behavior. The academicians use to invest in risk free securities. They consider the different factors for investing in particular type of investment securities. As the academicians are too busy in their lives, the financial advisors should advise them regarding investment.

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Table 4: Rotated component matrix

	Components								Communalities
	1	2	3	4	5	6	7	8	
Dividend policy	.675								.560
My satisfaction with the investments	.665								.533
Brand name	.525								.668
Capital appreciation	.515								.677
Safety of principal		.667							.427
Tax Consideration		.663							.443
Future requirements		.610							.460
Insurance cover with the avenues			.802						.517
Freebies with the avenues			.59						.575

			3						
Stories of successful investor				.699					.573
Past Investment experience				.525					.640
Familiarity of investment avenues					.754				.595
Past performance of the avenues					.557				.476
Technical convenience					.516				.569
Term of Investment						.776			.569
Amount of Investment						.587			.690
Risk Factor						.577			.668
Information available on the internet							.706		.551
Government Policy towards Business							.522		.547
Rate of inflation								.755	.573
Growth Rate								.581	.644
Eigen values	2.819	2.353	2.232	2.069	1.901	1.885	1.880	1.850	16.989
Percent of variance	19.890	7.548	6.140	5.651	5.040	4.254	4.160	3.951	
Cumulative variance	19.890	27.437	33.577	39.228	44.268	48.522	52.682	56.633	