

Analysis of Financial Investment in Share Market with Reference to Faridabad



Dr. Rina Kumari

Asstt. Prof, Dept. of Commerce
KL Mehta Dayanand College for Women

Abstract

The research is based on a sample of 100 individuals from Faridabad, Haryana, who were asked to analyse their financial investments in the stock market. The introduction and development of behavioral finance has ushered in a revolution in the financial sector. Investors seldom make logical choices when it comes to investing. Investors just respond to the information they have access to and act appropriately. Before investing in the stock market, a lot of thought should be given to it. Ratio analysis must be taken into account. When investing in the capital market, one must examine the company's technical and financial analysis as well as the economy's fundamental research. The purpose of this study is to find out how male and female investors think about different factors to consider while investing in the stock market. The purpose of this paper is to condense the attitudes of male and female investors toward a variety of investment options. The researchers chose 60 male and 40 female investors from the city of Faridabad. The hypothesis is tested using an independent t-test using mean scores. Before investing in stocks, investors should do as much fundamental, technical, and financial research as possible, according to the study. Whether male or female, investors should consider all options when investing their money in various assets. When it comes to investing, investors should consider all options. Some investments are dangerous, while others are not, therefore investors should choose riskier or less risky assets based on their age.

Introduction

It is assumed in behavioural finance that the arrangement of information and the characteristics of capital market participants scientifically affect people's investment choices as well as market outcomes. When it comes to making financial choices, investors seldom behave rationally. Investors have certain flaws, such as cognitive and emotional, that play a significant influence in their investing decisions. When it comes to making investment decisions, they have behavioural biases. They just respond to the facts accessible to them and behave in accordance with the financial climate. Investment decisions are also influenced by factors such as the investor's age, profession, sex, income, marital status, risk tolerance capacity, education, demographic context, and financial expert and adviser guidance. Despite having all of the necessary resources and infrastructure, investors choose certain paths after evaluating several variables that are affected by the environment. Investors' views of different investment choices are shaped by a variety of variables. Because the financial sector plays such an important role in the country's economic development, the mobilisation and supply of

savings is essential to the growth process. Growth is achievable when funds are channeled into productive investments, which improve the economy's ability to produce products and services that affect the average person's quality of life. As a result, the capital market will be effective in accelerating economic growth if it can encourage the flow of savings and investment via the purchase of government and private securities, among other things, with the goal of funding the execution of capital projects.

Importance and Need of the Study

Investors have been found to be more dedicated to and appreciative of picky investing choices and preferences. As a result, it is critical to investigate the socioeconomic reasons that drive individuals to choose certain investing choices. It is critical in identifying investor behaviour and the impact of their disposition; as a consequence, effective money management can be seen. This study will aid not only investors, but also financial institutions, banks, organisations, and advisors/consultants in identifying and analysing the key elements that motivate/induce investors to invest in various alternatives/avenues and their decision-making process. Financial planners should pay more attention to

behavioural processes and outcomes because a careful examination of investors' perceptions of different investment options can aid financial advisers in developing appropriate asset distribution methods for their clients/investors.

Research Objectives

The present study aims at the following objectives:

- To identify factors influencing the investor while investing in share market.
- To identify certain factors that motivates the investors to invest in shares.
- To suggest strategies so that investors can optimize their return on investment

Research Methodology

The study is empirical in nature, using a convenience sample of 100 individual investors.

A questionnaire was utilised to gather data, and both primary and secondary data were employed. The study's focus is on those who invest in shares in Faridabad (Haryana). The trend toward investing in shares in Faridabad has elicited the opinions of a number of professionals in the city. This document includes the opinions of these professionals. The report also includes references to different publications on share capital investing authored by various specialists. The research used techniques such as the independent t-test and mean scores on a five-point likert scale. Based on the literature, the researchers identified four variables that may affect stock investing decisions: cultural, social, economic, and psychological considerations

Table 1: Various variables to be considered while investing in equity market

S. No.	Factors	Variables
1	Economic	Past Dividends
		Financial ratios
		Recent Financial Performance
		Bonus given in recent years
		Daily reports of stock exchanges on gainers and losers
2	Social	Management of the company and structure of board of directors
		Competence of personalities that have major shares in the company
		Recommendations by experts and well known stock brokers
		Ownership structure of the company
3	Cultural	Friends advice
		Predominant family culture in share investment
4	Psychological	Motivation from the study of literature on financial stocks and securities
		Future financial security
		Motivation by the people who are successful in share investment

Hypothesis

Researchers have framed 14 hypotheses. The details are mentioned herein below:

Hypothesis 1

H01: When it comes to evaluating previous dividends given by businesses when investing in equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 2

H02: While it comes to evaluating different financial measures when investing in equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 3

H03: When it comes to evaluating recent financial success of a business when investing in equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 4

H04: When it comes to evaluating bonuses provided by the business in recent years when investing in equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 5

H05: While it comes to examining daily data issued by stock exchanges on gainers and losers when investing in equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 6

H06: When it comes to evaluating the management of the business and the composition of the board of directors when investing in equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 7

H07: While it comes to evaluating the competency of individuals who own large shares in the business when investing in equity shares, there is no significant difference between male and female investors' perspectives.

Hypothesis 8

H08: When it comes to following professional and well-known stock broker advice when investing in equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 9

H09: While it comes to evaluating the company's ownership structure when investing in equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 10

H10: While it comes to accepting friends' recommendations when investing in equities shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 11

H11: While it comes to the prevailing family culture in share investment when investing in shares. The following data is obtained:

equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 12

H12: When it comes to evaluating inspiration from the reading of literature on financial stocks and securities when investing in equity shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 13

H13: While it comes to contemplating future financial stability when investing in stock shares, there is no substantial difference between male and female investors' perspectives.

Hypothesis 14

H14: When it comes to evaluating inspiration from individuals who are successful in share investment when investing in equity shares, there is no substantial variation in views between male and female investors.

Analysis and Interpretation

General Details Questions were asked from the respondents about the experience while investing

Table 2: General details of respondents investing in equity market

S. No.	Variables	Responses	No. of Respondents		Total
			Male	Female	
1	No. Of Respondents	60	40	100	
2	Age (In Years)	Less than 20	3	1	100
		20 – 40	29	19	
		40-60	22	18	
		Above 60	6	2	
3	Educational Qualifications	Upto 12th	10	5	100
		Graduation	35	25	
		Post Graduation & above	15	10	
4	Occupation	Service	9	10	100
		Business	10	8	
		Profession	25	9	
		Retired	10	2	
		Others	6	11	
5	Annual Income (In Rs.)	Less than Rs. 200000	5	15	100
		200000-500000	19	15	
		500000-1000000	29	8	
		Above Rs. 1000000	7	2	

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Testing of Hypothesis

Perception on the Concerns for the Fourteen Attributes Relating to

Investment in Shares Opinion of
respondents – For least 1 & for highest 5

Table 3: Mean of perception of respondents regarding various variables considered while investing in equity shares

S. No	Variables	N	Mean (M)	Std. Deviation
1	Past Dividend	100	4.09	.830
2	Financial ratios	100	3.81	.907
3	Recent Financial Performance	100	4.09	.889
4	Bonus given in recent years	100	3.79	.782
5	Daily Reports of Stock Exchanges	100	3.97	.915
6	Management & Directors of the company	100	3.92	.918
7	Competence of Major shareholders	100	3.88	.902
8	Recommendations by Stock Brokers	100	4.09	.933
9	Ownership Structure of the Company	100	4.13	.787
10	Advice of the friends	100	4.33	.817
11	Family Culture in share investments	100	3.92	.813
12	Literature on financial securities	100	3.87	.917
13	Future financial security	100	4.12	.868
14	Motivation by the people who are successful in share investment	100	4.06	.851

Table 4: Mean perceptions of male and female respondents regarding variables to be considered while investing in equity market

Variables	Gender	N	Mean	Std. Deviation
Past Dividend	Male	60	4.15	.899
	Female	40	4.00	.716
Financial ratios	Male	60	4.02	.930
	Female	40	3.50	.784
Recent Financial Performance	Male	60	4.27	.899
	Female	40	3.83	.813
Bonus given in recent years	Male	60	3.80	.879
	Female	40	3.78	.620
Daily Reports of Stock Exchanges	Male	60	4.12	.865
	Female	40	3.75	.954
Management & Directors of the company	Male	60	3.88	.904
	Female	40	3.98	.947
Competence of Major shareholders	Male	60	3.85	.899
	Female	40	3.93	.917
Recommendations by Stock Brokers	Male	60	4.10	.915
	Female	40	4.08	.971
Ownership Structure of the Company	Male	60	4.13	.791
	Female	40	4.13	.791
Advice of the friends	Male	60	4.15	.917
	Female	40	4.60	.545
Family Culture in share investments	Male	60	3.67	.729
	Female	40	4.30	.791
Literature on financial securities	Male	60	4.08	.926
	Female	40	3.55	.815
Future financial security	Male	60	3.80	.860
	Female	40	4.60	.632
Motivation by the people who are successful in share investment	Male	60	3.92	.809
	Female	40	4.28	.877

Table 5: Independent Samples Test

Variables		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. 2-tailed	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Past Dividend	Equal variances assumed	7.329	.008	.884	98	.379	.150	.170	-.187	.487
	Equal variances not assumed			.925	94.804	.357	.150	.162	-.172	.472
Financial ratios	Equal variances assumed	.646	.423	2.894	98	.005	.517	.179	.162	.871
	Equal variances not assumed			2.994	92.571	.004	.517	.173	.174	.859
Recent Financial Performance	Equal variances assumed	2.432	.122	2.498	98	.014	.442	.177	.091	.792
	Equal variances not assumed			2.550	89.311	.012	.442	.173	.097	.786
Bonus given in recent years	Equal variances assumed	7.472	.007	.156	98	.877	.025	.160	-.293	.343
	Equal variances not assumed			.167	97.656	.868	.025	.150	-.273	.323
Daily Reports of Stock Exchanges	Equal variances assumed	3.490	.065	1.992	98	.049	.367	.184	.001	.732
	Equal variances not assumed			1.953	78.002	.054	.367	.188	-.007	.740
Management & Directors of the company	Equal variances assumed	.113	.738	-.488	98	.627	-.092	.188	-.465	.281
	Equal variances not assumed			-.483	80.995	.630	-.092	.190	-.469	.286
Competence of Major shareholders	Equal variances assumed	.002	.967	-.406	98	.686	-.075	.185	-.442	.292
	Equal variances not assumed			-.404	82.576	.687	-.075	.186	-.444	.294
Recommendations by Stock Brokers	Equal variances assumed	.295	.588	.131	98	.896	.025	.191	-.355	.405
	Equal variances not assumed			.129	80.251	.898	.025	.194	-.361	.411
Ownership Structure of the Company	Equal variances assumed	.051	.822	.052	98	.959	.008	.161	-.312	.329
	Equal variances not assumed			.052	83.779	.959	.008	.161	-.313	.329
Advice of the friends	Equal variances assumed	15.005	.000	-2.789	98	.006	-.450	.161	-.770	-.130
	Equal variances not assumed			-3.072	96.928	.003	-.450	.146	-.741	-.159
Family Culture in share investments	Equal variances assumed	.866	.354	-4.114	98	.000	-.633	.154	-.939	-.328
	Equal variances not assumed			-4.047	78.923	.000	-.633	.156	-.945	-.322
Literature on financial securities	Equal variances assumed	.817	.368	2.958	98	.004	.533	.180	.175	.891
	Equal variances not assumed			3.034	90.639	.003	.533	.176	.184	.882
Future financial security	Equal variances assumed	5.757	.018	-5.043	98	.000	-.800	.159	-1.11	-.485
	Equal variances not assumed			-5.355	96.982	.000	-.800	.149	-1.09	-.504
Motivation by the people who are successful in share investment	Equal variances assumed	2.179	.143	-2.099	98	.038	-.358	.171	-.697	-.020
	Equal variances not assumed			-2.065	78.992	.042	-.358	.174	-.704	-.013

The researchers have used independent dependent t test, mean scores to test the above stated hypothesis (equal variances assumed).

Hypothesis 1

On average, male respondents have almost similar concern about the considering past

dividends paid by companies while investing in equity shares. (M = 4.15) as female respondents (M = 4.00), $t(99) = 0.884$, $p > .05$ Null Hypothesis is accepted and alternate hypothesis is rejected. It is concluded that there is no significant difference between the perceptions of

male and female investors considering past dividends paid by companies while investing in equity shares.

Hypothesis 2

On average, female respondents are less concerned about the financial ratios as a deciding factor while investing in equity shares ($M = 3.50$) as compared to male respondents ($M = 4.02$), $t(99) = 2.894$, $p < .05$. Null Hypothesis is rejected and alternate hypothesis is accepted. It is concluded that there is a significant difference between the perceptions of male and female investors regarding considering various financial ratios while investing in equity shares.

Hypothesis 3

On average, female respondents are less concerned about studying the recent financial performance of the company while investing in equity shares ($M = 3.83$) as compared to male respondents ($M = 4.27$), $t(99) = 2.498$, $p < .05$. Null Hypothesis is rejected and alternate hypothesis accepted. It is concluded that there is a significant difference between the perceptions of male and female investors regarding considering recent financial performance of the company while investing in equity shares.

Hypothesis 4

On average, male respondents have almost similar concern about the considering recent bonus paid by companies while investing in equity shares. ($M = 3.80$) as female respondents ($M = 3.78$), $t(99) = 0.156$, $p > .05$. Null Hypothesis is accepted, and alternate hypothesis is rejected. It is concluded that there is no significant difference between the perceptions of male and female investors regarding considering bonus given by the company in recent years while investing in equity shares.

Hypothesis 5

On average, female respondents are less concerned about studying daily reports published by stock exchanges on gainers and losers while investing in equity shares ($M = 3.75$) as compared to male respondents ($M = 4.12$), $t(99) = 1.992$, $p < .05$. Null Hypothesis is rejected, and alternate hypothesis is accepted. It is concluded that there is a significant difference between the perceptions of male and female investors

regarding considering daily reports published by stock exchanges on gainers and losers while investing in equity shares.

Hypothesis 6

On average, male respondents have almost similar concern about considering the efficiency and capability of management of the company and structure of board of directors while investing in equity shares ($M = 3.88$) as female respondents ($M = 3.98$), $t(99) = -0.488$, $p > .05$. Null Hypothesis is accepted, and alternate hypothesis is rejected. It is concluded that there is no significant difference between the perceptions of male and female investors regarding considering management of the company and structure of board of directors while investing in equity shares.

Hypothesis 7

On average, male respondents have almost similar concern about considering the competence of personalities that are major shareholders in the company while investing in equity shares ($M = 3.85$) as female respondents ($M = 3.93$), $t(99) = -0.406$, $p > .05$. Null Hypothesis is accepted and alternate hypothesis is rejected. It is concluded that there is no significant difference between the perceptions of male and female investors regarding considering competence of personalities that have major shares in the company while investing in equity shares.

Hypothesis 8:

On average, male respondents have almost similar concern about considering recommendations by experts and well known stock brokers while investing in equity shares. ($M = 4.10$) as female respondents ($M = 4.08$), $t(99) = 0.131$, $p > .05$. Null Hypothesis is accepted and alternate hypothesis is rejected. It is concluded that there is no significant difference between the perceptions of male and female investors regarding considering recommendations by experts and well known stockbrokers while investing in equity shares.

Hypothesis 9

On average, male respondents have almost similar concern about considering ownership structure of the company while investing in

equity shares. ($M = 4.13$) as female respondents ($M = 4.13$), $t(99) = 0.052$, $p > .05$. Null Hypothesis is accepted and alternate hypothesis is rejected. It is concluded that there is a significant difference between the perceptions of male and female investors regarding considering ownership structure of the company while investing in equity shares.

Hypothesis 10

On average, male respondents are less concern about considering friends' advice while investing in equity shares ($M = 4.60$) as compared to female respondents ($M = 4.60$), $t(99) = -2.789$, $p < .05$. Null Hypothesis is rejected and alternate hypothesis is accepted. It is concluded that there is a significant difference between the perceptions of male and female investors regarding considering friends' advice while investing in equity shares.

Hypothesis 11

On average, male respondents are less concern regarding considering predominant family culture in share investment while investing in equity shares ($M = 3.67$) as compared to female respondents ($M = 4.30$), $t(99) = -4.114$, $p < .05$. Null Hypothesis is rejected and alternate hypothesis is accepted. It is concluded that there is a significant difference between the perceptions of male and female investors regarding considering predominant family culture in share investment while investing in equity shares.

Hypothesis 12

On average, male respondents are more motivated from exploration on literature on financial securities while investing in equity shares ($M = 4.08$) as compared to female respondents ($M = 3.55$), $t(99) = 0.368$, $p < .05$. Null Hypothesis is rejected and alternate hypothesis is accepted. We can conclude that there is a significant difference between the perceptions of male and female investors regarding considering motivation from the study of literature on financial stocks and securities while investing in equity shares.

Hypothesis 13

On average, male respondents are less concern about future financial security while investing in

equity shares ($M = 3.80$) as compared to female respondents ($M = 4.60$), $t(99) = 0.018$, $p < .05$. Null Hypothesis is rejected and alternate hypothesis is accepted. It is concluded that there is a significant difference between the perceptions of male and female investors regarding considering future financial security while investing in equity shares.

Hypothesis 14

On average, male respondents are less motivated by the people who have attained financial security through share investment while investing in equity shares ($M = 3.92$) as compared to female respondents ($M = 4.28$), $t(99) = 0.143$, $p < .05$. Null Hypothesis is rejected and alternate hypothesis is accepted. It is concluded that there is a significant difference between the perceptions of male and female investors regarding considering motivation by the people who are successful in share investment while investing in equity shares.

Findings of the Present Study

The following are the findings of the present study.

- When investing in stock shares, both male and female investors are concerned with previous dividends given by businesses. 2) Male investors examine financial measures such as the P/E ratio, D/P ratio, and other liquidity ratios, while female investors, owing to a lack of financial knowledge, are less comfortable with financial ratios.
- Male investors examine the company's present financial situation in terms of profitability, liquidity, and productivity and innovation performance, while female investors, owing to a lack of financial literacy, are less comfortable with financial data.
- Male investors, as opposed to female investors, examine daily information issued by stock exchanges on gainers and losers before investing in equity shares.
- Both male and female investors check for previous bonuses given to shareholders by the business.

- Both male and female investors search for the company's management's effectiveness and competence, as well as the structure of the Board of Directors. When investing in the company's shares, the qualifications, experience, and professional competence of the CEO, MD, and directors are taken into account.
- When it comes to investing in equities shares, both male and female investors follow the advice of trustworthy and reputable stockbrokers or experts.
- Female investors place a higher value on the advice of their friends and family, and they buy in stocks based on their recommendations.
- Female investors are more concerned with the safety of their assets and thus invest more carefully.
- People that are successful in the stock market inspire female investors.

Suggestions

The researchers present the following suggestions:

- Because behavioural finance is a new and promising area of finance, financial advisers should examine investor behaviour and preferences, especially among urban investors, while trading mutual funds, equities, and other financial options.
- Before investing in stocks, investors should attempt to do as much fundamental, technical, and financial research as feasible.
- Both male and female investors attempt to diversify their portfolios by investing in various asset classes.
- Because certain investments are dangerous and others are not, investors should choose the level of risk they are willing to accept based on their age.
- Risky investments should be avoided by older investors, but younger ones can accept risks.

Scope for Future Research

The further research can be undertaken on other investment avenues and other variables can be taken such as occupation, age, risk tolerance capacity, education, etc.

Conclusion

There are lots of considerations while investing such as tax planning, future needs, safety of investments, recurring income, etc. So as per the requirement of individual investor, he or she should consider these variables.

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