

Investment Patterns of Investors/Shareholders in Stocks/Shares

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Abstract

savings motive differs from individual to individual. In most of the household sectors saving behavior perceives as not so important, However, it is shown that education is highly ranked in all countries as the most preferred savings motive with old-age savings motive ranking the least. It is also understood from many studies that the savings patterns are perhaps the motto is to gain greater profits and invest in expansion of new ventures or existing businesses. This paper empirically studied the significance of behavioural finance, investor /shareholder behavior related to investment patterns are analyzed and the results of the same have been concluded accordingly.

Keywords: *saving patterns, investor, shareholder, behavior, business, perception*

I. Introduction

Investing patterns can be divided into analytical patterns and behavioral patterns. Analytical patterns are those where investors systematically under-appreciate the future cash flow stream in a way that is predictable at the time. It is also believed that cultural aspects also impact behavioural patterns of shareholders, there are also several instances.

II. Review of literature

1. **Borovas, A. Katarachia, A. Konstantinidis, M. Voutsas (2012)** stated in their study that concept of efficient market hypothesis and the theory of behavioural finance. These two concepts have enhanced the stream of research and investor behaviour to a greater extent. Efficient market hypothesis has been one the well-known technique since 1990. Additionally the theory of behavioural finance has been the most used concept in today's financial institutions. The key point of this research paper with special reference to behavioural finance is human psychology plays in important role during investor behaviour.
2. **G. Boako (2015)** focused on the companies where the ownership is changed. The reason they concluded that for announcement of dividends. Analysis of the basis of dividends, earnings and stock prices for the period for 2 years was taken into consideration. They found that there is no relation between the movements of the equity share and the dividends announced.
3. **Chijoriga, 2011; Alali & Romero, 2013; Osei-Assibey & Asenso, 2015; Vithessonthi, (2016)** financial decisions making in SMEs industry far focus entirely on the demand side of the market. There are too many researches focus on the supply side, which concerning of how FIs avert the likeliness of higher credit default
4. **Baker et al. (2020)** observed characteristics of SMEs, such as firms' characteristics and owner's characteristics, significantly concerned to the decisions of selecting financing sources. Two earlier studies with regard to SMEs owners in financing decisions represent the picture of previous studies on this topic, which divided into 2 (two) approaches. First, SMEs financing decisions based on an indicator of financial performance approaches.
5. **Rao and Kumar (2018)** it its more appropriate to dig into non-explicit side of business actors in SMEs industry. As a proxy of behavioural approach, this research preceded risk-seeking, growth-seeking, profit seeking, and ownership-orientation of SMEs owners.
6. **P. Merlo, P. Konarzewski (2015)** stated in this study is conducted on the exchange board in Warsaw. Whenever positive results are experienced there are prompt deployment of savings strategies which are

implemented. There is a correlation which is observed within the economic situation and the stock exchanges and the briefcase returns. However, some of the technical skills on the investing patterns are also important and cannot be firmly stated that only strategies work over it. Researches which were conducted in rest of the countries also show us the relatively same behaviour with respect to the relation between the two variants. It is also noticed that irrational decisions firmly affect the prices of the stock in the exchange impacting negatively on the financial status of the specific country.

Objectives of the study:

- To study the demographic factor on risk averse behavior of shareholder
- To study the investment pattern of shareholder and their impact

Hypotheses:

H₀₁: “There is no significant impact of nature of employment and careful consideration of stock prices fluctuations for investment.

H₀₂: Income does impact their behavior of becoming more risk averse due to prior loss experience while choosing stock types

III. Methodology:

- **Type of study: Descriptive**
- **Sources of data:**
- Both Primary and secondary data
- Primary data has been collected from the respondents through a survey method(questionnaire)
- Secondary data has been sourced from websites, journals, text book for this study
- Sample size:602

Limitations of the study:

- Only secondary source has been considered for the study
- Time is one of the limiting factors
- The information collected through secondary source may have used for some other purpose

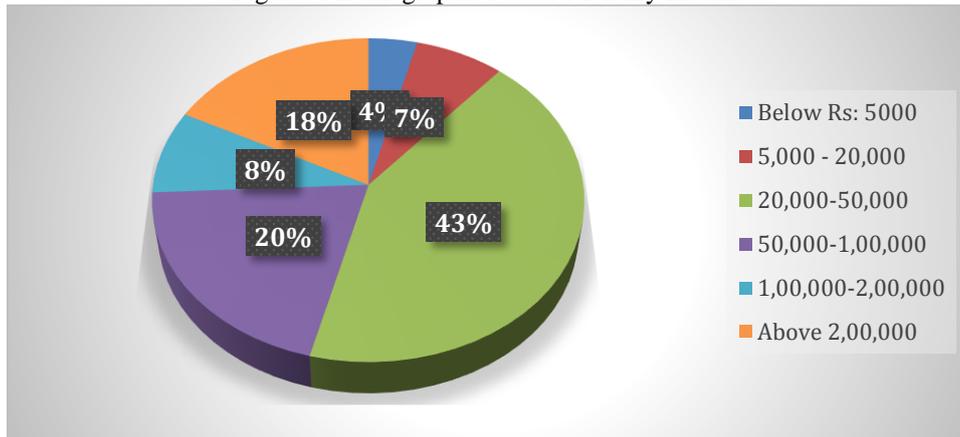
IV. Data Analysis and Interpretation

Table: 1 Demographic Factor-Monthly Income

Monthly Income	Frequency	Percentage
Below Rs: 5000	24	4
5,000 - 20,000	44	7
20,000-50,000	257	43
50,000-1,00,000	122	20
1,00,000-2,00,000	50	8
Above 2,00,000	105	18
Total	602	100%

Source: Primary Data

Figure: 1 Demographic Factor-Monthly Income



Source: Primary Data

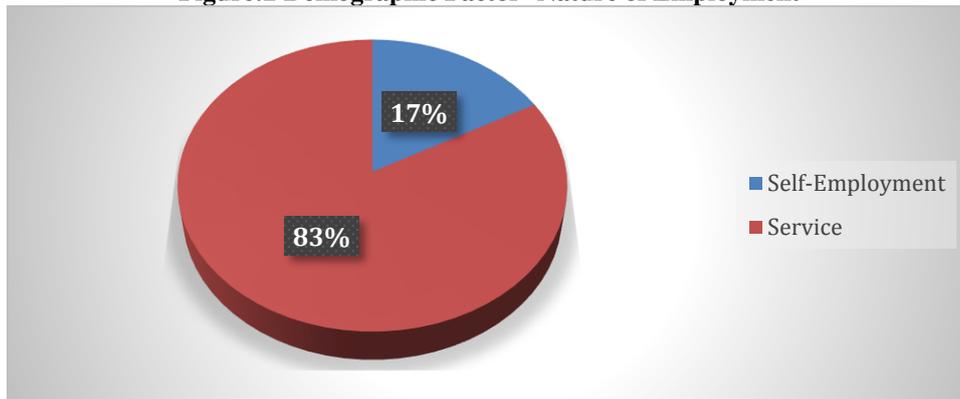
Analysis: From the above table-1 it has been found that 4 percent respondents' income is below Rs: 5000, 7 percent respondents are between Rs: 5000-20,000, 43 percent respondents are between Rs: 20,000-Rs:50000, 20 percent respondents are between Rs: 50,000-1,00,000, 8 percent respondents are between Rs: 1,00,000-Rs: 2,00,000 and remaining 18 percent respondents are above Rs: 2,00,000 income of the sample study

Table: 2 Demographic Factor-Nature of Employment

Nature of Employment	Frequency	Percentage
Self-Employment	102	4
Service	500	7
Total	602	100%

Source: Primary Data

Figure:2 Demographic Factor- Nature of Employment



Source: Primary Data

Analysis: From the above table-2, it has been found that 83 percent respondents' Nature of employment is service and remaining 17 percent respondent are self- employed

Inferential statistics

Table: 3 chi-square test on monthly income and risk aversion behavior of shareholder/investor

O	O ²	e	O ² /E
7	49	7.018272	6.981775
176	30976	174.3771	177.638

43	1849	39.95017	46.28266
36	1296	43.72924	29.63692
63	3969	59.92525	66.23252
6	36	5.981728	6.018328
147	21609	148.6229	145.3948
31	961	34.04983	28.22334
45	2025	37.27076	54.33213
48	2304	51.07475	45.11035
602	65074	602	692.4977
		N	90.49769
	Table Value	5%	9.487729
	Table Value	1%	13.2767

Source: Primary Data

Analysis: Since $N >$ Table value for 5% level of significance which is 9.49 and Table value for 1% level of significance which is 13.28. Hence, null hypothesis has been rejected and it indicates that monthly income has significant impact on risk aversion behavior of shareholder/investor.

Table: 4 chi-square test on Nature of Employment and careful consideration of price changes by investors

0	0²	e	0²/E
22	484	24.90698	19.43231
63	3969	57.60797	68.89671
8	64	11.69103	5.474282
9	81	7.79402	10.39258
125	15625	122.093	127.9762
277	76729	282.392	271.7109
61	3721	57.30897	64.92875
37	1369	38.20598	35.83209
602	102042	602	604.6438
		N	2.643845
	Table Value	5%	7.814728
	Table Value	1%	11.34487

Analysis: Since $N <$ Table value for 5% level of significance which is 7.81 and Table value for 1% level of significance which is 11.34. Hence, null hypothesis has been failed to be rejected and it indicates that nature of employment has no significant impact on careful consideration of price changes by investors

V. Conclusion

- Majority of the respondents/investors/shareholders i.e., 43 percent respondents are between Rs: 20,000-Rs:50000.
- Majority of the respondents/investors/shareholders i.e., 83 percent respondents' Nature of employment is service it states that most of them are small investors or invests in small or mid cap companies
- Null hypothesis has been rejected and it indicates that monthly income has significant impact on risk aversion behavior of shareholder/investor.
- Null hypothesis has been failed to be rejected and it indicates that nature of employment has no significant impact on careful consideration of price changes by investors
- It is also observed that most of the respondents are very cautious of investing in shares/stocks due to earlier experience of losing their hard earned incomes
- It is also understood that majority of the investors/shareholders do not show much interest in investing in shares/stocks
- It is suggested that investor awareness and investment patterns in shares have to be given training in order to avoid risks of losing shares, fluctuations in markets, stocks etc., good analytical skills on financial knowledge, this will also be considered as inclusive growth as their saved incomes can be reinvested and into shares/stocks which will even contribute to their personal growth as well contributing to the economy

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