

# AN INVESTMENT BEHAVIOR OF INVESTORS - A SYSTEMATIC REVIEW

<sup>1</sup>Shivaraja M, <sup>2</sup>Dr. K C Prashanth

<sup>1</sup>Assistant Professor, <sup>2</sup>Associate Professor,

<sup>1</sup>Department of Management,

<sup>2</sup> Department of studies in Business Administration <sup>1</sup>Government First Grade College, Nanjangud, India <sup>2</sup>Vijayanagara Sri Krishnadevaraya University, Ballari, India

**Abstract:** The present economic environment is very dynamic. As a result, investment and savings vary as per the changes in economic conditions of a country, viz. interest rates, consumer price index, wholesale price index, etc. Similarly, the investment behavior of an investor is dynamic because an informed investor will make decisions, choose investment options based on the risk, and return that exist in a particular investment option. The risk of an investment is dependent upon economic conditions. If economic conditions were conducive to investment, every investor's investment behavior would be positive towards various investment options. The main objective of this paper is to review systematic existing literature on the investment behavior of investors and to find out factors affecting investment behavior, to determine the level of investment awareness across all types of investors. A review of the literature reveals that investment behavior of various types of investors differs based on their demographic information such as age, income, occupation, place, number of family members etc. Risk tolerance and risk perception also vary across different types of investors, such as retail investors, salaried investors, university and schoolteachers. In particular, the teaching community is very conservative investors, which means they are willing to invest in low-risk investments.

**Keywords:** Investment behavior, Investment Patterns, investment alternatives, risk tolerance.

## I INTRODUCTION

More than two-thirds of the world's population and half of the total capital stock will reside in developing nations by the year 2030. India is a nation with a sizable It has potential in its human and material resources. There is a mixed economy in the country. India has the sixth-largest nominal GDP in the world when compared. In terms of per capita GDP, India is ranked 139th in the world. After economic liberalization, privatization, and globalization in 1991, India's GDP grew by an average of 6% per year. The economy's prospects for future growth are favorable because of its young population, sound savings and investment rates, and low dependency ratio. There were Rs 20.56 trillion, Rs 21.34 trillion, and Rs 22.85 trillion in total gross financial savings for the fiscal years 2018–19, 2019–20, and 2020–21, respectively. Savings serve as conduits for investments, also known as gross domestic capital formation. Gross fixed capital formation to GDP in India has remained constant between 2016 and 2017 at a rate of 28 percent. The percentage was increased to 29% in 2018. It decreased to 27 percent in 2020 because of the COVID-19 pandemic situation.

In terms of the demographic dividend, India has a very young population. For 2020-21, the per capita GDP was Rs 91,481. The major chunk of investment and savings comes from working employees from the government sector and private sector. These employees will have a compulsion to invest in the various investment options in order to avoid the tax or to take advantage of the tax exemption. Hence, these investors are investing in particular tax savings instruments such as LIC, PPF, NSC, post office savings, ELSS, infra bonds etc.. In particular, the teaching community, such as college professors, has higher salaries compared to other employees in the government sector. Hence, the majority of college teachers are investing in tax savings instruments.

The primary goal of the systemic review of literature is to identify gaps in knowledge about college teachers' investment behaviour and variables that should be studied and covered in future research.

## II RESEARCH METHODOLOGY

The available literature was thoroughly analyzed for the purpose of this study. Journals on the matter that were pertinent to the discussion as well as articles published in various online databases and search engines like SSRN, Indiatat, JSTOR, and Google scholar were taken into account.

The findings have been reviewed using key scales for the intended research. Research gaps in college teachers' investment behaviour were analyzed through study.

## III REVIEW OF LITERATURE

The systematic review is presented in tabular format with divisions such as author name and year, objectives, sample type, sample

size, test used for the study and outcomes. Shown in table 1

**Table 1**  
**Current Review of literature**

Sl.no	Author Name and year	Research purpose	Sample size	Sample type	Research tools	Outcomes
01	Tai-Yuen HON(2015)	The main goal is to identify and examine key factors that influence how small investors behave in the Hong Kong stock market.	1199	Retail investors	Factor analysis	Reference group, personal background, monitor investments, response to announcements, and cognitive style were the five factors that were found.
02	<a href="#">Harshvardhan N. Bhavsar</a> (2013)	to ascertain the relationship between the school teachers' investment and savings literacy	100	School teachers	Chi-Square Test.	The projected rate of return on respondents' investments and their gender, married status, or annual savings were not found to be significantly correlated, although these variables were significantly correlated with their expected rate of return.
03	Bansal & Hassan, 2019	To investigate the connection between respondents' level of knowledge and their investment practices. the factors influencing employees' investment decisions must be understood	129	Retail investors	Correlation and regression	According to the findings of correlation and regression, every quality, including security, benefit, duration, opinions, and awareness, has a substantial relationship with investment behaviour. In the regression study, it was discovered that security, duration, and awareness were significant predictors of investment behavior.
04	Chakraborty, Suman and Digal, Sabat (2011)	To determine the savings goals of individual investors in Odisha and the saving behaviors of people with various income levels.	200	Retail investors	Chi square test, Rank Correlation, ANOVA, Factor Analysis	Young investors are not particularly interested in saving for their post-retirement days and as of now, do not think of investing long-term. There is a relationship between the saving intentions of small and medium household investors and their age, occupation, and income level.
05	Parimalakanthi & Kumar	To determine investment preferences and	107	Retail investors	factor analysis, Friedman's rank test	Investors take ownership of their investments, monitor the profitability of

		investigate factors that affect attitude toward investing				those investments over time, and frequently diversify their portfolios.
06	(Sindhu & Kumar, 2014)	To determine the impact of individual investors' perceptions of risk on their choice of mutual fund investments.	900	Retail investors	Regression analysis	Discovered that a diverse portfolio lowers risk, coming in at number one, followed by the maximization of return with risk and the less dangerous nature of more well-known investments. The findings of the regression analysis demonstrated that, at a significance level of 1%, investor risk perception has an effect on investing decisions in mutual funds.
07	Jothilingam & Kannan, 2013	to examine Namakkal district investors' attitudes towards investment	300	Retail investors	ANOVA, Ranking	The annual income of the participants and their investment goal were clearly associated and statistically significant. The majority of investors were found to choose gold and mutual funds above stocks and pension funds as their primary investment vehicles, respectively. As a result, investors view various investment options as offering significant investment returns with moderate risk. It is determined that less risky investment options include gold, mutual funds, and bank savings.
08	Bhat et al., 2018	To determine the components of investment behaviour and to investigate the relationship between demographic factors and components of investment.	700	University Teachers	Factor analysis	Factor analysis found that impact of five factors on investment behavior: F1: perceived self-imagery, F2: Self-confidence, F3: Financial Inadequacy, F4: Prudence, F5: Self responsible.
09	Parimalakanthi & Kumar, 2015	To study the investment behavior and	107	Salaried class	Factor analysis, ranking	According to the results of factor analysis, investors research many

		preferences of investors				investment choices before making a decision, then seek advice from intermediaries and decide to invest depending on transaction costs and other factors. Investors assume responsibility of their investments, monitor the profitability of those investments over time, and frequently diversify their portfolios.
10	Bhushan, 2014	To exam the awareness level and investment behavior of salaried class	516	Salaried class investors	Averages, percentages and frequencies	Respondents are familiar with traditional and safe financial goods, whereas they are less familiar with newer financial products. This shows that lack of understanding prevents consumers from taking advantage of the various financial solutions on the market. Additionally, it was discovered that the respondents' behaviour with traditional investment avenues may have been influenced by their ignorance of the features of contemporary financial products, which led to missed investment opportunities.
11	Arti & Sunita, 2011	to ascertain the variations in the Investment Decision Making (IDM) procedure between Hyderabad-based male and female investors	200	Retail investors	Chi-Square, pie charts, graphs and bar charts	The occupation, annual income, investing approach, use of guidance or assist in making investment decisions, investment possibilities, investment period, and renewal of investment between male and female investors differ significantly. The study also found that men are more knowledgeable than women about different types of investments. Female investors are less satisfied and have less

						confidence in their investment choices.
12	Shweta et al., 2018	to comprehend how investors behave in terms of saving and making investing decisions	140	Retail investors	percentage analysis and Chi-Square test	Investment preferences for different investment avenues and investors' educational background are significantly correlated. Investors' capacity for taking risks and their preferred area for investment are related. It has been found that medium-term investments are what most people choose to make. For investors, liquidity and returns are crucial.
13	Sangeet, 2017	to ascertain the link between financial literacy and product awareness among salaried class people	180	Salaried class	t test and chi-square test for analysis	The group with strong financial literacy had greater understanding of financial products, with the exception of post office savings, where the mean difference was not statistically significant.
14	Hagos & Singh, 2019	to assess the socioeconomic effects of teachers' community's savings and investment patterns, as well as to look at trends in teachers' saves and investment behavior and find out what influences teachers' community's savings and investment.	250	Primary and high school teachers	chi- square test	The study's results revealed that, aside from respondents' ages and educational levels, none of these factors significantly influenced their savings and investing decisions. While the remaining demographic factors—marriage status, gender, family size, family income, family structure, family size, peer influence, self-control, and financial literacy—are independent factors with a favourable impact on savings and investment, they are not related to any other demographic factor.
15	Sood & Kaur, 2015	To assess the investing behavior and saving practices of persons with salaries, as well as their	200	Salaried class	One Way - ANOVA	Age and annual savings have a significant correlation. It becomes clear that there is a strong correlation between income and annual savings. It is discovered that there is

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		investment selection behaviour.				no statistically significant correlation between education and
						annual savings. Jobs and annual savings are closely correlated.
16	Gurbaxani & Gupte, 2021	To investigate how the COVID-19 pandemic has impacted people's investment and financial choices in small towns in developing nations like India.	100	Retail investors	Paired sample T-test, independent test.	Before and after the COVID-19 outbreak, the respondent's gender had no bearing on how much money was put in SIPs. They used regression analysis to investigate the relationship between respondents' ages and the difference in their investment amounts before and during the COVID-19 epidemic.
17	Naresh Reddy & Satyanarayana, 2021	To assess the financial habits of Telangana's university instructors who are eligible for retirement and those who are not, and to compare their financial habits.	77	University teachers	ANOVA	University teachers who are pensionable and those who are not invest differently, but not noticeably. The results of the test indicated that the null hypothesis is rejected in the case of university teachers savings plans, both pensionable and non-pensionable, and risk aversion.
18	Gachake, 2020	to examine the investment behaviours of Gadchiroli city teachers, including their evolving investment patterns.	100	Collegiate teachers	mean, percentages, charts	Teachers in Gadchiroli have switched from debt to equity as their preferred investing strategy. Despite the tiny quantity, there has been a change in investor behaviour. It is encouraging for the stock market's expansion and the capital growth of the teachers.

## ANALYSIS OF REVIEW

Researchers discovered that investors were irrational in their investment decision-making based on their evaluation of the literature, which is presented in table 1. Numerous factors have been found to have an impact on their decisions to invest and save. The investment habits of individual investors are governed by a number of demographic parameters, including age, income, marital status, and educational background. Depending on the study field, many elements can influence an investor when making investments.

The following categories of investor's behavior, Patterns and factors were reviewed and conclusion were shown below:

### **Retail Investors:**

Significant correlations exist between investors' preferences for various investment strategies and their educational background. The willingness of investors to take risks and their favorite investment options are related. Medium-term investments are the most popular. The two most important elements for investors are liquidity and returns. Male and female investors differ greatly in terms of occupation, yearly income, investing strategy, usage of advice or assistance in decision-making, investment possibilities, investment period, and renewal of investment. Men have a better understanding of various forms of investments than women do. The satisfaction and confidence of female investors in their investment decisions are lower. Participants' annual income and their investing objective had a strong, statistically significant relationship. The majority of investors were found to choose gold and mutual funds above stocks and pension funds as their primary investment vehicles, respectively. As a result, investors view various investment options as offering significant investment returns with moderate risk. It is determined that less risky investment options include gold, mutual funds, and bank savings. investor risk perception has an effect on investing decisions in mutual funds. There is a relationship between the saving intentions of small and medium household investors and their age, occupation, and income level.

### **College teachers and School Teachers:**

The exacted rate of return on respondents' investments and their gender, married status, or annual savings were not found to be significantly correlated. Their age and educational backgrounds did not considerably influence their investment and saving choices. While the remaining demographic factors—marriage status, gender, family size, family income, family structure, and family size—are independent variables with a positive impact on savings and investment, they also include peer influence, self-control, and financial literacy. As their preferred investing method, the majority of teachers have converted from debt to equity. Even though it is a small amount, investor behavior has changed. It is positive for the stock market's growth and the teachers' wealth creation. Factors affecting on investment behavior teachers such as Reference group, personal background, monitor investments, response to announcements, and cognitive style, and the others factors also affecting on the investment behavior of teachers such as perceived self-imagery, self-confidence, Financial Inadequacy, Prudence.

### **Salaried Class Investors:**

Annual savings and age are significantly correlated. It becomes obvious that there is a significant relationship between annual savings and income. There is no statistically significant association between education and yearly savings, it is found. Annual savings and employment are highly connected. There is a strong relationship between investment choices across various investment avenues and investors' educational background. Risk tolerance and favorite investing areas are correlated in investors. It has been discovered that the majority of investors choose for medium-term investments. The investors annual income and their investment objective showed a strong correlation and were statistically significant. The majority of investors were found to prefer mutual funds and gold as their main alternative investments, as opposed to equities and pension funds. Investors perceive different investment opportunities as providing big investment returns with low risk as a result. Gold, mutual funds, and bank savings are identified as less dangerous investment possibilities.

## **IV. CONCLUSION:**

It is evident from the review that the investment behavior of various types of investors differs based on their demographic information such as age, income, occupation, place, number of family members etc. Risk tolerance and risk perception also vary across different types of investors, such as retail investors, salaried investors, university and schoolteachers. In particular, the teaching community is very conservative investors, which means they are willing to invest in low-risk investments, but slowly the teachers' risk perception and investment orientation has been changed from traditional investment to modern investment alternatives such as equity, mutual funds, and risk-bearing instruments.

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