Impact of Personal and Demographic Variables on Investor's Perception Towards Investments

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Abstract: Purpose: The perception of investors over their various investment avenues were differ based on the risk and return. it may vary based on personal and demographic variables such as, Age, Gender, Income, Marital status, Education and period of investing. This research paper has identified the personal factor which highly influences the respondent over their investment perception. Methodology: The research was conducted among the respondent who were residing at Urban area of Tiruchirappali district. The respondent were from all segment of population. For this purpose of study, the researcher has used questionnaire method of data collection among 200 respondents. Statistical Tool: This research paper has applied path analysis to identify the most significant personal and demographic factor influence the investment perception. Results and Discussion: Among the ten measureable indicators of general Investors perception the variables namely, Government tax exemption for all long term investment, investors believe it is good have a savings habit and Consultants play a vital role in deciding investment option.

Keywords: Investment, Perception, Path Analysis, Likelihood Ratio, Significant

I. INTRODUCTION

There are plenty of investment opportunities available in a developed or developing country. It is the decision of investors choose perfect and most appropriate investment portfolio. The selection of perfect investment portfolio is depend upon various economic indicators such as, inflation rate, market rate, future risk of return, payback period of current investment and more. Even, the investors are well towards predicting the best investment opportunity; they were get advice from financial agents and institutions. More and above they were influenced by their perception over various investment avenues. Their perception over various investment avenues were differ based upon their various personal and demographic profile of the investors.

II. INVESTORS PERCEPTION

The fulfillment of any investment is purely depend upon the investors own decision and the capability of the investors to chose the right invest, right amount and made the investment in the right time. According to Apparao, E., & Babu, N.K. (2015) [1]

saving is not investing. Saving money is not the same thing as investing. The purpose of saving is to have some money available at a moment's notice whenever you need it. The investor may save for safety for future, capital appreciation, regular returns, speculative gains and tax benefits. In the competitive environment, there are variant investment avenues are available, but the investors has very little knowledge over the risk and return of investment. Moreover, Priti Mane (2016) [2] has discussed the customer perception with regard to the mutual funds that the schemes they preferred, the plans they are opting, the reasons behind such selections. This research dealt with different investment options, which people prefer along with and apart from mutual funds, like postal saving schemes, recurring deposits, bonds, and shares. Conclude that mutual fund linked with share market and investors are not taking advice from authority advisor to lead them for their investment in mutual fund so it creates the difficulty to select the mutual fund plan favorable for them. Dr. Binod Kumar Singh (2012) [3] "A study on investors' attitudetowards mutual funds as an investment option", The study found that some demographic variables like gender, income and level of education have their significant impact over the attitude towards mutual funds. On the contrary age and occupation have not been found influencing. The study noticed that return potential and liquidity have been perceived to be most lucrative benefits of investing in mutual funds and the same are followed by flexibility, transparency and affordability. Dr.Nishi Sharma (2009) [4] in his research "Indian Investors Perception towards mutual funds", Attempted to investigate the reasons responsible for lesser recognition of mutual fund as a prime investment option. It examines the investors perception with reference to distinct features provided by mutual fund companies to attract them for investing in specific funds/schemes. Walla, N., and Kiran, R. (2009) [5] in their study on "An Analysis of Investor's Risk Perception towards Mutual Funds Services" examined investor's perception towards risk involved in mutual funds, returns from mutual funds in comparison to other financial avenues, transparency and disclosure practices. The study found that majority of individual investors did not consider mutual fund as highly risky investment. The study also reported that significant relationship of interdependence exists between income level of investors and their perception for mutual funds investments. Ranganathan, Kavitha (2006) [6], "A Study of Fund Selection Behaviour of Individual Investors towards Mutual Funds - with Reference to Mumbai City," Analysed the fund selection behavior of individual investors towards mutual fundswith reference to Mumbai City.

He found that mutual funds have become an important investment option for the small investors as an outcome of reforms of industrial policy, public sector, financial sector and the many other developments in the Indian money market and capital market. Awais M.et.al (2016) [7] in their study on "Impact of Financial Literacy and Investment Experience on Risk Tolerance and Investment Decisions"conducted a research to know the variables which influence the investors decision making process and found that high knowledge about financial information and its analysis improves the investors risk taking capacity. Shukla (2016) [8] attempted this research paper, about investor's preference towards investment avenues and the study focused on the salaried person only. The author concluded that majority of the respondents invested their money based on education background and they invested in purchasing home and long-term investment. Respondents have the criteria of investment as safety and low risk. Mishra (2015) [9] explained that this study aimed to investigate perception of investor towards mutual funds with travel the important aspects of mutual funds affecting perception of investors and it examined difference of perception of large and small investors based on explored variables. Difference of view about mutual fund analyzed with the help of 't' test. Small investors focused on tax returns and savings but large investors expect future return. Thus mutual fund companies must give due significance to these size for their survival and growth in Indian context. Prasad et al (2015) [10] found how person makes while investment-making investment based on descriptive research design and Convenience sampling thy found that present situation in the investment market is highly unclear and unpredictable. Hence the investor analyzed the investment market with full of care. Sathiyamoorthy et al (2015) [11] stated that the main variables influence the salaried class investors it identified the level of investors used random sampling method highlight that certain variables like education level, age of investors, number of family members make significant impact while deciding on the avenues for investment. To conclude that the researches showed that common of the respondents are saving money as bank deposits for the safety of an irregular future. Veeramani et al (2014) [12] carried out what are the variables, which influenced man, women and different age group to choose a particular investment or company analyzed by making use of standard techniques of factor analysis, regression analysis and other basic techniques. Finally, they concluded that risk and return factors decided the investors' decision. Saugat das et al (2014) [13] observed that this paper focused on the relationship between the four demographic variables age, gender, education and occupation with the four most important aims of investment such as risk, return, retirement and tax which influences on buying behaviour of the investors. Concluded that underscores the fact that demographic variables indeed play a vital role on the approach of the investor society which motivated by age and educational skill. Umamaheswari et al (2014) [14] stated that the main factors influence the salaried investors, awareness, attitude, expectation and satisfaction. This study based on random sampling, in the sequence trying to plan the relationship between the top group and demographic factors of the salaried middle class that affects the investment criteria namely, investment awareness, investment attitude and investment returns. Sureshrajan et al (2013) [15] examined various levels of Investors' preference ratio and attitude against the investment. The result will interpret weather their attitudes are significance or independent. Concluded that it comes controversy above all statement the sample of stratified investors those who earning money in different age, education and profession there reached of investment have no difference. Sellappan et al (2013) [16] attempted to show the key demand of investment attitude of women towards different sources of securities. This study based on descriptive method and primary data and ages a martial variety happened in the conducted of selecting the investment sources. Youngster and unmarried are usually risk takers. Older and married avoided to taking risk. Among this factors concluded that married women are more involved in making investment than the unmarried. As well as the youngster are usually like to invest in shares mutual funds, insurance and fixed deposits than the elder women. Gaur Arti et al (2011) [17] look at that female investor tend to display with women today are assembly a better share of the choice over whether to invest in stocks, bonds or real estate. In place the differences in the investment decision-making process between female and male investors.

III. METHODOLOGY

The questionnaire was considered as a research instrument of the study. It consists of sixteen questions. The respondent personal and demographic variables such as, age, gender, Marital status, Income, Education and period of experience in investment were measured with nominal and ratio scale. There are ten perception questions were measured with five point likert's scale. The table no.1 shows the variables entered in the path analysis. This research was conducted among the urban people who were residing at Tiruchy city. The geographical area of Tiruchy City was chosen as the universe. On this basis the questionnaire was administered to 200 respondents with a yielding rate of 96 percent (192 usable questionnaires) on the purposive sample basis. The descriptive statistics was used to know the respondent position and path analysis was used to identify the most significant personal and demographic factor influence the investor's perception towards investments. Among the 192 sample respondent of this research study, 62.3 percentages were male and remaining 37.7 percentages were female. Among the four level classification of respondent monthly income, 32.4 percentage of people were earn Rs.25,001 to 35,000 and 41 percentage of respondent age were in between 35 to 50. it is also found that out of 192 sample respondents 38.6 percentages were Graduates and 28.1 percentages were self Occupied.

IV. OBJECTIVES

The objective of this research paper to identify the most influential personal demographic variables on investor's perception towards investments.

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In order to achieve the above research objective, the following research hypothesis was constructed.

V. HYPOTHESIS

H01: Gender significantly influences Investor's perception towards investments.
H02: Income significantly influences Investor's perception towards investments.
H03: Marital status significantly influences Investor's perception towards investments.
H04: Years of saving significantly influences Investor's perception towards investments.
H05: Age significantly influences Investor's perception towards investments.
H06: Education significantly influences Investor's perception towards investments.

Table No.1 Variables entered in the Path analysis

| Factor Name	Indicators (Name)	Indicators (Label)
INVESTORS INVESESTMENT PERCEPTION	Choosing right type of investment is basis of averting risk	PERCEPTION1
	Consultants play a vital role in deciding investment option	PERCEPTION2
	Post offices play an effective role of make investmnet	PERCEPTION3
	Investment tenure is very significant in deciding the return	PERCEPTION4
	PPF is really helping future financial requirement	PERCEPTION5
	Range of portfolio of investment to be increased to minimize risk	PERCEPTION6
	Bank is a better place of investment than in other investment avenues	PERCEPTION7
	Household savings help the economic development of the country	PERCEPTION8
	Govt. can give tax exemption for all long term investment	PERCEPTION9
	It is good have a savings habit	PERCEPTION10
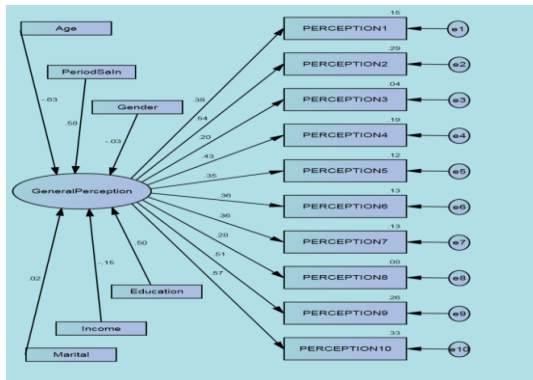
Fig 1. Impact of personal demographic variables on Investors investment perception

Table No.2 Standardized regression weights for Investors investment perception indicators

Predictor	Latent	UnStd. Estimate	S.E.	C.R.	P	Std. Estimate
PERCEPTION1		1.000	Reference Point			.382
PERCEPTION2	Perception over Investment	1.665	.223	7.480	***	.542
PERCEPTION3		.622	.161	3.870	***	.196
PERCEPTION4		1.287	.191	6.722	***	.431
PERCEPTION5		.947	.158	5.975	***	.351
PERCEPTION6		1.062	.175	6.056	***	.359
PERCEPTION7		.977	.162	6.031	***	.357
PERCEPTION8		.834	.162	5.141	***	.281
PERCEPTION9		1.364	.186	7.319	***	.514
PERCEPTION10		1.758	.230	7.643	***	.572

VI. RESULTS AND DISCUSSION

The probability of getting a critical ratio as large as 7.643 in absolute value is less than 0.001. The regression weight for investors general Perception in the prediction of PERCEPTION10 "It is good have a savings habit" is significantly different from zero at the 0.001 level (two-tailed). It is observed that when investors general perception goes up by 1, PERCEPTION10 "It is good have a savings habit" goes up by 1.758. It is revealed that when investors general perception on investments goes up by 1 standard deviation, PERCEPTION10 "It is good have a savings habit" goes up by 0.572 standard deviations. The probability of getting a critical ratio as large as 7.48 in absolute value is less than 0.001. The regression weight for Investors General Perception in the prediction of PERCEPTION2 "Consultants play a vital role in deciding investment option" is significantly different from zero at the 0.001 level (two-tailed). It is predicted that when investors general perception goes up by 1 standard deviation, PERCEPTION2 "Consultants play a vital role in deciding investment option" goes up by 0.542 standard deviations. The Liklihood of getting a critical ratio as large as 7.319 in absolute value is less than 0.001. The regression weight for investors general perception in the prediction of PERCEPTION9 "Govt. can give tax exemption for all long term investment" is significantly different from zero at the 0.001 level (two-tailed). It is concluded that when General Perception goes up by 1 standard deviation, PERCEPTION9 "Govt. can give tax exemption for all long term investment" goes up by 0.514 standard deviations. Among the ten measureable indicators of general Investors perception towards investments, the variables namely, Government tax exemption for all long term investment, investors believe it is good have a savings habit and Consultants play a vital role in deciding investment option.

Table No.3 Standardized regression weights for personal and demographic variables on Investors investment perception

Latent	Predictor	S.E	C.R.	Standardized Estimate	P
Perception over Investment	Gender	0.024	-1.018	-0.032	0.308
	Income	0.013	-4.359	-0.154	***
	Marital	0.023	0.514	0.016	0.607
	Period Saving	0.021	8.278	0.58	***
	Age	0.048	-8.398	-0.626	***
	Education	0.051	7.997	0.497	***

*** P<0.001

Table No.4 Result of Hypothesis Test

Hypothesis	Result
H_{01}	Gender has no significant influence on investors perception towards Investments (P>0.05)
H_{02}	Income has significant influence on investors perception towards Investments (P<0.001)
H_{03}	Marital Status has no significant influence on investors perception towards Investments (P>0.05)
H_{04}	Period of saving has significant influence on investors perception towards Investments (P<0.001)
H_{05}	Age has significant influence on investors perception towards Investments (P<0.001)
H_{06}	Education has significant influence on investors perception towards Investments (P<0.001)

VII. FINDINGS

1. The probability of getting a critical ratio as large as 1.018 in absolute value is .308. The regression weight for Gender in the prediction of General investor's investment Perception is not significantly different from zero at the 0.05 level (two-tailed). it is reveal that when Gender goes up by 1 standard deviation, General investor's investment Perception goes down by 0.032 standard deviations. it is found that Gender has no impact on Investment perception.

2. The above table also stated that the regression weight for Income in the prediction of General Perception is significantly different from zero at the 0.001 level (two-tailed). It is estimated that when Income goes up by 1 standard deviation, General investor's investment Perception goes down by 0.154 standard deviations. it is revealed that Income has play a important role and its create a Impact on investors Investment perception.

3. The liklihood of getting a critical ratio as large as 0.514 in absolute value is .607. In other words, the regression weight for Marital in the prediction of General investor's investment Perception is not significantly different from zero at the 0.05 level (two-tailed). It is stated that when Marital goes up by 1 standard deviation, General Perception goes up by 0.016 standard deviations. it is stated that Marital Status has no impact on investors Investment perception

4. The above table shows that the regresson weight for Period of Saving in the prediction of General investor's investment Perception is significantly different from zero at the 0.001 level (two-tailed). it is concluded that when Period of Saving goes up by 1 standard deviation, General investor's investment Perception goes up by 0.58 standard deviations. it is found that Period of saving has create Impact on investors Investment perception.

5. The likelihood ratio of getting a critical ratio as large as 8.398 in absolute value is less than 0.001. The regression weight for Age in the prediction of General investor's investment Perception is significantly different from zero at the 0.001 level (two-tailed). it is predicted that when Age goes up by 1 standard deviation, General investor's investment Perception goes down by 0.626 standard deviations. it is found that Age has no Impact on investors Investment perception

6. The regression weight for Education in the prediction of General investor's investment Perception is significantly different from zero at the 0.001 level (two-tailed). It is estimated that when Education goes up by 1 standard deviation General investor's investment Perception goes up by 0.497 standard deviations. it is found that the Education has create a Impact on investors Investment perception

VIII. CONCLUSIONS

The above result clearly indicate that among the ten investors general perception towards investments was well predicted by the variables namely, "Govt. can give tax exemption for all long term investment", "investors believe it is good have a savings habit" and "Consultants play a vital role in deciding investment option". Moreover, among the six personal and demographic variables which are estimated to predict the investors general investment perception, the "Maritial status" of the respondent and "Gender" has not create any significant impact on investors perception towards investment. However, the personal and demographic variables such as, Age, Income, Level of Education and Period of saving has create significant impact on investors perception towards investments.

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