



A STUDY ON THE STOCK MARKET INVESTMENT DECISIONS OF CORPORATE EMPLOYEES WITH RESPECT TO BENGALURU

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ABSTRACT

The following study aims to examine the influencing factors which are affecting corporate investor behaviour in the stock market and it is trying to find out perception of corporate investors regarding various considerations kept in mind while investing in the stock market. Analysis of stock market movements is very important for investor; therefore it attracts many scholars to conduct research. The investment behaviour seems very challenging; this behaviour is due to different factors like condition of financial statement, current economic indicator, history and futuristic data, the result of technical analysis, internal and external influence. It is important for the corporate investors to keep themselves up to date and financially literate about the stock market and its affecting factors.

This study used primary data which is collected from 150 corporate investors through structured questionnaire to measure the behaviour of investment decision. Through convenient sampling the data was collected from respondents. The Anova and chi square tools were used to examine the corporate investor's behavioural intentions with financial considerations in the stock market investment.

The result of this study shows that investor simply react to the available information and act accordingly. Lot of consideration is required to deal with before, after and while investing in the stock market. Investor should try to make financial analysis and influencing factor analysis before investing on any shares and they must look into all avenues while investing into different shares. Consideration of influencing factors is sector specific and it helps in understanding the investment behaviour. Technical and financial analysis about the company and fundamental analysis of the economy is taken into account while investing in the stock market. Investment in stock market has high risk compared to other financial instruments. Therefore this study has significant implication on policymakers, Stock market regulators and financial service providers.

KEYWORDS: Stock Market, Shareholder, Stocks or shares, Portfolio, dividend.

INTRODUCTION

The following research is a study of the Stock Market investment decisions of corporate employees. The stock market is the platform where trading of listed companies stocks held, Stock market activities are done in stock exchanges, and these activity is continuously observed by regulatory authority of stock exchange. In the beginning, if the company want to collect the funds, first thing, it has to be listed in the stock exchange; this is said to be an initial public offering. These listed stocks are further used for trading in stock exchange. Employee stock option is one of the ways for the companies to motivate their employees to be more productive. Through stock option scheme, a corporate employee receives a percentage of ownership in the company, which is making them to understand the stock investment. To earn high return with safe investment in the stock market, investors has to properly analyse the company background such as revenue, profit, earnings per share, cash balance, market share, sales, and the demand of the product in the market. Once after analysis of the company's data, they can buy the shares of analysed company, either in small amount or in huge amount. Investors are more curious while putting resources into the securities, investment in stocks has high risk compared to other financial instruments. Corporate investor's investment decision is an area of interest to researchers. Investor should consider many factors before, during and after making investment decision in the stock market. The study focused on various influential factors which are affecting corporate employee's investment decisions. There are different factors, which are affecting corporate investors in taking specific choice of investment.



OBJECTIVE OF THE STUDY

- To identify the corporate investor preferences in the stock market and the limitations.
- To suggest strategies from which the investors can rearrange their return on investment.

HYPOTHESIS

H0: There is no impact of the gender upon the portfolio selected

H1: There is an impact of the gender upon the portfolio selected

H0: There is no impact of the Age group upon the portion of saving used for stock market investment.

H1: There is an impact of the Age group upon the portion of saving used for stock market investment.

STATEMENT OF THE PROBLEM

It is observed that investors are more interested towards particular type of investment choice and preferences. So, it is important to study the factors that are influencing investment options, it plays a crucial role in determining the behaviour of investors and its effect; as a result, proper use of money can be seen. This research will help not only the investors but also the different financial institutions, organizations and consultants in studying and understanding the main factors that motivates investors to invest in different alternatives and their decision making practice. A better consideration of behavioural procedures and results is important for financial planners because a thoughtful consideration of corporate investor's perception towards various investment alternatives should help financial advisors to suggest suitable asset distribution strategies to their clients.

REVIEW OF LITERATURE

According to author, "Sameer Yadav" (2017) reviewed Stock market volatility, the stock market determines the risk in the share, volatility is the statistical measure given in the market index, if the volatility is higher, and the risk associated is more, volatility causes due to changes in the inflation. *According to author "Shiva Kumar Pandey" (2019)* a Project report on Indian stock market, states that price of the stock changes according to the supply and demand chain running in the stock market. There are several factors, which has influenced prices of the shares, important is earnings to buy the stock one can use brokerage or dividend reinvestment plan available in the society, market of safe securities are the good thing of economy. According to author, there is only limited number of currencies, which are traded in the future market in standardised amount using online mode of payments. *According to author "Swetha .R" (2020)* a project report on online trading of stock market submitted. As per the study business knowledge will keep changing based on situations of day to day, survival in the business is greatest achievement, stock market listing is one of the survival strategy of any business, which is mostly used in the competitive world. Early in the stock market, the process was going in paper mode and as per current situation; it is taking place through online mode. Even with covid pandemic arises in India, the stock market recovered with hikes and reaches the economic recovery of India. *According to authors "Priyadarshini Arumugam, Kumar kantipudi, Shalavika B" (2021)* conducted a study of Analysis on stock prices of IT companies states that the fastest growing industry in the world is IT sector, the authors selected five companies TCS, Infosys, Wipro, HCL and techmahindra. The prices were down, during the period of Jan 2020 to December 2020, this made the investor to lose hope in the share market. *According to author "Adharsh ton" (2021)* a Study on Indian stock market - NSE and BSE .As per the study the Indian stock market developing with very good quality, inputs and investors are protected with disclosure norms. Now the trading done through advanced technology, transparent and self-driven, now Indian companies is started integrating with global markets, even with pandemic came to India, markets of India recovered with large hikes.

Above authors have studied on different investors groups. In this paper the concentration is made on corporate investors, now day's corporate employees they are allotted with ESOP (Employee stock ownership plan) which is making them to understand the stock investment and this study will help to understand the corporate employee's preference to stock market.

RESEARCH METHODOLOGY

To conduct the following research convenient sampling method is used, which fall under random sampling technique, the scope of the study limited to 150 corporate employees between the age group of 20 to 60 years, they were asked with short questionnaire, the study limited to very short period of time, the data was collected through questionnaire, the data was analysed using different tools and techniques like Annova, chi-square and correlation. The study is limited to Bengaluru city only. The respondents were not disclosing some exact data due to confidentiality. The study was done on stock market investments even there are many investment alternatives available to the investors.

DATA ANALYSIS AND INTERPRETATION

Data analyzed output of One-way Annova in SPSS software

Analysis of the Variance, i.e. ANNOVA in SPSS, is used to check the difference in the mean value of dependent variable to independent variables. ANNOVA will help to analyze the difference in the means between two independent variables. It is not giving which statistical groups is different to each other, if the test returns a significant f-statistical value, it is needed to run an adhoc test to tell exactly that, which groups had a difference in the means.



H0: There is no impact of the gender upon the portfolio selected

H1: There is an impact of the gender upon the portfolio selected

Oneway

[DataSet2] C:\Users\AIT\Documents\JAYALAKSHMI_FINAL_PROJECT.sav

Descriptives

GENDER	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
HIGH RISK-HIGH RETURN	84	1.55	.501	.055	1.44	1.66	1	2
MODERATE RISK-MODERATE RETURN	46	1.48	.505	.074	1.33	1.63	1	2
LOW RISK-LOW RETURN	20	1.35	.489	.109	1.12	1.58	1	2
Total	150	1.50	.502	.041	1.42	1.58	1	2

ANOVA

GENDER	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.662	2	.331	1.321	.270
Within Groups	36.838	147	.251		
Total	37.500	149			

P value generated in the test is 0.270

This table showing the output of ANNOVA analysis, the significance of (p) value is 0.270 it is not less than 0.05, then there is no significant difference in male or female with respect to portfolio suitable for investment, therefore Null hypothesis is accepted.

Data analyzed output of Chi square in SPSS software

The chi square statistics appear in the Value column of Chi-Square. Test data in the SPSS statistics it is immediate to the right of "Pearson Chi-Square". The result generated is significant, if the value is equal to or less than the alpha level that is 0.05, and if the p-value is smaller than the standard alpha value, then we reject the null hypothesis that designates that two variables are independent of each other. If the p-value is greater than the standard alpha value, then null hypothesis is accepted.

The null hypothesis and alternative hypothesis of Chi-Square Test is Independent can be expressed in two different equivalent ways.

H0: There is no impact of the Age upon the portion of saving used for stock market investment.

H1: There is impact of the Age upon the portion of saving used for stock market investment

The chi-square test is a hypothesis test that is used when needed to check if there is any relationship between two categorical variables.

**Crosstabs**

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Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
AGE * WHAT PORTION OF YOUR SAVING IS USED FOR STOCK MARKET INVESTMENT	150	94.3%	9	5.7%	159	100.0%

AGE * WHAT PORTION OF YOUR SAVING IS USED FOR STOCK MARKET INVESTMENT Crosstabulation

Count

		WHAT PORTION OF YOUR SAVING IS USED FOR STOCK MARKET INVESTMENT					Total
		10%	25%	30%	40% AND ABOVE	NOT APPLICABLE	
AGE	20-30	30	8	6	5	22	71
	30-40	39	6	4	2	15	66
	40-50	2	2	2	0	7	13
Total		71	16	12	7	44	150

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.336 ^a	8	.137
Likelihood Ratio	13.123	8	.108
Linear-by-Linear Association	.037	1	.848
N of Valid Cases	150		

a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is .61.

CORRELATIONS

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/VARIABLES=Q3 Q4 Q10 Q18 Q20 Q12
/PRINT=ONETAIL NOSIG
/STATISTICS DESCRIPTIVES
/MISSING=PAIRWISE.

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In the result of chi-square analysis, the output of p-value is 0.137 it is greater than alpha value of 0.05, here null hypothesis is accepted i.e., Age group does not affect portion of savings used for stock market investment.

FINDINGS AND CONCLUSION

It is observed that stock market investor's decision is influenced by various factors. Behavioral patterns which impact corporate investors decision-making is also been evidenced in the Indian stock market. This study attempts to analyze the most influencing factors. Among the total respondents, Majority of them were male and majority of responses are from the age group between 20 to 30 years. Many of the respondents are from the income group of above five lakh rupees. Majority of the corporate investors they came to know about stock market investment through learning and experience, most of them used very less portion of savings for stock investment. Market value of the stocks and earnings per share are the considering factor for portfolio selection. Majority are saying that investment in stock market is risky, all the different criteria's like background of the organization, history and future information, other influences, insiders information and theoretical information all of the mentioned criteria's were used for selection of stock. "High risk- High return", portfolio is suitable for many of the respondents. Most of them experienced investment of zero days or less than one year. Some of them strongly agree that they are enjoying stock investment. "Withdraw the money" is the option chosen from major corporate investors for their stock investment bad



performance.

Findings of the study have some significant implications. It shows that various influencing factors which do impact on the decision-making behavior of corporate investors. Factors such as Book-value, Market-value, and Earnings per share, Market capitalization were all impacted the perception towards investment in the stock market. This implies that individual investors are systematically differing from each other in terms of what factor influenced to do stock activity. Some investors cannot predict about their portfolios and it let them jump from one stock to another. As per the statistical data of Anova test, there is no impact of the gender upon the portfolio selected. And also; as per the chi-square statistical data, there is no impact of age group upon the portion of savings used for stock market investment.

In this study the discussion is made on important factors which are influencing investment decision of corporate investor in the stock market. The Stock market Prices reflect the investment behavior of all investors. Making a better investment decision is sometimes irrespective of market movements. One cannot avoid loss by getting into emotionally involved in the investment. Risk can be avoided with the analysis of various influencing factors of stock market. This will help to do what is right to meet financial goals including selling funds that are not performing good continuously and can switching to better funds. It is important to monitor portfolio regularly. One should not rely on single factor to make opinions about stocks. Instead look into multiple factors to make better investment decision. This study helps to fill the identified research gap and allow the financial service providers to better understand their customers financial investment behavior and investment preferences. The study is believed to be able to reflect the real investment behavior of corporate investor.

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