



ORIGINAL RESEARCH PAPER

Management

BOND INVESTORS' DEMOGRAPHIC VARIABLES INFLUENCES ON INVESTMENT KNOWLEDGE AND RISK-TAKING ABILITY

KEY WORDS: Investment Knowledge, Risk taking, Bond Investor.

Raghul. V

Research Student, Department Of Management Studies, Achariya Arts And Science College, Pondicherry

Dr. Sureshraj. S. G

Faculty Member In Department Of Management Studies, Achariya Arts And Science College, Pondicherry

ABSTRACT

Investors have different investment avenues to invest their funds. The investment knowledge and risk-taking ability of these investment alternatives differ from one investment avenue to another. The investors ready to invest in the particular avenue should know about the respective investment avenue knowledge, risk, and return level. In the present situation, there is a wide variety of investment alternatives available for the investors to choose from. The alternatives are post office & bank savings, gold & silver, share market, real estate, bonds and debts, etc. In this study, an attempt has been made to analyze bond investors' demographic variables influences on investment knowledge and risk-taking ability from the respondents of Pondicherry Territory (Pondicherry, Karaikal, Mahe, Yanam). The demographic variables of the bond investors, like age, gender, marital status, education, occupation, family dependent, income, and residential location, have any significant relationship to investment knowledge and risk-taking ability. The study also put forward current investment behavior and suggestions to investment authorities and agencies.

INTRODUCTION:

In the present scenario of investment in India, numbers of multi-level choices of investment are available; investors are ready to invest their money for future plans. Investors' expectations always want high turnover profit on their investments; based on their expectations, the risk differs high or low. Risk on the investment based on the return; if they get a high return from their investments, the risk falls high; if it is low, the risk is also low. The study examined bond investors' demographic variables such as age, gender, marital status, education, occupation, family dependent, income, and residential Location-wise, they differ, like age is a different category level, education is also a different category level, and so on. In this study, the focus is on the different categories and levels of demography variables to determine whether they have an evenly positive relationship with the dependent variables of investment knowledge and risk-taking ability or not. Data has been collected based on the structured questionnaire. The analytical part is analyzed by an appropriate multiple regression path analysis model.

2. Review of Literature

Poorna Prabhat (2016) referred to his study, "Investors behavior towards investment avenues: a study with reference to Indore City, which states that investors belonging to different age groups have different behaviors while doing investment and their selection of any investment avenue highly depends upon their age (Hina Kothari).

Percy Bose et al. (2018) explored gender differences in investment behavior. The study emphasizes factors that influence the investment behavior of men and women and also perceives a difference in their investment objectives. The level of risk-taking capacity among the investors usually differs, but in the current study we are evaluating whether gender also has an impact on measuring the risk aversion capabilities between the investors. It governs that genders' can really affect financial decisions and also identify the patterns of investment involvement and learning preferences.

Gupta et al. (2001) studied the preferences, future intentions, and experiences of Indian family investors and discovered that bonds were considered an investment for retired individuals but had little attraction to young individuals. For all age groups, the market infiltration attained through mutual funds was discovered to be significantly smaller than equity shares.

Shinki K. Pandey (2020) referred to his study of the respondent's lifestyle traits and impact on investment preferences. The research concludes that the lifestyle of investors mainly determines investors' risk-taking ability. The research discovered that the individual shareholders prefer less risky investments, i.e., life insurance policies, fixed deposits with banks and post offices, PPF, and NSC, despite the phenomenal development in the safety sector (Nagpal and Bodla (2009).

Bahl (2012) and Arora (2016) have studied the preferences of working women in Punjab and Rajasthan, respectively, regarding their investment behavior. Whereas the formerly found one-third of women are more conscious about their investment plan, the latter found that single women are more literate on the matters of financial literacy but still lack sufficient knowledge on the matter.

Cooper, Kingyens, and Paradi's (2014) research found that a person who has a higher level of education, investment experience, and financial literacy is more agreeable and likely to take a risk in investment. Experience is the factor to forecast a real-life investment decision, except for risk preferences and the investment duration. It is concerned with the predictability of stock trend and risk attitude (Gambetti & Giusberti). The research also mentioned that the person who had more investment experience will be more risk-tolerant. Moreover, a high-risk portfolio is more relatively with the less experienced investors. The result found that if a person is anxious, it has a negative link with experiences and less chance to take experience and knowledge when conducting investment decisions.

3. Objective:

To investigate the Bond Investors' Demographic Variables Influences on Investment Knowledge and Risk-Taking ability

4. Hypothesis (H₁):

Investors' different categories levels of demographic variables are not evenly related to dependent variables of Investment Knowledge and Risk -Taking ability.

5. Research Methodology and Data Collection

The respondents for this study included 525 investors residing in Pondicherry Territory (Pondicherry, Karaikal, Mahe, Yanam). The study employed a multi-stage sampling method. In the categories levels of demography variables such as Gender wise (76% Male investors, 24% Female

investors), Age wise investors (20%) are 26-35 Years old, (32%) are 36-45 Years, (34.7%) are 46-55 years and (13.3%) are above 56 Years old investors, then Marital status wise (6.7%) investors are Single and (93.3%) are Married, then Educational qualification wise (6.7%) Investors are Diploma, (20%) are Undergraduate, (54.7%) are Postgraduate, and (18.6%) are Professionals, then Occupation wise (41.4%) Investors are Government Employees, (37.4%) are Private Employees, (14.6%) are Businessmen, (6.6%) Investors are housewives. Furthermore, Family Dependent wise (20%) Investors have 1 to 2 dependents, (42.7%) Investors have 3 to 4 dependents (37.3%) Investors have 5 & above family dependent members, and income wise (34.7%) Investors' Monthly income Rs. 20,001 to Rs. 30,000; (40%) Investors' Monthly income Rs 30,001 to Rs 40,000; (13.3%) Investors' Monthly income Rs.40, 001 to Rs.50, 000 and (12%) Investors' Monthly income Rs.50,001 & above, finally Investors Residential Location wise each 25% like Pondicherry, Karaikal, Mahe, Yanam area. Respondents were to give ratings on a Likert scale of 1-5; if a respondent gives 5 it is Highly Agree, whereas if gives 1 it is highly disagree for an attribute of Investment Knowledge and risk-taking ability. The questionnaires were pretested on a set of 50 respondents to assess the validity and reliability of the questionnaires.

6. Analysis and Interpretation

Table-1: Regression Weights of Bond Avenue Investors' Investment Knowledge and Risk-Taking Ability

Bond Avenue Investors' Regression Weights	Estimate	S.E.	C.R.	P
Knowledge in Bond <--- Age	-0.206	0.065	-3.172	0.002
Knowledge in Bond <--- Gender	-0.982	0.158	-6.219	0.000
Knowledge in Bond <--- Marital	1.374	0.245	5.597	0.000
Knowledge in Bond <--- Education	0.095	0.077	1.227	0.220
Knowledge in Bond <--- Occupation	0.337	0.049	6.846	0.000
Knowledge in Bond <--- Family Dependent	-0.436	0.082	-5.306	0.000
Knowledge in Bond <--- Income	-0.297	0.067	-4.432	0.000
Knowledge in Bond <--- Residential Location	-0.044	0.103	-0.426	0.670
Risk taking ability <--- Knowledge	-0.382	0.107	-3.578	0.000
Risk taking ability <--- Age	-0.159	0.063	-2.498	0.012
Risk taking ability <--- Gender	-0.725	0.179	-4.046	0.000
Risk taking ability <--- Marital	0.428	0.269	1.590	0.112
Risk taking ability <--- Education	0.331	0.072	4.614	0.000
Risk taking ability <--- Occupation	0.372	0.058	6.436	0.000
Risk taking ability <--- Family Dependent	-0.279	0.089	-3.138	0.002
Risk taking ability <--- Income	-0.169	0.069	-2.440	0.015
Risk taking ability <--- Residential Location	0.196	0.095	2.074	0.038

Note: 0.000 is 1% -significant level

The path analysis model represents the relationship of Bond Investment Avenue Investors Demography profile like Age, Gender, Marital status, Education, Occupation, Family Dependent, income, and Residential location with significant status with Investment Knowledge and risk-taking ability. Moreover, it represents the relationship between Investment knowledge and risk-taking ability.

The results of multiple regression path analysis conclude that Bond Avenue investors' Investment knowledge is significant with all demographic variables, except investors' education and their Residential Location wise. The significant variables

are comparing with estimate values; Investors' Marital status and Gender are highly significant; the estimated values are 1.374 and 0.982, respectively; the remaining variables, such as Family Dependent, Occupation, income, and age, are significant at the 1% level on Knowledge of bonds; they compare with estimated values of 0.436, 0.337, 0.297, and 0.206, respectively.

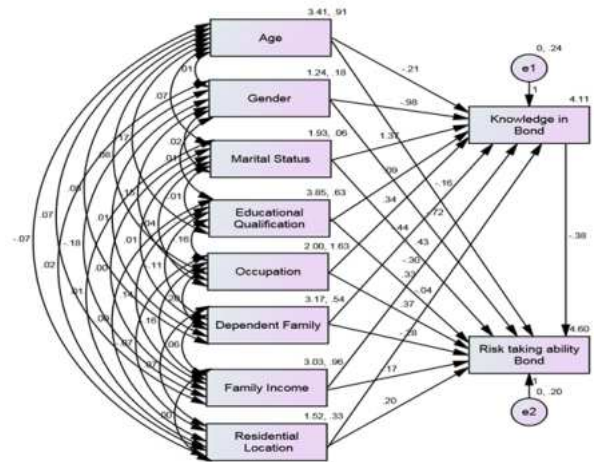


Figure- 1: Path Relationship of Bond Avenue Investors' Investment Knowledge and Risk-Taking Ability

Similarly, the Bond Avenue investors' risk-taking ability is significant with all demographic variables; expect investors' marital status wise. The significant variables are comparing with estimate values; Gender and Occupation have highly significant estimated values of 0.725 and 0.372, respectively; remaining variables such as Education, Family Dependent, Residential Location, Income, and age-wise significant at 5% level on risk-taking ability of bond investment compare with estimated values of 0.331, 0.279, 0.196, and 0.159, respectively. In addition, Bond Investors' Investment Knowledge is highly significant with risk-taking ability; the impact estimated values are 0.38.

CONCLUSION:

The study concludes the Bond investors' Investment knowledge is highly significant with their particular demographic variables like marital status and Gender, which means the investors Investment knowledge; whether they are married or single, there is no flaw in their investment knowledge in their respective categories. Similarly, in their gender categories, whether male or female, there is no flaw in their investment knowledge in their respective categories.

Moreover, Bond Avenue investors' risk-taking ability is significant with particular demographic variables like Gender and Occupation, which means the investors risk-taking ability; whether they are male or female, there is no flaw in their risk-taking abilities in their respective categories. Similarly, their Occupation categories Government Employee, Private Employee, Business man and housewife have no flaw in their risk-taking abilities in their respective categories. In addition, Bond Investors' Investment Knowledge is highly significant with risk-taking ability; the impact estimated values are 0.38.

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