



A STUDY ON THE IMPACT OF DEMOGRAPHY ON INVESTMENT DECISION OF AN INDIVIDUAL INVESTOR

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Introduction

Today the field of investment is even more dynamic than it was a decade ago. The future is uncertain, making an individual realise the importance of investment. An individual looks to invest into a successful financial plan in order to secure his uncertain future. Thus a successful financial plan is to keep apart a larger amount of savings and invest it intelligently, by using a longer period of time. The turnover rate in investments should exceed the inflation rate and cover taxes as well as allow you to earn an amount that compensates the risks taken by him. World has evidenced rapidly events that altered the values of assets. The individual has so many assets to choose from, and the amount of information available to the investors is staggering and continually growing. The individuals should start by specifying investment goals. Once these goals are established, the individual should be aware of the mechanics of investing and the environment in which investment decisions are made. These include the process by which securities are issued and subsequently bought and sold, the regulations and tax laws that have been enacted by various levels of government, and the sources of information concerning investment that are available to the individual. There is a wide portfolio of investments available to an investor such as stock, pension plan, employee saving programme or through purchase of life insurance or a home or by some other mode of investment like investing in Real Estate (Property) or in Banks or in saving schemes of post offices which would give higher returns with minimal risk involved. Each of these investments has common characteristics such as potential return and the risk attached which an investor must bear. Thus an investor must determine how much risk he is willing to bear since higher return is associated with accepting more risk.

Review of Literature

Richard B. Freeman (1979) in his analysis showed that from the late 1960s through the mid 1970s when the number of young workers increased rapidly, the earnings of young male workers fell relative to the earnings of older male workers, altering male age-earnings profiles, particularly for college graduates. His study suggested that the increased number of young male workers was the major causal force underlying the increased earnings of older men relative to the earnings of younger men.

Bajtelsmit, V. L. & Bernasek, A. (1996) in their research study explained for gender differences in investment and risk-taking in an effort to help guide data collection and identification of relevant variables for empirical research.

Hinz, R. P., McCarthy, D. D., & Turner, J. A. (1997) studied that financial wealth had a significant and positive impact on the average level of risk chosen in a portfolio. As it was an additional measure of financial sophistication, they again confirmed the conclusion that more sophisticated investors entertain a higher average level of portfolio risk. They showed that dummy variable for having no financial wealth had no significant effect, statistically, on risk-taking.

Objectives of the Study

- To understand the different patterns of investments available.
- To analyse the risk involved in each investment pattern.
- To understand the impact of demography (i.e., gender, age, marital status, education and economic status) on the investment.

Statement of Problem

The study is conducted to know the investment pattern of individual by taking into consideration with their marital status and study wants to know the significant relationship between marital status and investment pattern. As we want to conclude the research in a significant way we have compared marital status with purpose of investment and also amount they invest.

HYPOTHESIS

H0: There is a relationship between marital status and Investment

H1: There is no relationship between marital status and Investment

RESEARCH METHODOLOGY

The study is conducted on a sample size of hundred respondents in the city of Bangalore. The process for the research is collected through primary data. Primary data was collected using Questionnaire and the collected data was tabulated and chi square test has been conducted.

Data Analysis: marital status * how much you have invested your funds

Count

		how much you have invested your funds in					Total
		10000-20000	20000-40000	40000-80000	80000-100000	100000 & above	
marital status	Unmarried	8	12	4	3	8	35
	Married	6	4	5	1	1	17



Total	14	16	9	4	9	52
			Value	df	Asymptotic Significance (2-sided)	
			Pearson Chi-Square	5.238 ^a	4	.264
			Likelihood Ratio	5.467	4	.243
			Linear-by-Linear Association	1.464	1	.226
			N of Valid Cases	52		

Table showing Investment purpose and marital status

Count

		what is the purpose to invest					Total
		Liquidity	Security	Rate of Return	Appreciation of value	Tax Planning	
marital status	Unmarried	3	10	12	6	4	35
	Married	0	6	7	2	2	17
Total		3	16	19	8	6	52

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.990	4	.738
Likelihood Ratio	2.912	4	.573
Linear-by-Linear Association	.032	1	.858
N of Valid Cases	52		

Interpretation

By testing marital status with investment purpose and amount of investment we can get to know that there is no relationship between them.

- When we test the relationship between Marital status and amount invested the value is not significant
- When we test the relationship between Marital status and purpose invested also the value is not significant
- By two of this analysis we can conclude that we reject null hypothesis and we accept alternate hypothesis i.e., There is no significant relationship between marital status and Investment.

Conclusion

In this study we have confined our study to marital status and Investment decision of the sample collected and by the test we have tested we got to know that there is no relationship between marital status of a person and his investment decision. Investment decision depends upon his/her individual perception and his willingness to invest and not on his/her marital status.

For qualitative data chi square test is one of the tool which we can use, the variables we have converted into dummy variables and tested for the significance and result we got is rejecting null hypothesis and accepting the alternative hypothesis.

References

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