

Internal & External Factors Influencing Investment Decision-Making



**Gayathri H
S Ganesan**

Duxford International Business School
(profgayathri17@gmail.com)
(profsganesan@outlook.com)

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The investment decision is always quite attractive. It offers investors the chance to make money and broaden their financial horizons. Additionally, making an investment decision requires considering several important factors, including your objectives, risk tolerance, and budgeting abilities. This study compiled a list of internal and external factors affecting investors' investment decisions and investments. The study examined how respondents select the investment avenue while the internal and external factors influence the investment decision. This research grouped the influencing factors into external and internal factors. For this purpose, a survey questionnaire was used to test the hypotheses. The population taken in this survey was individual investors of the selected district of Tamil Nadu, India. A total of 235 questionnaires were distributed; only 230 were received back, and 30 were not included in the analyses as they were incomplete. Hence, 200 questionnaires were used in the analyses. The factor analysis and ANOVA tests were applied to identify the factors administering the investment decisions. It is essential to understand which factor can play a role in the decision-making to make the most favourable financial decisions possible. The investor, while investing, may be influenced by numerous socio-demographic and economic factors. These factors are classified with the help of Factor Analysis. The internal influencing factors were grouped as Capital Appreciation (CA), Social Status (SS), Retirement Planning (RP), Financial Forecasting (FF) and Wealth Creation (WC). The researcher identified five significant factors as external factors with components, namely Fundamental Factors -FF, Company Performance-CP, Technical Factors-TF, Market Factors-M, Gold Investment-GI, and Real Estate Investment – REI. These internal and external factors were studied with the personal profiles of the respondents to understand which internal factors mostly govern the investment decisions concerning their socio-demographic profile. This study aimed to discover the elements that influence investment decisions made by individual investors while making investment decisions. These internal and external factors were influenced differently among socio-demographic components.

Keywords: Internal Factors, External Factors, Investment Avenues, Decision-Making Behaviour

1. Introduction

Decision-Making Process of Individual Investors

The decision-making process of individual investors depends on many things. They depend on political information, personal information, including sentimental information, beneficial decisions and vocation information, and money-related information, which may incorporate a few or alternate sorts of information and judgements.

Considering how individuals touch base on their decisions is a territory of psychological brain science that has gotten consideration today. Speculations have been produced to clarify how individuals settle on choices and what elements impact basic leadership in the present and future. Also, heuristics have been looked into to comprehend the basic leadership handle.

Investment Avenues

Six investment avenues were selected for this study for individual investment decision-making: Bank Deposits, Shares/Bonds/Debentures, Mutual Funds, Life Insurance, Real Estate and Gold/Jewellery.

Population of the Study

The population of the study covers the entire set of Indian individuals who are residing in the selected districts of Tamilnadu, India. The population in this survey comprised individual investors of a selected district of Tamilnadu, India. A total of 235 questionnaires were distributed, out of which 230 were received back, and 30 were not included in the analyses as they were incomplete. Hence, 200 questionnaires were used in the analyses.

Primary Data

Preliminary scanning of various secondary data sources headed primary data collection. The primary data study proceeded on the framed objectives of the present study. The research instrument consisted of a structured questionnaire. Measurement range, such as the Nominal, Ordinal, Likert's, etc., data have been put to further statistical analysis to find useful information and generate inferences related to the study's objectives; the core part of the data has been collected from the primary source. For this purpose, two methods are used: Questionnaire and Interview. The structure of the questionnaire was designed based on the literature review that was done before the beginning of the study.

Factors Influencing the Decision-Making Process

Several important factors influence the decision-making process. Important factors include past experiences, escalation of commitment, cognitive biases and ruined outcomes, individual differences including age, gender and socio-economic status, and faith in personal relevance. All these factors affect the decision-making process and the decisions made by individuals. Due to globalisation and the expansion of the National Economic Policy, the financial combination has occurred at an extraordinary pace. Individual investors must rely on their opinions and preferences to guide their investment decision-making

2. Literature Review

Dr Bhagaban Das, Ms. Sangeeta Mohanty and Nikhil Chandra Shil (2008) studied the retail investor's behaviour towards different savings avenues based on age, gender, education and profession. The study was conducted on 100 educated investors in Cuttack and Bhubaneswar metro cities in Orissa. The study also identified the factor and the source of information that influence the fund and scheme selection decisions and that investment patterns are influenced by age, education, profession and income level.

G. Ramakrishna Reddy and Ch Krishnudu (2009) studied the investment behaviour of rural investors from the Rayalaseema region in Andhra Pradesh. A total of 526 questionnaires were usable. The study examined investors' investment avenues, investment objectives of investors and the evaluation of investment by the investors. It revealed that the earning capacity influenced the investor's behaviour. Pavani and P. Anirudh (2010) piloted an investor behaviour analysis on the demographics and psychographics of the investor, considering variables like age, gender, income, etc., on 80 respondents selected randomly in Hyderabad. The study exposed that women of all ages save or invest in securing their families and futures. Their choice of investment is mostly risk-free or less risky investments.

Leena Dam (2010) identified the preferred investment avenues among the people in Pune. A sample of 150 respondents was chosen randomly and examined the respondents with a structured questionnaire, and the study revealed insurance products rank the highest when making any investment decision. The result also highlighted that factors like education qualification, source of awareness, etc., make an essential impact when deciding on investment avenues.

Egidijus Bikas and Petras Dubinskas (2012) in their study mentioned that global financial markets are influenced by many factors, such as the economic processes which take place in the country and the world, institutional and political constraints, information dissemination and accessibility, and so on. Their study aims to analyse non-professional investors' research from a historical-theoretical perspective.

The study of Charles and R. Kasilingam (2013) focused on the factors influencing emotional behaviour biases as a demographic factor. Demographic factors such as age, gender, education, occupation, profession, financial dependents and income directly influence their behavioural biases, affecting their investment decisions. The multistage random sampling technique was used to collect the data from 742 retail investors who were accessing the Indian stock market, and the findings of this study suggested that investors significantly influence their investment behaviour.

Kantesha Sanningammanavara & Dr A Satya Nandini (2015) studied the impact of market volatility on the investors' investment decision-making process. The study attempted to know how an individual investor behaves to the market volatility and which factors most matter for the investor when they make an investment decision. This study reveals that there is a negative correlation between investor behaviour and the biases that have been extracted from factor analysis. The results reported that most investors do nothing when the market is volatile.

3. Socio-Economic Profile of Respondents

Descriptive Statistics

Descriptive statistics provide simple abstracts about the sample and the measures. The simple quantitative analysis of Socio-Demographic profile in a manageable form. Descriptive statistics provide a quick abstract of large amounts of data sensibly. In this study, the researcher has studied the characteristics connected to the respondents classified into gender, marital status, age, educational qualification, family size, number of dependents, occupation, nature of the organisation, number of earning members in the family, monthly income of respondent and total monthly income, which helps to understand the respondent's demographic profile as a simpler summary.

1. Age Group: the respondents of different age groups have invested in various investment avenues. Based on the age group, the respondents prefer to invest in different investment avenues. About 31.5 per cent of respondents constituted the age group between 46 to 55 years. The data marks the vivacity of the main earning age groups.
2. Gender: Both males and females have been investing in different investment avenues. Here, the male population constitutes the percentile from the female is 54.5, notably more than male respondents.
3. Marital Status: Marital status is one of the socio-economic factors which normally affects the investment pattern of individuals. The married and unmarried status decides the choice of investment choices and patterns. Because of the marital status of the respondents in the sample, a larger percentile is constituted by the married society, i.e., 79.5. It confirms that the majority of the respondents are married.
4. Educational Qualification is a prominent socio-economic variable affecting individual investors' spending, saving and investment patterns. Considering the educational background of the sample, respondents with an undergraduate degree contributed 22.5% on average. Postgraduates comprised the greatest numeral in both groupings. Respondents from professional courses and other streams also responded to a certain extent significantly.
5. Family Size: Members of the family are crucial in assessing and planning investment schemes. So, evaluating the family size is pivotal. More number of respondents in the family, of the size up to 3, is more prevalent in the respondents.
6. Number of dependents: After assessing the family size, we gauged the number of dependents –non-earning family members. The higher percentile of the group containing around two dependents is more in the cluster.
7. Occupation in the occupation sector: There are many respondents from the employed sector respondents category.
8. Type of Organisation: According to the statistics on the type of organisation, the private sector has the larger number of respondents, i.e., about 66% of the respondents.
9. Number of Earning Members: The cluster of two earning members per family is nearly 70 % among respondents.
10. Monthly Income (INR): 50% of respondents' monthly income falls under the category of Rs.1,00,000 to 1,50,000.
11. Total Monthly Income (INR): The respondents' income from the observation is nearly 58% from the range of Rs.1,00,000 to 1,50,000.

Factor Analysis- Internal Factors of Respondents

The investor, while investing, may be influenced by numerous Socio-demographic and Economic factors. In this research, the factors are classified with the help of Factor Analysis. The reliability and validity of the factor analysis are tested by applying Kaiser – Mayer - Olkin (KMO) and Bartlett's data. The following analysis is done for Indian residents.

Table 1 *KMO and Bartlett's Test*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.521
Bartlett's Test of Sphericity	Approx. Chi-Square	2760.556
	df	190
	Sig.	0.000

The KMO sample adequacy value is 0.521, and Bartlett's test significance value is 0.000, which is less than 0.05; the level of significance justifies the application of factor analysis.

4. Communalities

Communality gives the variance accounted for a variable of the factors. The higher the value of communality for a variable after extraction, the higher the amount of variance explained by the extracted factors. Researchers commonly use 0.40 as a cut-off for a reasonably good variable.

Table 2 *Communalities*

Variables	Initial	Extraction
Wealth Creation	1	0.67
Defend against uncertainties	1	0.723
Comfortable future	1	0.62
Owning house	1	0.718
Own cars & vehicles	1	0.622
Securing children education	1	0.795
Children Marriage	1	0.741
Matching the inflation rate	1	0.593
Responding to medical care	1	0.479
Establishing a financially independent life	1	0.751
Comfortable life after retirement	1	0.835
Passing on wealth to the heirs	1	0.715
Tax benefits	1	0.608
Covering risk of life	1	0.847
Social Status	1	0.5
Following the peers	1	0.781
Excitement to invest in new avenues	1	0.674
Investment Online made simple	1	0.683
Capital Appreciation	1	0.735
Going on National & International Trips	1	0.586

The above table gives the communalities for the variables under consideration. All the communalities (extracted) more than 0.47 ensure a comfortable contribution of each variable to the factors extracted.

Eigen Value and Total Variance Explained

The eigenvalue measures the amount of total variance in the data explained by the factor. An Eigenvalue of more than one essentially means that the factor explains more variance.

Therefore, several eigenvalues, more than one, determine the number of factors. The following table gives eigenvalues and total variance explained by the factors. The following table offers eigenvalues and total variance explained by the factors. Nine eigenvalues more than unity indicate five factors extracted, explaining 68.38% of the variance.

Table 3 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of			Rotation Sums of		
	Tota	% of	Cumulativ	Tota	% of	Cumulativ	Tota	% of	Cumulativ
1	5.37	26.83	26.83	5.37	26.83	26.83	3.46	17.32	17.32
2	2.99	14.96	41.78	2.99	14.96	41.78	2.99	14.96	32.29
3	2.07	10.37	52.15	2.07	10.37	52.15	2.78	13.91	46.19
4	2.01	10.06	62.21	2.01	10.06	62.21	2.37	11.84	58.03
5	1.23	6.17	68.38	1.23	6.17	68.38	2.07	10.36	68.38

Rotated Component Matrix

The rotated component matrix gives the factors explained. Five factors, namely Capital Appreciation, Social Status, Retirement Planning, Financial Forecasting and Wealth Creation identified for respondents.

Table 4 Rotated Component Matrix

		Component				
		1	2	3	4	5
Capital Appreciation	Comfortable life after retirement	0.792	0.22	0.178	-0.276	0.226
	Following the peers	0.779	-0.067	0.039	0.331	0.241
	Excitement to invest in new avenues	0.678	0.485	-0.116	0.15	-0.056
	Capital Appreciation	0.668	0.286	0.004	-0.12	0.211
	Going on National & International Trips	0.655	0.113	0.206	0.436	0.014
Social Status	Passing on wealth to the heirs	0.035	0.867	0.034	0.137	-0.273
	Tax benefits	0.007	0.718	0.298	-0.014	0.057
	Covering risk of life	0.452	0.648	-0.223	0.034	0.095
	Social status	0.347	0.62	0.223	-0.271	0.295
	Investment Online made simple	0.354	0.572	-0.013	0.166	0.139
Retirement Planning	Comfortable future	0.008	-0.049	0.839	0.016	0.107
	Owning house	-0.12	0.199	0.772	0.321	0.206
	Own cars & vehicles	0.225	0.174	0.731	-0.08	0.038
	Securing children education	0.086	-0.017	0.618	0.442	-0.188
Financial Forecasting	Defend against uncertainties	0.174	-0.051	0.169	0.812	-0.049
	Children Marriage	-0.276	0.133	0.26	0.723	0.238
	Matching the inflation rate	0.301	0.19	-0.377	0.566	0.062
Wealth Creation	Wealth Creation	-0.02	-0.158	0.134	0.034	0.791
	Responding to medical care	0.342	0.062	-0.11	-0.045	0.785
	Establishing a financially independent life	0.24	0.234	0.136	0.15	0.571

The above Factor analysis results of internal influencing drivers for respondents are grouped as Capital Appreciation, Wealth Creation, Social Status, Retirement, and Financial Forecasting. These are the most important factors when they make investment decisions.

- 1. **Capital Appreciation** is the money invested for a long time, which will, in turn, fulfil your investment objective as a Return on Investment. The value of the investment may fluctuate because the growth type of investment tends to be more volatile.
- 2. **Wealth Creation** is a process and not an event; the methods of increasing your awareness, improving financial literacy, building capacity and positioning for impacting generation. The wealth of an individual is a result of many factors working together.
- 3. **Social Status** is a tradition that an individual creates and is associated with using and possessing goods and services to gain comfort or ease. The individual investor aims to maintain such social status for the entire lifetime.
- 4. **Retirement Planning** refers to financial plans of saving, investment, and ultimately distribution of money meant to sustain his /her retirement life. Retirement planning includes capital investment and return and future expenses, liabilities, and life expectancy.
- 5. **Financial Forecasting** from the context of individual investor behaviour expects to attain payback on investment so that he/she achieves the objective of Financial Forecasting and retirement security of oneself and the Family.

Analysis - t-test, ANOVA & Post Hoc Test- Internal Influencing Factors

Based on the above factors, we performed a t-test, ANOVA test and Post Hoc test for the construct mentioned above to understand the relationship between the variables and other demographic profiles of the respondent.

Gender Comparison

H₀₁ There is no significant difference between the male and female respondents towards the Internal factors.

H_{A1} There is a significant difference between the male and female respondents towards the Internal factors.

Table 5 Gender Comparison

Construct	Group Compared	Mean	Z value	Significance	Remark
CA	Male	15.60	-4.155	.000	Sig <= 0.05 Reject Null Hypothesis.
	Female	17.80			
SS	Male	16.78	-4.155	.037	Sig <= 0.05 Reject Null Hypothesis.
	Female	17.75			
RP	Male	15.29	-4.299	.000	Sig <= 0.05 Reject Null Hypothesis.
	Female	16.72			
FF	Male	11.12	-1.066	.288	Sig > 0.05 Accept Null Hypothesis.
	Female	11.42			
WC	Male	11.18	2.137	.034	Sig <= 0.05 Reject Null Hypothesis.
	Female	10.61			

The significant value of male and female respondents on CA, SS, RP and WC are less than 0.05; it is concluded that respondents have significant differences in opinions towards CA, SS, RP and WC; therefore, we reject the null hypothesis. On the other construct, FF, the significant value of male and female respondents is greater than 0.05.

Therefore, we accept the null hypothesis and have, on average, the same opinion. The respondent's investment strategy focused and forecasted on better future and retirement benefits and attained their investment goals.

Marital Status Comparison

H₀₂ There is no significant difference between the marital status of respondents towards the Internal factors.

H_{A2} There is a significant difference between the marital status of respondents towards the Internal factors.

Table 6 *Marital Status Comparison*

Construct	Group Compared	Mean	Z value	Significance	Remark
CA	Married	17.09	2.139	.034	Sig <= 0.05 Reject Null Hypothesis.
	Unmarried	15.66			
SS	Married	17.16	-1.240	.217	Sig > 0.05 Accept Null Hypothesis.
	Unmarried	17.88			
RP	Married	16.38	3.584	.000	Sig <= 0.05 Reject Null Hypothesis.
	Unmarried	14.88			
FF	Married	11.49	2.930	.004	Sig <= 0.05 Reject Null Hypothesis.
	Unmarried	10.49			
WC	Married	11.00	1.998	.05	Sig >= 0.05 Accept Null Hypothesis.
	Unmarried	10.34			

The significant value of married and unmarried respondents on CA, RP and FF is less than 0.05; it is concluded that the respondents, having a significant difference of opinion towards these constructs, failed to accept the null hypothesis. Regarding SS and WC, the value of married and unmarried respondents is greater than 0.05. Therefore, we take the null hypothesis, and these groups of respondents have the same average opinion on SS and WC.

Age Group Comparison

H₀₃ There is no significant difference between the different age groups among respondents towards the Internal factors.

H_{A3} There is a significant difference between the different age groups among respondents towards the Internal factors.

The result of all five construct WC is greater than 0.05; therefore, we accept the null hypothesis and conclude that respondents on Wealth creation have the same average opinion. The significant values of respondents from different age groups on CA, SS, RP, and FF are smaller than 0.05. It is concluded that respondents have a significant difference in opinion towards CA, SS, RP, and FF; therefore, we reject the null hypothesis. A post hoc test is performed to find which group significantly differ from the other groups in the rejected factor.

Table 7 Age Group Comparison

Classification Based on Age Group		Mean	F	Significance	Remark
CA	Less than 35 years	15.39	4.399	.005	Sig <= 0.05 Reject Null Hypothesis.
	36 - 45 years	17.13			
	46 – 55 years	17.65			
	Above 56 years	17.57			
SS	Less than 35 years	17.87	3.448	0.018	Sig <= 0.05 Reject Null Hypothesis.
	36 - 45 years	16.94			
	46 – 55 years	16.57			
	Above 56 years	18.81			
RP	Less than 35 years	15.08	5.223	.002	Sig <= 0.05 Reject Null Hypothesis.
	36 - 45 years	16.44			
	46 – 55 years	16.51			
	Above 56 years	16.71			
FF	Less than 35 years	10.29	8.997	.000	Sig <= 0.05 Reject Null Hypothesis.
	36 - 45 years	11.56			
	46 – 55 years	11.97			
	Above 56 years	11.48			
WC	Less than 35 years	10.50	1.202	0.31	Sig >= 0.05 Accept Null Hypothesis.
	36 - 45 years	11.06			
	46 – 55 years	10.95			
	Above 56 years	11.19			

From the post-hoc test, it is found that the respondents belonging to above 46 - 55 years of age have significantly higher opinions towards the CA construct when compared to that of the respondents belonging to 36 - 45 years. The respondents belonging to Above 56 years of age have a significantly higher opinion towards the SS factor when compared to that of the respondents belonging to 46 - 55 years. For RP and FF constructs, the respondents Less than 35 years age group have a significantly higher opinion than the respondents belonging to 46 – 55 and Above 56 years.

Education Qualification Comparison

H₀₄ There is no significant difference between respondents' various education qualification groups towards the Internal factors.

H_{A4} There is a significant difference between respondents' various education qualification groups towards the Internal factors.

The significant value of respondents from various education qualifications on CA, SS, RP, and WC is less than 0.05. It is concluded that respondents have a significant difference in opinion towards CA, SS, RP, and WC; therefore, we reject the null hypothesis. While reading the result, the FF construct is greater than 0.05; therefore, we accept the null hypothesis. It is concluded that respondents on the FF have the same average opinion. A post-hoc test is performed to find which group significantly differs from the other groups in rejected factors.

Table 8 Education Qualification Comparison

Classification Based on Education qualification		Mean	F	Significance	Remark
CA	UG Degree	15.91	3.841	.011	Sig <= 0.05 Reject Null Hypothesis.
	PG Degree	16.94			
	Professional	16.43			
	Others	20.00			
SS	UG Degree	15.07	12.134	.000	Sig <= 0.05 Reject Null Hypothesis.
	PG Degree	17.84			
	Professional	17.69			
	Others	19.83			
RP	UG Degree	17.09	12.744	.000	Sig <= 0.05 Reject Null Hypothesis.
	PG Degree	15.16			
	Professional	17.26			
	Others	17.00			
FF	UG Degree	11.80	1.853	.139	Sig >= 0.05 Accept Null Hypothesis.
	PG Degree	11.08			
	Professional	11.06			
	Others	11.83			
WC	UG Degree	10.47	3.849	.010	Sig <= 0.05 Reject Null Hypothesis.
	PG Degree	10.70			
	Professional	11.77			
	Others	11.17			

From the post-hoc test, it is found that the respondents belonging to other education qualifications have significantly higher opinions towards the CA construct when compared to that of the respondents belonging to UG, PG and Professional Degree qualifications. The respondents with Professional Degree education qualifications have a significantly higher opinion towards the WC construct when compared to that of the respondents belonging to UG and PG Degree qualifications. The respondents belonging to UG Degree qualification have a significantly lesser opinion towards SS construct when compared to that of the respondents belonging to PG Professional and others Degree qualification. The respondents belonging to PG Degree qualification have a significantly lesser opinion towards RP construct when compared to that of the respondents belonging to UG Professional and others Degree qualification.

Total Number of Earning People in Family Comparison

H₀₅ There is no significant difference in the number of earning persons in the Family among respondents towards the five Internal factors.

H_{A5} There is a significant difference in the number of earning persons in the Family among respondents towards the five Internal factors.

While reading the result, the FF factor is greater than 0.05; therefore, we accept the null hypothesis. It is concluded that respondents on the FF have the same average opinion. The significant value of respondents with some earning person in Family on CA, SS, RP and WC is less than 0.05; it is concluded that respondents having a significant difference in opinion towards CA, SS, RP and WC. Therefore, we reject the null hypothesis. Post hoc test is performed to find which group significantly differ from the other groups in rejected factors

Table 9 Total Number of Earning Person in Family Comparison

Classification Based on Number of Earning Person		Mean	F	Significance	Remark
CA	One	17.11	5.114	.007	Sig <= 0.05 Reject Null Hypothesis
	Two	16.51			
	3 More than two	22.50			
SS	One	17.44	3.559	.030	Sig <= 0.05 Reject Null Hypothesis
	Two	17.14			
	3 More than two	21.50			
RP	One	15.18	5.584	.004	Sig <= 0.05 Reject Null Hypothesis
	Two	16.44			
	3 More than two	16.00			
FF	One	11.84	5.287	.006	Sig >= 0.05 Accept Null Hypothesis
	Two	11.01			
	3 More than two	13.00			
WC	One	11.21	4.428	.013	Sig <= 0.05 Reject Null Hypothesis
	Two	10.66			
	More than two	13.00			

From the Post-hoc test, it is found that the respondents belonging to more than two family members have significantly higher opinion towards CA, SS and WC construct when compared to that of the respondents belonging to one and two family members earning group. The respondents belonging to two family members earning group has significantly higher opinion towards RP construct when compared to that of the respondents belonging to one and more than two family members earning group.

Total Family Monthly Income Comparison

H₀₆ There is no significant difference with total family monthly income among respondents towards the Internal factors.

H_{A6} There is a significant difference with total family monthly income among respondents towards the Internal factors.

Table 10 Total Family Monthly Income Comparison

Classification Based on total monthly income (Rupees)		Mean	F	Significance	Remark
CA	Rs.50,000 to 1,00,000	15.61	3.835	.023	Sig <= 0.05 Reject Null Hypothesis
	Rs.1,00,000 to 1,50,000	16.75			
	Above Rs.1,50,000	17.91			
SS	Rs.50,000 to 1,00,000	16.61	1.074	.344	Sig >= 0.05 Accept Null Hypothesis
	Rs.1,00,000 to 1,50,000	17.47			
	Above Rs.1,50,000	17.48			
RP	Rs.50,000 to 1,00,000	14.63	8.727	.000	Sig <= 0.05 Reject Null Hypothesis
	Rs.1,00,000 to 1,50,000	16.36			
	Above Rs.1,50,000	16.52			
FF	Rs.50,000 to 1,00,000	10.26	6.685	.002	Sig <= 0.05 Reject Null Hypothesis
	Rs.1,00,000 to 1,50,000	11.58			
	Above Rs.1,50,000	11.39			
WC	Rs.50,000 to 1,00,000	10.32	4.284	.015	Sig <= 0.05 Reject Null Hypothesis
	Rs.1,00,000 to 1,50,000	11.19			
	Above Rs.1,50,000	10.50			

SS factor, while reading the result it gives greater than 0.05, therefore accept the null hypothesis. It is concluded that respondents on the FF have the same average opinion. The significant value of RI respondents with total family monthly income on CA, FF, RP, and WC is less than 0.05. It is concluded that respondents, having a significant difference in opinion towards CA, FF, RP and WC, therefore, reject the null hypothesis. Post hoc test is performed, to find which group significantly differ from the other groups in rejected factors

From the Post-hoc test, it is found that the respondents belonging income group to Rs.1,00,000 to 1,50,000 earning group has significantly greater opinion towards CA, RP, and WC construct when compared to that of the respondents belonging income group to Rs.50,000 to 1,00,000 and above Rs.1,50,000. The respondents belonging to the income group to the Rs.50000 to 1,00,000 earning group has significantly lesser opinion towards FF factor when compared to that of the respondents belonging to the income group to Rs.1,00,000 to 1,50,000 and above Rs.1,50,000.

5. External Factors-Analysis- T-Test, Anova & Post Hoc Test

The results reveal the six most external influencing factors on investment decisions of individual investors. Mostly those factors are Capital Market Information, Macro-Economic Factors, Information from Regularity Bodies, past performance of the company, expected stock capital increases/bonus while investing in Bank deposits and Shares/Bonds/Debentures. For real estate, the appreciation of the land value and government guideline value with its Location & general environments, for GI. Economic/ Global Factors and gold bullion value. Globalisation has added to the complexity of investment management of individual investors.

For Bank Deposits, Share/Debentures/Bonds, Mutual Funds, Life insurance products, Real Estate and Gold/Jewellery investment, the researcher identified five significant factors with its components namely Fundamental Factors -FF, Company Performance-CP, Technical Factors-TF, Market Factors-M, Gold Investment-GI, and Real Estate Investment – REI. Regarding groups of investors statistically differed in factor measurement, as segments of a group considered the factor as the most valuable/unimportant. The study suggests that the investment climate and the market environment be made friendly and beneficial to attract investors by productively evolving policies that impact investors' decisions to maximise the wealth of the individual investors.

Gender Comparison

H₀₇ There is no significant difference between the male and female respondents towards the external factors.

H_{A7} There is a significant difference between the male and female respondents towards the external factors.

From the table below, it is observed that all external factors, sig value of male and female respondents is greater than 0.05, therefore we accept the null hypothesis. The male and female respondents on all external factors have the same opinion on average.

Table 11 External Factors- Gender Comparison

External Factors-RI-Gender Comparison					
Construct	Group Compared	Mean	Z value	Significance	Remark
FF.	Male	15.70	0.990	.323	Sig > 0.05 Accept Null Hypothesis
	Female	15.14			
CP	Male	27.86	-1.002	.317	Sig > 0.05 Accept Null Hypothesis
	Female	28.54			
TF	Male	9.45	1.820	.070	Sig > 0.05 Accept Null Hypothesis
	Female	8.66			
MF	Male	11.96	-0.318	.75	Sig > 0.05 Accept Null Hypothesis
	Female	12.10			
GI	Male	9.41	-0.042	.966	Sig > 0.05 Accept Null Hypothesis
	Female	9.42			
REI	Male	21.00	-1.000	.319	Sig > 0.05 Accept Null Hypothesis
	Female	21.78			

Marital Status Comparison

H₀₈ There is no significant difference between the marital status respondents towards external factors.

H_{A8} There is a significant difference between the marital status respondents towards the external factors.

Table 12 External Factors-Marital Status Comparison

Construct	Group Compared	Mean	Z value	Significance	Remark
FF.	Married	15.30	-0.644	.521	Sig > 0.05 Accept Null Hypothesis
	Unmarried	15.76			
CP	Married	28.25	0.088	.930	Sig > 0.05 Accept Null Hypothesis
	Unmarried	28.17			
TF	Married	9.08	0.501	.617	Sig > 0.05 Accept Null Hypothesis
	Unmarried	8.80			
MF	Married	12.16	1.063	.29	Sig > 0.05 Accept Null Hypothesis
	Unmarried	11.56			
GI	Married	9.36	-0.543	.588	Sig > 0.05 Accept Null Hypothesis
	Unmarried	9.61			
REI	Married	21.50	0.395	.693	Sig > 0.05 Accept Null Hypothesis
	Unmarried	21.12			

From the above Table, all external factors, the value of married and unmarried respondents is greater than 0.05, therefore we accept the null hypothesis. The married and unmarried respondents on all external factors have the same opinion on average.

Age Group Comparison

H₀₉ There is no significant difference between the different age groups among respondents towards the external factors.

H_{A9} There is a significant difference between the different age groups among respondents towards the external factors.

The external factor FF, MF and REI, the value of different age groups is greater than 0.05, therefore we accept the null hypothesis. It is concluded that with different age group respondents on the FF, MF and REI have, on an average, the same opinion. The significant value of RI respondents from different age groups on external factors, TF, CP and GI, is less than 0.05. It is concluded that respondents, have significant difference towards external factors TF, CP and GI, therefore we reject the null hypothesis. Post-hoc test is performed, to find which group significantly differs from the other groups in rejected factors.

From the Post-hoc test, it is found that the respondents above 46 - 55 years of age have significantly higher opinion towards CP factor when compared to those of the 36 - 45 age group respondents. For TF factor, the respondents of 36 - 45 years of age have a significantly lesser opinion when compared to those of the 46 - 55 and above 56 years age group respondents. For the GI factor, the respondents belonging to 36 - 45 years of age has a significantly lesser opinion when compared to that of the respondents belonging to less than 35 years age group respondents.

Table 13 External Factors-Age Group Comparison

Classification Based on Age Group		Mean	F	Significance	Remark
FF.	Less than 35 years	15.63	2.394	.070	Sig > 0.05 Accept Null Hypothesis
	36 - 45 years	14.20			
	46 – 55 years	15.86			
	Above 56 years	16.38			
CP	Less than 35 years	28.16	4.743	.003	Sig <0.05 Reject Null Hypothesis
	36 - 45 years	26.39			
	46 – 55 years	29.46			
	Above 56 years	29.48			
TF	Less than 35 years	9.05	6.728	.000	Sig <0.05 Reject Null Hypothesis
	36 - 45 years	7.69			
	46 – 55 years	9.57			
	Above 56 years	10.71			
MF	Less than 35 years	11.76	1.293	.278	Sig > 0.05 Accept Null Hypothesis
	36 - 45 years	11.56			
	46 – 55 years	12.59			
	Above 56 years	12.43			
GI	Less than 35 years	9.94	3.432	.018	Sig <0.05 Reject Null Hypothesis
	36 - 45 years	8.69			
	46 – 55 years	9.22			
	Above 56 years	10.33			
REI	Less than 35 years	21.63	.687	.561	Sig > 0.05 Accept Null Hypothesis
	36 - 45 years	20.54			
	46 – 55 years	21.75			
	Above 56 years	22.14			

Education Qualification Comparison

H₀₁₀ There is no significant difference between the different education qualification group among respondents towards the external factors.

H_{A10} There is a significant difference between the different education qualification group among respondents towards the external factors.

Table 14 External Factors- Edu. Qualification Comparison

Classification Based on Education Qualification		Mean	F	Significance	Remark
FF.	UG Degree	14.56	2.732	.05	Sig >=0.05 Accept Null Hypothesis
	PG Degree	15.21			
	Professional	16.20			
	Others	17.83			
CP	UG Degree	26.29	3.527	.016	Sig <0.05 Reject Null Hypothesis
	PG Degree	28.63			
	Professional	29.40			
	Others	28.50			
TF	UG Degree	7.84	3.209	.024	Sig <0.05 Reject Null Hypothesis
	PG Degree	9.23			
	Professional	9.54			
	Others	10.00			
MF	UG Degree	11.69	1.968	.120	Sig > 0.05 Accept Null Hypothesis
	PG Degree	11.79			
	Professional	13.20			
	Others	12.17			
GI	UG Degree	9.51	3.858	.010	Sig <0.05 Reject Null Hypothesis
	PG Degree	8.94			
	Professional	10.26			
	Others	10.83			
REI	UG Degree	21.82	1.187	.316	Sig > 0.05 Accept Null Hypothesis
	PG Degree	20.99			
	Professional	21.37			
	Others	24.00			

The external factor FF, MF and REI, the value of different education group is greater than 0.05, therefore we accept the null hypothesis. It is concluded that with different education group of respondents on the FF, MF and REI have, on an average, the same opinion. The significant value of respondents from different age groups on external factors, TF, CP and GI, is less than 0.05. It is concluded that respondents, have significant difference towards external factors TF, CP and GI, therefore we reject the null hypothesis. Post-hoc test is performed, to find which group significantly differs from the other groups in rejected factors.

From the Post-hoc test, it is found that the respondents belonging to the UG degree group has significantly higher opinion towards CP construct when compared to that of the respondents belonging to PG and Professional group respondents. PG degree qualified higher view than the UG degree respondents for TF factors. The GI factor

PG degree group has significantly lesser value than the Professional group respondents.

Total Number of Earning Person in Family Comparison

H₀₁₁ There is no significant difference with some earning person in Family among respondents towards the external factors.

H_{A11} There is a significant difference with several earning person in Family among respondents towards the external factors.

Table 15 External Factors - Total Number of Earning Person in Family Comparison

Classification Based on Number of Earning Person		Mean	F	Significance	Remark
FF.	One	15.21	0.379	.685	Sig > 0.05 Accept Null Hypothesis
	Two	15.42			
	More than two	17.00			
CP	One	28.14	1.620	0.2005	Sig > 0.05 Accept Null Hypothesis
	Two	28.14			
	More than two	32.50			
TF	One	9.95	7.282	0.001	Sig <= 0.05 Reject Null Hypothesis
	Two	8.54			
	More than two	12.50			
MF	One	12.77	7.052	.001	Sig <= 0.05 Reject Null Hypothesis
	Two	11.60			
	More than two	16.50			
GI	One	9.79	3.247	.0510	Sig > 0.05 Accept Null Hypothesis
	Two	9.19			
	More than two	12.00			
REI	One	21.67	4.809	.009	Sig <= 0.05 Reject Null Hypothesis
	Two	21.09			
	More than two	29.50			

The external factor FF, GI, and CP value of different education group is greater than 0.05, therefore we accept the null hypothesis. It is concluded that with different earning members group of respondents on the FF, GI and CP have, on an average, the same opinion.

The significant value of respondents from different earning members group on external factors, TF, MF and REI is less than 0.05. It is concluded that respondents, have significant difference towards external TF, MF and REI factors, therefore we reject the null hypothesis. Post-hoc test is performed to find which group significantly differ from the other groups in rejected factors,

The Post-hoc test reveals that the respondents belonging to two-person earning persons in the family group have a significantly higher opinion towards TF and MF factor when compared to that of the respondents belonging to one and more than two earning person group respondents. For REI, GI factor, more than two persons earning in Family, group has significantly greater opinion than one and two earning person group respondents.

Table 16 External Factors- Total Monthly Income Comparison

Classification Based on total monthly income (Rupees)		Mean	F	Significance	Remark
FF	Rs.50,000 to 1,00,000	14.5	1.237	.293	Sig > 0.05 Accept Null Hypothesis
	Rs.1,00,000 to 1,50,000	15.68			
	Above Rs.1,50,000	15.41			
CP	Rs.50,000 to 1,00,000	26.74	3.198	.043	Sig <= 0.05 Reject Null Hypothesis
	Rs.1,00,000 to 1,50,000	28.27			
	Above Rs.1,50,000	29.37			
TF	Rs.50,000 to 1,00,000	9.29	3.216	.042	Sig <= 0.05 Reject Null Hypothesis
	Rs.1,00,000 to 1,50,000	8.59			
	Above Rs.1,50,000	9.89			
MF	Rs.50,000 to 1,00,000	12.11	2.189	.115	Sig > 0.05 Accept Null Hypothesis
	Rs.1,00,000 to 1,50,000	11.69			
	Above Rs.1,50,000	12.85			
GI	Rs.50,000 to 1,00,000	9.82	.575	.564	Sig > 0.05 Accept Null Hypothesis
	Rs.1,00,000 to 1,50,000	9.34			
	Above Rs.1,50,000	9.28			
REI	50000 to 100000	21.74	1.654	.194	Sig > 0.05 Accept Null Hypothesis
	100000 to 150000	20.87			
	Above 150000	22.57			

Total Family Monthly Income Comparison

H₀₁₂ There is no significant difference with total family monthly income among respondents towards the external factors.

H_{A12} There is a significant difference with total family monthly income among respondents towards the external factors.

While reading the result, FF, MF, GI, and REI factors are greater than 0.05; therefore, we accept the null hypothesis. It is concluded that respondents on the FF, MF, GI, and REI factors have the same opinion on average. The significant value of respondents with many earning persons in Family on TF and CP is less than 0.05; it is concluded that the respondents have a significant difference in opinion towards TF and CP, therefore, we reject the null hypothesis. Post-hoc test is performed to find which group significantly differ from the other groups in rejected factors,

The respondents belonging to the income group above Rs.1,50,000 earning group has significantly higher opinions towards CP and TF factors when compared to that of the respondents belonging to income groups from Rs.50,000 to 1,00,000 and from Rs.1,00,000 to 1,50,000, respectively for CP and TF.

6. Conclusions

Examining the factors that influence investment decisions made by individual investors was a significant purpose of this research. I/We used a well-structured and tested questionnaire to collect the necessary data. I/We made test-and-retest reliability and validated the questionnaire's content. The hypotheses were tested about both the independent and the dependent variables. Statistical tools, including mean, standard

deviation, weighted percentile, and factor analysis, were used for analysing the collected data.

The Factor Analysis is applied to group the internal factors influencing individual investors' investment decisions. The investor's internal influencing factors were grouped as Capital Appreciation (CA), Social Status (SS), Retirement Planning (RP), Financial Forecasting (FF) and Wealth Creation (WC). These internal factors were studied with the personal profiles of the respondents to understand which internal factors mostly govern the investment decisions concerning their socio-demographic profile. There is a significant difference between the male and female respondents for these factors. Male and Female respondents were equal in number. Most of the female respondents were employed and had financial freedom. Married and unmarried respondents while maintaining Wealth Creation and Social Status. The different age groups among respondents intended for Wealth Creation. The total number of earning persons in the family and the total family income of respondents had the same opinion on Financial Forecasting. In contrast, the respondents have a different opinion on the other internal factors with their different demographic profiles due to the financial commitments, and the difference in the behaviour influence.

For Bank Deposits, Shares/Debentures/Bonds, Mutual Funds, Life insurance products, Real Estate and Gold/Jewellery investment, the researcher identified five significant factors as external factors with its components, namely Fundamental Factors -FF, Company Performance-CP, Technical Factors-TF, Market Factors-M, Gold Investment-GI, and Real Estate Investment – REI. These external factors were analysed and examined with t-test, ANOVA and post-hoc test. The external factors how to influence respondents while investing in selected investment avenues. Investment objectives and strategy were the same for both Male and Female investors. Hence, the choice of investment products was also similar between Male and Female respondents. However, the investment objectives and strategy were significantly different between the respondents with different levels of educational qualification. The number of dependents and family size significantly influenced all respondents' capacity to save and invest.

The investor's behavioural aspects and internal and external factors can also be included in future studies.

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About Our Authors

Gayathri has a doctorate in Behavioural Finance. Her area specialisation includes Finance, International Business Management, Human Resource Auditing and Education Management. She has completed Chartered Accountant – Intermediate Level from the reputed Institute of Chartered Accounts of India and underwent internship and possesses expertise in audit-planning protocols, documentation & review processes, planning for executing internal audit projects, processes for tracking, resolving and communicating audit findings along with HRM Audits. She possesses more than 15 years of international work experience in schools of Cambridge University and Portsmouth University curricula from A-level to Masters Level. She has served as an Adviser to students of Houston University for one year. Besides, teaching at schools, she has National Eligibility Test certification by the University Grants Commission and served as a Professor in Management teaching MBA students. She has undertaken numerous research studies in the fields of International Business and Investments Portfolio. She has published papers in International Journals & Responsive Books/ Editorial Volumes with high-impact factors. She has been delivering Special Lectures at well-reputed Universities and Colleges like VIT, Banari Institute of Technology, and International Institute of Health Management Research.

Ganesan has more than three decades of very active academic, research, consultancy, and administrative experience. He has guided 35 Ph.D. scholars. Prof. Ganesan, whose specialisations are Finance and Entrepreneurship, is strong in curriculum development and conducting Faculty & Executive Development Programmes. One international seminar, many national-level seminars & workshops, three UGC-sponsored Refresher Courses for Management Faculty, and several other programmes have been conducted by Prof. S. Ganesan. Six books and more than 50 research papers stand to his credit. He has participated and presented papers in seven international seminars. Prof. Ganesan has successfully completed one major research project, two development projects, three consultancy assignments, and one minor research project.