

A STUDY OF THE LEVEL OF STOCK MARKET INVESTMENT AWARENESS AMONG YOUNG ENTREPRENEURS, WITH A FOCUS ON THE MUMBAI REGION

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Abstract

The Stock market is a formal, organized set-up which provides a common platform to various buyers and sellers to buy and sell shares and securities of numerous companies as listed on the stock exchange from time to time. Young entrepreneurs are key participants and important stakeholders in the process of stock market investment. The present study is a descriptive, cross-sectional research design which utilises quota sampling method to collect the primary data from 200 young entrepreneurs residing in Mumbai city using a well-framed questionnaire. The basic objective of this research is to study the stock market investment-related awareness among the young entrepreneurs. This study also aims to highlight and analyse four key components affecting stock market investment awareness of young entrepreneurs and they are namely information sources, investment goals, technological innovations and professional training. To achieve these objectives, four hypotheses were formulated. Statistical tools like the Simple Percentage Method, the Spearman Rank Correlation, the Chi-Square test, and the Kolmogorov Smirnov test were used to test these hypotheses and the following results are obtained. All the four key components as highlighted by this research are found to have strong association with the stock market investment awareness. It has been recommended that young entrepreneurs are required to possess an active, enthusiastic and an optimistic approach while investing into the stock market.

Keywords: Young entrepreneurs, Stock market, Technological innovations, Professional training.

1. INTRODUCTION

Investing in the stock market is rightly called as a financial adventure as it requires sufficient financial knowledge, investment skills, ability and willingness to take up risks. Even if there are subjective differences in the stock market investing process, the unanimously agreed aim is to earn maximum returns at minimum risk. The need for multiple sources of income has turned the young population to look at stock market as an avenue for earning supplementary income.

2. LITERATURE REVIEW

Parag Parikh (2009) In his book described the psychological dimensions of stock market trading. Behavioural biases can have significant implications on investor's decisions. The most common behavioural biases of stock market investors include herd behaviour, error of judgement, loss aversion, instant gratification, heuristics and rationalization trap. The successful investors are those who not only have the ability to understand their own emotional weaknesses and psychological biases but also possess the quality of perseverance and courage as a risk absorber while performing their trading activities.

Ms. Lubna Ansari and Ms. Sana Moid (2013) examined the stock market related investment attitude of blooming investors in Lucknow region, aging 25 to 35 years. It was found that earning profits on investments and financial growth were the key motives behind the stock trading activities. On testing of hypothesis using the chi-square method, it was concluded that there was no significant relation between gender and investment decisions whereas high correlation was found between age, income and investment decisions.

Abhijeet Birari and Umesh Patil (2014) Examined the spending behaviour of college students belonging to Aurangabad city. The comparative analysis of expenditure pattern was done between undergraduate, graduate and post-graduate students. Gender-wise analysis was also done. Some of the common spending preferences amongst all students included shopping, petrol bills, fast food, mobile expenses etc. While most of the college going girls opted to spend more on beauty care and cosmetics, most of the college going boys preferred to spend more on tobacco and alcohol. The overall study results shown that handful of youth inculcated regular savings and investment habits and majority of them needed financial education, awareness and motivation to imbibe into them the financial self-discipline.

Fatima Khan et.al. (2015) Retail investors are the key players in the stock market. Their investment decisions are influenced by many factors such as demographic, cultural, regional, social and so on. The main objective of this research paper was to study the investment habits of stock market investors of Khulna city in Bangladesh. Some important components which influenced the stock trading decisions of investors include companies' past performance, familiarity of the company, stock market index, companies' financial records, prices of securities, the underlying trading risk, the expected returns on investment etc.

G.Yoganandan and T.Vignesh (2017) advocated some basic guidelines as required for becoming a successful business entrepreneur. Every entrepreneur must be good at planning and forecasting to ensure long time survival and growth of his business in the modern competitive world. He must also be adaptable and creative in his approach to cater to the fast-changing business environment. It is imperative

to conduct SWOT analysis of the business from time to time to evaluate the strengths, weaknesses, opportunities and threats of the business unit so as to ensure its profitability and prosperity especially in the long run.

Hemant Beniwal and Madhupam Krishna (2018) in their book mentioned that optimistic and joyful investors can take better investment decisions than those who are pessimistic and regretful in approach. Even if losses are more vividly remembered than profits, one must not ruminate and mingle around it too much. The rational investors should always be practical and realistic in their approach while designing their investment portfolios, overcoming their emotional biases and negative feelings. Well-informed investors with a positive mind-set can take sound financial decisions.

Hanuman Prasad et.al. (2018) The basic aim of this research was to study the level of understanding and knowledge of 268 households of Udaipur city with regards to monetary transactions using digital platforms. It was observed that frequency of using online mode of payments was higher in employed people than the unemployed. Also, male members were more familiar with digital platforms than female home-makers. The study revealed that higher the level of education, higher the level of digital financial literacy. It was suggested to provide E-payments education to the women households and also to school-going children so as to support digitization of Indian economy.

Sumit Saini (2019) With the intention of finding out the degree of familiarity about the Electronic payment system, data was collected from 134 people belonging to karnala city. It was found that 89% of the respondents were familiar with the digital payment system and frequency of its practical usage was greater in number amongst the graduate and postgraduates than those of undergraduates. The level of awareness was found to be directly proportionate with the utility of the virtual payment system.

Ajeesh P P (2019) Young investors in Thrissur district were characterised by spend-thrift buying behaviour. They were found to be risk-averse and conservative in their attitude while investing their funds. Their expenditure habits were highly influenced by mass media, window shopping and brand-impressing. The

technological advancements triggered high inclination of the youth towards online shopping. Their Important saving goals were composed of future security, availability of contingency funds and timely settlement of debts. The study results concluded that there was a high positive correlation between the level of satisfaction of saving and spending.

Ashwini Ajay and Shabu K R (2020) The main objective of this paper was to analyse the investment practices and priorities adopted by salaried class young employees of Kerala region. The most opted investment vehicle included bank deposits followed by gold and post office schemes due to safety reasons. Wealth appreciation and settlement of long-term debts were found to be the most common goals of investing and the popular channels of gathering money-related information included family and friends followed by internet and newspapers. It was concluded that majority of young investors were unwilling to buy risky investments. There is a need to enrich them with the latest financial knowledge and also to motivate them to buy some adventurous investments like stocks, bonds, mutual funds as per their financial needs.

3. OBJECTIVES OF THE STUDY

1. To study the level of stock market investment awareness among young entrepreneurs.
2. To highlight the components that will determine the level of stock market investment awareness among young entrepreneurs.
3. To analyse the components to ascertain the level of stock market investment awareness among young entrepreneurs.

4. Hypothetical Statements(s)

1. The information sources available to young entrepreneurs will have an influence on their stock market investments.
2. There is a significant association between the goal of investment and level of awareness about stock market investments.

3. Technological innovations stimulate young entrepreneurs to invest in the stock market.

4. Professional training is highly essential for improving the investment skills and abilities of young

entrepreneurs in stock market investments.

5. Study Limitations

1. The study did not include all of young entrepreneurs' stock market investment possibilities.
2. The study's findings were based on data obtained from a single city and cannot be applied to other investment possibilities.
3. Young entrepreneurs' views and ideas about investing in the stock market have been shaped by circumstances and may change over time.

6. METHODOLOGY OF THE STUDY

6.1. SOURCES FOR THE DATA

PRIMARY DATA

- A Formal questionnaire has been distributed to gather information on stock market investments.
- The questionnaire was constructed using scaling approaches such as Nominal Scale, Interval Scale and Likert-Rating scale on a scale of 1-5.

Secondary Data

- Textbooks, journals, online newspaper articles, and websites were combed through for information on

young entrepreneurs' stock market investments.

6.2. RESEARCH DESIGN

Descriptive Cross-sectional design:

Entrepreneurs' opinions are mostly dependent on their willingness to give information about their stock market assets as part of a one-time study. The study used a descriptive cross-sectional research design to collect the one-time responses.

6.3. Sampling Design

Sample Size: In the city of Mumbai, 200 young entrepreneurs who invest in the stock market have been approached to obtain information.

Sampling Method

Quota Sampling : The information was collected exclusively from 200 young entrepreneurs who invest in the stock market and are knowledgeable about it, using the quota sampling method.

6.4. Statistical tools

The data was analysed and interpreted using Excel and SPSS, utilising several statistical approaches such as the Simple Percentage Method, Spearman Rank Correlation, Chi-Square test, and Kolmogorov Smirnov test.

7. Results

Hypothesis Testing

Using Spearman Rank Correlation, the following hypothesis is investigated.

Hypothesis 1

Null Hypothesis (H1O): The information sources available to young entrepreneurs will not have an influence on their stock market investments.

Alternative Hypothesis (H1A): The information sources available to young entrepreneurs will have an influence on their stock market investments.

Table 1: *Spearman Rank Correlation for [Information Sources * Stock market Investment]*

Description	Information Sources	Stock market Investments	N	Sig. Level
Information Sources	1.000	.759	200	0.001
Stock market Investments	.759	1.000		

INFERENCE

The null hypothesis can be rejected when the significance level is less than 5%. The stock

market will be influenced by the information sources available to young entrepreneurs. The value of rs between the investment aim and amount of stock market awareness was discovered to be .759. It demonstrates that there is a strong link between information sources and stock market investments.

Using Spearman Rank Correlation, the following hypothesis is examined.

Hypothesis 2

Null Hypothesis (H2O): There is no significant association between the goals of investment and level of awareness about stock market investments.

Alternative Hypothesis (H2A): There is a significant association between the goals of investment and level of awareness about stock market investments.

Table 2: *Spearman Rank Correlation for [Goals of Investment * Level of Awareness]*

Description	Goals of Investment	Level of Awareness	N	Sig. Level
Goal of Investment	1.000	.787	200	.001
Level of Awareness	.787	1.000		

INFERENCE

The null hypothesis can be rejected when the significance level is less than 5%. The level of awareness about stock market investing and the investment goal have a strong correlation. The value of rs between the investment aim and amount of stock market awareness was discovered to be .787. It demonstrates that there is a strong positive relationship between investment aim and stock market investment awareness.

The following hypothesis was tested using the Chi-square test.

Hypothesis 3

Null Hypothesis (H3O): Technological innovations have not stimulated young entrepreneurs to invest in the stock market.

Alternative Hypothesis (H3A): Technological innovations stimulated young entrepreneurs to invest in the stock market.

Table 3: *Descriptive analysis for Technological innovations*

Dimension	Observed	Expected	Residual
Strongly Disagree	10	40.0	-30
Disagree	14	40.0	-26
Neutral	19	40.0	-21
Agree	54	40.0	14
Strongly Agree	103	40.0	63
Total	200		

Table 3 depicts the descriptive analysis for Technological innovations.

Table 3(a): *Chi-Square Analysis for Technological innovations*

Description	Technological innovations
Chi-Square	154.6
Df	4
Sig	.001

Observation

Because the significance value is ($p < 0.05$), the null hypothesis can be rejected. To summarise, technological advancements encouraged young entrepreneurs to invest in the stock market.

Kolmogorov-Smirnov Test applied to examine the hypothesis

Hypothesis 4

Null Hypothesis (H4O): Professional training is not highly essential for improving the investment skills and abilities of young entrepreneurs in stock market investments.

Alternative Hypothesis (H4A): Professional training is highly essential for improving the investment skills and abilities of young entrepreneurs in stock market investments.

Table 4: *Observed & Expected values for Professional training in stock market investments*

Category	Observed	Percent
Extremely Unimportant	18	9.0
Unimportant	24	12.0
Neutral	38	19.0
Important	67	33.5
Extremely Important	53	26.5
Total	200	100

Table 4(a): *Kolmogorov-Smirnov Test for Professional training in stock market investments*

Description	Professional training
N	200
Normal Parameters	
Mean	3.57
Std. Deviation	1.250
Most Extreme Absute	0.230
Extreme Differences	
Positive	0.126
Negative	-0.236
Kolmogorov-Smirnov Z	3.338
Significance level	0.00

Observation

With a significance level of less than 5%, the null hypothesis can be ruled out, demonstrating that professional training is critical for enhancing the investment skills and capacities of young entrepreneurs in stock market investments.

8. DISCUSSION(S) FROM THE STUDY

1. The stock market investments will be influenced by the information sources available to young entrepreneurs.

According to a Spearman Rank Correlation of 200 respondents, the value of r_s (Pearson's correlation co-efficient) between the investment aim and amount of stock market awareness was discovered to be .759. It demonstrates that there is a strong link between information sources and stock market investments. It means greater the number of information sources tapped, better was the quality of investing decisions.

2. According to the findings of the Spearman Rank Correlation study, there is a substantial link between the investment aims and stock market investment awareness. The value of r_s between the investment aims and amount of stock market awareness was discovered to be .787. It demonstrates that there is a strong positive relationship between investment aims and stock market investment awareness. It means that more and more efforts are made by the respondents to grasp the stock investing knowledge and information so as to achieve the goals of investment efficiently and effectively.

3. The Chi-Square test was used to conduct a hypothetical analysis, which revealed that technological innovations encouraged young entrepreneurs to invest in the stock market. The calculated value as per Chi-Square Analysis for Technological innovations is 0.001 which is less than the table value 0.05 and therefore the null hypothesis No.3 was rejected and it was found that technological advancements encouraged the young entrepreneurs to invest in the stock market. It means that digital payment system and online trading performed via Demat process has encouraged large number of young participants towards stock investing activities.

4. The descriptive analysis of hypothesis No.4 revealed that out of 200 respondents, 103 respondents strongly agreed on the statement that the professional training is very crucial in stimulating the young entrepreneurs to participate actively in the stock market investments. Thus, professional training plays an important role in enhancing the investment skills and capacities of young entrepreneurs in stock market investments, according to a study using the Kolmogorov-Smirnov test.

9. CONCLUSION

Four key components of stock market investment awareness were found, as highlighted by this research. They are - information sources available, investment goals, technological advancements and professional training. These key determinants were found to have a strong positive impact in enhancing the level of awareness in young entrepreneurs regarding stock market investments. Young investors gather the said information from various sources such as newspapers, magazines, print journals, companies' financial records and

reports, television, internet, social media, broking firms' websites, latest updates published by BSE and NSE from time to time. All these channels of information not only keep the investors updated but also help them in setting investment goals with clarity and accuracy. According to the views and opinions of the young entrepreneurs, their common investment goals are income growth in the short-run and appreciation of capital in the long run. Availability of various digital payment apps like G-pay, Razor pay, Paytm, and online banking facilities such as RTGS, NEFT, Debit card, Credit card, Visa card etc help these young entrepreneurs to perform trading transactions easily and quickly, thereby attracting them to invest more and more funds in the stock market. Professional training is yet another key component which not only provides them with investment-related education but also helps to enhance their investing skills and abilities. This training is provided by SEBI, BSE, NSE, Financial institutions, big broking firms, private B-schools, as well as by other training agencies. The views and opinions of these young entrepreneurs reflect that investing in stock market is a systematic, step by step process which requires a self-learning experience, interest and enthusiasm. Every young investor requires the much-needed qualities of carefulness, endurance, perseverance, self-discipline and patience while trading stocks. They must inculcate the habits of regular savings and self-controlled spendings so as to provide them with the regular flow of investable funds to be channelised into various investment opportunities as selected by them. Also there is a need to build up such a flexible, futuristic and a well-diversified individual investment portfolio so as to achieve their investment goals successfully and in time. This study also opens the avenues for further research in the areas such as Risk-Return attitudes of youth investors, Retail investors' behavioural anomalies in the stock trading, Role of securities market in nurturing micro-finance agencies, Retail household's approach in relation to Mutual funds investments, Digitalization of household payment system etc.

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