

Evaluation Of Factors Influencing Buying Behavior And Decision-Making Process Of Investors In Hyderabad

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Abstract:

Investment is closely associated with the risk and opportunities. Without risk, there is no profit. However, one should develop analytical abilities, study various factors influencing market conditions and then invest accordingly. This is because there are a number of global, national, local, socio-economic conditions, reforms, government decisions influencing markets from time to time. The present article aims to evaluate the key factors influencing the buying behaviour and the decision-making process of investors in Hyderabad city. The author had conducted the primary study by collecting the responses from the investors in the financial market by using the questionnaire with the deployment of open and close ended questions in the survey. For this purpose, the author had used the non-probabilistic convenient sampling technique in this regard. Total, 100 samples were collected from the different investors belonging to the banks, financial institutions and broking agencies. To study the background of the investors the author had used the frequency distribution method, for the factors that are influencing the buying behaviour of investors for the decision making process of investors in the Hyderabad city they had used the descriptive statistic of mean value and to find out the difference of opinion among the investors regarding the factors influencing buying behaviour and decision making process of investors in Hyderabad the author had used the non-parametric test called Kruskal Wallis Test and it had been found that there is a significant difference of opinion among the investors for the factors influencing buying behaviour of investors in the Hyderabad.

Keywords: Buying Behavior, Investment, Decision Making Process, Herding Factors, Investment Guidance.

1. Introduction:

Investment is closely associated with the risk and opportunities. Without risk, there is no profit. However, one should develop analytical abilities, study various factors influencing market conditions and then invest accordingly. This is because there are a number of global, national, local, socio-economic conditions, reforms, government decisions influencing markets from time to time. The art of money management is a

component of the financial market and may aid in capital production and accumulation after gaining a competitive edge over an extended period of time by investing in various financial channels. Depending on the sort of investor—individual or institutional—the notion of money management to an investor depends on many dimensions that are impacted, affected, and challenged by specific known and unknown variables. The complex nature of money management

results in a mechanism known as investment behaviour, which is the approach, perception, pattern, and style for making wise investments and saving for various investment instruments. This behaviour may be what influences an individual's decision-making process in both favourable and unfavourable ways.

When discussing the investment practises of individual investors, it is important to consider the importance of financial literacy and financial planning, which are processes by which financial consumers increase their capacity for insightful analysis of financial products and conception and, through a process of sequential awareness and/or intention guidance, increase their competence and self-buoyancy. Financial literacy refers to the ability to make informed investment decisions. Financial awareness and financial education are related factors that make it easier to build an investment strategy. The efforts of financial market authorities, financial firms, and intermediaries have a significant impact on the notions of financial literacy and a clear method for investors to make decisions. A financial planning strategy may be used to achieve any personal financial goals through effective money management. A sum of money placed in a bank or financial institution with the goal of bringing income home over time might be seen as an example of an investment.

2. Background of Study:

The investment behaviour is considered to be "the way in which investors consider, predict, and evaluate with respect to the assessment of the procedures for financial decision making, which includes investment psychology, knowledge assessment related to financial tools, defining and understanding, investigating, and analysing." Investment Behavior is the name given to the entire activity in this regard.

The investment is a financial or physical object bought with the express intention that it would generate returns or rise in value over time. Investment is the acquisition of things with the intention of holding onto them for future use in order to develop capital, according to a financially feasible definition. Investment is the process through which investors apply their funds to resources in an effort to generate more revenue during a specific period of time. Investment has also been defined in economics as a financial asset obtained with the expectation that it would one day generate a profit or be capitalised at a rate of return that is expected to increase.

3. Review of Literature:

Reddi, S. K., & Vangaveti, S. N. (2021) examined the variables affecting decision-making process of investors in Hyderabad. It is observed that the level of awareness is rising on consistent basis. In addition, the overall engagement has also increased to the great extent. However, the analytical abilities and patients have not yet development in an expected manner. Knowing the elements that encourage investors to make investments is crucial in this situation. Convenience Data were collected from 182 respondents via sampling. The most important behavioural investment elements that influence decisions were examined and identified using factor analysis. The process involves a validity test, a reliability test using Cronbach's Alpha, a sample adequacy test using KMO and Bartlett's, an exploratory factor analysis, a confirmatory factor analysis, a structural equation model, and test hypotheses using AMOS. The study found three characteristics that affected how each investor behaved while making investments; each factor was confirmed, and the study's tested hypothesis was approved.

Dahiya, M., & Chaudhary, B. (2016) analyzed that the public's investment preferences, comprehension of the criteria for investments, expectation of returns on their

investments, etc., have an oddly balanced influence on the financial surface of the world at all times. Without a contrary understanding of the investing habits of the critical segment of society known as the salaried class, anticipating the expansion of the corporate world may be essential. This essay discusses the evaluation of numerous financial instruments, including mutual funds, equity/stocks, term deposits in banks, kisan vikas patra, national savings certificates, insurance policies, and kisan vikas patra. The demographic (such as age, income, qualification, and gender) and socioeconomic (such as family income, tax advantages, the safety of funds, risk tolerance, and return on investment) elements are the main determinants of financial investing behaviour. This study attempts to provide a conduit for the need to understand the financial goals of salaried class investors and their steadfast demand for investment returns. This information may undoubtedly open up the possibility of forecasting even the future of the Indian economy while also giving the public the opportunity to fine-tune their investment prudence toward forward-thinking and profitable decisions for both themselves and the country.

Soni, K., & Desai, M. (2021) demonstrated that the behaviour of investors can be influenced by a variety of market factors such as the occurrence of any unexpected events or the influence of individual advice, in addition to the stock's historical behaviour, which is referred to as rational information regarding stock performances in traditional finance theory. Stock market performance has been studied extensively through this literature. In order to better understand how distinct behavioural biases in Gujarat State, India, affect investors' decisions to invest in the stock market, this paper's primary goal is to uncover the mediating influence between various forms of information accessible in the market. Out of the several variables used in the study, three types of constructs—

Company History, IPO problems, and Location Benefit to the Company—have been determined as part of the exploratory research design for this study. To examine the mediating relationship between these three constructs, structural equation modelling (SEM) approaches have been used. The study's findings, which include the propositions that company information is an indirect construct, IPO issue is a dependent construct, and location of the company is a mediating construct, suggest that company information has a significant influence on IPO issues undertaken by any corporate in the market. The location of the firm may also have an impact on the IPO problem, since it mediates it.

Sultana, S. T., & Pardhasaradhi, S. (2012) stated that a path of action can be chosen from a range of choices as a consequence of the cognitive process of decision making. A final decision is the result of every decision-making process. An action or a decision-based opinion might be the outcome. Due to the possibility of significant financial loss and the considerable expenses associated with changing or recovering from a bad investment decision, investment decisions taken today are frequently crucial for financial stability in later life. The majority of stock investors lack the fundamental understanding of economic principles needed to make investing decisions. The current study used factor analysis to uncover these variables. The 40 attributes were found to be reduced to the ten factors listed below after factor analysis was applied: Individual Eccentric, Wealth Maximization, Risk Minimization, Brand Perception, Social Responsibility, Financial Expectation, Accounting information, Government & Media, Economic Expectation, and Advocate recommendation factors.

4. Research Methodology:

4.1 Problem Statement

The author had studied few research studies which includes the factors that are considered to the decision taker parameters to make the investment in the particular investment opportunity into the business but None of them had focused on the overall opportunities and challenges parameters that have the significant contribution towards the decision making factors for the investors to make their investment into the different investment options available in the market by considering the other factors remain constant.

4.2 Objectives of the Study

- To study the background of the investors for the identification of the factors influencing the behaviour of investors in the Hyderabad city.
- To study the factors that are considered to be the most important for the investors to make the investment in the market.
- To found out the difference of opinion among the investors towards the different factors influencing their decision-making power in the Hyderabad city.

4.3 Hypothesis of the Study

1. There is no significant difference of opinion among the age of the investors and factors influencing their decision-making behaviors in the Hyderabad city.
2. There is no significant difference of opinion among the Gender of the investors and factors influencing their decision-making behaviors in the Hyderabad city.
3. There is no significant difference of opinion among the Education Qualification of the investors and factors influencing their decision-making behaviors in the Hyderabad city.
4. There is no significant difference of opinion among the Occupation of the

investors and factors influencing their decision-making behaviors in the Hyderabad city.

4.4 Societal Importance of the Study

Majority of the investors across the globe have converted themselves to the open mode of trading and making investment than the traditional investment making decision. Investment through the online mode is to be considered as a one of the most essential parameters in the today's world economy. So it is necessary for any financial firms or organisation to find out the opportunities and challenges that had been the part of this investment business. It will help to understand the investment pattern of the investors of any city to know the investment pattern across the nation.

4.5 Sample Selection

Various stock broking firms, Banks and Financial institutions were approached for the purpose of selecting the sample. But all the stock broking firms have declined to share the contact details of their customers as they assumed that their customers would be annoyed if they get any call seeking their personal and investment related information. Stock broking companies where personal contacts were available have obliged to share 100 customers' details who make investment in the different investment avenues available in the market.

4.6 Scaling Technique

The investors were asked to rate the 40 attributes using Likert five-point scale. 1 – Highly important to 5 – not at all important.

4.7 Sample Size

Total 100 responses of the investors that have been taken form the different zones of the Hyderabad city to know the factors influencing the decision making behavior of the investors in the Hyderabad city.

5. Limitations of the Study

- The study is restricted to measure the investment decision making behavior to the level of Hyderabad only so the result might get very based on the consideration of the other part of the nation.
- The study had focused on the market parameters which are going to be

influenced the behavior of investors at that point of time only but they have not considered the other factors which are also have the significant impact on the decision making of the investment.

6. Data Analysis and Interpretation:

Table 1: Profile for the Investors in the Hyderabad

Gender	Percentage	Marital Status	Percentage
Male	52%	Single	21%
Female	48%	Married	74%
		Prefer Not to Say	05%
Zone of Residence for Respondent		Annual Income of Respondent	
North Zone	19%	Less than Rs. 2,50,000	22%
South Zone	21%	Rs. 2,50,000 – Rs. 5,00,000	24%
East Zone	25%	Rs. 5,00,001 – Rs. 7,50,000	31%
West Zone	23%	Rs. 7,50,001 – Rs. 10,00,000	15%
Central Zone	12%	More than Rs. 10,00,000	08%
Educational Qualification		Experience of making investment	
Schooling	18%	< 1 Year	19%
Graduation	31%	1 – 3 Years	26%
Post-Graduation	33%	More than 3 Years	55%
Doctorate	14%		
Professional Degree	03%		
Others	01%		
How often do you Invest Online?		Preferred Investment Avenue in the Market	
Once in a Month	13%	Shares	11%
Once is a Quarter	38%	Fixed Deposit	31%

Once in a Year	17%	PPF/ NSC/ KVP	32%
Less than Once in a Year	21%	Mutual Fund	15%
Frequently	11%	Future & Option	6%
		Others	5%

(Sources: Research Result)

From the above table of the Socio Demographic profile of the Investors for the Investment, it had been noted that the majority of the consumers are falling under the male category of the respondent followed by the female respondents. Majority of the Investors are married having the moderate level of experience for the investment in the market. Talking about the Educational Qualification majority of the respondents are

falling under the category of Graduation to Post-Graduation level of their qualification staying majority of them in the East Zones followed by the south zones. Looking at the frequency for the investment in the market then they are making the investment quarterly and majority of them having the investment in the NSC/KVP/ PPF which is considered to be the safest and the highest return generator investment avenues in the market.

Table 2: Factors for the Decision making behavior for the Investors in the Market

Factors	Decision Making Behavior	Mean Score
Investment Specific Information	unauthorized information delivered via mail	3.42
	Details gathered in a branch	3.12
	Information regarding a certain product that may be accessed online	3.49
	Information obtained from the company's sales representatives	3.88
Investment Guidance	Best-buy sections of financial journals and periodicals	2.69
	Internet-based information about best-buys	3.25
	publications/magazines with a specialty	3.47
	recommendation from a broker or independent financial adviser	3.58
Herding Factor	Friends and family members' (not financial services professionals) advice	3.69
	Friends and family members who work in the financial services sector can offer advice.	3.78
	Employer guidance	3.98
Media and Advertisement	Journal articles	4.05
	programmes on radio or television	3.27
	ads in newspapers	3.98
	television commercials	3.21
	Additional advertisement	3.21

(Sources: Research Result)

From the above table regarding the factors for the buying behaviors for the investors in the Hyderabad city, it had been concluded that there are mainly four factors that the researcher had identified in the market i.e. “Investment Specific Information”, “Investment Guidance”, “Herding Factor” and “Media and Advertisement” out of which for the “Investment Specific Information” the highest mean score that have been received for the factor of Information obtained from the company's sales representatives, for the

factors of “Investment Guidance’ the highest amount of mean score had been received for the recommendation from a broker or independent financial adviser, for the factor of “Herding Factor” the highest mean score had been received for the Friends and family members who work in the financial services sector can offer advice and for the factor “Media and Advertisement” the highest mean score had been received for the ads in newspapers.

Socio Demographic Profile	Investment Specific Information	Investment Guidance	Herding Factor	Media and Advertisement
Age	0.000**	0.004**	0.010**	0.000**
	Significant Difference	Significant Difference	Significant Difference	Significant Difference
Gender	0.004**	0.125	0.147	0.104
	Significant Difference	No Significant Difference	No Significant Difference	No Significant Difference
Educational Qualification	0.000**	0.001**	0.000**	0.000**
	Significant Difference	Significant Difference	Significant Difference	Significant Difference
Occupation	0.000**	0.000**	0.000**	0.000**
	Significant Difference	Significant Difference	Significant Difference	Significant Difference

(Sources: Research Result)

From the above table it had been noted that for the Age wise bifurcation of the investors in the Hyderabad city there is a significant difference of opinion among the investors in the market, for the Gender wise bifurcation there is only significant difference of opinion for the Investment Specific Information and not with the other factors, for the Educational Qualification wise bifurcation there is a significant difference of opinion for all the factors for the decision making factors for the investors in the market and for the occupation also there is a significant difference of opinion for all the factors for the investment specific information for the investors in the market.

7. Findings and Conclusions:

From the above study it had been found that majority of the investors that had been covered under this study are belongs to the male category with the average education of either graduation or post-graduation with having the occupation as a businessman and they are majorly leaving in the east zone of the Hyderabad city. By looking at the factors influencing the decision-making buying behavior for the investors in the Hyderabad city there are mainly four factors that the author had identified out of this study i.e., Investment Specific Information, Investment Guidance, Herding factor and Medial and Advertisement. By looking at the significant difference of opinion among the investors in the Hyderabad city it had been noted that

except gender all the other demographic profile of investors are having the significant difference of opinion for the buying behavior of investors.

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