



“A STUDY ON INVESTORS PERCEPTION TOWARDS INVESTING IN DOMESTIC AND FOREIGN STOCK MARKET”

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Abstract

*In any country, stock market offers a special type of platform and they project major and important value of the various business stocks and their performance are also been analyzed on the basis of their assets and entities. The major difference from the Indian stock market with the international stock market is that the international context of stock market is the ability or the platform provided to the investors to design their own portfolio of the companies and their proper details of them in all dimensions, wherein, the portfolio design is completely in the free hands of the investors and it is not same in the Indian context. **Research Methodology:** In this study, conclusion-based research is designed, and the research type being quantitative, wherein, the collected data is analyzed by describing the nature of data with the help of descriptive analysis. **Sampling and Data Collection:** This study involves a non- probabilistic sampling technique namely, convenient sampling to gather primary data from 120 individual investors chosen as respondents across the Bangalore city by using structured questionnaire to analyze their investment behavior towards domestic and foreign stock market. **Results:** There is a significant relationship among the investment experience group and investment decision of the investors in the domestic and foreign stock market, there is no statistical significance of demographic factors on investment behavior of investors towards domestic and foreign stock market, hence the stated first null hypothesis is rejected and the result of positive indicates there is a significance (indicating to reject the null hypothesis) and negative indicates there is no statistical significance (indicating to accept the null hypothesis) among the perception of investors and also their investment behavior.*

Key Words: *Stock Market, Domestic Stock Market, Foreign Stock Market, Investor Perception, Behavior.*

1. Introduction

The evolution of stock market came into existence from the year 1494, wherein, the stock market came into the existence from the place of Amsterdam and their stock market and exchanges were the initial setup for the stock market in the earlier stages of the evolution. In a country like India with the stock market has come up with the origin from 18th century, wherein, it was an era of British being in India, has the East India company was the major dominant institution. Stock Market are the part of financial system is a combination and influence of financial market, which in help in a developing a sound economy is supported by the strong financial system of the country and also supports for the development of the company.

In any country, stock market offers a special type of platform and they project major and important value of the various business stocks and their performance are also been analyzed on the basis of their assets and entities. Factors of effective stock market are the major influences of effective business functions in distributing the dividends to the shareholders and also based on the asset, index or interest rate of the business which are often stated as top company in the stock market.



Stock market in India also includes the proponents of taking the stability of the stocks out of actions with the forces, wherein, it states that trading increases in various platform, has it provides the higher leverages for the share for in which it is offered by the market for the investors. Adding on further, the stock market also helps the investors to overcome the problem of price fluctuation in the stock prices and inconsistent trend in the price fluctuation by assisting the customers to hedge against the price fluctuation.

The stock exchanges had a significant development in Bombay, wherein, the BSE was able to consolidate all the important parameters for the development of the business and efficiency of business in the stock market. Once after the success of BSE in the Indian Stock Market made a significant influence on the brokerages has the market got even broader with the emergence of Calcutta Stock Exchange in the year 1908. The emergence of Madras Stock Exchanges in 1920 to concentrate on the companies of south made a revolutionary inclusion in the Indian stock market. The emergence of NSE in the Indian Stock Market is one of the major inclusions and it is been selected for this study.

The current trend in the global context of stock market possesses more diversification and uniqueness among the business listed in the stock market portfolio that are globally accepted and been considered has the basic parameter over the various period of time. Usually, the investors tend to invest on the company shares by observing all the volatility in the stocks portfolio and shareholders tends to design their own portfolio of stocks or the combination of the stocks to avail the maximum returns from their investment on the stocks of the company.

The major difference from the Indian stock market with the international stock market is that the international context of stock market is the ability or the platform provided to the investors to design their own portfolio of the companies and their proper details of them in all dimensions, wherein, the portfolio design is completely in the free hands of the investors and it is not same in the Indian context. The various parameters that are included in the international stock exchanges on the biggest account of the economic condition of the country and also about the political stability.

2. Literature Review

Sharma, et. al (2020), this study attempted an empirical and theoretical research on the perception of individual investors and their behavior on investing in the Indian and International stock market, wherein, it gives the clear indications on the opportunities offered to the individuals to be a part of equity holders in the foreign based companies. **Diebold and Yilmaz (2020)**, the study addresses the major parameters while addressing the major factors that has a huge risk in evaluating the influences of price fluctuation and changes in trade volume and this development to trade or exchange of financial products among themselves or with respect to companies exchange in the domestic and foreign stock exchanges. **Jindal, wt.al (2018)**, this paper analyses the adoption of stock market in the domestic and foreign context, which also includes and influences the company's major key factors that constitute and include wide variety of the financial system in the domestic and foreign stock market. **Adeel Mustafa (2018)**, this study addresses about the fund-raising advices and financial advising for the large corporations and the business and provide short terms and long-term fund raising through the domestic and foreign stock market, wherein, the perception of individual investors is more positive towards the domestic based companies compared to the other foreign based companies. **Priyanka Singh (2017)**, This study addresses the impact of stock market that contributes more towards the development of any countries economy it is majorly important to understand the functions and priorities about the price volatility, trading volume and open interest of the investors in the Indian and International stock market



and the perception of investment as a significant influence on their behavior. **Daigler, Robert T, et.al (2017)**, this paper analyses the adoption of stock market which also includes the company's major key factors that constitute and include wide variety of the financial system, wherein there are the major activities involves in the stock market where it have the inclusions of important parameters in the domestic and foreign stock market. **S. Gurusamy (2017)**, this study addresses the issue of temporal ordering of the range- based volatility and volume in the Indian and International stock market, wherein, the perception of individual investors is more favorable towards their understanding level of the stock market. **Arunima Saxena, et.al (2017)**, this study as explored the price discovery behavior in the spot-futures market in domestic and foreign stock market. The daily closing prices of spot market, nearby futures market and next to nearby futures market, wherein, it shows the clear evidence on the performance of domestic and foreign stock market. **Ang, J (2015)**, this study addresses the two different methodologies, investigated introduction of financial stocks on cash market volatility, wherein, financial media and the department of promotions in any of the corporates provides reports on their daily trading in the domestic and foreign stock market. **Smirlock, M. and Starks, L. (2015)**, the business that contribute to the country's economy which helps in reducing the volatility in the price of the stocks and increase the changes in the trade volume of the stocks traded and open interest of the Indian and International share market. **Pramod Kumar Naik (2013)**, the results of research determine the significance in the market are brought in for the betterment of the investors for its major advantages and also its biggest impact and stock market of Indian and International stock market.

3. Research Methodology

3.1 Need for the Study: Considering the importance of stock market in the domestic and foreign stock market, the volatility in the price of the stocks that influences the changes in the trade volume of the stocks traded and interest of the investors on the domestic and foreign stock market for the investors. The importance of stock market has stepped into Indian and international share market which facilitates for trading due to the various options. Hence it is evident that the stock market are universally accepted by the various financial markets, wherein, this study provides the insights on the individual perception on the domestic and foreign stock markets and their behavior to invest and purchase shares of various companies listed in the Indian and international context.

3.2 Statement of the Problem: The Indian and international stocks are financial instruments accepted by the various financial markets as they are linked to a specific financial instrument of the nation or indicator or commodity of the business through the country's economy which helps in reducing the volatility in the price of the Indian and international stocks and increase the changes in the trade volume of the Indian and international stocks traded and open interest of the investors in which is specifically financial and trading risk can be traded in their own right. Hence studying the perception of investors and their behavior towards investing in the domestic and foreign stock market are studied in this research by addressing various questions like as follows

1. Does the demographic determinant impact the level of awareness, motive to invest, behavioral biases and perception of investors in domestic and foreign market?
2. Do the behavioral bias impact the efficiency of investment decision making in domestic and foreign market?.

3.3 Objectives of the Study

1. To study the influence of demographic factor on investment decision domestic and foreign market
2. To examine the perception of investors on domestic and foreign stock market



3. To analyze the investment behavior of individuals on domestic and foreign market

3.3.1 Hypothesis of the Study

H₀₁: There is no statistical significance of demographic factors on investment behavior of investors towards domestic and foreign stock market

H₀₂: There is no statistical significance of investor's perception towards investments in domestic stock market

H₀₃: There is no statistical significance of investor's perception towards investments in foreign stock market

H₀₄: Investors decision on investing in domestic stock market is negative

H₀₅: Investors decision on investing in foreign stock market is negative

3.3.2 Research Design: In this study, conclusion-based research is designed, and the research type being quantitative, wherein, the collected data is analyzed by describing the nature of data with the help of descriptive analysis.

3.3.3 Sampling Design: This study involves a non- probabilistic sampling technique namely, convenient sampling in ordered to gather data from the individual investors across Bangalore city to analyze their investment behavior towards domestic and foreign stock market.

3.3.4 Data Gathering: This study involves a primary data gathered from 120 individual investors chosen as respondents across the Bangalore city by using a survey method to collect the data using a questionnaire in which the questions are formulated on the reference of literature reviews.

4. Analysis and Results:

a. Demographic factor Analysis

Source: Primary Data

SPSS Results

Table 1: Demographic Factor Analysis

Demographic Group	Classes	Frequency	Domestic Market	Foreign Market
Gender	Male	72	40	32
	Female	48	28	20
Age	Below 25	15	13	2
	25 to 40	60	39	21
	40 to 55	35	18	17
	Above 55	10	7	3
Qualification	PUC	20	16	4
	UG	52	36	16
	PG	30	16	14
	Ph.D.	18	9	9



Occupation	Student	23	18	5
	Service	50	34	16
	Business	37	18	19
	Others	10	8	2
Experience in Investment	Below 3 years	34	28	6
	3 to 6 years	45	23	22
	6 to 9 Years	31	20	11
	Above 9 years	10	6	4

The above table describes the demographic factor of the investors selected as respondents across the Bangalore city chosen conveniently. The study consists of 6/10th of respondents being male and the other 4/10th being female. Similarly, the breakdown of other demographic factors are as above, further the Chi- Square test for the demographic factors are analyzed,

b. Pearson Chi- Square Analysis

Source: Primary Data

SPSS Results

Table 2: Pearson Chi- Square Analysis Gender

	Value	Df	Sig
Pearson Chi-Square	1.436	3	0.347

The above table 2, demonstrates the gender category of individual investors selected as respondents across Bangalore city, the chi- square value of 0.347 is greater than 0.05 indicating that, there is no significant relationship among the gender and investment decision of the investors in the domestic and foreign stock market.

Source: Primary Data

SPSS Results

Table 3: Pearson Chi- Square Analysis Age

	Value	Df	Sig
Pearson Chi-Square	1.140	4	0.179

The above table 3, demonstrates the age category of individual investors selected as respondents across Bangalore city, the chi- square value of 0.179 is greater than 0.05 indicating that, there is no significant relationship among the age group and investment decision of the investors in the domestic and foreign stock market.

Source: Primary Data

SPSS Results

Table 4: Pearson Chi- Square Analysis Qualification

	Value	Df	Sig
Pearson Chi-Square	1.536	8	0.731



The above table 4, demonstrates the qualification category of individual investors selected as respondents across Bangalore city, the chi- square value of 0.731 is greater than 0.05 indicating that, there is no significant relationship among the qualification group and investment decision of the investors in the domestic and foreign stock market.

Source: Primary Data
SPSS Results

Table 5: Pearson Chi- Square Analysis Occupation

	Value	Df	Sig
Pearson Chi-Square	1.302	12	0.247

The above table 5, demonstrates the occupation category of individual investors selected as respondents across Bangalore city, the chi- square value of 0.247 is greater than 0.05 indicating that, there is no significant relationship among the occupation group and investment decision of the investors in the domestic and foreign stock market.

Source: Primary Data
SPSS Results

Table 6: Pearson Chi- Square Analysis Investment Experience

	Value	Df	Sig
Pearson Chi-Square	1.178	6	0.03

The above table 6, demonstrates the investment experience category of individual investors selected as respondents across Bangalore city, the chi- square value of 0.03 is lesser than 0.05 indicating that, there is a significant relationship among the investment experience group and investment decision of the investors in the domestic and foreign stock market.

From the above analysis, with reference to the Pearson Chi- Square Analysis it is clear that, there is no statistical significance of demographic factors on investment behavior of investors towards domestic and foreign stock market, hence the stated first null hypothesis is rejected.

b. Anova Analysis to Measure the perceptions and investment decision of Investors:

Source: Primary Data
SPSS Results

Table 7: Describing the results of Anova Analysis

Factors	Market	Mean of Squares	F- Stat	Sig	Hypothesis Result
Friends and Family Influence	Domestic	1.21	1.38	0.01	Positive
	Foreign	1.78	1.93	0.73	Negative
Broker Recommendation	Domestic	1.36	1.98	0.04	Positive
	Foreign	1.12	1.33	0.02	Positive
Decision Based on Market Statistics	Domestic	0.96	1.31	0.72	Negative
	Foreign	1.77	1.61	0.00	Positive



Decision based on earning per share	Domestic	1.56	1.79	0.02	Positive
	Foreign	1.77	1.61	0.00	Positive
Decision based on net assets value	Domestic	1.01	1.34	0.32	Negative
	Foreign	1.13	1.41	0.41	Negative
Investments based on market price movement	Domestic	0.84	0.99	0.00	Positive
	Foreign	1.49	1.83	0.00	Positive
Investments based on dividend payout ratio	Domestic	1.17	1.44	0.03	Positive
	Foreign	1.49	1.71	0.41	Negative
Investments based on dividend payment pattern	Domestic	1.83	1.97	0.02	Positive
	Foreign	1.17	1.46	0.03	Positive
Decision based on bonus share	Domestic	1.32	1.89	0.00	Positive
	Foreign	0.97	1.11	0.00	Positive
Decision based on reputation of the company	Domestic	0.89	1.19	0.01	Positive
	Foreign	1.71	1.93	0.04	Positive

The above table 7, demonstrates the perceptions and investment decision of investors selected as respondents across Bangalore city, Anova table shows the significance value which is lesser than 0.05 indicating that, there is a significant relationship among the investor's perception towards investments in domestic and foreign stock market, the above also illustrates the investment behavior of individual investors. The result of positive indicates there is a significance (indicating to reject the null hypothesis) and negative indicates there is no statistical significance (indicating to accept the null hypothesis) among the perception of investors and also their investment behavior.

5. Conclusion

The survey result in this study suggests that, there is no significant relationship among the gender and investment decision of the investors in the domestic and foreign stock market, there is no significant relationship among the age group and investment decision of the investors in the domestic and foreign stock market, there is no significant relationship among the qualification group and investment decision of the investors in the domestic and foreign stock market, there is no significant relationship among the occupation group and investment decision of the investors in the domestic and foreign stock market, there is a significant relationship among the investment experience group and investment decision of the investors in the domestic and foreign stock market, there is no statistical significance of demographic factors on investment behavior of investors towards domestic and foreign stock market, hence the stated first null hypothesis is rejected and the result of positive indicates there is a significance (indicating to reject the null hypothesis) and negative indicates there is no statistical significance (indicating to accept the null hypothesis) among the perception of investors and also their investment behavior. Hence the study can be concluded in the way by answering all kind of a research problem, wherein, it has provided



the clear observations on individual investor's perception and their investment behavior towards investing in domestic and foreign stock market.

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