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ASPIRATIONS OF YOUNGER GENERATION ABOUT INVESTMENTS IN EARLY STAGE

Prof.P.Maheswari
Kasturba Gandhi Degree and PG College for Women, West Marredpally, Secunderabad, Telangana State, India.

Introduction

Younger generations start their career just after they finish their studies and enter into the stage of earning, with very high expectations about their life. They have warm blood that makes them think and inspire to take risk about whatever path they choose, may it be for further studies, love, life or investments. They are ready to invest and take high risk so that they get quick and high returns. For all this financial planning is essential. Infact, financial planning is must for all stages of people. It helps in identifying investment needs, sort out priorities and work towards long term goals. Apart from planning they have to find right products to meet respective needs and on top of this once investment is done they have to review or recheck to see everything is going according to the planning done.

Operational Definitions

- **Investment Decision Process:** It is the process comprising of three dimensions planning, selection and management which would lead to financial well being of the individual investor.
- **Financial Planning:** A systematic approach to maximize existing financial resources by utilizing financial tools to achieve financial goals.
- **Portfolio Selection:** The process by which one chooses the assets to include in a portfolio. In making security selection one considers risk, return and other factors affecting securities.
- **Portfolio Management:** The art of managing an individual's investments. In other words it refers to managing an individual's investments in the form of bonds, shares, cash, mutual funds, etc so that what is expected is achieved.
- **Financial well being:** Financial well being of the individual means the satisfaction an individual derives from the investments made.

Review of Literature

Today financial markets are more highly diversified than ever. This diversification means that the individual investors have a plethora of investment instruments and greater choice of how to invest their money.

Many researchers have examined various aspects of individual investment decision process, factors that appear to exercise the greatest influence on the individual investment decisions, risk and return base of investment making, demographic factors, behavioural aspects etc. All these are presented as follows,

Risk taking capacity has been a subject of interest to many researchers. Cohn, Lewellen, Lease and Schlarbaum (1975), show the evidence that risk-aversion decline as investor's wealth grows. Lewellen (1977), found evidence that investors with more number of dependents are risk - averse and hence their investment. He also suggested that more risks are taken as income rises. McInish (1982) and Haliassos & Bertaut (1995), suggest that marital status is a potentially important demographic that impacts on the preferred level of risk in the investment process.

Bruce and Johnson (1994), state that men take more investment risks. Barber and Odean (1999), surveyed the literature, which indicates that women have different attitudes towards money and investing from men. Bajtelsmit and Bernasek (1996), found that gender is the third most powerful determinant of investing, after age and income. An article by Sunden and Surette (1998), using data from the survey of consumer finances done by the Federal Reserve System of the USA, came to the conclusion that women tend to invest in a more conservative fashion than men. Hira and Mugenda (2000), state that an advisor needs to understand the factors that affect a client's financial behaviors before they can effectively advice them, and numerous studies have shown that men and women think and behave differently when it comes to managing money. Bernasek and Schwiff (2001), found in a regression study that gender was the most significant factor in explaining the percentage of pension assets invested in stock. Kiran.D and Rao.U.S (2005), tries to identify investor group segments using the demographic and psychographic characteristics of investors. Kasilingam.R and Jayabal.G (2008), attempts to segment investors based on savings motives. This will be usefull to the marketers of investment products to concentrate more on specific segment where people have high level of motivation to save.

On review of literature it is observed that there is vast research work been done on individual investment decisions but feeble amount of work is seen on investment decision taken by individual investors of different age groups. The present paper throws light on this aspect.

Need of the Study

Understanding financial behavior results in financial wellbeing of the individual. Literature on financial behavior is abysmally low especially in India. While there have been occasional papers in journals with respect to some of the aspects of investment decision making, there is no comprehensive study so far that deals in the planning, selection and management aspects of the individual decision making process spanning over his/her lifecycle with respect to investments. The present study attempts to fill the lacunae and will provide a deeper understanding of different aspects of the investment decision making with respect to individual's lifecycle. The crux of the study is to examine the practices of the investors with respect to planning, selection and management of investments and to analyse whether these practices have resulted in the financial well being of the individuals.

Objectives of the Study

Understanding financial behavior results in financial well being of the individual and proper planning, selection and management of investments also contribute towards financial well being of the individual. An attempt is made to study the relationship between investment decision making process and financial well being of the individual of 20-30 years age group.

Hypothesis

The following hypothesis is framed as follows:

Ho: There is no relation between individual investment decision making process and financial well being of the individual.

Ho (a): There is no relation between planning and investors' financial well being

Ho (b): There is no relation between portfolio selection and investors' financial well being.

Ho (c): There is no relation between portfolio management behaviour and investors' financial well being.

Methodology

The present study is descriptive in nature. The study is based on perceptions of individual investor. It attempts to study the behavioral cognitive aspects of the financial investment decision making of individuals between 20 – 30 years age group. The population for the study consists of all individual investors between 20 – 30 years. The sample for the study was developed from Personal contacts and referrals from friends which enabled to develop a list of educated individuals from whom information could be solicited. Sample size was 236.

The primary data used in the present study was obtained through a survey. It is a data gathering technique in which subjects respond to a series of items in a questionnaire or interview. The primary instrument used in the present study to collect data is a structured questionnaire. The secondary sources of data are extracted from Journals, Periodicals and other published sources. Correlation technique is used to determine whether the relationship between two variables is strong or weak.

Scope of the Study

The scope of the study is limited to the individual investors' financial behavior. Specifically the study attempts to focus on one group i:e 20-30 years age group and the financial well being of the investor is only considered. Individual investors are from the twin cities Hyderabad and Secunderabad.

Limitations of the Study

The present research study is not exempted from limitations. A few are listed below:

Restricted to the twin cities of Hyderabad and Secunderabad in Telangana due to time and cost constraints.

1. The study is limited to perceptions of individual investors regarding investment decision process.
2. The sample of the present study is restricted to individual investors and does not cover all types of investors.
3. The study is based on age factor (age is the independent variable). Other factors like income, gender are not studied in depth.
4. There is a possibility that the respondents may fail to articulate their feelings and responses. Therefore, the error in articulation may creep into the study.

Analysis and Interpretation

20-30 Years Age Group Investors.
Planning Vs Financial Well Being
From the responses given by the investors tried to extract the relation between planning and financial well being.
Before analyzing, a brief description about the data is as follows
Descriptive table gives the mean values, standard deviation and number of respondents in this group.

Table: 1 Planning Vs financial well being:
Descriptive Statistics

	Mean	Std. Deviation	N
PLANNING	3.21	.731	236
FINANCIAL WELL BEING	3.40	.758	236

Total number of respondents under this age group is 236. Mean value (planning) of 20 – 30 years age group is 3.21, standard deviation is 0.731. Mean value (financial well being) of 20 – 30 years age group is 3.40, standard deviation is 0.758.

An attempt is made to study the relationship between planning and financial well being from the responses given by the sample respondents of the age group 20 – 30 years.

Correlation test is performed to study the relationship between planning and financial well being. For this purpose following null hypothesis is framed.
Ho (a): There is no relation between planning and investors' financial well being.

Table: 2 Relation between financial planning of 20-30 years age group investors and their financial well being

Correlations				
			PLANNING	FINANCIAL WELL BEING
Spearman's rho	PLANNING	Correlation Coefficient	1.000	.738**
		Sig. (2-tailed)	.	.000
		N	236	236
	FINANCIAL WELL BEING	Correlation Coefficient	.738**	1.000
		Sig. (2-tailed)	.000	.
		N	236	236
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: Primary data

The Spearman's r for the correlation between planning and financial well being of 20-30 years age group investors is 0.738.When Spearman's r is close to 1 means that there is a strong relationship between two variables. This means that changes in one variable are strongly correlated with changes in the second variable. For the above r value of 0.738 it can be concluded that there is strong relationship between investor's planning and the financial well being derived by them after making investment. Null hypothesis is rejected and alternative hypothesis is accepted.

When Spearman's r is positive (+), it means that as one variable increases in the value, the second variable also increases in value. Similarly, as one variable decreases in value, the second variable also decreases in value. This is called a positive correlation. It can be observed from the above table Spearman's rho is positive. It can be concluded that high degree of planning by investor would lead to higher level financial well being.

2. Selection Vs financial well being
From the responses given by the investors tried to extract the relation between selection and financial well being.
Before analyzing, a brief description about the data is as follows
Descriptive table gives the mean values, standard deviation and number of respondents in this group.

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Table: 3 Selection Vs financial well being:

Descriptive Statistics			
	Mean	Std. Deviation	N
SELECTION	3.41	.835	236
FINANCIAL WELL BEING	3.40	.758	236

Total number of respondents under this age group is 236. Mean value (selection) of 20 – 30 years age group is 3.41, standard deviation is 0.835. Mean value (financial well being) of 20 – 30 years age group is 3.40, standard deviation is 0.758.

An attempt is made to study the relationship between selection and financial well being from the responses given by the sample respondents of the age group 20 – 30 years.
Correlation test is performed to study the relationship between selection and financial well being. For this purpose following null hypothesis is framed.
Ho (b): There is no relation between selection and investors' financial well being.

Table: 4 Relation between selection of 20-30 years age group investors and their financial well being
Correlations

			SELECTION	FINANCIAL WELL BEING
Spearman's rho	SELECTION	Correlation Coefficient	1.000	.717**
		Sig. (2-tailed)	.	.000
		N	236	236
	FINANCIAL WELL BEING	Correlation Coefficient	.717**	1.000
		Sig. (2-tailed)	.000	.
		N	236	236

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Primary data

The above table 4 shows the relationship between portfolio selection and investor's financial well being. It can be seen in the table that Spearman's correlation value is 0.717 which is close to 1 and is positive. Therefore Null hypothesis is rejected and alternative hypothesis is accepted.

It can be concluded that there is strong relationship between portfolio selection and investor's financial well being. And the relationship is positive, which means that perfect selection of portfolio would lead to high financial well being.

3 Portfolio management behaviour Vs financial well being
From the responses given by the investors tried to extract the relation between portfolio management behaviour and financial well being.
Before analyzing, a brief description about the data is as follows
Descriptive table gives the mean values, standard deviation and number of respondents in this group.

Table: 5 Portfolio management behaviour Vs financial well being:

Descriptive Statistics			
	Mean	Std. Deviation	N
MANAGEMENT	3.51	.822	236
FINANCIAL WELL BEING	3.40	.758	236

Total number of respondents under this age group is 236. Mean value (management) of 20 – 30 years age group is 3.51, standard deviation is 0.822. Mean value (financial well being) of 20 – 30 years age group is 3.40, standard deviation is 0.758.
An attempt is made to study the relationship between portfolio management behaviour and financial well being from the responses given by the sample respondents of the age group 20 – 30 years.

Correlation test is performed to study the relationship between management behaviour and financial well being. For this purpose following null hypothesis is framed.
Ho (c): There is no relation between management behaviour and investors' financial well being.

Table: 6 Relation between portfolio management behaviour of 20-30 years age group investors and their financial well being
Correlations

			MANAGEMENT	FINANCIAL WELL BEING
Spearman's rho	MANAGEMENT	Correlation Coefficient	1.000	.729**
		Sig. (2-tailed)	.	.000
		N	236	236
	FINANCIAL WELL BEING	Correlation Coefficient	.729**	1.000
		Sig. (2-tailed)	.000	.
		N	236	236

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Primary data

Table 6 reveals the relationship between Portfolio Management and financial well being for 20-30 years age group investors. It reveals that Spearman's r value is 0.729, which is a very high value as it is near to 1. This means that for 20-30 years age group investors there is strong positive correlation between their management behaviour and financial well being. Therefore null hypothesis is rejected and alternative hypothesis is accepted.It can be concluded that there is strong relationship between portfolio management behaviour and investor's financial well being. And the relationship is positive, which means that perfect management of portfolio would lead to high financial well being.

Summary

1. Correlation between planning and financial well being of different age group investors is significant and is strongly correlated.
2. Correlation between selection of portfolio and financial well being among different age group investors is significant and is strongly correlated.
3. Correlation between portfolio management behaviour and financial well being of the different age clustered investors is significant and strong except in case of 40-50 years age group investors where it is found that their management behaviour and financial well being levels are weakly correlated.

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