Volume 25 Issue 04, 2022 ISSN: 1005-3026 https://dbdxxb.cn/ Original Research Paper

TO STUDY THE FACTORS DETERMINANTS OF INVESTMENT BEHAVIOR IN SELECTED SERVICE SECTOR IN BANGALORE CITY

Mrs. Umme Jahanara[1], Dr. Vinay Joshi Chandniwala[2]

[1] Research scholar & Assistant professor, School of commerce, presidency University, Bangalore.

[2] Professor & Associate Dean-School of commerce, Presidency University, Bangalore.

Abstract

This paper examines the factors determinants of investment behavior in IT and Banking sectors in Bangalore City. Investors' decision-making process is thought to be influenced by a wide range of factors directly or indirectly (Anil et al 2010). Employing descriptive research design; Primary data have been collected by using Google form from samples of 130 respondents. The respondents were IT & Bank professionals in Bangalore city. Secondary data is collected from various reports, books, journals, records, etc. and various websites. The simple random sampling technique was applied and the collected data covering 5 variables of behavioural factors were analyzed using tools ANOVA, Cronbach's Alpha**,** T- test, Chi-square test. Study reveals that Interest rates, Risk return, Regular Income, Safety & Security and Tax Benefits are significantly influence on IT & Banking professionals in Bangalore City.

Keywords: Investment behavior, IT and Banking sectors, Tax benefits, Interest rates.

Introduction

The term 'investment' means different in every function of business. In general sense, the term invests means distribution of your funds in order to generate a return in the future. Investors try to take their investment decision with utmost rationality which is looking for an avenue with less risk and higher returns. There are various avenues for investing in a country like India like the money market, capital market etc. The investors try to gain as much knowledge as possible of these before investing. Investment behavior is important to an individual's future and that decision may be dependent on many factors. It has been said that the attitude of people towards investment affects the potential returns from them. There are various personal factors like loss aversion, herd behavior, overconfidence etc. which affect the investment.

An investment is an asset or item accrued with the goal of making income or credit. In an economic outlook, an investment is the purchase of goods that are not consumed today but are used in the future to generate wealth (Kilic et al., 2022). In finance, an investment is a financial asset bought with the idea that the asset will provide income further or will later be sold at a higher cost price for a profit (Artikis et al., 2022; Boasiako et al., 2022).

The main factors influencing investment behavior are safety, return, growth of capital, risk, liquidity, tax benefits and convenience. Various investment options are available with differing risk-reward trade-offs. Like Bank deposits, Stocks, Mutual funds, Post office savings, Insurance, Gold, physical assets etc.An understanding of the core concepts and a thorough analysis of the options can help investor create a portfolio that maximizes returns while

Submitted: 17/10/2022 **Accepted**: 14/11/2022

minimizing risk exposure. An investment is a sacrifice of current money or other resources for future benefits and investment may be defined as the net addition to a nation's physical stock of capital. In the present financial market scenario numerous avenues of investment are available (Assefa & Rao, 2018).

By the year 2030 more than two-thirds of all global investment and half of the global accumulated capital stock will be in the developing countries which would be in sharp contrast with recent history. Today, developing countries collectively invest slightly above 30% of GDP, a rate almost twice that of high-income countries, which currently stands at about 17%. The high investment rates together with the rising share of developing countries in global GDP will increase developing countries' share in global investment to two-thirds before 2030. However, this outcome will not mechanically materialize, but will require two conditions to be fulfilled: First, productivity growth and sectorial shifts must create enough investment opportunities. Second, both domestic and international investors must be willing to finance these investments, allocating two-thirds of every dollar of global savings to developing countries.

Investment Behavioral is an evolving arena that combines the understanding of behavioral and cognitive psychology with financial decision making process. Nowadays the financial services sector has turn out to be extremely diversified offering the investor with a widespread variety of investment opportunities. Investors have dissimilar outlook when they decide about investing in a specific avenue. With proper investment strategies and financial planning investor can increase personal wealth which will contribute to higher economic growth. Economic growth is among the most vital factors affecting the quality of life that people lead in a country. Three variables that measure the growth of an economy are Income, Savings and Investment. Money saved is of no use if it is not invested in some productive assets or capital goods. After investment in productive areas, it enhances the national product or per capita income and raises the standards of living of the investor. Savings and investments by individuals are important both for personal financial well-being and for economic growth. The present study aims to determinates factors of Investment Behavior in Selected Service Sector in Bangalore City

Review of Literature

Kathavarayan (2017) this study deals with investors' preference of Shares, Debentures, Mutual fund, Bank deposits and Life insurance etc. It was conducted through primary data with a sample of 113 respondents from Pondicherry region. The results of the study show that age, gender, education, marital status and income shows highly significant towards investment preferences and correlation inferences awareness towards investment avenues and education is significant, Chi square find the satisfaction level towards investment has association between age, gender, monthly income, marital status, education.

Moid (2013) investigated the investment behavior among young age between 25 and 35 years in the city of Lucknow with a sample size of 200. The researcher used chi-square test to analyze the data. It can conclude that investment is dependent on age and income but not on gender.

Kumar (2015) was invested investment behavior of the individual at Coimbatore city with 10 factors viz., a savings account in a bank, an FD account in banks, Government securities, corporate bonds, insurance policy, real estate, commodities, shares and MF's, chit funds and gold and silver. The researcher found that the insurance policy is safety, saving accounts in banks is liquidity, commodities are additional income, gold and silver is capital appreciation and government securities are tax benefits.

Suharsono et al (2018) in their study analyzed the factors affecting the investment behaviour of accounting students in Bali. They used a sample size of 518 respondents and the data was collected by questionnaire method. Multiple Regression Analysis was methodology used. The results showed that financial literacy, self-efficacy and economic status each of the above variables had an impact on the investment behaviour.

Marit Peter (2017) In their article spoke about the factors such as risk tolerance level affecting investment decision in a portfolio management for the listed companies in Nairobi Stock Exchange. In their model, they discuss about risk premium i.e higher risk will lead to higher return It was concluded that most of the investors end up losing their funds because of overreaction of stock price changes and also not bothering to find all the current information about the stock instead rely on past prices and invest.

Gaur et al. (2011) set an intention to study the differences in the process of making decisions for investment among feminine and masculine financiers. The conclusions of this study were advanced level of consciousness among men as compared to women for various possibilities of investment and women incline to show not as much of sureness in their decisions on investment and therefore have less fulfillment levels

Mahmood (2013) the results exposed that the traits of personality have certain influence on an individual's risk-tolerance activities, which, in turn, influences investment decisions about stock, securities and bonds. Thus, the financial consultants must also consider individual attributes and risk forbearance, among other factors, when giving investment advice to private investors.

Kaddumi et al (2021) aspired in their research to come across the alternating approach in promoting knowledge of finance to control the immense private money owing saddle facing this significant section of the populace. The fundamental reason for the model is to provide a wide-ranging roadmap to direct universities and other organisations to conceptualise, set up, organise, implement, and assess systems and processes related to financial education planned to improve the long-term choices related to finance and student's behaviour. Throughout cautious deliberation of every phase of the model, decision-takers at every level and every type of organisation should have a strong hold of the depth and breadth of actions required to upshot the preferred changes in student's financial behaviour.

Salim et al (2021) in his article examined the effective factors on decisions of small investors of stock market in an intense inflation and recession. The decisions of small investors are regarded as the dependent variable and uncertainty about future condition, advice of people, friends and brokers, risk aversion of small investors, risk taking of small investors, reduction of investment in Initial Public Offering companies and reduction of new investments in the stock market are independent variable respectively. The result of the research showed that in severe recession –inflation condition, all new investments in market factors such as loss advice, friends and agents, the uncertainty of the future, being risk adverse investor buys the stock market; Venture of the investor buys the stock market and the company's investment in new supply.

Objectives of Research

1. To study the demographical factors in selected service sectors professionals
2. To study the investment preferences in selected service sectors professionals
3. To identify the factors that determines the investment behaviour in selected service sectors professionals in Bangalore City

Hypothesis

H_1: There is no factors determining on Investment Behavior in Selected Service Sectors

Research Methodology

The purpose of this research is to examine factors determine the Investment Behavior in Selected Service Sector Bangalore. We have selected two service sectors (IT and Banking Sectors) professional working in Bangalore city. Data was collected from June-July 2022 the questionnaire is comprised of two sections. The respondents were IT & Bank professionals and Primary data have been collected by using Google form from samples of 130 respondents. The first section of the questionnaire focuses on the respondents' demographic characteristics. The second section of the questionnaire includes questions about the Interest rates, Risk return, Regular Income, Safety & Security and Tax Benefits and Investor Behavior. This study employed SPSS 28 to conduct ANOVA, Cronbach's Alpha**,** T- test, Chi-square to test the determining factors.

Data Analysis & Interpretation

Various Investment preferences by IT Professionals:

Investment Options	Period of Investment (M inimum)	Who Can Invest	Risks	Returns Offered
Equity	NA	An investor who knows to balance risk and return	High	NA
Mutual Funds	Within a scheme like ELSS a lock-in period of 3 years	An investor who has an appetite for medium to high risk	Low-High	Market-Linked

Public Provident Fund (PPF)	15 years	Long-term investment goals	Nil	7.7 per cent
Bank Fixed Deposits	7 days	One who doesn't wish to take the risk or be exposed to an equity	Nil	Fixed Returns, different from bank to bank
Post Office Monthly Income Scheme (POMIS)	5 years	Indian Citizen	Nil - Low risk	7.7 per cent

Table 1: Demographical Factors

Table 1: Demographic Profile

		Frequency	Percent
	20-30 Years	44	33.8
	30-40 Years	46	35.3
	40-50 Years	30	23.0
	Above 50 Years	10	7.6
	Total	**130**	**100.0**
Gender	Male	85	65.3
	Female	45	34.7
	Total	**130**	**100.0**
Marital Status	Married	98	75.3
	Unmarried	32	24.7
	Total	**130**	**100.0**
Educational Qualification	Diploma	22	16.9
	Under Graduate	88	67.6
	Post Graduate	30	23
	Total	**130**	**100.0**
Occupation	Probationary Officers	55	42.3
	Software Engineers	70	53.8
	Entry Level	5	3.84
	Total	**130**	**100.0**
Income	20001-30000	32	24.6
	30001-50000	40	30.7
	Above 50000	58	44.6
	Total	**130**	**100.0**

(Source: own calculation)

In table 1, among the sample size drawn from the population, 65.3% of sample occupied by Male respondents and 34.7% of the respondents were females. Also, it is observed that, out of 130 respondents, 134 were married and 96 were unmarried. Majority of the respondents i.e., 67.6% have completed graduation and 23% respondents possess post-graduation followed by diploma holders with 16.9%. Results are portraying frequency distribution of the respondents with respect to Monthly Income. Out of 130 respondents, 32 (24.6%) are having their income between 20001 - 30000/-, 40 (30.7%) respondents are earning in the range between 30001 - 50000/-. The respondents whose income is in the range of above 50000 are 58 (44.6%).

Cronbach's Alpha

Cronbach's Alpha reliability test was done to check the reliability of each dimension of price difference, charging infrastructure, environmental concern, speed and purchase decisions.

Table 2 Reliability Test

Reliability Statistics	
Cronbach's Alpha	No. of Items
.881	5

The alpha coefficient for the items is .881, suggesting that the variables have relatively high internal consistency. Since the calculated Cronbach's alpha values are higher than 0.7, the research can rely on the collected data for testing the research hypotheses.

Table 3: Calculation of ANOVA for factors determining investment behaviour of IT& Banking professionals

Factors	**Age (in years)**	**N**	**Mean**	**SD**	**F value**	**P value**
Interest rates	20-30	25	2.00	.000	2.543	.001
	30-40	15	2.50	.707		
	40-50	55				
	50 Above	35	2.56	.500		
Risk &Return	20-30	40	2.00	.000	4.288	.000
	30-40	25	3.00	.000		
	40-50	55				
	50 Above	10	2.66	.479		
Regular Income	20-30	25	2.50	.500	13.037	.000
	30-40	15	2.80	.707		
	40-50	33				
	50 Above	57	2.79	.414		
Safety & security	20-30	23	1.75	.957	4.225	.002
	30-40	33	3.00	.000		

	40-50	52				
	50 Above	22	2.33	.511		
Tax benefits	20-30	44	2.00	.816	2.023	.000
	30-40	31	2.00	1.414		
	40-50	26				
	50 Above	29	2.42	.502		

(Source: own calculation)

Table-3 presents ANOVA results which examined the difference in age and factors determining investment preferences towards IT & Banking Professionals. It was found that the respondents belonging to age group above 25 years are giving more importance to the different factors while taking investment decisions. It is found that age and independent variables (Interest rates, Risk return, Regular Income, Safety & Security and Tax Benefits) have significant impact on IT & Banking professionals in Bangalore City.

Table 4: Results of Multiple Liner Regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.781[a]	.837	.013	2.98212

a. Predictors: (Constant), Interest rates, Risk return, Regular Income, Safety & Security and Tax Benefits

The regression model summary shows that the R value is 0.781 and adjusted R square value is 0.837 (83%). This indicates that 17 % of the variation of explained by Interest rates, Risk return, Regular Income, Safety & Security and Tax Benefits. The result of ANOVA test is given below.

Table 5: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	293.294	4	199.714	117.873	0.000
	Residual	177.561	125	2.913		
	Total	470.855	129			

The ANOVA table 5 shows the fitness of the model. The calculated F value (117.873) from the ANOVA test shows fitness of the model (p-0.000). The significance values are less than 0.05. Hence, the null hypothesis is rejected. Study concluded that the factors i.e., Interest rates, Risk return, Regular Income, Safety & Security and Tax Benefits are significantly influence on IT & Banking professionals in Bangalore City.

Conclusion

This paper investigates the Factors Determinants of Investment Behavior in Selected Service Sector in Bangalore City. Behavioral finance describes the variation among the individual investors behaviour during investment decision making process. The decision making process were influenced by various factors like Interest rates, Risk return, Regular Income, Safety & Security and Tax Benefits. Consistent with previous studies conducted Tripathi and Chattopadhyay (2013), Radha et al (2014), and Mahmood et al (2016), among others. Present study reveals that the age and independent variables (Interest rates, Risk return, Regular Income, Safety & Security and Tax Benefits) have significant impact on IT & Banking professionals. The basic goal of investment is return and long-term goal is future of their family needs. Majority of the respondent are satisfied with the present return at the same time they expect increase in return. Optimum portfolio models are needed to guide investors and advisors in structuring the return on investment and more conservative portfolio selection. Advanced financial education could help the moderate investors during the optimal portfolio section process.

References

1. Akintande, O. J., Olubusoye, O. E., Adenikinju, A. F., & Olanrewaju, B. T. (2020). Modeling the determinants of renewable energy consumption: Evidence from the five most populous nations in Africa. Energy, 206, 117992.
2. Agrawal, D. K. (2022). An Empirical Study On Socioeconomic Factors Affecting Producer's Participation In Commodity Markets In India. Journal of Positive School Psychology, 2896-2906.
3. Basha, M., Singh, A. P., Rafi, M., Rani, M. I., & Sharma, N. M. (2020). Cointegration and Causal relationship between Pharmaceutical sector and Nifty–An empirical Study. PalArch's Journal of Archaeology of Egypt/Egyptology, 17(6), 8835-8842.
4. Basha, S. M., & Kethan, M. (2022). Covid-19 Pandemic and the Digital Revolution in Academia and Higher Education: an Empirical Study. Eduvest-Journal of Universal Studies, 2(8), 1-648.
5. Basha, S. M., & Ramaratnam, M. S. (2017). Construction of an Optimal Portfolio Using Sharpe's Single Index Model: A Study on Nifty Midcap 150 Scrips. Indian Journal of Research in Capital Markets, 4(4), 25-41.
6. Basha, S. M., Kethan, M., & Aisha, M. A. A Study on Digital Marketing Tools amongst the Marketing Professionals in Bangalore City.
7. Bilan, Y., Rubanov, P., Vasylieva, T. A., & Lyeonov, S. (2019). The influence of industry 4.0 on financial services: Determinants of alternative finance development. Polish Journal of Management Studies. Zahid, H., & Haji Din, B. (2019). Determinants of intention to adopt e-government services in Pakistan: An imperative for sustainable development. Resources, 8(3), 128.

8. Boateng, H., Kosiba, J. P. B., & Okoe, A. F. (2019). Determinants of consumers' participation in the sharing economy: A social exchange perspective within an emerging economy context. International Journal of Contemporary Hospitality Management.
9. Crespo, N. F., Rodrigues, R., Samagaio, A., & Silva, G. M. (2019). The adoption of management control systems by start-ups: Internal factors and context as determinants. Journal of Business Research, 101, 875-884.
10. Daoud, R. M. M., & Kaddumi, T. A. (2021). FINANCIAL AND ECONOMICAL DETERMINANTS OF INDIRECT INVESTMENT. International Journal of Entrepreneurship, 25, 1-12.
11. De Fuentes, C., Dutrenit, G., Santiago, F., & Gras, N. (2015). Determinants of innovation and productivity in the service sector in Mexico. Emerging Markets Finance and Trade, 51(3), 578-592.
12. Dr. M Kethan, Dr. Mohammed Khizerulla, S Chandra Sekhar, Mahabub Basha S. A study on issues and challenges on production of handloom sector with special reference to rayalaseema and costal region of Andhra Pradesh. Int J Appl Res 2022;8(6):89-95. DOI: 10.22271/allresearch.2022.v8.i6b.9823
13. DrSanthosh Kumar, V., & Basha, S. M. (2022). A study of Emotional Intelligence and Quality of Life among Doctors in PandemicCovid 19. International Journal of Early Childhood, 14(02), 2080-2090.
14. Dvouletý, O., & Blažková, I. (2021). Exploring firm-level and sectoral variation in total factor productivity (TFP). International Journal of Entrepreneurial Behavior & Research.
15. Gurbaxani, A., & Gupte, R. (2021). A study on the impact of COVID-19 on investor behaviour of individuals in a small town in the state of Madhya Pradesh, India. Australasian Accounting, Business and Finance Journal, 15(1), 70-92.
16. Hira, T. K., & Loibl, C. (2008). Gender differences in investment behavior. In Handbook of consumer finance research (pp. 253-270). Springer, New York, NY.
17. JagadeeshBabu, M. K., SaurabhSrivastava, S. M., & AditiPriya Singh, M. B. S. (2020). INFLUENCE OF SOCIAL MEDIA MARKETING ON BUYING BEHAVIOR OF MILLENNIAL TOWARDS SMART PHONES IN BANGALORE CITY. PalArch's Journal of Archaeology of Egypt/Egyptology, 17(9), 4474-4485.
18. Kannenberg, L., & Schreck, P. (2019). Integrated reporting: boon or bane? A review of empirical research on its determinants and implications. Journal of Business Economics, 89(5), 515-567.
19. Kapoor, S., Mishra, A., & Anil, K. (2010). Dividend policy determinants of Indian services sector: a factorial analysis. Paradigm, 14(1), 24-41.
20. Karim, S., Rabbani, M. R., & Khan, M. A. (2021). Determining the key factors of corporate leverage in Malaysian service sector firms using dynamic modeling. Journal of Economic Cooperation and Development, 42(3), 1-20.
21. Kaur, I., & Kaushik, K. P. (2016). Determinants of investment behaviour of investors towards mutual funds. Journal of Indian Business Research.

22. Kethan, M., & Basha, M. (2022). Relationship of Ethical Sales Behaviour with Customer Loyalty, Trust and Commitment: A Study with Special Reference to Retail Store in Mysore City. East Asian Journal of Multidisciplinary Research, 1(7), 1365-1376.
23. Krishnamoorthy, D. N., & Mahabub Basha, S. (2022). An empirical study on construction portfolio with reference to BSE. Int J Finance Manage Econ, 5(1), 110-114.
24. Kumar, S., & Kumar, P. (2019). Factors Influencing the Investment Behavior of Women Investors: An Empirical Investigation. IUP Journal of Financial Risk Management, 16(4).
25. Ljungqvist, A., Richardson, M., & Wolfenzon, D. (2020). The investment behavior of buyout funds: Theory and evidence. Financial Management, 49(1), 3-32.
26. Love, I., & Zicchino, L. (2006). Financial development and dynamic investment behavior: Evidence from panel VAR. The Quarterly Review of Economics and Finance, 46(2), 190-210.
27. Marciniak, P., & Stanisławski, R. (2021). Internal determinants in the field of RPA technology implementation on the example of selected companies in the context of industry 4.0 assumptions. Information, 12(6), 222.
28. Moh'd Anwer, A. S. (2018). Towards better understanding of determinants logistical factors in SMEs for cloud ERP adoption in developing economies. Business Process Management Journal.
29. Mohammed, B. Z., Kumar, P. M., Thilaga, S., & Basha, M. (2022). An Empirical Study On Customer Experience And Customer Engagement Towards Electric Bikes With Reference To Bangalore City. Journal of Positive School Psychology, 4591-4597.
30. Pellegrino, G., & Piva, M. (2020). Innovation, industry and firm age: are there new knowledge production functions?. Eurasian Business Review, 10(1), 65-95.
31. Pradhan, J. P. (2003). Rise of service sector outward foreign direct investment from Indian economy: trends, patterns, and determinants. GITAM Journal of Management, 4(1), 70-97.
32. Sahi, S. K., Arora, A. P., & Dhameja, N. (2013). An exploratory inquiry into the psychological biases in financial investment behavior. Journal of behavioral finance, 14(2), 94-103.
33. Salahuddin, M., Islam, R., & Salim, S. A. (2021). Determinants of investment in Muslim developing countries: an empirical investigation. International Journal of Economics and Management, 3(1), 100-129.
34. Seth, H., Talwar, S., Bhatia, A., Saxena, A., & Dhir, A. (2020). Consumer resistance and inertia of retail investors: Development of the resistance adoption inertia continuance (RAIC) framework. Journal of Retailing and Consumer Services, 55, 102071.
35. Shaik, M. B., Kethan, M., & Jaggaiah, T. (2022). Financial Literacy and Investment Behaviour of IT Professional With Reference To Bangalore City. Ilomata International Journal of Management, 3(3), 353-362.
36. Shaik, M. B., Kethan, M., Jaggaiah, T., & Khizerulla, M. (2022). Financial literacy and investment behaviour of IT professional in India. East Asian Journal of Multidisciplinary Research, 1(5), 777-788.
37. Shaik, M. B., Kethan, M., Rani, I., Mahesh, U., Harsha, C. S., Navya, M. K., & Sravani, D. (2022). WHICH DETERMINANTS MATTER FOR CAPITAL STRUCTURE? AN

EMPIRICAL STUDY ON NBFC'S IN INDIA. International Journal of Entrepreneurship, 26, 1-9.
38. Singh, S., Akbani, I., & Dhir, S. (2020). Service innovation implementation: a systematic review and research agenda. The Service Industries Journal, 40(7-8), 491-517.
39. Thomas, T. C., & Rajendran, G. (2012). BB&K five-way model and investment behavior of individual investors: Evidence from India. International Journal of Economics and Management, 6(1), 115-127.
40. Udah, B. (2010). Macroeconomic reforms, government size, an investment behavior in Nigeria: an empirical investigation. Journal of Sustainable development in Africa, 12(1), 258-280.
41. Yang, Y. H., & Tu, Y. Y. (2004). Analysis of factors influencing taiwan's unregistered overseas investment behavior. Asian Economic Journal, 18(2), 213-231.
42. Yashiv, E. (2000). Hiring as investment behavior. Review of Economic Dynamics, 3(3), 486-522.
43. Yu, S., Lu, T., Hu, X., Liu, L., & Wei, Y. M. (2021). Determinants of overcapacity in China’s renewable energy industry: Evidence from wind, photovoltaic, and biomass energy enterprises. Energy Economics, 97, 105056.