Post Purchase Behaviour of Equity Investors- an Empirical Study with Special Reference to Chettinad Region

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ABSTRACT The term 'investing" could be associated with the different activities, but the common target in these activities is to "employ" the money (funds) during the time period seeking to enhance the investor's wealth. Funds to be invested come from assets already owned, borrowed money and savings. By foregoing consumption today and investing their savings, investors expect to enhance their future consumption possibilities by increasing their wealth. But it is useful to make a distinction between real and financial investments. Real investments generally involve some kind of tangible asset, such as land, machinery, factories, etc. Financial investments involve contracts in paper or electronic form such as stocks, bonds, etc. There are two types of investors: Individual Investors and Institutional Investors. Individual investors are individuals who are investing at their own risk. Sometimes individual investors are called retail investors. The study covered the socio economic profile of investors include their age, gender, educational qualification, income, family status, occupation and so on. It also expresses the constraints and opportunities on equity investment, level of satisfaction on return, opinion about the investment behavior on equity investment on selected dimensions of equity investors.

Introduction

Investors can use direct or indirect type of investing. Direct investing is realized using financial markets and indirect investing involves financial intermediaries. The primary difference between these two types of investing is that applying direct investing investors buy and sell financial assets and manage individual investment portfolio themselves. Consequently, investing directly through financial markets, investors take all the risk and their successful investing depends on their understanding of financial markets, its fluctuations and on their abilities to analyze and to evaluate the investments and to manage their investment portfolio. The trend of retail investor preference on investing equity investment has been augmented in the entire country in recent years irrespective of both urban and rural backgrounds. It is evident that the influx of media, technological revolution, services of consultancy and changes in the attitude of investors on portfolio investment regained the market for equity investment.

STATEMENT OF THE PROBLEM

Investment is the unique form of product or service that involves the investors to imply complex selection behaviour. It is the aspect where the investor employees systematic compensatory rules and rational behaviour. In recent years, due to the increase of investment avenues either as product or as brand, the investors express different buying behaviour right from the recognition of need to invest to post purchase action. By keeping this view, the present research problem has been constructed for studying the post purchase behaviour of equity investment by investors at Chettinad region.

SCOPE OF THE STUDY

The study titled "Post Purchase Behaviour of Equity Investors - An Empirical Study with Special Reference to Chettinad Region" covered the socio economic profile of investors include their age, gender, educational qualification, income, family status, occupation and so on. It also expresses the constraints and opportunities on equity investment, level of satisfaction on return, opinion about the investment behavior on equity investment on selected dimensions of equity investors.

OBJECTIVES OF THE STUDY

1. To understand the socio economic profile of equity investors in Chettinad region.
2. To identify the post purchase behavior of equity investors in the selected study area and
3. To offer suggestions based on the study to the investors, investment companies, brokers/ agencies and regulatory body.

HYPOTHESES

- There is no significant difference exist in the factors of priority among the investors while choosing equity investment based on their educational background
- There is no significant difference exist in the opinion about equity investment among investors based on their educational background.
- The opinion about the post satisfaction of perceived expectation in equity investment among the investors does not significantly differ based on their age background.
- There is no significant difference in the opinion of investor about their present equity investment based on their gender.

REVIEW OF LITERATURE

Dr. Syed Tabassum Sultana1* Dr S Pardhasaradhi (2012)[1] An Empirical Analysis of Factors Influencing Indian Individual Equity Investors' Decision Making and Behavior The decision making process is a cognitive process which results in the selection of a course of action among several alternatives. Every decision-making process produces a final choice. The output can be an action or an opinion of choice. Most of the equity investors do not have the sufficient knowledge of basic economic concepts required to

make investment decisions.

Philip Z. Maymin and Gregg S. Fisher (2011)[2] in their article "Preventing Emotional Investing: *An Added Value of an Investment Advisor"* published in The Journal of Wealth Management, Spring 2011 concluded that an important service provided by investment advisors, and apparently desired by individual investors, is the barrier the advisor provides to prevent the individual from aggressively trading and thereby losing money. They propose and test a theory of self-regulation to explain both the appeal and the value of investment managers to individual investors, and they find that all of the predictions of the theory are borne out by the data.

Fieldstein and Yitzhaki, **(2011)[3],** in their study entitled, "Are High Income Individuals Better Stock Market Investors?" have presented evidence to suggest that the corporate stock owned by high-income investors appreciate substantially faster than stock owned by investors with lower incomes. They have indicated that high-income individuals have larger portfolios and can therefore denote more time or resources to their investments, thus resulting in higher returns.

Manoj Kumar Dashl (2010)[4] Factors Influencing Investment Decision of Generations in India: An Econometric Study This study aims to gain knowledge about key factors that influence investment behavior and ways these factors impact investment risk tolerance and decision making process among men and women and among different age groups. The study concludes that investors' age and gender predominantly decides the risk taking capacity of investors.

Meir Statman, Steven Thorley and Keith Vorkink, **(2010)[5]**, in their paper, "Investor overconfidence and Trading volume", the proposition that investors are overconfident about their valuation and trading skills can explain high observed trading volume. With biased self-attribution, the level of investor overconfidence and thus trading volume varies with past returns.

RESEARCH METHODOLOGY
Research Design
- The research design of present study is descriptive in nature.

Description of the study Region
- The present study has been carried out in the Chettinad region of Sivagangai District. Sivagangai District in Tamilnadu is known for its commercial and business viability. The population residing in this location belongs to the category of Nattukottai Chettiar Community who are well known for trade, commerce and especially in finance.

Pilot Study
- The study on post purchase behaviour of equity investment by investors in Chettinad region has been framed after the in-depth -pilot-study on literature reviews related to earlier studies, focus group interview with stock consultants, fund managers, investors and general public.

Sourcing of Data
- The required data for present study has been collected from both primary and secondary channels.

Sampling Unit
- The sampling unit for the study has been taken from the current equity investors under the form of retail investor category of various age, income, occupational background in the study location during the period of 2012-2013.

Sample Size
- The researcher has adopted the finite population and used bill godden's sample size formula to determine the sample size. As per the formula the sample size was arrived at 379. The sample size was then appraised by 20% to avoid any incorrect or error by the respondents. Hence it was increased to 454.

Table 1
Testing the Significance of factors of priority at the time of choosing equity investment by investors based on their Educational Background

Factors of Priority		Sum of Squares	Df	Mean Square	F	Sig.
Market Value	Between Groups	3.165	4	.791	.460	.765
	Within Groups	739.332	431	1.719		
	Total	742.497	434			
Book Value	Between Groups	2.028	4	.507	.301	.877
	Within Groups	723.742	430	1.683		
	Total	725.770	434			
Nature of Industry	Between Groups	21.639	4	5.410	3.221	**.013**
	Within Groups	722.131	430	1.679		
	Total	743.770	434			
Stock Market Performance	Between Groups	17.322	4	4.330	2.571	.037
	Within Groups	724.324	430	1.684		
	Total	741.646	434			
Movement of Shares	Between Groups	21.639	4	5.410	3.221	.013
	Within Groups	722.131	430	1.679		
	Total	743.770	434			
Dividend Payout Ratio	Between Groups	21.639	4	5.410	3.221	.013
	Within Groups	722.131	430	1.679		
	Total	743.770	434			
Industry and Company Expansion	Between Groups	21.639	4	5.410	3.221	.013
	Within Groups	722.131	430	1.679		
	Total	743.770	434			
Mergers and Acquisition	Between Groups	21.639	4	5.410	3.221	.013
	Within Groups	722.131	430	1.679		
	Total	743.770	434			
Preference of Institutional Investors	Between Groups	21.639	4	5.410	3.221	.013
	Within Groups	722.131	430	1.679		
	Total	743.770	434			
Foreign Direct Investment	Between Groups	16.211	4	4.053	2.407	.049
	Within Groups	723.986	430	1.684		
	Total	740.198	434			
Government Regulations and Support	Between Groups	16.211	4	4.053	2.407	.049
	Within Groups	723.986	430	1.684		
	Total	740.198	434			

Guidelines of RBI	Between Groups	16.211	4	4.053	2.407	.049
	Within Groups	723.986	430	1.684		
	Total	740.198	434			
DMAT Operations	Between Groups	20.446	4	5.111	3.086	.016
	Within Groups	712.276	430	1.656		
	Total	732.722	434			

Source: Primary Data

Table 1 highlights the testing significance on the factors of priority followed by investors while preferring equity investment based on their educational background. In order to test the existence of significance on factors priority, ANOVA has been employed at 5 percent level of significance. The educational background of investors like below metric, metric, higher secondary, graduation, post graduation, professional and others include diploma have been chosen as independent variable and which were measured as categorical variable. The factors of priority like Market Value, book value, nature of industry, stock market performance, movement of shares, dividend payout ratio, merger and acquisition, preference of institutional investors, foreign direct investment, government regulations , guidelines of RBI and DMAT operations were taken as dependent variables and which were measured through interval scale from highly important to never important. By applying ANOVA test at 5 percent level of significance, it is observed that the factors of influence on priority among the investors towards equity investment with respect to nature of industry, stock market performance, movement of shares, dividend payout ratio, industry and company expansion, merger and acquisition, preference of institutional investors, government regulations, foreign direct investment, guidelines of RBI and DMAT operations significantly differ among the investors based on their educational background. The aspects like market value and book value do not significantly differ among the investors on the influence of factor of priority towards investment in equity. It shows the investors got common attitude towards book and market value influences.

Table 2
Opinion about Equity Investment among Investors based on their Educational Background

Opinion		Sum of Squares	Df	Mean Square	F	Sig.
Investment in Equity Rational	Between Groups	2.310	4	.577	.288	.886
	Within Groups	862.504	430	2.006		
	Total	864.814	434			
Emotional basis	Between Groups	8.113	4	2.028	.948	.436
	Within Groups	920.429	430	2.141		
	Total	928.543	434			

Source: Primary Data

Table 2 shows the opinion of investors about the equity investment and the existence of significant difference on their perception as rational and emotional based with respect to their educational background. The educational background like metric, higher secondary, graduation, post graduation and professional have been taken as independent variable and which was measured as nominal scale. The opinion as emotional and rational based have been taken as dependent and which has been measured in interval scale from strongly agree to strongly disagree. By

applying ANOVA at 5 percent level of significance, it is observed the opinion about the equity investment as rational and emotional based do not significantly differ among the investors based on their educational background. Since the calculated values are lesser than table values, the null hypothesis has been accepted.

Table 3
Testing the Post Satisfaction of Perceived to Expectation of Investors towards Equity Investment based on their Age Background

Opinion		Sum of Squares	Df	Mean Square	F	Sig.
Retry for better results	Between Groups	.628	3	.209	.105	.957
	Within Groups	855.027	431	1.984		
	Total	855.655	434			
Change the script not the industry	Between Groups	.628	3	.209	.105	.957
	Within Groups	855.027	431	1.984		
	Total	855.655	434			
Change the industry	Between Groups	1.698	3	.566	.276	.843
	Within Groups	883.383	431	2.050		
	Total	885.080	434			
Drop the equity investment	Between Groups	1.698	3	.566	.276	.843
	Within Groups	883.383	431	2.050		
	Total	885.080	434			

Source: Primary Data

Table 3 shows the existence of significant difference among the investors about the matching of expectation to return in equity investment in terms of their age background. The age background has been chosen as independent variable and which was measured as categorical variable. The opinion about expectation and its outcome on change the script, change the industry and drop the equity investment by investors have been measured as interval scale from strongly agree to strongly disagree. By applying ANOVA at 5 percent level of significance, it is observed the opinion of change script, change the industry and drop the equity investment do not significantly differ among the investors based on their age background. Since the calculated values are lesser than table values, the null hypothesis has been accepted.

LIMITATIONS OF THE STUDY
❖ Level of accuracy of results of research is restricted to the accuracy level with which the investors have given answers and the accuracy level of the answer cannot be predicted.
❖ The findings are based solely on the information provided by respondents and there is a possibility of biased results.
❖ The sample size was restricted to 435 due to the busy schedule of investors and the problem traceability.

Scope for Future Research
❖ The impact of selected factors on equity investment.
❖ A comparative study on " Equity Investment Pattern among Urban and Rural Background Investors"
❖ The role of SEBI on promoting equity investment market.
❖ The learning avenues about equity investment through brokers/trainers and consultants.

❖ A study can be carried out about the systematic investment plan in equity market.

Suggestions to Investors
- Consultation with Professional Agencies
- Monitoring of Proper Consultancy Services by Investors
- Need of Understanding the feasibility of Distributing the Risk
- Attitude of Additional Source of Income
- Learning of Emotional Balance by Investors
- Practice of Self Learning

Suggestions to Investment Companies
- Selection of Convenient and Reachable Mode of Sources
- Focus of Attracting New Age Investors
- Organizing Frequent Capacity Building Programmes
- Encouraging Suitable CRM Practices by Agencies

Suggestions to Brokers/Agencies
- Encouraging Accountable Marketing Practices by Brokers/Agencies
- Understanding the Importance of Customer Services
- Efforts on Brand Building Activities of Middlemen Services

Suggestions to Regulatory Body
- Establishment on Apt Regulatory Framework on Security Transaction
- Close Market Watch on Secondary Market Operations
- Encouragement for Domestic Investors in Secondary Market
- Rationalization of FDIs in Indian Equity Market
- Reconstruction of Transparency in Equity Market

Conclusion
Due to the influx of equity market, the companies also announced special packages, offers, dividend, yield and bonuses. In addition to that, the risk shift attitude of investor also motivated them to invest in equity market. The market which was presumed for upper profile investor slowly moved and attracted low profile investors with minimum investment criteria. The outcome of findings also helped to suggest for investor, investing companies and general public about the equity investment and its future advantages and limitations. The study also showed direction for future researches in the same and related fields.

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