



Investor's Attitude Towards Investment and Risk

KEYWORDS

Investors Awareness, Risk Attitude, Investment Attitude, Investors, Investment Behaviour.

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ABSTRACT *Number of theoretical and empirical literature has focused on the detachment of individual assets portfolios between risky and riskless assets. Awareness about the risk involved in portfolio has major implications for accumulating wealth. In the present day scenario more individuals are participating in investment market because of their increasing level of knowledge and awareness and they are becoming analytic in their investment behavior. . In this context, the current study aims to study investor's attitude towards investment and risk with regards to information technology professionals in Coimbatore city. The outcome of the study shows that, the attitude toward investment and risk are same for both the men and women. The level of awareness is the most important factor that motivates to make investment and also an important determinant for creating attitude towards investment and risk.*

Introduction

Number of theoretical and empirical literature has focused on the detachment of individual assets portfolios between risky and riskless assets. Awareness about the risk involved in portfolio has major implications for accumulating wealth. While making investment professionals have long been aware of the risk importance to growth of long-term investment but individuals or ordinary investors may not sound aware. Earlier in country like India, people more conscious about the future so they are not wish to take more risk hence they are risk-averse individuals. Risk-averse individuals are more likely to limit their investments to relatively safe assets portfolios like savings accounts, government bonds. However now-a-days people earning potential and their awareness about the risk involved in investment portfolios has increased hence they are taking calculative risk while making investment. Individuals' attitude about financial risk taking in response to changes in general economic condition has changing apart from innate demographic, economic and behavioral factors. A study has point out, the market conditions have the greatest impact on individual memory (Miller and Cambell 1959), and may be unduly influenced by recent historical returns when individuals making investment choices (Clark-Murphy et. al., 2009). Since the investors demographic and socio-economic factors has influencing on individual memories and there by influencing investment choices it is necessary to study their risk attitude along with demographic and socio economic factors. Hence in this section, the researcher has attempted to present respondents risk attitude along with these factors. Investors' risk attitude and investment attitude are thoroughly influenced by their socio, economic and demographic factors which include Age, Gender, Income, Education and Occupation.

Statement of the Problem

The employed personnel especially information technology professionals have a greater propensity to save and invest because of their high earning power. The employed force is also motivated by the investment behavior of their colleagues in their work place. They are supposed to be risk adverse, safety oriented and guided by conviction of returns. In the present day scenario more individuals are par-

ticipating in investment market because of their increasing level of knowledge and awareness and they are becoming analytic in their investment behavior. In this context, the current study aims to study the level of awareness and attitude towards investment and risk with regards to information technology professionals.

Objectives of the Study

The main objective of the study is to find out the level of awareness and attitude towards investment and risk.

Hypothesis

1. Attitude towards risk do not vary based on Attitude towards investment.
2. There is no significant difference between investment attitude and risk attitude with level of awareness.

Review of Literature

Veeramani G et al(2014) has conducted An Analytical Study on Risk Perception and Return for Individual Investment. 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' perception on the total investment risk and return predominantly decides the capacity of investors.

Jothilingam K et al(2011) were conducted a study to find out the main objective of the investors in Namakkal District towards making investments and to assess the investors' attitude towards the investment avenues. The study concludes that investors prefer less-risky investment avenues like gold, mutual funds and bank deposits. This could probably because of their tendency to avoid high risks.

Methodology

The study is descriptive in nature. The study was conducted in Coimbatore city, India, from September 2011 to March 2014. The sampling unit for the study was individual of information technology sector by adopting multi stage sampling technique. The size of sample resulted for the study was 482. The study was based on both primary

and secondary data. Primary data were collected by using an interview schedule. Secondary data were collected from various books, journals and websites. Descriptive statistics, chi-square test and ANOVA were used for analysis.

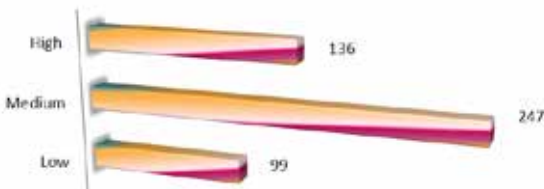
Results and Discussion

Rational thinking is the stepping stone in any investment decision. All the investors are not taking decisions rationally due to their heterogeneous nature in the market. In order to know and understand the behavior of any investors in the market, it is necessary to study their level of awareness, attitude towards investment and risk.

Level of awareness of the respondents

The awareness of investors is considered to be indispensable while studying one's savings and investment pattern, an attempt was made to measure the awareness level of investors and exhibited in figure 1

**FIGURE 1
LEVEL OF AWARENESS ON INVESTMENT**



Attitude towards Investment and Risk:

The attitude may not be same and it will differ from person to person. The investment behaviour of the respondents has been developed only through their attitude. The attitude towards investment and risk determines the investment behaviour of the respondent. It is found that maximum numbers of respondents are ready to take risk at a moderate level with an intention to have a good return and it is also clear that only nominal amount of respondents are avoiding risk, this may due to their poor awareness level on investment.

In order to find out the significant relationship between investment attitude and risk attitude, the null hypothesis Attitude towards risk do not vary based on Attitude towards investment was formulated and Analysis of Variance (ANOVA) test was applied. The results showed that the P value is less than significant at 1% level. Hence the null hypothesis is rejected and concluded that the attitude towards risk differ with attitude towards investment.

Respondents Level of Awareness and Attitude towards investment and risk

The investors who are having excellent level of awareness are wishing to invest always, supported by highest mean score of 2.65. The respondents who are risk admirer are from the category of high level of awareness. In order to find out the significant difference in the mean scores between the sample respondents who fall under different categories, Analysis of Variance (ANOVA) has been applied. Since the p value of 0.000 is significant at 1 percent level, hence the null hypothesis is rejected. It is concluded that there is a significant difference between mean investment attitudes with level of awareness and mean risk attitude with level of awareness.

Socio Economic Factors and attitude towards investment

The socio economic factors are the most significant factor in determining the attitude towards investment and risk.

The respondents' differ only from their socio economic factors.

In order to test the association between socio economic factors and the attitude towards investment chi square test was applied.

- H₀: There is no association between socio economic factors and attitude towards investment.
- H₁: There is an association between socio economic factors and attitude towards investment.

**Table 1
Chi Square Result of Socio Economic Factors and Attitude towards Investment**

Sl. No	Factors	χ ² Value	P-value	Significance
1.	Age	88.314	0.000	Significant
2.	Gender	4.145	0.126	Not Significant
3.	Level of Education	82.596	0.000	Significant
4.	Social status	118.3	0.000	Significant
5.	Nature of Family	58.909	0.000	Significant
6.	Nature of Job	105.4	0.000	Significant
7.	Number of earning members	20.067	0.003	Significant
8.	Place of Residence	14.276	0.006	Significant
9.	Annual Income	120.8	0.000	Significant
10.	Investment Potential	132.4	0.000	Significant

Source: Computed Data

The table 1 portrays that the p value of all the factors are less than 0.001, except gender hence it is concluded that the null hypothesis is rejected and it reveals that the attitude towards investment of the respondents is depend on all the factors in the socio economic profile such as age, level of education, social status, nature of family, nature of job, number of earning members, place of residence, Annual Income and Investment Potential with attitude towards investment and gender not playing any significant role on investment attitude.

Socio Economic Factors and attitude towards risk

In order to test the association between socio economic factors and the attitude towards risk the following hypothesis was formulated

- H₀: There is no association between socio economic factors and attitude towards risk.
- H₀: There is an association between socio economic factors and attitude towards risk.

**Table 2
Chi Square Result of Socio economic factors and attitude towards risk**

Sl. No	Factors	χ ² Value	P-value	Significance
1.	Age	37.65	0.000	Significant
2.	Gender	0.144	0.930	Not Significant
3.	Level of Education	126	0.000	Significant
4.	Social status	119.6	0.000	Significant
5.	Nature of Family	57.61	0.000	Significant
6.	Nature of Job	165.1	0.000	Significant
7.	Number of earning members	33.54	0.003	Significant
8.	Place of Residence	34.78	0.006	Significant
9.	Annual Income	167.7	0.000	Significant
10.	Investment Potential	147.1	0.000	Significant

Source: Computed Data

The table 2 shows that the p value of all the factors except gender are significant at 1 percent level and the null hypothesis is rejected and it reveals that the risk attitude of the respondents is depend on all the factors in the socio economic profile such as age, level of education, social status, nature of family, nature of job, number of earning members, place of residence, Annual Income and Investment Potential with attitude towards risk. Attitude towards risk is also not influenced by gender.

Conclusion

The outcome of the study shows that, the attitude toward investment and risk are same for both the men and women. The level of awareness is the most important factor that motivates to make investment and also an important determinant for creating attitude towards investment and risk. But in the study area, the level of awareness for individuals in information technology sector is only at medium level, because they are not professional investors. Hence it is suggested that, the government and other financial institutions should take necessary steps to create awareness among individual to make vibrant portfolio, to enjoy the benefit of making investment.

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