



FACTORS INFLUENCING INVESTMENT DECISION MAKING BEHAVIOUR IN VIRUDHUNAGAR DISTRICT – GARRET RANKING ANALYSIS

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Abstract

Investment is a good practice and many have made their fortunes in the process. The beginning point of investment process is to determine the nature of the various investments with the individuals need and their preferences. All personal investing is designed in order to achieve certain objectives. The savings invested in various options available to the people, the money acts as the driver for growth of the country. Our country's savings market has expanded over the period and there is consistent increase in individual's savings. The respondents are asked to rank their responses about the factors influencing investment behaviour. To identify the main factor that influences, the researcher has used Garrett's ranking method. Hence, this paper explains the factors that influenced during investment behaviour in Virudhunagar District.

Keywords: Investment process, Factor influencing, Investment decision, Behaviour, Objectives, Preferences, Garret ranking.

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1. Introduction

In the present financial system, more number of investment avenues are available. Everybody is running for money and it is considered as a root of happiness. For secure life and for bright future people start investing. It depends on the investors who invest in investment avenues. Investment is one of the important concerns of every investor in terms of small savings of today which are to meet the expenses of tomorrow. A variety of investment options are available such as bank, gold, real estate, post services, mutual funds and so on. Usually investors take investment decision with some objectives of earning profit, security, capital appreciation and income stability etc. An individual who commits money in investment products with the expectation of financial return is termed as an investor.

Every individual aims to maximize the flow of income from whatever source possible. The most interesting activity undertaken by an individual to fulfill his objective is to undertake investing. Investors exhibit irrational behaviour in their decision making. The decision making process itself is considered to be cognitive process as the investors make a decision based on various alternatives available to them. Individual investors' decisions on investment are influenced by various behavioural aspects. To identify the main factor that influences, the researcher has used Garrett's ranking method. Hence, this paper explains the factors that influenceduring investment behaviour in Virudhunagar District.

2. Review of Literature

Review of Literature is to provide foundation of Knowledge on the topic. The aim of Literature review is to summarize and synthesize the arguments and ideas of existing knowledge in a particular field.

Soniya, G, (2021), in his research paper titled "A study of factors influencing investor behaviour towards gold as an investment avenue with factor analysis" says that Investors' attitudes toward various investment channels vary depending on their demands, and return expectations.

Datta, RN, (2021), in his research article entitled "Investors Perception towards Various Investment Avenues: An Empirical Study Based on South 24 Parganas District of West Bengal" holds the view that personal financial management has resulted in significant amounts of money flowing through the economy. This is a positive trend for the economy because it makes money more readily available for businesses to expand.

Sagar, P & Virupaxi, B, (2021), have published a research article titled "A study of factors affecting

investment decisions in India: The KANO way" observed that the consideration of elements for investment decision-making is sector-specific, and it aids various parties in comprehending investors' investment decision-making behaviour.

Raju, N.S.V.N, Anita Patra, (2020), has published a research article titled "An Analysis on Investor's Perception towards Investment Decision with reference to Indian Scenario (Andhra Pradesh)", in this article they say that Investors' investment decisions are influenced by a variety of circumstances.

Murlidhar, P & Ajay, M, (2018), in their research article entitled "A Study of Factors Affecting Investors' Decision towards Making Investments in Financial Market" has suggested that some economic and behavioural factors impact investment decisions in the financial markets.

Statement of the Problem

The recent developments in information technologies have resulted in provision and accessibility of various financial products and it makes people to invest more. By adopting proper strategy to the investment plan the individuals are able to increase their personal wealth and it will proportionately contribute to higher economic growth. But the investor needs to make the decision of how much to invest and where to invest. People save money in order to meet the financial requirement in future because future is unpredictable in nature. However, properly planned investment practices can resolve the problems in the future to some considerable extent. Investment decision making depends on intrinsic factor of investor behaviour. Therefore, this paper aims to investigate the factors influence the investment decision behaviour in Virudhunagar District.

Scope of the Study

All investment is characterized by the expectation of a return. In fact, investments are made with the primary objective of deriving a return with all possibilities. The return from an investment is subject to the nature of the investment, the maturity period and a host of other factors. This study will be helpful for any investor to make good investment decisions. It could be used by the various factors that are to be considered to reduce their risk, beside to earn a fair return.

Objectives of the Study

- To analyze the factors that influence investment decision of investors in the study area.
- To offer suggestions based on findings of the Study

3. Methodology

The study is descriptive in nature based on both the primary and secondary data. The current study is used as an empirical survey method. The suggestions of the study emerge from the inferences drawn from the sample survey of investors in Virudhunagar District.

Area of the Study

Virudhunagar District in Tamilnadu is taken as the study area for this research. The district is located between 11th and 12th North Latitude and 77^o 28' and 78^o 50' East Longitude in an area of 4243 sq.kms. The length of the national highways is 163.763 kms, for state highways 122.20 kms and the length of municipal and Panchayat roads are calculated to be 1378.48 kms. Virudhunagar district of Tamilnadu has eleven blocks namely Aruppukottai, Kariapatti, Narikudi, Rajapalayam, Sattur, Sivakasi, Srivilliputhur, Tiruchuli, Vembakottai, Virudhunagar and Watrap.

Sampling Design

A sample of 400 Respondents are selected from Virudhunagar District with the help of Judgment Sampling Technique. Therefore, the researcher has collected data from 400 sample respondents in the area of Virudhunagar District.

Tools for Analysis

Investment decision making depends on intrinsic factor of investor behaviour. Therefore, for this research work Garret Ranking tool has been used.

4. Results and Discussion - Garrett Ranking Method

The garret ranking is calculated by using appropriate garret ranking formula. Then based on the garret ranks, the garret value is ascertained in the garret table values and scores in Table - 1 are multiplied to record scores in Table - 2. Finally by adding each rows the total garret score is obtained.

Percent Position = $100(R_{ij} - 0.5)/N_j$

Here, R_{ij} = Rank given for ith item by jth sample respondents
 N_j = Total rank given by the jth sample respondents

Table – 1 Rank the factors influencing of investment behaviour

S.No	Factors	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	Total
1	Savings	37	0	0	71	205	52	0	9	0	26	0	400
2	Safety	9	16	0	0	33	83	77	97	73	0	12	400
3	Interest or dividend	145	0	16	0	47	82	65	12	33	0	0	400
4	Capital appreciation	64	9	0	16	0	0	71	70	21	149	0	400
4	Capital appreciation	64	9	0	16	0	0	71	70	21	149	0	400
5	Stable & regular income	145	150	9	0	28	9	19	0	19	21	0	400
6	Liquidity	0	40	0	0	0	87	26	55	125	33	34	400
7	Prestige	0	135	78	9	26	0	16	48	27	21	40	400
8	Tax benefit	0	50	72	0	0	52	34	62	0	86	44	400
9	Raising the standard of living	21	0	154	78	9	0	50	0	25	39	24	400
10	Additional income	0	30	45	51	0	26	21	26	19	16	166	400
11	Developing the habit of thrift and saving	0	88	26	61	52	9	12	21	34	9	88	400

Source: Computed Data

Table – 2 Percent Position of Garret Value

S.No	$100(R_{ij} - 0.5)/N_j$	Calculated Value	Garret Value
1.	$100(1 - 0.5)/11$	4.54	82
2.	$100(2 - 0.5)/11$	13.64	71
3.	$100(3 - 0.5)/11$	22.73	64
4.	$100(4 - 0.5)/11$	31.81	59
5.	$100(5 - 0.5)/11$	40.90	54
6.	$100(6 - 0.5)/11$	50.00	50
7.	$100(7 - 0.5)/11$	59.09	45
8.	$100(8 - 0.5)/11$	68.18	40
9.	$100(9 - 0.5)/11$	77.27	35
10.	$100(10 - 0.5)/11$	86.36	28
11.	$100(11 - 0.5)/11$	95.45	17

Table – 3 Calculation of Garret scores on the basis of factors influencing on investment behaviour

S.No	Factors	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	Total
1	Savings	3034	0	0	4189	11070	2600	0	360	0	728	0	21981
2	Safety	738	1136	0	0	1782	4150	3465	3880	2555	0	204	17910
3	Interest or dividend	11890	0	1024	0	2538	4100	2925	480	1155	0	0	24112
4	Capital appreciation	5248	639	0	944	0	0	3195	2800	735	4172	0	17733
5	Stable & regular income	11890	10650	576	0	1512	450	855	0	665	588	0	27186
6	Liquidity	0	2840	0	0	0	4350	1170	2200	4375	924	578	16437
7	Prestige	0	9585	4992	531	1404	0	720	1920	945	588	680	21365
8	Tax benefit	0	3550	4608	0	0	2600	1530	2480	0	2408	748	17924
9	Raising the standard of living	1722	0	9856	4602	486	0	2250	0	875	1092	408	21291
10	Additional income	0	2130	2880	3009	0	1300	945	1040	665	448	2822	15239
11	Developing the habit of thrift and saving	0	6248	1664	3599	2808	450	540	840	1190	258	1496	19093

Source: Computed Data

Table – 4 Garrett rank for factors influencing on investment behavior

S.No	Factors	Garret Score	Average Score	Rank
1.	Savings	21981	54.95	III
2.	Safety	17910	44.78	VIII
3.	Interest or dividend	24112	60.28	II
4.	Capital appreciation	17733	44.33	IX
5.	Stable & regular income	27186	67.97	I
6.	Liquidity	16437	41.09	X
7.	Prestige	21365	53.41	IV
8.	Tax benefit	17924	44.81	VII
9.	Raising the standard of living	21291	53.23	V
10.	Additional income	15239	38.09	XI
11.	Developing the habit of thrift and saving	19093	47.73	VI

Source: Primary Data

Findings of the Study

The average scores are ranked according to their values. The first rank is given to “Stable & regular income”, Second rank is assigned to “Interest or dividend”, Third rank is given to “Savings”, Fourth rank goes to “Prestige”, Fifth rank is given to “Raising the standard of living”, Sixth rank is assigned to “Developing the habit of thrift and saving”, Seventh rank goes to “Tax benefits”, Eighth rank is assigned to “Safety”, Ninth rank is given to “Capital appreciation”, Tenth rank goes to Liquidity and the last rank for “Additional income”

It is inferred for being a greater influence over investment behaviour on the first rank goes to Stable & regular income.

It is a very interesting activity which attracts people from all walks of life irrespective of their occupation, economic status, education and family background. By foregoing consumption today and investing their savings, investors expect to enhance their future consumption possibilities by increasing their wealth. Indian saving market has been expanding over the period and there is a steady increase in individuals’ savings. Hence, adequate care should be given to promote investments, thereby investors will be benefited to a larger extent and find themselves a good growth in their economic level. This growth will enhance the development of the nation.

Suggestions

- ❖ The financial advisors should help investors to select the respective investment plans. This will help the investors to go for safe investments.
- ❖ The financial advisors should involve with the investors to create confidence in investment avenues.
- ❖ Investors should diversify their portfolio to include profitable routes.
- ❖ Training portals and mobile apps further help to spread awareness among investors.

5. Conclusion

6. References

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