International Journal of Social Science & Interdisciplinary Research_____ISSN 2277-3630

IJSSIR, Vol. 9 (12), December (2020), Impact Factor: 6.067

Online available at indianresearchjournals.com

BEHAVIOURAL ASPECT OF INVESTMENT DECISIONS: A STUDY WITH STRUCTURAL EQUATION MODELLING (SEM)

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Abstract

Financial decisions play crucial role in an individual's life. In the contemporary financial domain, a variety of investment options are available to a retail investor. Despite the easy access to information and the availability of formal investment avenues in the present era, retail investors sometimes make unwise investment decisions that often result in significant losses. Owing to the dynamic environment in the present times, investors' behaviour is getting transformed but their injudicious investment decisions are raising concerns of researchers. Therefore, an understanding of the driving forces that influence prudent investment decision-making has become a pertinent research area. The present study aims at studying investors' perception regarding investment avenues and identifying the factors influencing investment decisions of retail investors. The study has been conducted in Hooghly district of West Bengal. The primary data used in the study have been obtained through a quantitative survey method with the help of a structured questionnaire. In the endeavour of identifying the factors influencing investment decisions through Exploratory Factor Analysis and Confirmatory Factor Analysis (Structural Equation Modelling), constructs like Propriety, Financial Literacy, Savings Attitude and Risk attitude have been developed empirically.

Keywords: Financial literacy, Investment decisions, Propriety, Risk attitude, Savings attitude.

1. Introduction

The dynamic nature of investors' behaviour imposes challenges on the researchers and demands for continuous research endeavour in order to comprehend investors' cognizance in making investment decisions. The dynamics of investors' behaviour has remained as an unresolved enigma for ages. Consequently, it has instigated the researchers' curiosity to unravel the mystery of irrational financial decisions. Investors are faced with a bevy of investment options in the

present times. However, even in this age of information and communication, retail investors sometimes make unwise investment decisions that often result in significant losses. Owing to the rapidly changing environment in the present times, investors appear to be adapting to the rapid changes. Nonetheless, the purported increase in investment awareness often proves to be a fatal mirage and results in disastrous investment choices. Thus, the dynamics of investment behaviour may, consequently, be presented as a significant and pertinent area of research. Therefore, proper analysis and understanding of the behavioural aspect of retail investors is essential on a continuous basis; in order to understand their investment decisions. Keeping this scenario in mind, the present study has tried to examine retail investors' perception regarding various investment avenues and to investigate the dynamics of investment behaviour of retail investors in Hooghly district of West Bengal.

2. Literature Review

Reviews of some literature related to the current research are presented in the following paragraphs:

Bennet et al. (2011) tried to identify various factors that influence retail investors' attitude towards investing in equity stock markets. They applied a structured questionnaire to retail investors in Tamil Nadu, India. Collected data were analyzed through descriptive statistics and Factor Aanlysis. According to the test results, out of the total 26 variables, it was found out that five factors (investors' tolerance for risk, strength of the Indian economy, media focus on the stock market, political stability and government policy towards business) have very high influence over retail investors' attitude towards investing in equity stocks.

Sultana and Pardhasadhi (2012) investigated factors influencing Indian individual equity investors' decision making and behaviour. With the help of factor analysis, identified forty attributes were reduced to ten factors, viz., Individual Eccentric, Wealth Maximization, Risk Minimization, Brand Perception, Social Responsibility, Financial Expectation, Accounting information, Government & Media, Economic Expectation and Advocate recommendation factors.

Gnani, Ganesh and Santhi (2012) examined the financial literacy of investors of Geojit BNP Paribas financial services limited in Coimbatore city. They found medium financial literacy score in most (61%) of the investors considered in the study. Low financial literacy score was found in 9.5% respondents. 29.5 % investors were having high financial literacy score. While examining the influencing factors in investment decision making, it was observed that people mostly depend of friend or coworker recommendations, and recommendations of broker and family members' opinions are the least influencing factors. The study also found that most

investors (60%) are neutral in their financial tolerance. Remaining 18% investors are found to be pessimist in their attitude towards their financial resource and 22% investors are found to be optimist in their attitude.

Mahdzan and Tabiani (2013) tried to investigate the influence of financial literacy on individual saving. They conducted a survey on approximately 200 individuals in Klang Valley, Malaysia. The study found significant influence of financial literacy on individual saving and concluded that financial literacy is an important determinant of individual saving. Demographic influence on individual saving is also studied in this work. The study found that older people are more likely to have positive saving, holding other factors constant. They recommended that more efforts and initiatives should be taken by government in order to enhance financial literacy among people which will ultimately increase savings among households.

Khoa and Jian (2014) tried to investigate the factors influencing investors' behaviour. They collected data from 472 individual investors in order to study investors' behavior in the context of Vietnamese Stock Market. They used Structural Equation Modelling for data analysis. The study found that investor's investment attitude, related norms and apparent behavioural control affects their investment purpose. The study found a result which is contradictory to previous researches. The contradiction is that, strong overconfidence was not observed in male investors compared to female investors in this study. This study also found that excessive optimism, overconfidence, herd behaviour and psychology of risk have significant effect on the individuals' investment attitude. They also concluded that gender has a big controlling effect in the ties between investment attitude and psychological factors, between behavioural intentions and attitude, between behavioural intention and subjective norms and behavioural intention and perceived behavioural control. The study also observed that investment attitude of investors is also influenced by the opinions of their closed ones. Increase in risk aversion reduces the intention to invest, which ultimately affects investment.

Thulasipriya (2015) studied the preference of investors towards different investment avenues and their investment pattern. Data were collected for the study through structured questionnaire from 500 government employees in Coimbatore district applying convenience sampling method. Tools like ANOVA test, t-test, Freidman's Ranking Analysis were used for analysis. The study confirmed the relationship between Age and risk tolerance levels of employees. Researchers also found out that government employees still prefer to invest in financial products which give risk free returns. This confirms that Indian investors even if they are of high income, well educated, salaried, independent are conservative investors prefer to play safe.

Aruna and Rajashekar (2016) attempted to examine the various factors influencing investment decisions of retail investors. The study mentioned that these factors are dynamic in nature. The study concludes that the investment behaviour of retail investors depends on the way in which the available information is being presented to them and their attitude towards risk, i.e., how prone they are in risk taking during decision making.

Mak and Lp (2017) investigated the investment behavior of individual investors in Hong Kong and Mainland China empirically and tried to identify the differences in investment behaviour /preference between them. Statistical techniques like Regression Analysis, Descriptive Statistics have been used for data analysis. The study found the influence of sociological, psychological and demographic factors on investors' behaviour and advised the financial service providers to make suitable strategic plans to guide the investors based on the understanding of influencing factors.

Sarkar and Sahu (2018) examined the influence of Demographic Factors, Awarenessand Perceived Risk Attitude on Investment Behaviour empirically. Researchers used statistical and econometrics tools and techniques such as Descriptive Statistics, Cronbach Alpha,Factor Analysis, Correlation Coefficient and ProbitRegression Model using SPSS and Stata Softwares to analyse the primary data of 400 randomly selected individual investors of stockmarket from different districts of West Bengal through a structured questionnaire using 5 point Likert scale.The study concluded that demographic factors, awareness and perceived risk attitude significantly influence Investment behaviour of individual investors of stock market.

Vidya and Satheesh (2019) focused on psychological aspect of investment decisions and studied various behavioural biases like optimistic bias, herd biases, loss aversion bias, over confidence bias, Heuristic bias, to exploreany association between demographics variable and these behavioural biases of investors through Chi-square analysis. The study was conducted in Thrissur district of Kerala. Snow ball sampling technique was used in the study while collecting primary data. Findings of the study showed the impact of demographic factors and behavioural biases on investment decisions and found association between demographics variable and behavioural biases of investors.

3. Statement of the Problem with Research Questions

The problem, which has been identified in the study, has its root in the fact that retail investors are often making unwise investment decisions; resulting in significant financial losses. The pertinent research questions which arise in this context are as follows: what is the perception of retail investors regarding various investment avenues? ; what are the determinants of investment decisions? ; what are the 'constructs' which may explain investors' behavior?

4. Objective of the study

The study aims at attaining the following objectives:-
(i) To study retail investors' perception regarding various formal investment avenues.
(ii) To identify the constructs influencing retail investors' behaviour.

5. Methodology

5.1. Development of Questionnaire

The questionnaire has been developed and designed with the help of review of existing literature. Following the research of Purohit, Satija and Saxena (2014), Shah and Baser (2012), Jain and Mehra (2012) and other contemporary researchers, the questionnaire has been developed to explore the factors affecting investment decisions. Before proceeding with the final data collection, a pilot survey was conducted with 100 investors to check the reliability and validity of the questionnaire. After conducting pilot survey, detailed discussions have been conducted with experts in the field of management and social sciences regarding design of questionnaire for face validity, based on the research objectives.

5.2. Nature and Scope of work & Data Collection

The research is empirical in nature. The study was carried out in Hooghly district of West Bengal, in India. The structured questionnaire was filled by the sampled respondents through personal interview. Regarding minimum required size of sample, the study has referred the method developed by Cochran (1963).
According to Cochran:

$n= (Z^2 .p.q)/ e^2$
e is the desired level of precision, p is the estimated proportion of an attribute that is present in the population, and q is (1-p). The value for Z is found in statistical tables which contain the area under the normal curve.
Now, it is assumed that there is a large population and the degree of variability is not known. Assuming maximum variability, which is equal to 50% (p=0.5) and taking 95% confidence level and ±5% precision, the calculation for minimum required sample size will be as follows:

$n= (Z^2 .p.q)/ e^2 = \{ (1.96)^2 * (0.5)*(0.5)\}/ (0.5)^2 = 385$

Stratified sampling procedure was used for selecting the respondent in this study. This technique was employed to ensure a fairly equal representation of the variables for the study. Hooghly district comprises of four subdivisions: Chinsurah, Chandannagore, Srirampore and Arambagh. Chinsurah subdivision consists of two municipalities (Hugli-Chuchura and Bansberia) and five community development blocks: Balagarh, Chinsurah-Mogra, Dhaniakhali, Pandua and Polba-Dadpur. Chandannagore subdivision consists of Chandannagar Municipal Corporation and three municipalities (Bhadreswar, Champdani and Tarakeswar) and three community development blocks: Haripal, Singur and Tarakeswar. Srirampore subdivision consists of six municipalities (Serampore, Uttarpara Kotrung, Dankuni, Konnagar, Rishra and Baidyabati) and four community development blocks: Chanditala–I, Chanditala–II, Jangipara and Sreerampur

Uttarpara. Arambagh subdivision consists of Arambag municipality and six community development blocks: Arambag, Khanakul–I, Khanakul–II, Goghat–I, Goghat–II and Pursurah. There are 18 development blocks, 12 municipalities and 210 gram panchayats in this district. Out of these municipalities, development blocks and gram panchayets, around 30 numbers of investment agents are identified who are agent of Insurance, Post Office and Mutual Fund. From each of these agents, attempts have been made to collect responses from 20-25 respondents. By following this procedure, 515 responses have been received. Afterwards, out of this available data 486 numbers of valid responses are found after data screening and it constitutes the sample of this present study.

6. Analysis & Interpretation

The study has attempted to measure investors' perception regarding various formal investment avenues by examining their preference towards the same. Responses are collected with the help of a 5 point Likert Scale. After that, respondents are requested to allot ranks to the investment avenues according to their preferences. In the 5 point Likert Scale, 5 denotes "strongly preferred", 4 denotes "highly preferred", 3 denotes "moderately preferred", 2 denotes "likely preferred" and 1 denotes "not at all preferred". A composite score is calculated for each investment avenue by summing up the responses of all respondents for that particular investment avenue. Therefore, the minimum score of an investment avenue is 486 (i.e., 486*1) and maximum score is 2430 (i.e., 486*5).The findings are summarized in the following table:

Table No. 1: Scores & Ranks of investment avenues

Investment Avenue	Score	Rank
Public Provident Fund	2158	1
Fixed Deposit	2148	2
Insurance	1992	3
Postal Savings	1879	4
Mutual Fund	1866	5
Real Estate	1784	6
Shares	1647	7
Gold/Silver	1606	8
Bond/Debenture	1552	9

Source: Calculation based on collected primary data

As presented in the above table, the calculated scores obtained by the investment avenues reveal that the most preferred avenue of investment is Public Provident Fund (score 2158), followed by Fixed Deposit (score 2148), Insurance (1992), Postal Savings (score 1879), Mutual Fund (score 1866), Real Estate (score 1784) Shares (score 1647), Gold/Silver (score 1606) and Bond/Debenture (score 1552) respectively. Thus, it may be stated that investors prefer to avoid risky investment avenues. Their perception regarding the amount of risk involved with investment avenues may be considered as a driving force to induce their preference pattern and investment decisions.

In order to identify the constructs influencing investors' behaviour, the collected data have been analysed with the help Exploratory Factor Analysis and Confirmatory Factor Analysis (SEM). The analysis and interpretation have been explained in the following paragraphs.
Plenty of researches have tried to explore various dimensions of investors' behaviour. Studies show that investment decisions are influenced by various underlying factors, which includes investors' thinking in the right direction, the psychological aspects that leads to appropriate and correct decision making, their knowledge base, their attitude towards various dimensions related to investment and many more. With reference to the findings of existing literature review, the study tries to explore the factors influencing investment decisions of retail investors. To examine investors' behaviour, thirty five variables (statements) have been identified through review of literature, which are as follows:

Variables to study Investor' Behaviour
6.1_Inflation and return are interrelated
6.2_I enjoy taking risk as it gives me the pleasure of thrill and adventure.
6.3_If I win a lottery of Rs 1 lakh, I will spend up to Rs 20,000 for my immediate enjoyment
6.4_I understand the terms and conditions of relevant documents of the selected investment avenue
6.5_I check whether the investment avenue is hassle free or not
6.6_I check the suitability of the investment avenue with own investment objective
6.7_I fully understand the role of DMAT Account and DPs for stock trading
6.8_Diversification is a way out of risk reduction of investment in security market
6.9_I generally prefer riskier and high return investments more than bank deposit
6.10_I know the relationship between interest rates and bond prices
6.11_I am willing to take substantial investment risk to earn substantial returns
6.12_People who know me would describe me as a highly aggressive investor

6.13_I advocate future consumption by sacrificing immediate consumption
6.14_I follow recommendation and advice of experts while investing
6.15_I check the past performance of the security properly
6.16_I understand the terms and conditions of relevant documents of the selected investment avenue
6.17_Company stocks are riskier than bonds
6.18_I understand the concept of derivatives in financial market
6.19_I know the difference between simple interest and compound interest
6.20_Inflation has strong effect on economy
6.21_Knowledge of NAV is important while investing in Mutual Fund
6.22_I sometimes go beyond my comfort zone and take risk to check my luck factor
6.23_I will remain satisfied if I will be able to save 60% or more of my income for future need
6.24_I go through the offer document properly before investing
6.25_I follow information from newspaper/TV for my investments
6.26_In my point of view, the accounting information disclosed in annual reports is useful in my investment decisions
6.27_I know about various tax reliefs/rebates and utilize the tax reliefs/rebates that I am entitled to when I am filing my tax returns
6.28_I always compare different investment avenues before final selection
6.29_I consider past performance of stock/Mutual Fund before investing
6.30_My intuition will influence me when I make decision to purchase shares of a specific company
6.31_I know the interest rate on my bank account
6.32_Buying a company stock usually provides a safer return than stock Mutual Fund
6.33_I am aware of Insurance policy and its significance
6.34_I believe that saving is important even curtailing joy of today for an uncertain tomorrow
6.35_I analyze the market condition before purchasing share

Source: Review of literature

After identifying the above mentioned variables, responses have been collected against each statement with the help of a structured questionnaire, on a 5-point Likert Scale. In the Likert Scale, 5 denotes "strongly agree", 4 denotes "agree", 3 denotes "neither disagree nor agree", 2 denotes "disagree" and 1 denotes "strongly disagree". Subsequently, proper screening of the collected primary data is done and statistical techniques are applied for data analysis purpose.
Exploratory Factor Analysis has been conducted on aforesaid 35 variables. Before conducting Exploratory Factor Analysis on these variables, the reliability has been checked with the help of IBM SPSS Statistics Software, Version 25.To test the reliability of the data Cronbach's alpha is used. The overall Cronbach's alpha for these thirty five variables is found as 0.945 as shown in the following table:

Table No. 2: Output of EFA: Reliability Statistics

Reliability Statistics

Cronbach's Alpha	N of Items
.945	35

Source: Calculation based on collected primary data

After checking the reliability of the data, Factor Analysis is conducted in IBM SPSS Statistics Software, Version 25. The results are presented in the following tables.

Table No. 3 : Output of EFA : KMO and Bartlett's Test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.919
Bartlett's Test of Sphericity	Approx. Chi-Square	23277.294
	Df	595
	Sig.	.000

Source: Calculation based on collected primary data

As per the above results, Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.919 which indicates that data is useful for Factor Analysis. As Kaiser-Meyer-Olkin (KMO) value is more than 0.60, Factor Analysis can be conducted (Hutcheson & Sofroniou, 1999). Bartlett's Test of Sphericity significance level is found to be 0.000 in this case. Since it is less than 0.05, Factor Analysis can be conducted for this data of thirty five variables (Hutcheson & Sofroniou, 1999). In principal component method, factor is called as component. The initial number of factors is same as the number of variables used in the factor analysis but all thirty five factors will not be retained eventually. The number of factors will be the number of eigen values of correlation matrix more than 1. As per the results shown in the following table, five eigen values are more

than 1. Hence these five factors are taken for consideration. These five factors explain 80.506% of total variance and the remaining variance is explained by other factors.

Table No. 4 : Output of EFA : Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.181	37.661	37.661	13.181	37.661	37.661	10.085	28.815	28.815
2	8.962	25.606	63.267	8.962	25.606	63.267	9.574	27.353	56.169
3	3.036	8.675	71.942	3.036	8.675	71.942	3.975	11.359	67.527
4	1.913	5.465	77.407	1.913	5.465	77.407	2.333	6.666	74.194
5	1.085	3.099	80.506	1.085	3.099	80.506	2.209	6.312	80.506
6	.828	2.365	82.871						
7	.743	2.122	84.993						
8	.563	1.607	86.600						
9	.479	1.368	87.968						
10	.430	1.228	89.197						
11	.370	1.056	90.253						
12	.341	.974	91.227						
13	.328	.937	92.164						
14	.293	.838	93.003						
15	.258	.739	93.741						
16	.231	.661	94.402						
17	.216	.616	95.018						
18	.192	.547	95.565						
19	.174	.497	96.062						
20	.165	.472	96.534						

21	.142	.406	96.940						
22	.133	.380	97.320						
23	.117	.333	97.654						
24	.110	.313	97.967						
25	.099	.282	98.249						
26	.091	.261	98.511						
27	.086	.244	98.755						
28	.079	.225	98.981						
29	.077	.220	99.201						
30	.064	.183	99.384						
31	.059	.168	99.551						
32	.049	.141	99.692						
33	.047	.136	99.828						
34	.035	.100	99.928						
35	.025	.072	100.000						

Extraction Method: Principal Component Analysis.

Source: Calculation based on collected primary data

Table No. 5 : Output of EFA : Rotated Component Matrix

	Component				
	1	2	3	4	5
6.29_I consider past performance of stock/Mutual Fund before investing	.933				
6.30_My intuition will influence me when I make decision to purchase shares of a specific company	.929				
6.14_I follow recommendation and advice of experts while investing	.899				
6.26_In my point of view, the accounting information disclosed in annual reports is useful in my investment decisions	.894				
6.25_I follow information from newspaper/TV for my investments	.878				
6.24_I go through the offer document properly before investing	.869				
6.15_I check the past performance of the security properly	.867				
6.16_I understand the terms and conditions of relevant documents of the selected investment avenue	.864				
6.28_I always compare different investment avenues before final selection	.864				
6.6_I check the suitability of the investment avenue with own investment objective	.855				
6.5_I check whether the investment avenue is hassle free or not	.846				
6.4_I understand the terms and conditions of relevant documents of the selected investment avenue	.823				
6.35_I analyze the market condition before purchasing share	.808				

6.31_I know the interest rate on my bank account		.887			
6.18_I understand the concept of derivatives in financial market		.876			
6.27_I know about various tax reliefs/rebates and utilize the tax reliefs/rebates that I am entitled to when I am filing my tax returns		.866			
6.33_I am aware of Insurance policy and its significance		.855			
6.21_Knowledge of NAV is important while investing in Mutual Fund		.841			
6.10_I know the relationship between interest rates and bond prices		.841			
6.19_I know the difference between simple interest and compound interest		.797			
6.1_Inflation and return are interrelated		.755	.531		
6.8_Diversification is a way out of risk reduction of investment in security market		.747	.513		
6.7_I fully understand the role of DMAT Account and DPs for stock trading		.738	.504		
6.20_Inflation has strong effect on economy		.680			
6.17_Company stocks are riskier than bonds		.662			
6.32_Buying a company stock usually provides a safer return than stock Mutual Fund		.652			.542
6.3_If I win a lottery of Rs 1 lakh, I will spend up to Rs 20,000 for my immediate enjoyment			.780		
6.23_I will remain satisfied if I will be able to save 60% or more of my income for future need			.736		
6.34_I believe that saving is important even curtailing joy of today for an uncertain tomorrow			.691		
6.13_I advocate future consumption by sacrificing immediate consumption			.661		
6.12_People who know me would describe me as a highly aggressive investor				.906	

6.22_I sometimes go beyond my comfort zone and take risk to check my luck factor				.865	
6.2_I enjoy taking risk as it gives me the pleasure of thrill and adventure.				.780	
6.9_I generally prefer riskier and high return investments more than bank deposit					.729
6.11_I am willing to take substantial investment risk to earn substantial returns		.578			.581

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 11 iterations.

Source: Calculation based on collected primary data

As per the result, five factors have been extracted. Based on the attributes, types and similarities of the underlying statements, the factors are named as follows:

- Factor 1 is named as Propriety (first construct) ;
- Factor 2 is named as Financial Literacy (second construct) ;
- Factor 3 is named as Savings Attitude (third construct) ;
- Factor 4 and Factor 5 are clubbed together into one construct and named as Risk Attitude (fourth construct).
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The names are given to the constructs based on the nature of underlying variables and researcher's domain knowledge regarding the same. Therefore, with the help of Exploratory Factors Analysis, four constructs have been explored that influence investors' cognizance and thus explain investors' behaviour. Propriety caters to the psychological aspect; and appropriateness and correctness of investors' decisions. Financial Literacy caters to the financial knowledge of investors that guides their decision making process. Savings Attitude mainly focuses on investors' attitude towards their consumption and saving pattern. Risk Attitude reveals investors attitude towards risk absorption. Highly Aggressive investors are more prone towards taking higher risks to earn higher return in comparison to conservative investors.

The constructs derived with the help of Exploratory Factor Analysis (EFA) have been confirmed with the help of Confirmatory Factor Analysis (CFA) which is a multivariate statistical procedure that is used to test how well the measured variables represent the number of constructs.

The relevant validity measures (as calculated through IBM AMOS 25) for model fit are presented in the following table:

Table No. 6: Output of CFA: Validity Measurement

Validity Measurements are as follows:

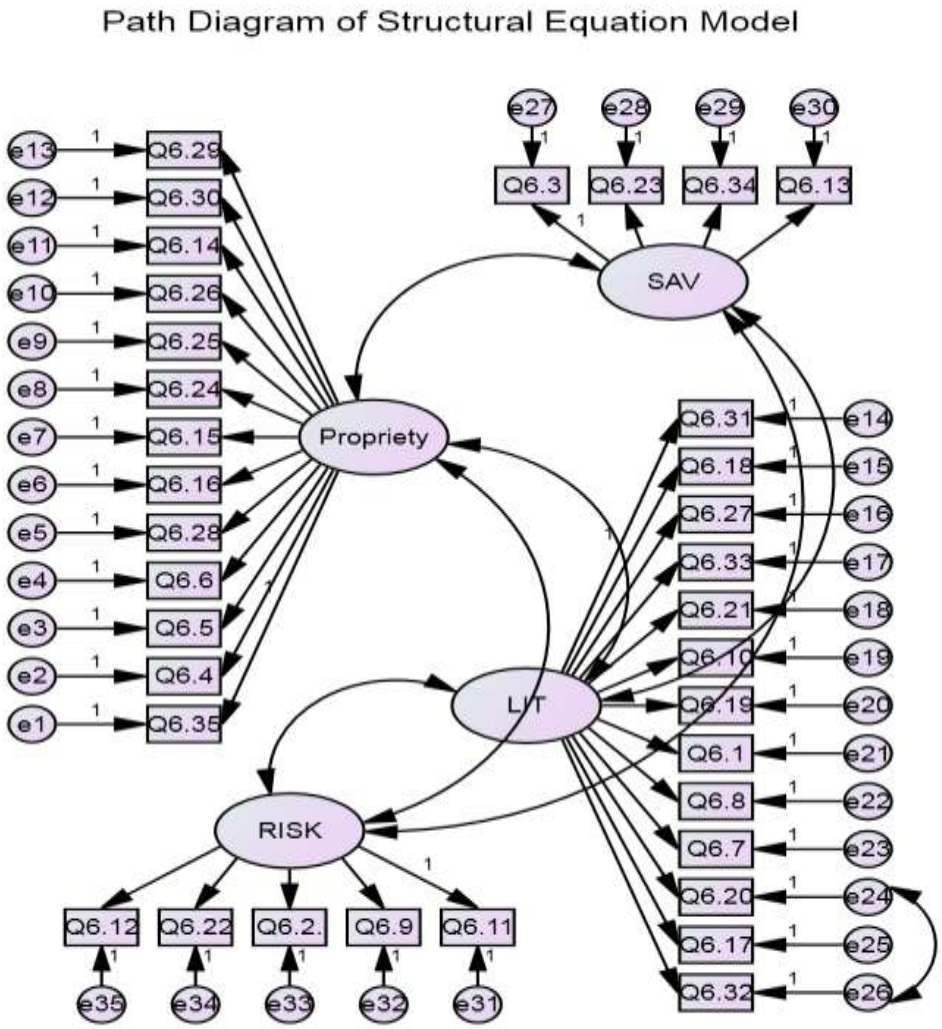
Indicator	Measures as calculated through AMOS
Chi- square/df	2.87
p value	.072
Comparative Fit Index (CFI)	.961
Goodness of Fit Index (GFI)	.932
Adjusted GFI (AGFI)	.778
Normed Fit Index (NFI)	.948
Root Mean Square Error of Approximation (RMSEA)	.084

Source: Calculation based on collected primary data

As the validity measures are near to the optimum range (Hoe, 2008), the model is considered as acceptable one.

The relationship between the constructs and the latent variables has been shown with the help of Structural Equation Modelling and the path diagram has been developed through IBM AMOS 25 as presented in the following diagram.

Table No. 7: Output of CFA: Path Diagram of Structural Equation Model



Source: Calculation based on collected primary data

In the above path diagram, as shown within the oval shaped construct symbols, 'Propriety' represents the construct Propriety, 'LIT' represents the construct Financial Literacy, 'SAV' represents the construct Savings Attitude and 'RISK' represents the construct Risk Attitude.

7. Conclusion and Recommendation

The study tried to cater to the research questions developed through the review of literature empirically. Risk avoiding behaviour has been observed in the study. In the light of the findings, it may be stated that investors' behaviour is influenced by the mutual interaction and synchronization of different dimensions of investors' behaviour, viz., Propriety, Financial Literacy, Savings Attitude and Risk Attitude. As shown in the study, investors' psychological factors influencing their investment decisions, the appropriateness of their investment decisions according to their investment objectives and correctness of their thinking are amalgamated under the construct Propriety. Financial knowledge and awareness of investors are incorporated under the construct Financial Literacy. Investors' attitude towards their consumption and savings pattern are embodied under the construct Savings Attitude. The last construct Risk Attitude represents investors' attitude towards risk absorption or risk tolerance.

Thus, it may be recommended that the investment consultants, agents/brokers, financial institutions and government agencies may plan their financial strategies in order to improve and customise their financial products based on the understanding of investors' behaviour. The planning and implementation of various awareness programmes, workshops, seminars and conferences may be conducted in the light of the contributions of the present study. The research may also contribute towards the financial education planning.

8. Limitation of the study

To understand the dynamics of investment decisions, an extended investigation regarding other influencing factors may provide better insight. The study has been conducted in only Hooghly District of West Bengal, hence the scenario in other districts has not been covered in this work.

9. Future directions

The limitations of the present study open up the scope of future research. Further investigation may be done to identify the other factors influencing investment decisions. The study may also be extended to other districts of West Bengal to cover larger population.

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