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A STUDY ON KEY REASONS INFLUENCING INVESTMENT BEHAVIOUR AMONG EMPLOYEES OF HIGHER EDUCATION

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ABSTRACT

In this rapidly changing landscape of financial markets, the investment behaviour of higher education employees has become a subject of profound interest and academic scrutiny. In today's world, investors are often influenced by a number of factors including their psychological, economic, and social status. The interplay of motivations that affects their investment decisions has become increasingly important, especially in the age of digitization, economic uncertainty, and abundant information. From a methodological standpoint, this research draws on both qualitative and quantitative approaches to uncover the latent patterns in investor behaviour. Questionnaire was distributed among the employees of higher education. Factor Analysis was employed to identify and understand various motives of investment and Friedmann Rank test was applied to rank the identified motives. In doing so, this paper aspires to contribute a more holistic, empirically grounded understanding of how motivations shape investment decisions.

KEYWORDS: *Investment Behaviour, Higher Education, Motives, Investment*

INTRODUCTION

Investment Behaviour, an interdisciplinary field merging psychology and economics, challenges the traditional assumptions of rationality in classical financial theories. While standard economic models often portray investors as utility-maximizing agents who make decisions based on complete information and logical analysis, investment behaviour introduces a more realistic portrayal; one that incorporates human emotions, cognitive biases, heuristics, and social influences. These psychological elements often lead to irrational behaviour, which manifests in phenomena such as overconfidence, herd behaviour, loss aversion, disposition effect, and mental accounting. Understanding these deviations from rationality is crucial for decoding investor behaviour. Investors, by virtue of their demographic diversity and varying financial literacy levels, offer a rich domain for such analysis. Their motivations to invest are not only dependent on earning profits, they span a range of personal, social, and psychological factors, such as the desire for financial security, tax benefits, capital appreciation, retirement planning, peer influence, or even the thrill of risk-taking. In recent years, the change of financial services through fintech innovations has brought about a notable shift in investment behaviour, including employees of higher education. The pandemic, in particular, served as a catalyst in altering investment landscapes. Lockdowns, increased savings due to reduced consumption, and exposure to financial content on social media platforms prompted a surge in investing activities. Many individuals turned to stock markets, mutual funds, cryptocurrencies, and other investment vehicles not only as a means to generate passive income but also as a form of active engagement during economic uncertainty.

Numerous studies have been done to segment investors based on their risk appetite, investment horizon, and preferred assets, but most of them were criticised because they lacked in explaining the reason behid this investment behaviour. Traditional models, such as the Efficient Market Hypothesis (EMH) or Modern Portfolio Theory (MPT), fall short of capturing the psychological undercurrents that drive individual decisions. For instance, while EMH assumes that markets are efficient and that all available information is accurately priced into securities, real-world market behaviour often contradicts this notion due to the presence of emotional and irrational trading patterns. To better understand investment motivations, it becomes essential to delve into intrinsic factors such as investor sentiment, financial goals, perceived self-efficacy, and cognitive framing. Additionally, extrinsic factors such as media influence, economic policies, and peer behaviour play significant roles. Investors frequently rely on heuristics or mental shortcuts, especially when overwhelmed by information, leading to decisions that may not always align with their long-term financial interests. Studies have found gender-based differences in risk perception and investment confidence, often attributing them to varying levels of financial literacy and societal expectations. The intersection of investment and behaviour also carries significant implications for financial advisors, policymakers, and market regulators. Understanding what motivates individuals to invest whether it's a rational desire for returns or an irrational fear of missing out can aid in designing better investor education programs, developing more intuitive digital platforms, and creating policies that protect investors from manipulation or excessive risk-taking. It can also lead to the emergence of personalized financial planning strategies that align with the behavioural profiles of investors.

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Thus, the investor is no longer a passive participant but a dynamic actor influenced by a multitude of factors that go beyond the balance sheet. The fusion of investment behaviour insights with empirical observations offers a fertile ground for understanding the complex decision-making processes at play. By exploring investment motivations from a behavioural perspective, this study seeks to bridge the gap between theoretical models and real-world investor behaviour thereby enriching the discourse on personal finance, financial markets, and economic decision-making.

REVIEW OF LITERATURE

The researcher identified 23 different literature articles present and reviewed them. The following review table matrix provides the reasons identified for the investment decisions made by the investors:

Table -1: Review of the Reasons Identified

Reasons Identified	Authors	Research Methodology	Reviews
Long-term/ Short-term gains	(Lathif, 2019), (Francis, n.d.)	To examine the impact of investor's personality on investment decisions, author analysed the data of 226 investors using SMART-PLS.	Government Employees are affected by short-term or long-term gains. Since, they are provided with regular secure income, they choose their investment portfolios as per the same.
Tax Benefits	(Catherine, 2024)	The authors used ANOVA and Regression Analysis to study the effect of Tax benefits on Salaried employee of Bangalore.	The author conducted a study to understand whether tax benefits affect investment behaviour of salaried employees of Bangalore or not. The results of which concluded that while some of the investors do prefer tax effective investments, there are still majority of investors who do not due to lack of knowledge.
	(Dr. Jagdeesh & B. Hulllar, 2022)	Conceptual paper	Conceptual paper
	(Shivananda N, 2017)	Conceptual Paper	Conceptual Paper
Personal Needs/ Intentions	(Akhtar & Das, 2019)	The authors used cross-sectional approach to collect data and AMOS and SPSS was used to test the hypothesis.	The intention if, is positive leads to more favorable decisions in terms of choices.
	(Talwar et al., 2021)	The authors used Structural Equation Modeling to statistically analyze the multiple relationships between variables.	The results show that the trading activity had a non-linear relationship with this variable, but a positive influence on the trading activity of the investors.
Financial Security	(Talwar et al., 2021)	The authors used Structural Equation Modeling to statistically analyze the multiple relationships between variables.	The results show that the trading activity had a non-linear relationship with this variable, but a positive influence on the trading activity of the investors.
Saving Objectives	(Talwar et al., 2021)	The authors used Structural Equation Modeling to statistically analyze the multiple relationships between variables.	The results show that the trading activity had a non-linear relationship with this variable, but a positive influence on the trading activity of the investors.
	(Gajendra Naidu, 2018)	The author applied Structural Equation Modeling to test the causal relationship between financial behaviour and decision making.	The results of the study conducted and SEM applied revealed that there exists no relationship between the saving behavior or objective ad financial decision making of an individual.
Materialism/ Capital Appreciation	(Vyas et al., 2020)	The authors used second order structural equation modelling to explore the socially responsible investing behaviour.	It affects the non-economic goals of the investors hence influencing their decisions non-directly.

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OBJECTIVES OF THE STUDY

The main objectives of this study are:

- To explore the reasons for investment among the investors.
- To examine the preference level among the reasons identified for investment.

RESEARCH METHODOLOGY

This paper involves analysis of primary data collected through questionnaires distributed. The questionnaire was distributed among the higher education faculties of Bhopal city. A total of 200 responses were collected and then the data was analysed for further analysis. For data analysis, the researcher used SPSS and statistical test like; to identify the reasons for investment of the investors, Exploratory Factor Analysis was used, to rank the identified reasons Friedmann Rank Test was used by the researcher. Whereas secondary data was also collected through various journals, articles, reports and conference proceedings.

DATA ANALYSIS & INTERPRETATION

The responses of the respondents were coded and analysed through SPSS. Factor Analyses was done to identify the major reasons for investment of the investors. Among 14 objectives given namely; liquidity, capital appreciation, tax benefits, secure fund, wealth creation, house purchase, healthcare, children's education, child marriage, retirement benefits, future expenses, portfolio diversification, long – term benefits and risk management 3 reasons were identified. The results of the factor analysis are shown below:

Table 1 – KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.822
Bartlett's Test of Sphericity	Approx. Chi-Square	822.390
	df	91
	Sig.	.000

(Source: SPSS)

The Exploratory Factor Analysis was conducted using Principal Component Analysis with Kaiser Normalisation. The KMO (Kaiser- Meyer- Olkin) measure of sampling adequacy was 0.822, indicating a good sample adequacy. The output reveals that the data is ideal for exploratory factor analysis. Further, Bartlett's test of Sphericity was significant ($\chi^2 = 822.390$, $p < .05$), verifying the factorability of the correlation matrix.

Table 2 - Communalities

	Initial	Extraction
Liquidity	1.000	.577
Capital Appreciation	1.000	.467
Tax Benefits	1.000	.550
Secure Fund	1.000	.809
House Purchase	1.000	.697
Child Marriage	1.000	.679
Healthcare	1.000	.764
Children Education	1.000	.716
Retirement Benefit	1.000	.746
Wealth Creation	1.000	.595
Future Expenses	1.000	.708
Portfolio Diversification	1.000	.713
Long Term Benefits	1.000	.439
Risk Management	1.000	.802

Extraction Method: Principal Component Analysis.

(Source: SPSS)

The above table -2 shows most of the items had communalities above 0.5, thus they indicate that the items are well represented by the extracted factors.

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Table 3- 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	6.327	45.191	45.191	6.327	45.191	45.191	3.205	22.894	22.894
2	1.778	12.703	57.894	1.778	12.703	57.894	3.054	21.815	44.708
3	1.157	8.263	66.157	1.157	8.263	66.157	3.003	21.449	66.157
4	.981	7.008	73.165						
5	.834	5.954	79.119						
6	.675	4.820	83.939						
7	.442	3.157	87.096						
8	.391	2.792	89.888						
9	.385	2.752	92.640						
10	.272	1.940	94.581						
11	.233	1.662	96.243						
12	.214	1.531	97.774						
13	.186	1.330	99.103						
14	.126	.897	100.000						

Extraction Method: Principal Component Analysis.
(Source: SPSS)

From table 3 it can be concluded that the first identified reason explained 45.2% of the variance which includes tax benefits, portfolio diversification, risk management and future expenses, the second identified reason explained 12.7% of the variance which includes child marriage, healthcare, children's education, retirement benefits and wealth creation, while the last identified reason explained 8.3% of the variance which includes capital appreciation, liquidity, secure fund, house purchase and long – term benefits as depicted in table 4.

Table 4 – Rotated Component Matrix

	Component		
	1	2	3
Liquidity			.712
Capital Appreciation			.579
Tax Benefits	.622		
Secure Fund			.872
House Purchase			.750
Child Marriage		.707	
Healthcare		.871	
Children Education		.715	
Retirement Benefit		.788	
Wealth Creation		.557	
Future Expenses	.768		
Portfolio Diversification	.771		
Long Term Benefits			.514
Risk Management	.834		

(Source: SPSS)

The analysis identified three distinct reasons for investments. The first factor namely hedging risk, including Tax Benefits, Future Expenses, Portfolio Diversification and Risk Management. The second reason namely essential needs, including, Child marriage, healthcare, children's education, retirement benefits and wealth creation. While, the third reason identified as liquidity, includes, liquidity, capital appreciation, secure fund, house purchase and long-term benefits.

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The reasons identified can be named as:

1. Hedging Risk – Tax benefits, future expenses, portfolio diversification and risk management.
2. Essential Needs – Child marriage, healthcare, children's education, retirement benefits and wealth creation.
3. Liquidity – capital appreciation, liquidity, secure fund, house purchase and long – term benefits.

The above analysis shows the identified reasons for investment for investors which are broadly hedging risk, essential needs and liquidity.

To study the preference level among the identified reasons for investment, Friedmann Rank Test was applied, the output of which is shown in table 5.

Table 5- Friedmann Rank Test

	Mean Rank
Liquidity	8.18
Capital Appreciation	6.09
Tax Benefits	6.30
Secure Fund	6.37
House Purchase	8.23
Child Marriage	6.36
Healthcare	5.54
Children Education	8.29
Retirement Benefit	8.20
Wealth Creation	8.78
Future Expenses	7.93
Portfolio Diversification	9.34
Long Term Benefits	6.36
Risk Management	9.05

(Source: SPSS)

The Friedmann Rank test was applied to rank the preferences of the reasons identified. When calculated separately, it was found that portfolio diversification was the most preferred reason for investment among the investors followed by risk management and wealth creation while healthcare was the least preferred reason for the investment among them which was followed by capital appreciation and tax benefits, table 5.

Table 6 - Mean Ranks

Reasons Identified	Mean Rank
Hedging Risk	8.155
Essential Needs	7.434
Liquidity	6.76

From table 6 it can be inferred that, the most preferred reason for investment among the investors is hedging risk (tax benefits, future expense, portfolio diversification and risk management) while liquidity is the least preferred reason identified for investment (capital appreciation, secure fund, house purchase and long – term benefits) and essential needs (child marriage, healthcare, children's education, retirement and wealth creation) lies somewhere in between for investment reasons among investors.

DISCUSSIONS, CONCLUSION & FUTURE DIRECTIONS

The main objective of this study was to find the reasons for investment mong the investors of India and to find the preference level among those. The findings of this study reveals that among fourteen motives given which were clubbed into three major identified reasons for investment by the investors. The three major reasons identified were: hedging risk, essential needs and liquidity. While hedging risk was identified as the top most reason for investment with mean rank 8.155, followed by essential needs with mean rank 7.434 and liquidity with mean rank 6.76.

Although this study provides insights into major motives for investment and their preference levels, several avenues for future research remain. First, the researcher has only studied the motives for investment while, different other factors of personality that affects the investment decisions remains and future studies could address this by studying different psychological factors affecting investment decisions of the investors. Secondly, the researcher has studied only higher education investors of Bhopal city, other states or cities must be studied in order to generalise the above findings. Together, these directions can enrich understanding of the investment behaviour and broaden the applicability of the findings.

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