Factors Influencing The Working Professionals Towards Equity Investments In Malabar Region Of Kerala State

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Abstract
The study has been undertaken to analyse the factors influencing the working professionals in Malabar region of Kerela state to make equity investments. The researcher selected a total of 810 working professionals using convenient sampling method and primary data were collected through a well-structured questionnaire. The researcher applied Factor analysis, weighted average, standard deviation, coefficient of variation and One-way ANOVA as statistical tools. The study found that personal factors (Self-interest, Influence of friends, family members brokers and advertisements) influenced more on the working professionals in making equity investments in the study area. The factor 'Market Attraction' had significant differences-based age, income, annual savings, trading value, frequency of equity investments and expected rate of return. The factor 'Return' had significant differences based on marital status, educational level, Income, Annual savings, share in equity investments, Experience in equity investments, trading value and expected rate of return. The factor 'Persons' Influence' had significant differences based on Gender, Marital Status, Age, share in equity investments, Experience in equity investments, source of fund for equity investments, Frequency of equity investments and Expected rate return. The factor 'Behaviour' had significant differences based on Marital Status, Age, Residential place, Share in equity investments, Frequency of equity investments, category of investor and portfolio of equity investments and the factor 'Strong Fundamentals' had significant differences based on Age and Educational Status, Annual savings, Experience in equity investments and category of investors.

Keywords: Factors, Equity, investments, dividend and return.

Introduction
In human life, savings are playing an important role in their life. Generally, people want to spend major portion of their earnings for having own residence, education of children, marriage expenses of children and for health expenditure. People also want to have peaceful life after retirement, especially they do not want to pull themselves in financial difficulties after retirement. Hence, while in service, they want to save more as possible. There are many investment avenues for investments such as, investments in banks namely, savings account, recurring deposit, fixed deposits and other schemes, saving schemes in post offices, savings in mutual funds, savings in gold and silver, savings in real estate, savings in chit-funds, savings through equities of corporates and so on. People who make investments, want to select appropriate investment avenues based on their investment behavior, risk taking capacity and so on. Apart from the above factors, investors want to have more return on their investments. Practically, the rate of return on various types of investments are having different rate of return, on the other hand every investment type has its own risk. Some investments are having low risk, some are having medium risk and some are having high risk. Hence, while making investment, an investor should understand two major factors namely, risk and return. The factors risk and return are having direct relationship each other. In other words, an investment which has high risk has high return and an investment which has low risk has low return. Hence, an investor who want to take high risk, can choose investment type which has high risk and can earn high return vice versa.
There are several investment avenues available for investors. Among them equity investment is highly risky at the same time, it gives high rate of return than any other type of investment. Working professionals make investments in several investment avenues. Some of them are making a part of their excess money in equity shares. Making investments in equity shares may be influenced by many factors such as in order to earn high return, self-interest, influence of brokers etc. In order to study, the factors which are influencing the working professionals to make investments in equity shares in Kerala state, the researcher identified a total of 18 factors which are probably influencing them to make equity investments. The results and discussion on factors influencing the respondents on equity investments in the study area are presented in the study.

Review of Literature
Shrikrishna KS and Rakesh HM (2014) in their study of Retail Investors Behavior about Equity Futures and Options, found that that the annual income and the annual saving were given importance of consideration by the respondents, because the level of income decides the level of savings. The investors were partly aware about the equity futures and options and finally they feel that market movements affect the investment pattern of investor. **Singh J and Yadav P (2016)** in their study concluded that investors should as far as possibly try to make fundamental, technical and financial

analysis before investing in the shares. Investors whether male or female, should look in all avenues while investing their funds in different assets. Investors should look in all avenues while investing their funds. Some investments are risky and some are not, so as per the age of investors they should decide about risky or less risky investments.

Thakur S (2017) in her paper identified that the major factors responsible for determining the attitudes and trading behavior of stock market investors. The most important factors that affected the attitude and trading behavior of stock market investors as obtained from factor analysis was, confidence level that an investor had in himself/herself as compared to formal sources, risk taking ability, more expectation and return oriented and conservative mentality.
Singh R and Bhattacharjee J (2019) in their study evidenced that the overall risk perception level of equity investors was moderate and that the main factors affecting their risk perception are information screening, investment education, fear psychosis, fundamental expertise, technical expertise, familiarity bias, information asymmetry, understanding of the market, etc. **Singh G and Raheja S (2019)** in their research work evidenced that the eight factors that affected the investment behaviour were meeting the current financial requirement, future prospects, investment experience, complimentary benefits, and knowledge of investor, conditions, information and government policy, inflation and growth rate. The academicians as investors were not completely aware of the various avenues of investment, the traditional instruments like FD were more popular among them. Female academicians were less involved into the financial matters and most of the academicians the investment was done with mere objective of tax planning.**Lal T (2020)**in his study found that investment in mutual funds was significantly affected by the attitude and risk perception of the investors, knowledge/ awareness about the investment schemes, various investment alternatives, information source, demographic variables like age, gender, marital status & socio-economic variables like education, occupation and income level had direct and significant relationship with investment behaviour of mutual funds investors. Tax savings, safety of funds, flexibility, liquidity and diversification of risk significantly affected investment behaviour of mutual funds investors.

Ajay A and Shabu K.R. (2020) in a study disclosed that most of the people preferred to make investment in the safer options like bank deposits, gold and post office savings. The major objectives of making investment were to earn capital gain. They considered security and rate of return as the important factors and were not ready to take up huge risk.
Surana S, Sethi M and Singh V (2020) from their paper found that that there were five major factors namely, financial advisor suggestion, Return, Family and friends, Current market price and financial analysis. Return on investment was found as the most dominating factor while taking an investment decision of an individual. Financial analysis and financial advisors' suggestion was consumers priority for safeguarding their risk for investment. Current market price and suggestions of friends and family could also influence investor's investment decision. **Sharma S, Mittal K and Srivastava S.P. (2021)** in their study evidenced that people base their financial decisions more on comfort or morality than on quantitative analysis. Psychological biases played a big role in their investing decision-making, and they often overcome difficulties by drawing on their own experience. Investors believed that the state's demographic and economic factors encourage better investment decision-making. **Begum A and Shareef M.S (2021)** in their study found that a number of factors influence an investor's choice to invest. There were various investment routes accessible in the market today, such as gold, silver, real estate, bank fixed deposits, insurance, mutual funds, and so on, most investors prefer bank deposits for the protection of an unpredictable future. The majority of investors were unaware of additional investment opportunities. Furthermore, youthful investors are willing to take chances in order to make more money, whilst the elderly favor safer investments.

Objectives
The study has been undertaken with the following objectives.
- To study the demographical, economic and investment profile of the respondents.
- To assess the factors influencing the respondents to go for equity investments and
- To study the differences in factors influencing the respondents to go for equity investments based on their demographical, economic and investment profile of the respondents.

Methodology
The study has been undertaken to analyse the factors influencing the working professionals in Malabar region of Kerela state to make equity investments. For this purpose, the researcher selected a total of 810 working professionals from the study area using convenient sampling method. The study mainly used primary data for analysis, the primary data were collected from the respondents through a well-structured questionnaire. The researcher identified a total of 18 factors that probably influence the respondents towards equity investments. The researcher applied Factor analysis to reduce number of factors that influence the respondents towards equity investments. The researcher also used weighted average, standard deviation, coefficient of variation and One-way ANOVA as statistical tools. The researcher used Likert's five points calling technique to collect primary data.

Results and Discussion

The researcher has identified a total of 18 factors which are probably influencing the working professionals in the study area to make investments in equity shares. In order to reduce the number of factors and also to group similar factors, Factor Analysis was applied. For this purpose the reliability of the questionnaire was tested by applying Cronbach's alpha test, its results of the factors influencing the investors to make equity investments in the study area with 18 questions is 0.837, it was also noted that there was one item had correlation of less than 0.3. Hence the questionnaire is good in the aspect of factors influencing the investors to make equity investments.

Factor Analysis – Factors Affecting Equity Investments

With the view of reducing these number of factors, the researcher applied factor analysis. The results of the communalities of the statements before and after the factor extraction are presented in the Table 1. The initial communality i.e., before extraction is assumed to be 1. However, after factor extraction the communality depend upon the amount of variance available for the analysis of the selected variable. Individually, 100 percent variance is available for analyzing the statements/variables. However, after factors are extracted, the same variance is lost in the process. Hence, it is required to analyze the remaining variance available for the analysis.

Table1: Communalities of Variables of Factors Influencing the to Invest in Equity

Sl.No.	Factors	Initial	Extraction
1	High rate of dividend	1.000	0.579
2	High rate of return through capital appreciation	1.000	0.675
3	High fluctuation in the market	1.000	0.616
4	Getting bonus shares	1.000	0.617
5	Getting rights issue	1.000	0.513
6	High risk-taking capacity	1.000	0.536
7	Interest on stock market	1.000	0.568
8	Influence of brokers	1.000	0.661
9	Influence of family members	1.000	0.598
10	Influence of friends	1.000	0.541
11	Self interest	1.000	0.624
12	Having surplus income over expenditure	1.000	0.625
13	Favourable economic condition	1.000	0.666
14	Strong fundamentals of companies	1.000	0.575
15	Fast growth of stock market	1.000	0.564
16	Prestige	1.000	0.597
17	Influence of advertisements	1.000	0.542
18	Easy access of market through online	1.000	0.526

Table 1shows that the individual variances of the variables were high, which were at a statistically significant range. The results reveal that the calculated values of extracted communalities of all the variables are greater than 0.5. The extracted communalities show the goodness of fit of the factor analysis. Higher the value of extracted communalities of the variables, the better it is. Hence, for factor analysis, all the variables can be taken. The factor analysis applies the process of Principle Component Analysis (PCA) with the view of identifying and estimating the eigenvalues of principle components. After calculating the Eigen values of the components, they are arranged in descending order with respect to calculated Eigen values. According to Kaiser's criterion, the factors having Eigen value more than 1 are retained for the study. This leads to the reduction of factors as shown in the Table 2.

Table2: Total Variance Explained: Factors Influencing Equity Investments

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% Variance	Cumulative per cent	Total	%Variance	Cumulative per cent
1	2.164	13.097	13.097	2.164	13.097	13.097
2	1.961	11.868	24.965	1.961	11.868	24.965
3	1.805	10.924	35.889	1.805	10.924	35.889
4	1.661	10.053	45.942	1.661	10.053	45.942
5	1.029	6.228	52.170	1.029	6.228	52.170
6	0.919	5.562	57.732			
7	0.814	4.926	62.658			
8	0.810	4.902	67.560			
9	0.726	4.394	71.954			
10	0.686	4.152	76.106			
11	0.642	3.885	79.992			
12	0.621	3.758	83.750			
13	0.602	3.643	87.393			
14	0.522	3.159	90.553			
15	0.512	3.099	93.651			
16	0.434	2.627	96.278			
17	0.313	1.894	98.172			
18	0.302	1.828	100.000			

Extraction Method: Principal Component Analysis; Source: Primary Data

Table 2 depicts the results of factor analysis in terms of Eigen values at initial stage and after the process of rotation method for the factors which are influencing on the working professionals in the study area to go for equity investments. The results indicated that all the 18 factors were reduced into 5 factors by factor analysis by following rotation method, i.e. which are having Eigen value of more than 1. All the 5 factors explained 52.170 per cent of variance of the included statements. It is assumed that the explained variance is sufficient and the extracted variables can be used for further analysis. For the purpose of modifying the extracted components representing the selected statements (18 statements or variables), orthogonal rotation (Varimax) is applied. The Rotated Component Matrix (RCM) shows the factor loading of each variable to the extracted factors. Its results along with correlation under rotated matrix are presented in Table 3.

Table 3: Factors Influencing Equity Investments (Rotated Component Matrix[a])

Variable No.	Component					Factor Name
	1	2	3	4	5	
1	0.842					Market Attraction
2	0.823					
3	0.768					
4		0.834				Return
5		0.792				
6		0.754				
7		0.714				
8			0.786			Persons' Influence
9			0.743			
10			0.733			
11			0.712			
12			0.681			
13				0.843		Behaviour
14				0.813		

Variable No.	Component					Factor Name
	1	2	3	4	5	
15				0.785		
16				0.729		
17					0.793	Strong fundamental
18					0.743	

Table 3 reveals that the results of factor analysis for the factors influencing the working professionals in Kerala state to go for equity investments. A total of 18 factors were reduced into five factors by using factor analysis. Finally, the reduced five factors are labelled as "Market Attraction", "Return", "Persons' Influence", "Behaviour" and "Strong fundamental". In order to know, among these five factors, which are influencing more and which are influencing less, the researcher calculated weighted arithmetic score, weighted average, standard deviation, coefficient of variation and the factors were ranked using weighted average score. The above results are presented in the following table.

Table 4: Rank of Factors Influencing on Equity Investments

Factor	Weight	WAS	WA	SD	CV	Rank
Market Attraction	810	2607	3.22	0.81	25.12	3
Return	810	2417	2.98	0.69	23.12	4
Persons' Influence	810	2656	3.28	0.68	20.60	1
Behaviour	810	2403	2.97	0.71	23.96	5
Strong Fundamentals	810	2643	3.26	1.06	32.39	2

Source: Primary Data

WAS – Weighted Arithmetic Score; WA – Weighted Average

The results of table 4 indicates that personal factors (Self-interest, Influence of friends, family members brokers and advertisements) influenced more on the working professionals in making equity investments in the study area, its calculated weighted average was highest at 3.28 and it was ranked first, followed by the factor of "Strong fundamentals" and "Market attraction" influenced more on the respondents to make investments in equity shares, their calculated weighed average score stood at 3.26 and 3.22 respectively and these factors were ranked 2nd and 3rd respectively. The factor "Investors' Behaviour" was the least influencing factor on equity investments in the study area, whose calculated weighted average core stood lowest at 2.97 and ranked last (5th) followed by the factor 'Return' was also influenced least, whose calculated weighted average score was 2.98 and it was ranked 4th. The calculated values of standard deviation of the factors influencing the respondents towards equity investments ranged from 0.68 to 1.06 and coefficient of variation ranged from 20.60 to 32.39, it indicates that there was lower level of deviation among the respondents towards opinion about factors influencing them to go for equity investments.

ANOVA on Influencing Factors and Other Variables

Various factors are influencing a salaried person in Malabar region of Kerala state to go for equity investments. The factors influenced the respondents towards equity investments may have significant differences on the basis of other variables of the respondents such as social, economic and investment related variables. In order to test whether there are any significant differences in factors influencing the respondents to go for equity investments on the basis of their demographical variables, One-way ANOVA was applied and their results are presented in the table 5. For this purpose, a null hypothesis was framed and it is given below.

H_o1: There are no significant differences in factors influencing the respondents to go for equity investments and their demographical variables.

Table5: ANOVA on Influencing Factors and Demographical Variables

SN	Factor	Gender		Marital Status		Age		Education		Residential Place	
		F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.
1	Market Attraction	0.069	0.792	1.060	0.304	4.215*	0.001	0.713	0.583	0.021	0.979
2	Return	1.646	0.210	5.641*	0.000	2.143	0.074	2.848*	0.023	0.674	0.510
3	Persons' Influence	5.213*	0.000	3.945*	0.043	4.213*	0.001	1.356	0.246	0.099	0.907
4	Behaviour	1.110	0.311	2.810*	0.024	6.513*	0.000	1.940	0.102	4.281*	0.014
5	Strong Fundamentals	0.887	0.347	2.397	0.052	3.811*	0.047	2.941*	0.020	1.481	0.314

Source: Computed from Primary Data; * - Significant at 1 / 5 per cent level.

Table 5 reveals that the there was 'Persons' Influence' on the basis of gender of the respondents, since, calculated F-values under ANOVA of the factor of 'Persons' Influence' influencing the respondents to go for equity investments with related to gender was (5.213), significant at 5% level, hence the null hypothesis was rejected. Significant differences were identified in the factors of 'Return', 'Persons' Influence' and 'Behaviour' with the marital status of the respondents, since their calculated F-values (5.641, 3.945 and 2.810) were statistically significant at 5 per cent level. Significant differences were found in influence of the factors 'Persons' Influence', 'Persons' Influence', 'Behaviour' and 'Strong Fundamentals' on the basis of age of the respondents, since, the calculated F-values were (4.215, 4.213, 6.513 and 3.811) significant at 5% level. Significant differences were identified in the factors of 'Return', 'Strong Fundamentals' based on educational status, since their calculated F-values (2.848 and 2.941) were statistically significant at 5% level. There was significant difference in influence of 'Behaviour' on the basis of residential place of the respondents, Since,the calculated F-values under ANOVA was 4.281, it was significant at 5% level, hence the null hypothesis was rejected. There was no significant differences in other factors with demographical variables of the respondents.

In order to test whether there are any significant differences in factors influencing the respondents to go for equity investments on the basis of their economic variables, One-way ANOVA was applied and their results are presented in the table6.

H_o2: There are no significant differences in factors influencing the respondents to go for equity investments and their economic variables.

Table6: ANOVA on Influencing Factors and Economic Variables

SN	Factor	Income		Annual Savings		Share in Equity Investments		Experience in Equity Investments		Source of Fund for Investments	
		F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.
1	Market Attraction	8.309*	0.000	4.237*	0.008	1.919	0.105	1.331	0.349	1.649	0.160
2	Return	9.208*	0.000	3.237*	0.022	3.457*	0.007	2.591*	0.036	1.587	0.176
3	Persons' Influence	2.092	0.100	1.235	0.296	2.842*	0.024	4.215*	0.000	2.636*	0.033
4	Behaviour	2.309	0.075	0.611	0.608	2.850*	0.023	1.391	0.235	0.535	0.710
5	Strong Fundamentals	2.154	0.089	3.211*	0.027	1.782	0.0134	5.137*	0.000	1.569	0.181

Source: Computed from Primary Data; * - Significant at 1 / 5 per cent level.

Table 6 exhibits that there was significant differences of the factors of 'Market Attraction' and 'Return' on the respondents to go for equity investments, since their calculated F values were significant at 5% level, hence the null hypothesis was rejected. Significant differences were found in the factors of 'Market Attraction', 'Return' and 'Strong Fundamentals' with the annual amount of savings, since their calculated F-values (4.237, 3.237 and 3.211) were significant at 5% level.

Significant differences were found of the factors of 'Return', 'Persons' Influence' and 'Behaviour' with related to share in equity investments out of total investments, since their calculated F values were significant at 5% level. Significant differences were identified in the factors of 'Return', 'Persons' Influence' and 'Strong Fundamentals' based on experience of the respondents in equity investments, since their calculated F-values (2.591, 4.215 and 5.137 respectively) were significant at 5% level. Significant differences were found of the factor of 'Persons' Influence' influencing the respondents to go for equity investments with related to source of fund for investments of the respondents, since their calculated F values were significant at 5% level. There were no significant differences in other factors based on economic variables.

In order to test whether there are any significant differences in factors influencing the respondents to go for equity investments on the basis of their variables related to equity investments, One-way ANOVA was applied and their results are presented in table 7. For this purpose, a null hypothesis was framed and it is given below.

H_o5: There are no significant differences in factors influencing the respondents to go for equity investments and investment related variables.

Table 7: ANOVA on Influencing Factors and Investment Variables

SN	Factor	Trading Value		Frequency of Equity Investments		Category of Investor		Portfolio (No. of companies)		Expected Rate of Return	
		F-Value	Sig.	F-Value	Sig.	F-Value	Sig.	F-Value	Sig.	F-Value	Sig.
1	Market Attraction	5.423*	0.000	2.837*	0.025	1.242	0.298	1.781	0.149	5.943*	0.000
2	Return	4.987*	0.000	2.137	0.094	1.196	0.303	1.072	0.360	7.439*	0.000
3	Persons' Influence	1.328	0.458	3.124*	0.017	1.059	0.347	0.299	0.826	2.892*	0.015
4	Behaviour	0.738	0.529	2.946*	0.014	2.972*	0.013	2.771*	0.041	6.154*	0.000
5	Strong Fundamentals	1.977	0.116	1.367	0.252	5.413*	0.000	1.012	0.547	1.993	0.094

Source: Computed from Primary Data; * - Significant at 1 / 5 per cent level.

Table 7 brings the results that there were significant differences in the factors of 'Market Attraction' and 'Return', which were influencing the respondents to go for equity investments with related to 'Trading Value' of the respondents, since the results were significant at 5% cent level. Significant differences were found in the factors of 'Market Attraction', 'Persons' Influence' and 'Behaviour' with the frequency of equity investments by the respondents, since their calculated F-values (2.837, 3.124 and 2.946 respectively) were significant at 5% level. Significant differences were identified of the influencing factors of 'Behaviour' and 'Strong Fundamentals' with related to category of investor, since the results were significant at 5% level. Significant differences were identified in the factors of 'Behaviour' based on the portfolio of the respondents in equity investments (in number of companies invested), since its calculated F-value (2.771) was significant at 5% level. There was significant differences of the factor of 'Market Attraction', 'Return', 'Persons' Influence' and 'Behaviour' influencing the respondents to go for equity investments with related to expected rate of return by the respondents, since their calculated F values (5.943, 7.439, 2.892 and 6.154 respectively) were significant at 5% level. There were no significant differences in other factor with investment variables.

Conclusion

The study has been done on factors influencing the working professionals towards equity investments in Malabar region of the state of Keala. For this purpose, the researcher used demographical, economic and investment variables and factors that probably influence the respondents towards equity investments. The study found that personal factors (Self-interest, Influence of friends, family members brokers and advertisements) influenced more on the working professionals in making equity investments in the study area. The factor 'Market Attraction' had significant differences-based age, income, annual savings, trading value, frequency of equity investments and expected rate of return. The factor 'Return' had significant differences based on marital status, educational level, Income, Annual savings, Share in equity investments, Experience in equity investments, trading value and expected rate of return. The factor 'Persons' Influence' had significant differences based on Gender, Marital Status, Age, Share in equity investments, Experience in equity investments, source of fund for equity investments, Frequency of equity investments and Expected rate return. The factor 'Behaviour' had significant differences based on Marital Status, Age, Residential place, Share in equity investments, Frequency of equity investments, category of investor and portfolio of equity investments and the factor 'Strong Fundamentals' had significant differences based on Age and Educational Status, Annual savings, Experience in equity investments and category of investors.

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