REDVET - Revista electrónica de Veterinaria - ISSN 1695-7504
Vol 25, No. 1S (2024)
http://www.veterinaria.org
Article Received: Revised: Accepted:

Influence Of Investment Parameters On Investors' Behavior With Special Reference To Retired State Government Employees In Andhra Pradesh

Mandula. Satyendra Kumar[1*], M. C. Balagurubaran[2]

[1*]Research Scholar, Dept. of Business Administration, Annamalai University.
[2]Assistant Professor, Dept. of Business Administration, Annamalai University

Abstract
In financial markets, Investors play a vital role and their behavior has to be considered to shape the demand for various investment options particularly both physical and financial investments. This study explores the different parameters like liquidity, safety, tax exemption, volatility, risk tolerance and return and their influence on investors' behavior with special reference to retired government employees. In the present study investments on physical assets only was considered. The study was conducted in the state of Andhra Pradesh and the outcome of the study reveals that all the parameters of investment significantly influence the investors' behavior for all the four physical investments namely gold, silver, agriculture land and real estate land. However, volatility is not a major factor for the investors as far as agriculture land is concerned.

Keywords: liquidity, safety, tax exemption, volatility, risk tolerance, return, investor behavior

Introduction

Investor behavior directly influences the demand and supply dynamics in financial markets. Understanding how investors make decisions allows policymakers and market regulators to anticipate market trends, mitigate risks, and stabilize financial systems. Investors have varying preferences, risk tolerances, and goals. By analyzing behavior, financial advisors can offer tailored investment strategies that align with individual objectives, ensuring optimal portfolio allocation and improved financial outcomes. Human decision-making often deviates from rationality due to biases such as loss aversion, overconfidence, or herd mentality. Understanding these biases helps in designing tools, platforms, and communication strategies that encourage rational investment decisions.

Financial institutions develop products like mutual funds, retirement plans, and insurance schemes based on an understanding of investor preferences and behaviors. This knowledge ensures that these products meet the needs of diverse customer segments. Investment fuels innovation, infrastructure development, and economic growth. By understanding investor behavior, governments and businesses can encourage participation in equity markets, bond markets, and other investment channels, channeling funds into productive sectors. Uninformed or emotionally driven investment decisions can lead to financial losses and systemic risks. Insights into investor behavior enable institutions to create educational initiatives and risk management strategies that protect individual and collective wealth. The rise of digital platforms and robo-advisors has transformed how investors interact with financial markets.

Understanding behavior helps fintech companies design user-friendly, intuitive interfaces and features that enhance user engagement and satisfaction. Investor behavior varies across geographies and cultures. Recognizing these differences helps multinational financial institutions cater to diverse markets while respecting regional investment norms and preferences. Governments and regulators use insights into investor behavior to craft policies that encourage market participation, improve financial literacy, and ensure transparent and ethical financial practices.

Government employees after retirement find difficult in taking decision regarding options in investments particularly in physical investment. Lot of options available for them to invest in physical investments like gold, silver, agriculture land, real estate, etc. of them these four are very popularly known to investors. However, the difficulty of the government employees in taking decision made many researchers to undergo research in this emerging field. The present study is conducted to find solutions to the contemporary issue.

Literature Review

Loss aversion, introduced by Kahneman and Tversky (1979) in *Prospect Theory*, posits that individuals feel the pain of losses more intensely than the pleasure of equivalent gains. Investors tend to hold on to losing stocks longer (disposition effect) and sell winning stocks prematurely to "lock in" gains. Shefrin and Statman (1985) empirically confirmed the disposition effect, showing how loss aversion leads to suboptimal portfolio performance.

Overconfidence describes the tendency of individuals to overestimate their knowledge, skills, or predictive abilities. Overconfident investors trade more frequently, often misjudging market conditions, leading to higher transaction costs and lower net returns. Barber and Odean (2001) found that overconfident traders, especially men, underperformed due to excessive trading. The phenomenon is amplified during market rallies when investors overestimate their ability to predict future movements.

Herd behavior occurs when individuals mimic the actions of the majority, often disregarding their own analysis or preferences. Herding can lead to market bubbles and crashes as investors collectively overreact to news or trends.

Bikhchandani and Sharma (2000) demonstrated herd behavior in emerging markets, showing that investors tend to follow institutional flows during periods of uncertainty.
Anchoring occurs when individuals rely heavily on an initial piece of information (the "anchor") to make decisions, even if it is irrelevant or arbitrary. Investors often anchor on past stock prices or recent market trends, leading to biased expectations and decisions. Campbell and Sharpe (2009) found that analysts often anchor their forecasts on past earnings, leading to systematic errors in earnings predictions.

Representativeness bias involves making judgments based on stereotypes or similarities rather than statistical probability. Investors may wrongly assume that a high-performing stock or sector will continue to outperform, leading to overvaluation or misallocation of resources. Tversky and Kahneman (1974) highlighted this bias in decision-making, and Ritter (1991) linked it to investor overreaction in IPO pricing.
Recency bias refers to the tendency to overweight recent events or data, ignoring long-term trends or historical averages.Investors may overreact to recent market movements, leading to momentum trading or panic selling. De Bondt and Thaler (1985) showed that recency bias contributes to overreaction in stock prices, causing mean reversion over time.
Investment behaviour is critical to an individual‟s future and that decision may be contingent on many factors. It has been argued that attitudes among other variables can predict the investment decision process (East, 1993). Prior research has suggested that the improvement of education in financial management significantly correlates with decision.
Finance theory conventionally focuses on risk and return as the factors relevant to the construction of investment portfolios. But there is evidence of a growing number of investors who wish to incorporate moral or social concerns in their decision-making. Using principal components analysis, this paper attempts to infer possible 'non-financial' dimensions of utility functions by considering the preferences of 125 'ethical investors'.
Investor behaviour often deviates from logic and reason, and investors display many behaviour biases that influence their investment decision-making processes. The authors describe some common behavioural biases and suggest how to mitigate them.

Lifestyle is an important factor which influences the investment behaviour of people. The intermediaries and capital market operators need to know the lifestyle of investor to better design the instruments and programmers to become successful. The lifestyle of investors can be determined by studying the activities, interest and opinion of investors. The different lifestyle characteristics derived from the study are Perfect Planning, Innovativeness, Task Oriented, Fashion Conscious, Self Confidence, Leadership, Well Being, Inner Directed and Risk Taking. The analysis of variance shows that the occupation influences perfect planning and age and occupation influences leadership and occupation influences risk taking behaviour.
Today, modern economy has become dynamic. The financial and investment sectors have widened their scope. Various modes of investments are available for the investors of various categories. If the money is put in any mode with a proper planning and strategy, then an investor can generate wealth for his future. An individual contributes in the economic growth by his economic activity. Through production, consumption, exchange, distribution and investment, the economy runs. Savings, investments and the economic growth and development are inter-related aspects. In the present review, literature related with individual saving and investment behaviour has been reviewed to identify the factors which influence the investment behaviour.

OBJECTIVE
The key objective of this study is to understand the influence of investment parameters on the investors' behavior towards physical investments with special reference to retired state government employees of Andhra Pradesh.

RESEARCH DESIGN
The present study is a descriptive one with the population of retired government employees who have invested in any or all the investment options in physical investment. Sample for the study are the retired government employees worked in state government of Andhra Pradesh particularly in Vijayawada city. After identifying the employee base, a snowball sampling method is adopted to identify the right sample for the study. A well structured questionnaire was developed with various parameters of investment as independent variable and investor behavior is taken as dependent variable. After conducting the pilot study, the questionnaire was subject to reliability test using Cronbach alpha coefficient and the values were found to be greater than 0.7 as suggested by Nunnally. Totally 421 responses were collected and fit for further statistical analysis using regression.

REDVET - Revista electrónica de Veterinaria - ISSN 1695-7504
Vol 25, No. 1S (2024)
http://www.veterinaria.org
Article Received: Revised: Accepted:

ANALYSIS AND INTERPRETATION

Table-1: Influence of different parameters of investment on investors behavior with respect to Gold Investment

Model Summary						
Model	R	R Square	Adjusted R Square	F	Sig.	
1	.786[a]	.618	.612	109.392	.000[a]	
a. Predictors: (Constant), Return, Liquidity, Safety, Tax Exemption, Volatility, Risk Tolerance						
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.829	.086		21.296	.000
	Liquidity	.036	.010	.136	3.563	.000
	Safety	.089	.012	.313	7.590	.000
	Tax Exemption	.063	.011	.221	5.910	.000
	Volatility	.046	.015	.153	2.962	.003
	Risk Tolerance	.103	.012	.361	8.676	.000
	Return	.086	.012	.313	7.201	.000
a. Dependent Variable: Investor behaviour						

The regression analysis examines how various parameters of investment influence investor behavior with respect to gold investment. The model demonstrates a strong fit, with an R value of 0.786 and an R Square of 0.618, indicating that 61.8% of the variance in investor behavior is explained by the predictors. The model is statistically significant, as shown by the F-value of 109.392 and a significance level of $p < 0.001$.

Among the predictors, risk tolerance has the strongest influence (Beta = 0.361, $p < 0.001$), suggesting that individuals with higher risk tolerance are significantly more inclined toward gold investment. Safety and return follow closely, each with a Beta of 0.313 ($p < 0.001$), emphasizing their importance in shaping investor behavior. Tax exemption (Beta = 0.221, $p < 0.001$) and liquidity (Beta = 0.136, $p < 0.001$) also play meaningful roles, though to a lesser extent. Volatility, while significant (Beta = 0.153, $p = 0.003$), has the weakest impact among the factors.

Overall, the analysis highlights that investor behavior in gold investment is primarily driven by considerations of risk tolerance, safety, and return, with tax benefits, liquidity, and volatility also influencing decisions to varying degrees. The model's significance underscores the importance of these parameters in understanding investor preferences.

Table-2: Influence of different parameters of investment on investors behavior with respect to Silver Investment

Model Summary						
Model	R	R Square	Adjusted R Square	F	Sig.	
1	.904[a]	.818	.815	303.445	.000[a]	
a. Predictors: (Constant), Return, Liquidity, Safety, Tax Exemption, Volatility, Risk Tolerance						
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.666	.046		36.131	.000
	Liquidity	.108	.009	.389	11.473	.000
	Safety	.025	.007	.087	3.434	.001
	Tax Exemption	.063	.007	.245	9.481	.000
	Volatility	.079	.007	.298	10.715	.000
	Risk Tolerance	.068	.008	.229	8.314	.000
	Return	.083	.007	.306	11.892	.000
a. Dependent Variable: Investor behaviour						

REDVET - Revista electrónica de Veterinaria - ISSN 1695-7504
Vol 25, No. 1S (2024)
http://www.veterinaria.org
Article Received: Revised: Accepted:

The regression analysis evaluates the influence of various investment parameters on investor behavior concerning silver investment. The model shows a very strong fit, with an R value of 0.904 and an R Square of 0.818, indicating that 81.8% of the variance in investor behavior is explained by the included predictors. The F-value of 303.445 and a significance level of $p < 0.001$ confirm the model's high statistical significance.
Among the predictors, liquidity has the strongest influence (Beta = 0.389, $p < 0.001$), indicating that the ease of converting silver investments into cash is a key driver of investor behavior. Return also plays a significant role (Beta = 0.306, $p < 0.001$), reflecting the importance of financial gains in influencing decisions. Volatility (Beta = 0.298, $p < 0.001$) is another major factor, suggesting that investors consider price fluctuations when investing in silver. Tax exemption (Beta = 0.245, $p < 0.001$) and risk tolerance (Beta = 0.229, $p < 0.001$) are also significant contributors but are relatively less impactful. Safety, though significant (Beta = 0.087, $p = 0.001$), has the weakest influence among the parameters.
In summary, investor behavior toward silver investment is heavily influenced by liquidity, return, and volatility, followed by tax benefits and risk tolerance, with safety playing a minor role. The high explanatory power and statistical significance of the model underline the importance of these parameters in shaping investor preferences for silver.

Table-3: Influence of different parameters of investment on investors behavior with respect to Agriculture Land Investment

Model Summary					
Model	R	R Square	Adjusted R Square	F	Sig.
1	.852[a]	.726	.722	179.726	.000[a]
a. Predictors: (Constant), Return, Liquidity, Safety, Tax Exemption, Volatility, Risk Tolerance					

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.601	.117		13.677	.000
	Liquidity	.146	.013	.513	11.338	.000
	Safety	.070	.010	.248	7.299	.000
	Tax Exemption	.030	.011	.110	2.651	.008
	Volatility	.010	.017	.037	.584	.560
	Risk Tolerance	.148	.013	.568	11.786	.000
	Return	.059	.010	.230	5.820	.000
a. Dependent Variable: Investor behaviour						

The regression analysis explores the influence of various investment parameters on investor behavior concerning agricultural land investment. The model exhibits a strong fit, with an R value of 0.852 and an R Square of 0.726, indicating that 72.6% of the variance in investor behavior is explained by the predictors. The F-value of 179.726 and a significance level of $p < 0.001$ confirm the model's statistical significance.

Among the predictors, risk tolerance emerges as the most influential factor (Beta = 0.568, $p < 0.001$), suggesting that individuals with a higher capacity for risk are more inclined toward agricultural land investment. Liquidity is also a major determinant (Beta = 0.513, $p < 0.001$), emphasizing the importance of flexibility in converting land investments into cash. Safety has a moderate impact (Beta = 0.248, $p < 0.001$), indicating that perceived security is a key consideration for investors. Return contributes meaningfully as well (Beta = 0.230, $p < 0.001$), highlighting the role of financial benefits in driving behavior. Tax exemption is a minor but significant factor (Beta = 0.110, $p = 0.008$), while volatility has no significant effect (Beta = 0.037, $p = 0.560$), suggesting that price fluctuations are not a primary concern for agricultural land investors.
In summary, investor behavior toward agricultural land is primarily influenced by risk tolerance and liquidity, with safety and return also playing significant roles. Tax benefits are less impactful, and volatility appears negligible. The model's high explanatory power underscores the importance of these factors in shaping preferences for agricultural land investment.

REDVET - Revista electrónica de Veterinaria - ISSN 1695-7504
Vol 25, No. 1S (2024)
http://www.veterinaria.org
Article Received: Revised: Accepted:

Table-4: Influence of different parameters of investment on investors behavior with respect to Real Estate Investment

Model Summary						
Model	R	R Square	Adjusted R Square	F	Sig.	
1	.869[a]	.756	.752	209.585	.000[a]	
a. Predictors: (Constant), Return, Liquidity, Safety, Tax Exemption, Volatility, Risk Tolerance						
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.221	.033		67.979	.000
	Liquidity	.191	.013	.709	14.903	.000
	Safety	.250	.015	.914	16.395	.000
	Tax Exemption	.087	.026	.302	3.331	.001
	Volatility	-.295	.021	-1.148	-14.095	.000
	Risk Tolerance	-.208	.013	-.666	-15.811	.000
	Return	.203	.010	.742	20.475	.000
a. Dependent Variable: Investor behaviour						

The regression analysis examines how different investment parameters influence investor behavior concerning real estate investment. The model demonstrates a strong fit, with an R value of 0.869 and an R Square of 0.756, indicating that 75.6% of the variance in investor behavior is explained by the predictors. The F-value of 209.585 and a significance level of $p < 0.001$ confirm the model's statistical significance.

Among the predictors, safety has the strongest positive influence (Beta = 0.914, $p < 0.001$), suggesting that investors prioritize the security and stability associated with real estate. Return also plays a significant role (Beta = 0.742, $p < 0.001$), reflecting the importance of financial gains in driving investment decisions. Liquidity is another major factor (Beta = 0.709, $p < 0.001$), indicating that the ability to convert real estate into cash is crucial for investors. Tax exemption has a smaller but significant positive impact (Beta = 0.302, $p = 0.001$), highlighting the appeal of tax benefits.

Interestingly, volatility and risk tolerance exhibit negative relationships with investor behavior. Volatility has a strong negative impact (Beta = -1.148, $p < 0.001$), indicating that higher price fluctuations deter investors. Similarly, risk tolerance negatively influences behavior (Beta = -0.666, $p < 0.001$), suggesting that real estate attracts more risk-averse individuals.

In summary, real estate investment behavior is strongly driven by safety, return, and liquidity, with tax benefits contributing modestly. Conversely, concerns about volatility and a preference for lower risk play significant roles in shaping investor preferences, emphasizing the conservative nature of real estate investors. The model's high explanatory power underscores the importance of these factors in understanding investor behavior in the real estate sector.

FINDINGS AND SUGGESTIONS

The present study underscores that Risk Tolerance, Safety, and Return are the most critical parameters influencing investor behavior toward gold investment. These factors highlight gold's appeal as a relatively secure and profitable asset that aligns with individual risk preferences. Tax benefits, volatility, and liquidity further contribute to investor decisions but play a comparatively moderate role. The model's high explanatory power reflects its robustness and offers meaningful insights for financial analysts, policymakers, and investment advisors to understand the dynamics of gold investment behavior.

A comprehensive understanding of the factors that drive silver investment behavior, with high explanatory power as evidenced by the R Square value of .818. These findings are crucial for financial advisors, market strategists, and policymakers seeking to tailor investment products and strategies for silver, aligning with investor preferences for liquidity, returns, and the ability to navigate market volatility.

The study also highlights that Liquidity, Risk Tolerance, Safety, and Return are the most influential factors driving agricultural land investment decisions. These findings underline the asset's appeal as a flexible, secure, and profitable option for investors. Although tax exemptions play a role, they are secondary to the key drivers. Volatility, being insignificant, further reinforces the perception of agricultural land as a stable and less risky investment. These insights are critical for policymakers, developers, and financial advisors to design targeted strategies and policies that align with investor priorities in the agricultural land sector.

Investor behavior in real estate is largely driven by considerations of security, returns, and liquidity, while being sensitive to volatility and risk. With an R Square of .756, the model effectively explains a substantial portion of the variance in investor behavior, offering valuable insights for real estate developers, policymakers, and financial advisors. To attract investors, strategies should emphasize the safety and profitability of real estate while minimizing perceived risks and uncertainties.

CONCLUSION

The study provides valuable insights into the factors influencing investor behavior across different asset classes, including gold, silver, agricultural land, and real estate. Common themes emerge, with risk tolerance, safety, return, and liquidity consistently identified as critical determinants of investment decisions. Gold appeals to investors as a secure and profitable asset, with moderate roles played by tax benefits, liquidity, and volatility. Silver investment is strongly influenced by liquidity and returns, with high explanatory power, emphasizing its suitability for navigating market fluctuations.

Agricultural land stands out for its perceived stability, as volatility is insignificant, reinforcing its reputation as a secure and flexible investment. Key drivers such as liquidity, risk tolerance, and return underline its attractiveness. In the real estate sector, investor behavior is shaped by safety, returns, and liquidity, but with heightened sensitivity to volatility and risk, making security and stability paramount for attracting investors.

Overall, the findings offer actionable insights for financial advisors, policymakers, and market strategists. Tailored strategies should highlight the key drivers of each asset class while addressing potential concerns, such as volatility and risk, to align with investor priorities and enhance their appeal.

References:

1) Vidani, J. (2015). The study of investment pattern of the people of Bhavnagar district. *JN Vidani, The Indian Writer E-Journal*, *1*(1), p1-26.
2) Jacobs, B. I., & Levy, K. N. (1988). Disentangling equity return regularities: New insights and investment opportunities. *Financial Analysts Journal*, *44*(3), 18-43.
3) Dhawan, D., & Mehta, S. K. (2019). Saving and investment pattern: Assessment and prospects. *ACRN Journal of Finance and Risk Perspectives*, *8*, 123.
4) Singh, Y., & Kaur, S. (2018). A study of investment pattern & gender difference in investment behaviour of the residents-An empirical study in and around Mohali. *International Journal of Management Studies*, *5*(1), 3.
5) Arora, S., & Marwaha, K. (2014). Variables influencing preferences for stocks (high risk investment) vis-à-vis fixed deposits (low-risk investment) a comparative study. *International Journal of Law and Management*, *56*(4), 333-343.
6) Ansari, L., & Moid, M. S. (2013). Factors affecting investment behaviour among young professionals. *International Journal of Technical Research and Applications*, *1*(2), 27-32.
7) Anand, P., & Cowton, C. J. (1993). The ethical investor: Exploring dimensions of investment behaviour. *Journal of Economic Psychology*, *14*(2), 377-385.
8) Baker, H. K., & Ricciardi, V. (2014). How biases affect investor behaviour. *The European Financial Review*, 7-10.
9) Panjali, N., & Kasilingam, R. (2015). A study on the impact of investors' life style on their investment behaviour. *NBR E-Journal*, *1*, 1â.
10) Lodhi, S. (2014). Factors influencing individual investor behaviour: An empirical study of city Karachi. *Journal of Business and Management*, *16*(2), 68-76.