

# Factors Influencing Investment Intentions Among Investors in The Stock Market: An Empirical Study in Kerala

Greejith G S

Assistant Professor, LEAD - Sarabhai Institute of Science and Technology, Trivandrum

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**Abstract**—This study examines the determinants influencing investment intentions among stock market investors, focusing on the effects of prior investment behavior, attitudes towards investment, perceived behavioral control, subjective norms, and financial literacy. Using a quantitative research method, data were gathered through a self-structured questionnaire from a purposive sample of 126 active stock market investors in Kerala, India. We used statistical tests like multiple regression and Chi-square tests. The results indicate that attitude towards investment, previous behavior, and financial literacy substantially influence investment intention. Once more, subjective norms and perceived behavioral control did not exhibit a significant effect. Also, the investor's geographic location was strongly linked to their intention to invest, but demographic factors like marital status and work experience were not.

**Index Terms**—Attitude, Behavioral Finance, Financial Literacy, Investment Intention, Past Behavior, Stock Market.

## I. INTRODUCTION

The stock market has long been a place where investors go to get the best returns. Online trading platforms have made it easier for people to trade, which has led to more people participating in the market in recent years. But in order to make money in the stock market, you need to know about money, be aware of it, and be able to handle market swings. The stock market is always changing, and many things affect how investors act and make decisions.

### A. BACKGROUND OF THE STUDY

To make smart choices and handle risks when investing in the stock market, you need to know a lot about it and be sure of yourself. A person's decision to invest is affected by things like their past behavior

(how well they have done in the past and what they have learned), their attitude toward investing (their beliefs, values, and feelings), their perceived behavior control (how much they think they can affect the outcome), their subjective norms (the pressure they feel from family, friends, or advisors), and their financial literacy (how well they understand financial concepts). The correlation between these traits and the final investment intention constitutes a pivotal domain of inquiry in behavioral finance.

### B. NEED AND SIGNIFICANCE

Understanding how these behavioral constructs are related can give you useful information about how investors make decisions. Financial experts can change the way they talk to different types of investors to make it more appealing. It also helps find gaps in knowledge, which makes it possible to make financial literacy programs that are more focused. This research helps policymakers and regulators make rules that protect investors and help the stock market grow.

### C. OBJECTIVES

The primary objectives of this study are to:

- Investigate the impact of past investment behaviour, attitude towards investment, perceived behavioural control, subjective norms, and financial literacy on investment intention.
- Examine the difference of opinion on investment decisions with respect to demographic factors.

## II. LITERATURE REVIEW

### A. FINANCIAL LITERACY

Financial literacy is the knowledge necessary to make prudent financial decisions regarding budgeting,

saving, investing, and risk management [27]. It is critical for ensuring long-term financial security [26] and lessens the influence of behavioural biases on investment decisions [16].

#### B. PAST BEHAVIOUR

Past behaviour refers to prior actions and is a highly accurate predictor of future behaviour [1]. Investors commonly repeat behaviours under similar conditions, meaning behavioural biases from the past heavily affect an individual's desire to engage in the stock market [38].

#### C. ATTITUDE TOWARDS INVESTMENT

Attitude conveys a person's overarching viewpoint toward an item or event, shaped by beliefs, emotions, values, and prior experiences [2]. Individuals with a positive attitude towards investing are significantly more likely to have higher investment intentions [13].

#### D. SUBJECTIVE NORMS

Subjective norms represent a person's judgment of whether major persons in their life approve of a behaviour. Prior studies utilizing the Theory of Planned Behaviour (TPB) indicate that societal pressure and subjective norms can significantly impact investors' willingness to invest [38].

#### E. PERCEIVED BEHAVIOURAL CONTROL (PBC)

PBC describes an individual's view of their capacity to regulate and carry out a behaviour [2]. Research indicates that investors are more inclined to buy equities when they feel more in control of their financial choices and investment outcomes [14].

### III. CONCEPTUAL FRAMEWORK AND HYPOTHESES

The conceptual framework identifies five independent variables (Past Behaviour, Attitude Towards Investment, Perceived Behavioural Control, Subjective Norms, and Financial Literacy) impacting the dependent variable (Investment Intention). To test these relationships, the following hypotheses were formulated:

- H1: There is an impact of past behavior on investment intention.

- H2: There is an impact of financial literacy on investment intention.
- H3: There is an impact of subjective norms on investment intention.
- H4: There is an impact of perceived behavioral control on investment intention.
- H5: There is an impact of attitude towards investment-on-investment intention.

### IV. RESEARCH METHODOLOGY

#### A. RESEARCH DESIGN AND POPULATION

The study employed a quantitative research strategy using survey data. The population consisted of active stock market investors with some level of financial awareness residing in Kerala, India.

#### B. SAMPLING AND DATA COLLECTION

Purposive sampling, a non-probability strategy, was utilized to select participants representing the target population. The final sample size consisted of 126 individuals. Primary data was collected via an online, self-structured questionnaire divided into two sections: demographic characteristics and behavioral constructs.

#### C. DATA ANALYSIS TECHNIQUES

Data was analyzed using the Statistical Package for Social Sciences (SPSS). Multiple regression analysis was used to model the connection between the behavioral variables and investment intention. Chi-square tests (a non-parametric test) were utilized to detect significant links between categorical demographic variables and investment intention. Reliability was confirmed using Cronbach's alpha.

### V. FINDINGS AND RESULTS

In multiple regression analysis, Subjective Norms and perceived behavioral control shows no significant impact while Attitude towards Investment, Past behaviour and Financial Literacy shows significant impact on Intention towards Investment.

The final regression equation obtained after eliminating non-significant variables is:

$$Y = (-1.059) + 0.562 (ATT) + 0.331 (PB) + 0.340 (FL)$$

(Where ATT = Attitude towards investment, PB = Past Behavior, FL = Financial Literacy)

In Chi-Squared analysis, association between location of the investor and Intention towards Investment was obtained but no association between demographic factors like Marital status, Work experience and Intention towards Investment.

## VI. RECOMMENDATIONS

Based on the empirical findings, the following recommendations are proposed:

### 1. Improve Financial Literacy:

Since financial literacy was found to have a significant impact on intention towards investment, it may be beneficial to invest in financial education programs or workshops for individuals who are interested in investing. This can help to increase their confidence in making investment decisions and improve their overall financial knowledge.

### 2. Emphasize the importance of past behavior:

The fact that past behavior had a significant impact on intention towards investment suggests that individuals who have invested before are more likely to do so again. Therefore, it may be helpful to emphasize the importance of starting early and building a track record of successful investments.

### 3. Highlight the benefits of investing:

Attitude towards investment was found to have a significant impact on intention towards investment. This suggests that it is important to communicate the potential benefits of investing, such as long-term wealth creation and financial security, in order to encourage individuals to invest.

### 4. Consider other factors:

While subjective norms and perceived behavioral control did not have a significant impact on intention towards investment in this study, it is possible that they may be more important in other contexts or for other populations. Therefore, it may be useful to explore these factors further in future research.

### 5. Consider targeting investors based on their location:

Since there is an association between the location of investors and their intention towards investment, it might be worth considering targeting investors in certain geographical areas over others. For example, if

your analysis shows that investors in a particular region or city are more likely to express an intention towards investment, you could focus your marketing efforts there.

### 6. Don't focus too heavily on demographic factors:

While demographic factors like marital status and work experience are often used to segment markets and target consumers, it appears that they may not be as useful in predicting an investor's intention towards investment. As such, you may want to avoid placing too much emphasis on these factors when developing your marketing strategy.

## VII. CONCLUSION

Financial literacy, past investment behavior, and attitude towards investment are essential factors that influence an individual's intention to invest. But subjective norms and perceived behavioral control may not be important determinants of investment intentions. Furthermore, location may also play a role in investment decisions, while demographic factors may not necessarily have a significant impact. These findings have significant implications for financial advisors and policymakers who aim to promote investment behavior and financial literacy among individuals.

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