

A STUDY ON INVESTORS PERCEPTION TOWARDS INVESTING IN DOMESTIC AND FOREIGN STOCK MARKET

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Abstract

The stock market, in every country, offers a unique platform for determining the major and significant value of various corporate stocks, as well as analysing their performance based on their assets and businesses. The main difference between the Indian stock market and the international stock market is that in the international context, investors have complete control over the ability or platform provided to them to design their own portfolio of companies and their proper details in all dimensions, whereas in the Indian context, investors have complete control over portfolio design. The study's methodology is conclusion-based research, with the research type being quantitative. To define the nature of the acquired data, descriptive analysis is used. of the information Data Collection and Sampling: This study collects primary data from 120 individual investors chosen as respondents from around Chennai using a structured questionnaire to assess their investment behaviour in the domestic and international stock markets using a non-probabilistic sampling technique known as convenient sampling.

Key Words: Stock Market, Domestic Stock Market, Foreign Stock Market, Investor Perception, Behavior.

1. Introduction

The evolution of the stock market began in 1494, when the stock market emerged from the city of Amsterdam, and its stock market and exchanges were the initial setup for the stock market in the early stages of its evolution. The stock market in a country like India had its origins in the 18th century, when it was a period of British presence in India, and the East India Company was the key dominant institution. The stock market is a component of the financial system; it is a combination and effect of financial markets that aids in the development of a solid economy, which is supported by the country's strong financial system and also aids in the development of the country.

In any country, stock market offers a special type of platform and they project major and important value of the various business stocks and their performance are also been analyzed on the basis of their assets and entities. Factors of effective stock market are the major influences of effective business functions in distributing the dividends to the shareholders and also based on the asset, index or interest rate of the business which are often stated as top company in the stock market.

Stock market in India also includes the proponents of taking the stability of the stocks out of actions with the forces, wherein, it states that trading increases in various platform, has it provides the higher leverages for the share for in which it is offered by the market for the investors. Adding on further, the stock market also helps the investors to overcome the problem of price fluctuation in the stock prices and inconsistent trend in the price fluctuation by assisting the customers to hedge against the price fluctuation.

The stock exchanges had a significant development in Bombay, wherein, the BSE was able to consolidate all the important parameters for the development of the business and efficiency of business in the stock market. Once after the success of BSE in the Indian Stock Market made a significant influence on the brokerages has the

market got even broader with the emergence of Calcutta Stock Exchange in the year 1908. The emergence of Madras Stock Exchanges in 1920 to concentrate on the companies of south made a revolutionary inclusion in the Indian stock market. The emergence of NSE in the Indian Stock Market is one of the major inclusions and it is been selected for this study.

The major difference from the Indian stock market with the international stock market is that the international context of stock market is the ability or the platform provided to the investors to design their own portfolio of the companies and their proper details of them in all dimensions, wherein, the portfolio design is completely in the free hands of the investors and it is not same in the Indian context. The various parameters that is included in the international stock exchanges on the biggest account of the economic condition of the country and also about the political stability.

2. Review of Literature

Sharma, et. al (2020), this study attempted an empirical and theoretical research on the perception of individual investors and their behavior on investing in the Indian and International stock market, wherein, it gives the clear indications on the opportunities offered to the individuals to be a part of equity holders in the foreign based companies.

Diebold and Yilmaz (2020), the study addresses the major parameters while addressing the major factors that has a huge risk in evaluating the influences of price fluctuation and changes in trade volume and this development to trade or exchange of financial products among themselves or with respect to companies exchange in the domestic and foreign stock exchanges.

Jindal, wt.al (2018), this paper analyses the adoption of stock market in the domestic and foreign context, which also includes and influences the company's major key factors that constitute and include wide variety of the financial system in the domestic and foreign stock market.

Adeel Mustafa (2018), this study addresses about the fund-raising advices and financial advising for the large corporations and the business and provide short terms and long-term fund raising through the domestic and foreign stock market, wherein, the perception of individual investors is more positive towards the domestic based companies compared to the other foreign based companies.

Priyanka Singh (2017), This study addresses the impact of stock market that contributes more towards the development of any countries economy it is majorly important to understand the functions and priorities about the price volatility, trading volume and open interest of the investors in the Indian and International stock market and the perception of investment as a significant influence on their behavior.

Daigler, Robert T, et.al (2017), this paper analyses the adoption of stock market which also includes the company's major key factors that constitute and include wide variety of the financial system, wherein there are the major activities involves in the stock market where it have the inclusions of important parameters in the domestic and foreign stock market.

S. Gurusamy (2017), this study addresses the issue of temporal ordering of the range- based volatility and volume in the Indian and International stock market, wherein, the perception of individual investors is more favorable towards their understanding level of the stock market.

Smirlock, M. and Starks, L. (2015), the business that contribute to the country's economy which helps in reducing the volatility in the price of the stocks and increase the changes in the trade volume of the stocks traded and open interest of the Indian and International share market.

Pramod Kumar Naik (2013), the results of research determine the significance in the market are brought in for the betterment of the investors for its major advantages and also its biggest impact and stock market of Indian and International stock market.

3. Research Methodology

This study involves a primary data gathered from 120 individual investors chosen as respondents across the Chennai city by using a survey method to collect the data using a questionnaire in which the questions are formulated on the reference of literature reviews. The collected data is evaluated using descriptive analysis to describe the nature of the data. Data Collection and Sampling.

Sampling Design

This study uses a non-probabilistic sampling technique known as convenient sampling to collect primary

data from 120 individual investors chosen as respondents from around Chennai using a structured questionnaire to assess their investment behaviour in the domestic and international stock markets.

Need for the Study

Considering the importance of stock market in the domestic and foreign stock market, the volatility in the price of the stocks that influences the changes in the trade volume of the stocks traded and interest of the investors on the domestic and foreign stock market for the investors. The importance of stock market has stepped into Indian and international share market which facilitates for trading due to the various options. Hence it is evident that the stock market are universally accepted by the various financial markets, wherein, this study provides the insights on the individual perception on the domestic and foreign stock markets and their behavior to invest and purchase shares of various companies listed in the Indian and international context.

Statement of the Problem

The Indian and international stocks are financial instruments accepted by the various financial markets as they are linked to a specific financial instrument of the nation or indicator or commodity of the business through the country's economy which helps in reducing the volatility in the price of the Indian and international stocks and increase the changes in the trade volume of the Indian and international stocks traded and open interest of the investors in which is specifically financial and trading risk can be traded in their own right. Hence studying the perception of investors and their behavior towards investing in the domestic and foreign stock market are studied in this research by addressing various questions like as follows

1. Does the demographic determinant impact the level of awareness, motive to invest, behavioral biases and perception of investors in domestic and foreign market?
2. Do the behavioral bias impact the efficiency of investment decision making in domestic and foreign market?.

Objectives of the Study

1. To study the influence of demographic factor on investment decision domestic and foreign market
2. To examine the perception of investors on domestic and foreign stock market
3. To analyze the investment behavior of individuals on domestic and foreign market

Hypothesis of the Study

H01: There is no statistical significance of demographic factors on investment behavior of investors towards domestic and foreign stock market

H02: There is no statistical significance of investor's perception towards investments in domestic stock market

H03: There is no statistical significance of investor's perception towards investments in foreign stock market

H04: Investors decision on investing in domestic stock market is negative

H05: Investors decision on investing in foreign stock market is negative

4. Analysis and Results:

Table 1: Demographic Factor Analysis

Demographic Group	Classes	Frequency	Domestic Market	Foreign Market
Gender	Male	72	40	32
	Female	48	28	20
Age	Below 25	15	13	2
	25 to 40	60	39	21

	40 to 55	35	18	17
	Above 55	10	7	3
Qualification	PUC	20	16	4
	UG	52	36	16
	PG	30	16	14
	Ph.D.	18	9	9
Occupation	Student	23	18	5
	Service	50	34	16
	Business	37	18	19
	Others	10	8	2
Experience in Investment	Below 3 years	34	28	6
	3 to 6 years	45	23	22
	6 to 9 Years	31	20	11
	Above 9 years	10	6	4

Source: Primary Data

The demographic aspect of the investors chosen as responders across Chennai city is described in the table above. 6/10th of the respondents in the survey are male, while the remaining 4/10th are female. Similarly, the breakdown of other demographic characteristics is as stated above, and the Chi- Square test for demographic factors is also examined,

Table 2: Pearson Chi- Square Analysis Gender

	Value	Df	Sig
Pearson Chi-Square	1.436	3	0.347

Source: Primary Data

The gender category of individual investors selected as respondents across Chennai city is shown in table 2, and the chi-square value of 0.347 is greater than 0.05, indicating that there is no significant relationship between gender and investment decisions of investors in the domestic and foreign stock markets.

Table 3: Pearson Chi- Square Analysis Age

	Value	Df	Sig
Pearson Chi-Square	1.140	4	0.179

Source: Primary Data

The age category of individual investors selected as respondents across Chennai city is shown in table 3, and the chi-square value of 0.179 is greater than 0.05, indicating that there is no significant relationship between age group and investment decisions of investors in the domestic and foreign stock markets.

Table 4: Pearson Chi- Square Analysis Qualification

	Value	Df	Sig
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Pearson Chi-Square	1.536	8	0.731
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Source: Primary Data

The above table 4 shows the qualification category of individual investors chosen as respondents across Chennai city; the chi-square value of 0.731 is greater than 0.05, indicating that there is no significant relationship between the qualification group and investors' investment decisions in the domestic and foreign stock markets.

Table 5: Pearson Chi- Square Analysis Occupation

	Value	Df	Sig
Pearson Chi-Square	1.302	12	0.247

Source: Primary Data

The occupation category of individual investors selected as respondents across Chennai city is shown in table 5, and the chi-square value of 0.247 is greater than 0.05, indicating that there is no significant relationship between occupation group and investment decisions of investors in the domestic and foreign stock markets.

Table 6: Pearson Chi- Square Analysis Investment Experience

	Value	Df	Sig
Pearson Chi-Square	1.178	6	0.03

Source: Primary

Data

The above table 6 shows the investment experience category of individual investors chosen as respondents across Chennai city; the chi-square value of 0.03 is less than 0.05, indicating that there is a significant relationship between the investment experience group and investors' investment decisions in the domestic and foreign stock markets.

According to the aforesaid research and the Pearson Chi- Square Analysis, there is no statistical relevance of demographic determinants on investment behaviour of investors in local and foreign stock markets, hence the stated initial null hypothesis is rejected.

Table 7: Describing the results of Anova Analysis

Factors	Market	Mean of Squares	F- Stat	Sig	Hypothesis Result
Friends and Family Influence	Domestic	1.21	1.38	0.01	Positive
	Foreign	1.78	1.93	0.73	Negative
Broker Recommendation	Domestic	1.36	1.98	0.04	Positive
	Foreign	1.12	1.33	0.02	Positive
Decision Based on Market Statistics	Domestic	0.96	1.31	0.72	Negative
	Foreign	1.77	1.61	0.00	Positive

Decision based on earning per share	Domestic	1.56	1.79	0.02	Positive
	Foreign	1.77	1.61	0.00	Positive
Decision based on net assets value	Domestic	1.01	1.34	0.32	Negative
	Foreign	1.13	1.41	0.41	Negative
Investments based on market price movement	Domestic	0.84	0.99	0.00	Positive
	Foreign	1.49	1.83	0.00	Positive
Investments based on dividend payout ratio	Domestic	1.17	1.44	0.03	Positive
	Foreign	1.49	1.71	0.41	Negative
Investments based on dividend payment pattern	Domestic	1.83	1.97	0.02	Positive
	Foreign	1.17	1.46	0.03	Positive
Decision based on bonus share	Domestic	1.32	1.89	0.00	Positive
	Foreign	0.97	1.11	0.00	Positive
Decision based on reputation of the company	Domestic	0.89	1.19	0.01	Positive
	Foreign	1.71	1.93	0.04	Positive

Source: Primary Data

The above table 7 depicts the perceptions and investment decisions of investors selected as respondents across Chennai city. The Anova table shows a significance value of less than 0.05, indicating that there is a significant relationship between the investor's perceptions and investments in the domestic and foreign stock markets. The above also depicts individual investor investment behaviour. Positive results suggest statistical significance (saying rejection of the null hypothesis), whereas negative results indicate no statistical significance (expressing acceptance of the null hypothesis) among investor perceptions and investment behaviour.

5. Conclusion

The survey results in this study suggest that there is no significant relationship between gender and investment decisions made by investors in the domestic and foreign stock markets, that there is no significant relationship between age group and investment decisions made by investors in the domestic and foreign stock markets, that there is no significant relationship between qualification group and investment decisions made by investors in the domestic and foreign stock markets, and that there is no significant relationship between gender and investment decisions made by investors in the domestic and foreign stock markets. The stated first null hypothesis is rejected, and the result of positive indicates there is a significance (indicating to reject the null hypothesis) and negative indicates there is no statistical significance (indicating to accept the null hypothesis) among investors' perceptions and investment behaviour. As a result, the study can be finished in a way that addresses all types of research problems, in which it has produced unambiguous observations on individual investors' perceptions and investment behaviour in the domestic and international stock markets.

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