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An Empirical Study on Behavioural Biases of Academic Millennial Investors: Baroda City

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Abstract: Investors are those who invest their funds for longer time horizon assuming moderate risk with an expectation of generating return by evaluating the performance of the company. Current investors require information to ascertain the prospects for their investment so as to determine whether they should buy, hold or sell the shares whereas the potential investors should collect information on the future prospect of the company to decide whether to purchase the shares of the company or not. Man aim of this paper is to know the impact of various behavioural biases on Investment decision of academic millennial. For this research researcher used primary data collection method. Researcher used structured questionnaire for data collection. Total 50 sample taken for analysis. From this research researcher found that there is direct relationship between occupation of investors and overconfidence, anchoring, representativeness, emotion and group biases and education with herding biases.

Keywords: Investors Objectives, Academician Investments Alternatives, Investors' Perceptions.

1. INTRODUCTION

Human wishes are limitless and to satisfy those limitless wishes, price range are required which can be restricted in nature. Besides, the destiny is uncertain, and to do away with such uncertainties related to the destiny in economic terms, one has to make investments part of their income in specific funding alternatives to be had within side the market, thinking about their economic goals. As Robbins L. (1932) defines economics "Economics is a look at of the allocation of scarce means, able to opportunity uses, amongst competing ends for the

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attainment of a most bring about the success of those ends." This definition rightly highlights that the sources at our disposal are very restricted in nature and feature opportunity uses. Funds are one of the maximum crucial sources without which no economic interest may be carried out. It is consequently required now no longer most effective to fulfill the modern-day intake requirement of a character however additionally to fulfill destiny contingencies and economic objectives.

In order to fulfill destiny contingencies and economic objectives, people should keep part of their income, with the aid of using sacrificing their present-day intake requirement for reinforcing their destiny economic safety with the aid of using making an investment their surplus price range. It is profitable to mention, the citation of Graham and Qadd‟s (Bhatt, 2008) here, "An funding operation is one which, upon thorough evaluation guarantees protection of most important and an good enough return. Operation now no longer assembly this requirement is speculative."

Literature Review

Financial selections are inspired with the aid of using non-economic factors, like- traits of people (Holden, 2010). In traders, choice-making facts acquired with the aid of using the traders performs a important role, as their choice is primarily based totally on how they understand this facts (Mahmood et al, 2011). Kasilingam R. and Jayabal G (2010) of their observe have discovered that people are inspired with the aid of using specific behavioral developments as has been diagnosed with inside the observe which incorporates commitment, rationale, range seeking, dissonance lowering and outside locus of manage whilst they're concerned in funding sports like facts search, comparing funding avenues and reviewing the funding made. Bhatt (Dr.) K.A. (2013) discovered that within side the place beneath Neath observe traders are involved approximately the protection and reliability in their investments, funding within side the fairness marketplace is likewise famous amongst traders because of excessive go back, however because of uncertainty and absence of right understanding traders do now no longer spend money on this sector. But traders who've the right understanding and willingness to take in dangers to a point are making an investment within side the fairness marketplace. Bank hobby price is likewise reducing because the previous few years so, traders flow closer to different avenues like mutual funds, bonds, fairness markets and others like land, gold, actual estate, etc. Based at the observe it's been discovered that the traders of Jamnagar town are making an investment their cash with the stability of protection, reliability, and go back on funding. Investors are folks who make investments their finances for an extended time horizon assuming mild danger with an expectation of producing go back with the aid of using comparing the overall performance of the organization (Pandian, 2012). Current buyers require facts to examine the possibilities for his or her funding so that you can decide whether or not they have to buy, maintain or promote the stocks while the capability buyers have to acquire facts at the destiny prospect of the organization to determine whether or not to buy the stocks of the organization or not (Tulsian, 2012) (Porwal, 2003). Aregbeyen and Mbadiugha (2011) have studied the elements which have an effect on the funding choices of the buyers in stocks of quoted agencies in Nigeria and feature found economic, social, cultural, and mental elements mutually have an effect on their funding choices. Arora and Khurana (2011) have studied the mental elements of gender

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in the direction of cash subjects and feature found that woman buyers are greater danger-averse and feature much less self-belief of their funding selection than male buyers. Bhunia and Das (2012) studied the connection among capital marketplace improvement and gross home improvement to expect the capital marketplace funding conduct in India and has found that aleven though there exists a long-run dating among the 2 however the marketplace lacks the prediction strength of funding conduct in India.

2. RESEARCH METHODOLOGY

No.	Particular	Information
1	Research Design	Descriptive Research Design
2	Sample Size	50 respondents from Baroda City, Private University, Gujarat State
3	Sampling Technique	Non-Random Sampling Technique
4	Sample Profile	Academician from Baroda for Pilot Study
5	Data Collection Instrument	Questionnaire
6	Mode of Data Collection	Respondent Administered Questionnaire
7	Research Objectives	• To know the impact of various behavioural Biases on Investment decision of millennial.

Table 1: Research Methodology

Data Analysis Tools
ANOVA turned into used to check whether or not the method of 3 or greater set populations have been same primarily based totally at the pattern method. The estimate of the populace variance (σ2) is primarily based totally at the pattern-to-pattern variant called the pattern-to-pattern suggest square. Estimating the populace variance primarily based totally on intra-pattern variability is referred to as intra-pattern suggest square. The variance ratio is expressed through F and is given through the subsequent equation.
F = suggest squared among samples or corporations
If the calculated cost of F is more than the vital (significant) cost of F, then the null speculation must be rejected. If the calculated cost of F is much less than the vital cost of F, the null speculation is maintained or accepted.

H0: There is no statistically significant difference Between Overconfidence and Occupation of Investors.
H1: There is statistically significant difference Between Overconfidence and Occupation of Investors.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
"I Feel that on average my	Between Groups	1.021	1	1.021	.617	.436

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investment performs batter than the other financial assets."	Within Groups	79.479	48	1.656		
	Total	80.500	49			
"When I Purchase a winning investment, I feel that my actions and Knowledge affected the results"	Between Groups	.607	1	.607	.457	.502
	Within Groups	63.813	48	1.329		
	Total	64.420	49			
"I Feel more confident in my own investment opinions over opinions of financial analysts."	Between Groups	2.430	1	2.430	1.626	.208
	Within Groups	71.750	48	1.495		
	Total	74.180	49			
"My past profitable investments were mainly due to my specific investment skills"	Between Groups	3.000	1	3.000	2.198	.145
	Within Groups	65.500	48	1.365		
	Total	68.500	49			

Table 2: Hypothesis Overconfidence and Occupation of Investors.

In above table 2 all *p* values are more than 0.05 so null hypothesis is fail rejected and hence researcher can say that there is no statistically significant difference Between Overconfidence and Occupation of Investors. *p* value of Statement 2 that is related to action and knowledge related to security is 0.502 that is highest so it shows Average relationship between Overconfidence and Occupation of Investors where as in case of Past Profitable investment (*p*=0.145) shows that less relationship between Overconfidence and Occupation of Investors.

Ho: There is no statistically significant difference Between Anchoring and Occupation of Investors
H1: There is statistically significant difference Between Anchoring and Occupation of Investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
"Using the property purchase price as a reference point in trading"	Between Groups	.041	1	.041	.029	.866
	Within Groups	67.979	48	1.416		
	Total	68.020	49			
"Compare the current stock price with their recent 52-week high and low price to justify my stock purchase"	Between Groups	.441	1	.441	.353	.555
	Within Groups	59.979	48	1.250		
	Total	60.420	49			
"I am unlikely to buy a stock that was more expensive than last year"	Between Groups	1.080	1	1.080	.768	.385
	Within Groups	67.500	48	1.406		
	Total	68.580	49			
"In a falling market, I hold a losing stock until its price	Between Groups	1.920	1	1.920	1.772	.189
	Within Groups	52.000	48	1.083		

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returns to its purchase level"	Total	53.920	49			

Table 3: Hypothesis Anchoring and Occupation of Investors.

In above table 3 all *p* values are more than 0.05 so null hypothesis is fail rejected and hence researcher can say that there is no statistically significant difference Between Anchoring and Occupation of Investors. *p* value of Statement 2 that is related to action and knowledge related to security is 0.502 that is highest so it shows Average relationship between Anchoring and Occupation of Investors where as in case of Past Profitable investment (*p*=0.145) shows that less relationship between Anchoring and Occupation of Investors.

Ho: There is no statistically significant difference Between Herding and Education of Investors
Ho: There is statistically significant difference Between Herding and Education of Investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
" rarely consult others before making financial assets purchases or sales"	Between Groups	4.883	2	2.441	1.935	.156
	Within Groups	59.297	47	1.262		
	Total	64.180	49			
"Other investors' decisions of buying and selling stocks impact my investment decisions"	Between Groups	.654	2	.327	.240	.788
	Within Groups	64.166	47	1.365		
	Total	64.820	49			
"I usually react quickly to the changes of other investors' decisions and follow their reactions to the financial assets."	Between Groups	8.243	2	4.122	3.955	.026
	Within Groups	48.977	47	1.042		
	Total	57.220	49			
"I consult others (family, friends or colleagues) before making stock purchased"	Between Groups	14.676	2	7.338	4.325	.019
	Within Groups	79.744	47	1.697		
	Total	94.420	49			

Table 4: Hypothesis Herding and Education of Investors.

In above table all *p* values are more than 0.05 so null hypothesis is fail rejected in statement one and two, hence researcher can say that there is no statistically significant difference Between Herding and Education of Investors but in case of Statement 3 and 4 *p* value of Statements are less than 0.05 so null hypothesis rejected, hence researcher can say that there is statistically significant difference Between Herding and Education of Investors. Relationship between Decisions of others investors related to buying and selling of stock and herding strong because p value for the same is 0.788.

Ho: There is no statistically significant difference Between Representativeness and Occupation of Investors

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H1: There is statistically significant difference Between Representativeness and Occupation of Investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
"I forecast the changes in stock prices in the future based on the recent stock prices"	Between Groups	.001	1	.001	.000	.985
	Within Groups	104.979	48	2.187		
	Total	104.980	49			
"I rely on past performance to buy stock because I believe that good performance will continue"	Between Groups	1.080	1	1.080	.640	.428
	Within Groups	81.000	48	1.688		
	Total	82.080	49			
"I try to avoid investing in companies with history of poor earning"	Between Groups	.003	1	.003	.002	.964
	Within Groups	76.417	48	1.592		
	Total	76.420	49			
"Past performance as an indicator of future performance"	Between Groups	1.470	1	1.470	.863	.358
	Within Groups	81.750	48	1.703		
	Total	83.220	49			

Table 5: Hypothesis Representativeness and Occupation of Investors.

In above table 5 all *p* values are more than 0.05 so null hypothesis is fail rejected and hence researcher can say that there is no statistically significant difference Between Representativeness and Occupation of Investors. *p* value of Statement 4 that is related to Past performance and future indication is 0.358 that is lowest so it shows lower relationship between Past performance and future indication and Occupation of Investors where as in case of Future prediction of stock price from recent stock price (p=0.985) shows that highest relationship between Future prediction of stock price from recent stock price and Occupation of Investors.

H0: There is no statistically significant difference Between Emotional biases and Occupation of Investors.
H1: There is statistically significant difference Between Emotional biases and Occupation of Investors.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
"When it comes to investment, no loss of capital (invested money) is more important than returns/profits"	Between Groups	.480	1	.480	.329	.569
	Within Groups	70.000	48	1.458		
	Total	70.480	49			
"I feel more sorrow about holding losing financial	Between Groups	2.168	1	2.168	1.769	.190
	Within Groups	58.813	48	1.225		

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assets too long than about selling winning financial assets too soon"	Total	60.980	49			
"I often feel regret for selling a winning financial assets too early"	Between Groups	.241	1	.241	.147	.703
	Within Groups	78.479	48	1.635		
	Total	78.720	49			
"I am more concerned about a large loss in my stock than missing a substantial gain/profit"	Between Groups	.270	1	.270	.164	.688
	Within Groups	79.250	48	1.651		
	Total	79.520	49			

Table 6: Hypothesis Emotional biases and Occupation of Investors.

In above table 6 all *p* values are more than 0.05 so null hypothesis is fail rejected and hence researcher can say that there is no statistically significant difference Between Emotional biases and Occupation of Investors. *p* value of Statement 2 that is related to holding loss making assets and selling winning securities is 0.190 that is lowest so it shows lower relationship between to holding loss making assets and selling winning securities and Occupation of Investors where as in case of selling winning financial assets to early (*p*=0.703) shows that highest relationship between Future Emotional biases and Occupation of Investors.

Ho: There is no statistically significant difference Between Group biases and Occupation of Investors.
H1: There is statistically significant difference Between Group biases and Occupation of Investors.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
"It is important for me to agree with those of my colleagues/friends"	Between Groups	1.203	1	1.203	.761	.387
	Within Groups	75.917	48	1.582		
	Total	77.120	49			
"When I have a different opinion, I don't speak my mind if I believe that those around me are right"	Between Groups	.068	1	.068	.047	.830
	Within Groups	69.312	48	1.444		
	Total	69.380	49			
"If everyone thinks differently than me, I agree with them"	Between Groups	4.813	1	4.813	3.053	.087
	Within Groups	75.667	48	1.576		
	Total	80.480	49			
"Even when I think I'm right if but everyone thinks differently than me, I will change my mind"	Between Groups	.368	1	.368	.233	.632
	Within Groups	75.812	48	1.579		
	Total	76.180	49			

Table 7: Hypothesis Group biases and Occupation of Investors.

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In above table 7 all *p* values are more than 0.05 so null hypothesis is fail rejected and hence researcher can say that there is no statistically significant difference Between Group biases and Occupation of Investors. *p* value of Statement 3 that is related to thinking of others from related group is 0.087 that is lowest so it shows lower relationship between Group biases and Occupation of Investors where as in case of correct opinion from others (*p*=0.830) shows that highest relationship between Group biases and Occupation of Investors.

Ho: There is no statistically significant difference Between Divided Mind and Age of Investors.
H1: There is statistically significant difference Between Divided Mind and Age of Investors.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
"I don't want to bring negative thoughts to mind when I invest in a financial asset"	Between Groups	3.886	3	1.295	.668	.576
	Within Groups	89.234	46	1.940		
	Total	93.120	49			
"I do not pay attention to negative news and information about the financial asset I have invested in"	Between Groups	1.116	3	.372	.244	.866
	Within Groups	70.264	46	1.527		
	Total	71.380	49			
"If my investment fails, I think I've been a victim to other investors and institutions"	Between Groups	1.059	3	.353	.260	.854
	Within Groups	62.461	46	1.358		
	Total	63.520	49			
"If my investment fails, I will have completely negative thoughts about that investment instrument"	Between Groups	.694	3	.231	.144	.933
	Within Groups	73.786	46	1.604		
	Total	74.480	49			

Table 8: Hypothesis Divided Mind and Age of Investors.

In above table 8 all *p* values are more than 0.05 so null hypothesis is fail rejected and hence researcher can say that there is no statistically significant difference Between Divided Mind and Age of Investors. *p* value of Statement 1 that is related to negative thoughts while investing money in investment options is 0.576 that is lowest but it shows average relationship between to Divided Mind and Age of Investors where as in case of negative perception related to loss making security (*p*=0.933) shows that highest relationship between Divided Mind and Age of Investors.

3. CONCLUSION

There is no statistically significant difference Between Overconfidence, Emotional biases, Anchoring, Group biases, Representativeness and Occupation of Investors. That there is no statistically significant difference Between Herding and Education of Investors. There is no statistically significant difference Between Divided Mind and Age of Investors

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