CHAPTER 2

REVIEW OF LITERATURE

Maintenance of life is becoming dearer and dearer. But does income increases at the same rate? Are the savings sufficient enough to take care of future expenses? Most of us will not have a positive answer to such type of questions. So, how does an individual should plan for these known as well as unknown future expenditures? The only response is by investing. Multiple options of investment are available. In India, people invest in securities, post-office savings, real estate, gold, silver, term deposits, commodities and antiques etc. The key factor that one must think about before investing is outcome. The return/outcome should be more than the rate of price rises otherwise there is no use of such investment. To earn more return, investors have to involve in high risk. Besides this there are certain other psycho-social factors also which may affect the investment behaviour. Present study is an effort to investigate the role of such factors. Before conducting the study on topic, “Personality Traits & Investment Behaviour: A Demographic Comparison of Haryana State”, there is need to reconsider the existing literature available in written, electronic and other forms. Forthcoming paragraph is a presentation of such studies, articles and research documents which have direct/indirect relevance with the present study.

Xinhoui Zhou and Mingliang Li, (1882) The paper adopts from the investment behavior theory and studies the influencing factors of financial investors in investment judgment and the deviation in investment fund behavioral. Simultaneously, the research also analyzes the efficiency of asset allocation and behavior of investment in China's securities investment funds, and investigates its effect on securities market of China. Accordingly, it also uses LSV model to investigate the herding behavior of Fund, investment of the deviation and its impact.
on China's market orientation. Finally, it suggests pointing out the ways and plans on rectifying investment behavior deviation of investment fund of China.

Bart H.H. Golsteyn, James J. Heckman and Huub Meijers, (1951) Analysis indicates that Subjects generally value uncertainty less than risk. Women were more risk averse in comparison to men while men seem to be more uncertainty averse. Psychological traits were found strongly related to risk but not to uncertainty. Results clarifies that approximately half of the variation in uncertainty between men and women.

Lawrence R. Klein, (1951) This research demonstrates that in a setting closer to a real investment situation, comprehensive information does not increase people’s readiness to take investment risks. The only management that considerably increased risk adaptiveness was showing subjects a graph of past returns distributions, but the impact did not differ with the type of graph that was shown.

Thomas R. Atkinson, (1956) The results discovered the connection between city size and the type of business venture which explain the impact on the investment patterns of investors of difference in the size of city. These findings are confirmed by allocation of financial assets amongst various options available. Considerable difference was found in the ownership of financial assets amongst individuals from number of professional groups. According to results, size of city greatly influence the type of business ventures in that city and the later further influence the choice of individuals for selection of stock. Results points out that personality trait have strong effects on individual tendencies to marry and to divorce in a population sample taken from Germany. Some personality traits related to divorce are also
related to limited self-control in other areas, and propose that different approach from rational action should be taken in models of family behavior.

Daljit Singh Bawa, (1988) Research of personality traits of businessmen was taken up in Punjab to discover out the features related with promotion and successful managing of an enterprise. The findings of the research will be useful to financial institutions, training institutions and such type of other organizations engaged in support of entrepreneurship.

Powell M. and David Ansic, (1997) This paper examines impact of background factors on risk inclination and policy in financial decisions with respect to gender differences in. It presents the conclusions of two computerized laboratory experiments designed to examine whether differences in risk preference and decision strategies are portrayed by the framing of tasks and level of task acquaintance to subjects. The results exemplify that female subjects take less risk in comparison to male subjects irrespective of acquaintance and framing, costs or vagueness. The results also point out that males and females take on different strategies in financial decision situations but that these strategies have no considerable impact on capability to perform. Since approaches are more easily observed than either risk inclination or returns in daily decisions, strategy differences may strengthen conventional beliefs that females are less competent financial managers.

John E. Grable, (1997) This research was planned to find out the impact of demographic factors on the risk taking abilities of investors. Demographic factors taken into consideration were gender, occupation, income, race, self-employment, marital status, age and education. Impact of these factors was analyzed separately as well as in blending on the risk taking capabilities of investors Model developed in 1993 by Leimberg, LeClair, Satinsky and Doyle
acted as a base for this investigation. Above said model tells the procedure by which investment experts efficiently build up plans to assign an investor’s limited resources for investment to achieve financial objectives. An experimental model was formulated to classify individuals into various risk forbearance categories by considering demographic features. This model was experimentally tested by employing the survey of consumer finances of the year 1992 with a sample of 2,626. As per the findings of study, demographic factors of participants considerably affect the risk level accepted by them except three demographic factors which were not found considerably influencing the level of risk acceptance. Multiple discriminant analysis was employed for data analysis. The one fifth of difference between risk forbearance levels by participants was due to the identified demographic factors. Out of all identified factors only two demographic factors were effective in differentiating the level of risk forbearance among participants and literacy was most significantly influenced the risk acceptance decision of participants.

Kevin Hindle and Robert Wenban, (1999), The study conducted in Australia discovers out the reasons for the problems faced by new/growing business enterprises in obtaining the equity capital. The informal risky capital market provides capital straight to start-up and growing ventures and discovered more considerable in comparison to institutional providers. Research focused mainly on three primary research problems i.e. Who are Australia’s casual venture capitalists? How do they act?, What is the investors’ style of investment? The research may contribute as the developer of experimentally evaluated presumptions for potential studies and model development.

Svenn-Age Dahl, Oivind Anti Nilsen and Kjell Vaage, (2002) Research results point out that the propensity to retire early was lower for females than for males for the cohorts to come.
Russil Durrant and Bruce J. Ellis, (2003) In this study, researcher gives an introduction to the field of evolutionary psychology and explain the methodology that evolutionary psychologists use to clarify human cognition and behavior. Special attention was paid to the question of how to differentiate adaptations from non-adaptations in the biological world. Researcher also discussed special meta-theoretical assumptions employed by evolutionary psychologists, including the focus on emotional mechanisms as the main unit of analysis, area-specificity of psychological mechanisms, and the surroundings of evolutionary adaptiveness.

Marie-Eve Lachance, (2003) This paper establishes a model of best possible consumption and portfolio choice with a retirement date which may be adjusted as a function of market returns. This form of labor supply flexibility allows the worker to invest a higher proportion of his wealth in risky assets. Upon retirement, the worker loses this flexibility and must suddenly adopt a more prudent investment strategy. Research also explored that with a flexible retirement strategy, the worker can protect his level of wealth at retirement against market fluctuations. From this result, it was concluded that retirement financial security can be jeopardized only when poor investment outcomes are combined with an inability to delay retirement sufficiently. This results are in contrary with previous studies where investment risk was considered in isolation. As the worker approaches the end of his career, research concluded that investment policy should explicitly take into account ability and readiness to delay retirement.

Alexander Ljungqvist, (2003) Investment approach of private equity fund managers was analyzed in the study. On the basis of latest academic developments, research creates a link
between time of investing the funds and withdrawing of funds, and the following outcomes they receive on their diverse investments, to shift in the demand for private equity investment in a situation of sticky supply of capital in shorter duration of time. Research revealed that already accessible funds speed up the employment of funds and investors receive more outcomes on the improvement of investment alternatives and also the demand for funds boosts. Increased supply of funds resulted into harder competition for better deal and in response, private equity fund managers reduce their employment of funds in investment. These results put forward complementary proof to latest studies analyzing the factors affecting the extent of employment of funds in private equity.

Malcolm Baker, Richard S. Ruback and Jeffrey Wurgler, (2004) Research in behavioral corporate finance takes two distinct approaches. The first give emphasis that investors are less than fully rational. It views managerial financing and investment decisions as rational reactions to securities market mispricing. The second approach in the study emphasize that managers are less than fully rational. It explores the impact of nonstandard choices and judgmental prejudices on managerial decisions. This study reviews the theory, empirical challenges, and current facts relating to each approach. On the whole, the behavioral approaches facilitate to elucidate a number of significant financing and investment patterns. The analysis closes with a list of open questions.

Gerrit Mueller and Erik Plug, (2004) The study explored that in case of women, the labor market appears to emphasize ‘conscientiousness’ and ‘openness to experience’. Similar affirmative returns to openness across genders, proposing that being imaginative, eccentric and creative is equally considerable for men and women working in all types of professions.
Research revealed considerable gender differences in personality features. Disintegration of personality based returns gap into trait and parameter effects proposes that gender-atypical traits reduce the earnings benefit that individuals would if not benefit from their own gender wage composition. On the whole, researchers find out that the influence of personality on returns is considerable but not outsized, not insignificant either and comparable to the impact of dissimilarities in cognitive power.

Palme, M. Sundén, A. and Söderlind, P., (2004) The study explored that married women take more risk in their portfolios in comparison to unmarried women controlling for variations in age and income. The results of study also demonstrate that subjects at low level of income allocation chart take equal degree of risk as subjects at high level of income allocation chart, showing that participants with low level of income are also not diversifying their overall investment portfolio.

Sanchez, D. T. and Crocker, J. (2005) The research was a longitudinal analysis of 677 college freshmen and inspected the relationship between investment in gender standards and well-being and the impact of outside contingencies of self-worth. Researchers suggest a model explaining how investment in gender standards affects outside contingencies and the effects for self-esteem, hopelessness, and signs of tangled eating. Particularly, researchers find out that the negative relationship among investment in gender standards and well-being is arbitrated through outwardly contingent self-worth. The projected model presents an adequate fit for the complete sample. A good fit for men and women as well as Asian Americans, White Americans, and African Americans was discovered by comparative model testing.
Korniotis, G. and Kumar, A. (2005) In this research, researcher discovers that older investors hold less risky and better diversified stock portfolios and their choices reflect better knowledge about investing. Though, steady with the psychological confirmation on aging, researcher discovers that older investors have poorer stock selection ability and worse diversification skill. Research also discovers that the unfavorable effects of aging are stronger amongst older investors who are also comparatively less educated, earn less income, and relate to the Hispanic ethnic group.

Lusardi, A. (2005) The estimates exhibited in the research show that seminars have some effect on savings, mainly to the subjects at the low level of the wealth allocation, and are less educated. Although, only African-Americans are affected by financial education while the behavior of Hispanics seems largely unaffected by financial education. Research discovered that financial education does not have any impact on the portfolio preference of minorities.

Post and Levy (2011) discover that investors are risk averse for losses and risk takers for returns and that stocks which exhibit low risk in bear markets and high prospective for returns in bull markets may claim a premium. This research examines if this pattern of risk choice creates an addition in UK stock prices. The study uses a third-degree stochastic dominance test. Research found that an arbitrage portfolio remains on stocks with low precedent downside risk in bear markets and high earlier period upside prospective in bull markets and short on stocks with high precedent downside risk in bear markets and low precedent upside prospective in bull markets creates an addition of 2.89% per month. This addition cannot be explicated by the Capital Asset pricing model or the Fama and French 4-factor model, nevertheless it reveals considerable similarities to the momentum addition.
Christensen, T. E., Gaver, J. J. and Stuerke, P. S. (2005) The study examines the relationship between investor indecision and the stock market reaction to returns. The research discovers that improbability is best featured by an absolute appraisal suggested by Barron, Kim, Lim and Stevens in 1998 (BKLS). The BKLS analysis is related to vagueness inducing events, as well as factors that have an effect on the complexity faced by analysts in predicting returns. It results that, pre-discovery uncertainty is a considerable determinant of the price reaction to the returns release, and BKLS is a more broad measure of indecision than simple dispersion.

Gong-Meng Chena, Kenneth A. Kimb,c, John R. Nofsingerd and Oliver M. Ruie, (2005) In this research, researcher identifies middle-aged investors, investors from cosmopolitan cities, active investors, experienced investors and those wealthier investors, to analyze if they are less tending toward making cognitive errors. Researchers discover that these types of investors are frequently unable to conquer behavioral biases. On the whole the finding of study is that forthcoming market investors likely to make cognitive errors and individual investors who could be regarded as savvier investors are regularly not less disposed to make these errors.

Vieru M., Perttunen J. and Schadewitz H. (2006) This research analyzes the trading behaviour of individuals at short-term profits announcements in the upcoming market. Research compared the findings with trading of institutions by alienating the stock trading movement of households into five categories of trading in Finnish. Research data obtained from the years 1996 to 2000 exhibits that returns news activates trading in all five selected trading category. Results also found some facts that individuals trading actively demonstrate increased purchasing and selling movement particularly by comparing to individuals trading
passively earlier than the event in comparison to the non event phase. Post event, research established that households selected from the category of most active investors tended to pursue a contrarian approach, particularly selling post good information. In addition, investors from active categories perform better than investors from passive categories. Lastly, investors from active categories are more affected by the publications in comparison to institutional trading which clearly proposes that institutions make use of wider information.

Kate Walton, Brent W. Roberts, Tim Bogg and Avshalom Caspi (2006) The research was eight year longitudinal research with a sample of 907 young adults. The research investigated relationship between experiences of non-investment at work and change in personality traits among participants. Non-investment was defined as involving in activities that run counteract to age-graded principles for suitable behaviour. Non-investment at work was tested with a tool of counterproductive work behaviours (CWBs), which included acts such as lazy, stealing from the work place and aggressive with colleagues. CWBs were used to foresee changes in personality traits with change in age (18 years to 26 years). Results showed that a greater amount of CWB was related with changes in the wide trait domains of negative emotionality and constraint.

Korniotis, G. and Kumar, A. (2006) This research examines the investment choices of older individual investors. Research discover that older and more experienced investors hold less risky portfolios, show stronger inclination for diversification, trade less often, and show greater tendency for year-end tax-loss selling. On the whole, participant’s choices reflect advanced information about investing. Even, regular with the psychological confirmation on
aging, researcher also discovers that older investors have of poorer quality stock selection capability and worse diversification skill.

Kamwong, P. and Yuen Ping Ho, (2006) Results of this study showed, women participants are less expected to grow to be business investors, in comparison to investing in family-related business enterprises where the gender predisposition is less pronounced. This could be related to the fact that knowing businessmen is a major determinant to angel investment inclination, and the reality that in Singapore, male businessmen outnumber female businessmen by two to one.

Tahira K. Hira, (2008) The study revealed that average subject was highly educated, white, male, married, forty-nine years old, and residing in a three-member family. Majority of the women participants in the research take average or below-average risks, while about half of the men take above-average or considerable investment risks.

Jimmy Schwarzkopf, (2007) The research was longitudinal research (10 years) on industrialists and contributed considerably to understanding the processes involved in appraisal of business enterprises. This research was an early attempt to advance the study toward understanding special case of pre-seed stage business enterprises with a focal point of investigation on the interaction among investors and businessmen in the perspective of organizing a new undertaking principally as a basis of new value. The research finding propose that factors such as forecasted social control, forecasted output control and forecasted behavior control frequently direct investors to forecast higher post investment performance. It also ascertains that the investor’s entrepreneurial background as well as the type of investment firm affects the undertaking’s post-investment performance. The results
provide provisional approaching as to how to assess and predict performance of pre-seed ICT undertakings in Israel.

Jennifer Lodi-Smith and Brent W. Roberts, (2007) This Research study explored extensive propositions for individual and society. The result analysis investigates the manner in which personality traits relate to four investments such as work, religion, family, and volunteerism. Meta-analytic techniques were used in the research to find out the cross-sectional pattern of relationships among social investment in the four investment roles and the personality trait areas of agreeableness, emotional stability and conscientiousness. Results exhibited that the degree of investment in social roles across these areas is directly related to selected personality traits.

Yener Altunbas, Alper Kara and Adrian Van Rixtel, (2007) Results of research explored that in the companies listed in Japan, equity investments / ownership fund investment by institutional investors, financial investors and banking institutions were principally in the conventional manufacturing businesses, high-tech manufacturing businesses, and communications businesses. Investors collectively including banks which are the biggest group have majority proportion of the equity capital of companies listed on the Stock Exchange in Tokyo and Osaka.

Lyons, A. Neelakantan, U. Fava, A. and Erik Scherp, (2007) Researcher made a proposition to elucidate that when the husband had more or equal decision-making power than wife, the couple was more expected to have an IRA and to have a larger amount in the account. Outcomes of research revealed that a couple’s retirement investment decisions based
considerably on the age and education of the spouses and also on relative gap in age and education levels among the husband and the wife.

Charness, Gary B, (2007) Researcher discovers a very steady result that women invest less than men, and therefore emerge to be more financially risk averse than men. Women make lesser investments than do men, and so come out to be financially more risk averse.

Tahira K. Hira, (2007) The results of study reported that women were more likely than men to manage everyday money administration tasks. Men were more expected than women to invest on theirself. Women were more expected than men to have fixed income investments such as certificates of deposits, savings accounts, and life insurance with cash value; women were also more expected than men to put in government savings bonds.

Tahira K. Hira, (2007) Findings of this research point out the financial socialization is comparatively the same among racial groups. Although, the implementation and tools used by participants who make financial decisions and collect considerable information tend to be different by race.

Croson, R. and Gneezy, U., (2009) This research has explored number of experimental literature on gender disparities in risk inclinations, social preferences and competitive choices. Overall, this study has documented basic choice differences among the two genders. The study indicates that men are more risk taker as compare to women. This risk avoidance by women can resulted into their desirability of getting jobs with lower average and less variated salaries. This choice based elucidation is steady by gender difference confirmation. Lastly, next series of writing proposes that choices of women for competitive state of affairs are lesser in comparison to men. This can resulted women to select occupations with less
struggle can also resulted into less earnings by women or promoting little by little within a given occupation. The gender dissimilarity can be elucidated by choice differences but it does not mean that inequity will not take place, nor can study bring to a close that social procedure influencing it would not be greeting or value-enhancing. Researcher has acknowledged choice gap among different gender, emphasizing on risk taking, social choices and response to competition factors which are significant in the industry.

Sherman D. Hanna and Cong Wang, (2009) Study found that net worth, household economic features, and income play the most considerable role in resulting the racial difference in risky asset investment ownership among Black-White and Hispanic White difference.

Kasilingam R. and Jayabal G. (2008) Family size and family income have influence on not only savings size but also investment choice. Increase in family size may have influence on family expenditure and time to spend on investment activities. Numerous studies have decisively inspected the effect of income on savings. Subsequently different income concepts such as permanent income, relative income and absolute are introduced. Investment behaviour implies not only investment size and choice of investment but it also includes information search, choice criteria and perception of investors. This research tries to analyze the effect of family size and family income on all investment behaviour variables. Chi-square analysis is used to test the association among investment behaviour variables and demographic variables and Regression is used to analyze the extent of influence of income on savings.

Lex Borghans, Angela Lee Duckworth, James J. Heckman and Bas terWeel, (2008) Based on the results of research it was resulted that in the economic theory of choices and constraints,
personality traits even other than altruism and social choices are major factors and more importance should be given to them.

Cary Deck Jungmin Lee, Javier Reyes and Chris Rosen, (2008) This research study analyzes risk approaches using two paid experiments: the ‘Holt and Laury Weber’ and ‘Weber Blais, and Betz’ (2002). The participants completed a sequence of personality questionnaires constructed in the psychology studies including the risk areas of Weber, Weber Blais, and Betz (2002). The results of research exhibit that risk approaches vary within subjects across elicitation methods. However, this difference can be partly clarified by individual personality traits. Particularly, subjects behave as though the Holt and Laury task is an investment assessment while the Deal or No Deal job is a gamble decision.

Roger Sorheim, (2003) This research paper enquires the before investment behaviour in Norway of practiced institutional investors. Previous research point outs substantial inefficiencies in casual debutant (new entrants) capital market, particularly lack of information with relation to the discovery of investment alternatives, and problems related to selection or assessment of fresh options for investment. The experiential results discover that an investor’s past performance trend, to a large extent, finds out the way of operating in informal debutant (new entrants) capital market. It is relatively based on reason for those who have attained knowledge in one particular area to make the irresistible majority of investment in that only area. This regional performance trend provides them a cutthroat gain in the informal venture capital market.

Farrell J., (2008) This paper examines the impact of change in various demographic factors on the options selected for investment in a fixed payment plan. Financial education i.e.
knowledge about financial market becomes necessity when financial assets maturing at retirement shifts from defined gain to defined payment plans. Results propose that subjects must have knowledge/experience so that they can understand and take a decision of the profitable composition of investment alternatives with given level of return and risk. Also, better knowledge of impact of gender and race will assist investment experts, and they can make sure that subjects are investing properly. This paper understands the choices of few demographic factors in investment choice.

Jaana Lisette Lutter, (2008) The research has created a better understanding of consumer behaviour concerning investment decisions, summary of the steps consumers go through before making the real investment acquisition, and shown where is currently physical gold’s position amongst other investment tools by consumers minds. Research exhibits that the main purpose to invest comes from the factor that extra money is left over from other expenditures and one wants to conserve its worth for the upcoming opportunities in the circumstances where inflation is growing.

Cliff Mayfield, Grady Perdue and Kevin Wooten, (2008) Findings of research point out that high extraverted individual hold short-term investments, although individuals with high degree of neuroticism and risk avoidance stay away from this activity. Individuals who are risk averse avoid investment for long term. On the other side individuals with more openness to experience are tending to invest for long term; though, openness did not forecast short-term investing.

Tahira K. Hira, (2008) The study finds out that youngest investors were more expected to take risk when compared to elderly investors, youngest investors were also expected to
increase the quantum of investment in the past one year. The research examined behavior of investors around age groups of - ‘20 years-39 years’, ‘40 years-59 years’ and seniors ‘60 years and older’. The research after comparison, concluded that most elderly investors choose to take less investment risk, and was unlikely to increase the investment amount in succeeding year.

Junankar P.N. and Wells R. (2009) The research analysis inspected the impact of an individual’s psychometrically resultant personality traits and position of their parents on the probability of getting a white collar job over the baseline class of a blue collar job; keeping human capital and additional factors as constant. The research has employed data from the Australia survey to estimate an arbitrary effect prohibit model to detain the affect on the possibility of doing a white collar job. The survey verifies the past results of human capital theory, but discovers that personality and parental position also have considerable impact on occupational outcomes. The results suggest that the degree of the average marginal effect of parental position is small and the impact of the personality trait “conscientiousness” is large.

Susana M. Sánchez (2009), This research examines two reviews of individual businessmen and registered enterprises operating in rural sector of Mexico for providing new facts about the factors affecting the occurrence of credit constraints and investment behavior. The researchers employ self-reported information on whether economic agents have a need for loans by separating formal and informal markets. The researchers find out that the self-reported need for loans is low. However, the frequency of credit constraints is persistent, particularly among individual businessmen. The experiential study, which includes proxies of business scenario and creditworthiness, shows that improving the accessibility of loans to
credit constrained agents, would increase the figure of agents doing investments and their investment to capital ratios.

Cassar, G. and Friedman, H. (2009) The Research statistically examines the self-efficacy impact on investment preferences of entrepreneurs. Researchers identify different aspects of entrepreneurial investment by stating that high degree of self-efficacy is linked with further risky investment decisions. The research shows that self-efficacy enhances the possibility of becoming a promising entrepreneur and developing successful business. This personality trait also substantially enhances the personal wealth investment and the total hours/week the individual assigns to the business enterprise. Results are significant in controlled environment implying assumption that other known linked features have no effect.

Collard, S. (2009) The research highlights particularly women tend to be risk averse and look for to minimizing losses rather than maximizing gains, even in relation to long-term investments. When face with multifarious decisions such as retirement fund investment alternative, there is strong proof that individuals do not behave as per economic theory. As an alternative they use a series of strategies and are prejudiced in a number of ways that may consequence in decisions that are less than best possible in terms of providing them with an sufficient income in retirement.

Peter Duersch and MarošServátka, (2009) This paper empirically investigates whether risk-averse individuals penalize less if the outcome of penalty is unsure than when it is sure. Researchers find out that in all cases, the risk avoider individuals are equally expected to assist in the prisoner’s predicament and equally possible to penalize in the second stage in any of these two punishment treatments.
Barnea, A. Cronqvist, H. and Siegely, S. (2009) Research find out that genetic factor is the reason of the heterogeneity in investment behavior distinctively, up to 45 percent. The extent of such a genetic factor is very large in comparison to other individual characteristics such as age, education, gender, and prosperity.

Courtiol, A. Raymond, M. and Faurie, C. (2009) This research reveals a statistically considerable behavioral dissimilarity among firstborn and other child. Firstborn appeared less trustful, reciprocating than later born or only child.

Winden, F. V. Krawczyk, M. and Hopfensitz, A. (2009) Main results of the study was that the time of the decree of risk influence investment, adjusted by the likelihood of investment success. Results also explained the significant role of emotions in this context.

Cavapozzi D., Fiume A., Garrouste C. and Weber G. (2010) The research explores that accurate usage of financial tools has a considerable impact in attaining a good livelihood in mature age. People who did not employ funds in equity in the preceding years, failed to encash high returns are more possibly to be in financial suffering. The hypothesis that financial conduct is influenced by human capital supported by results of the study that mathematical skills, formal education, and family past all take part in financial markets comforts. The affirmation that in few countries financial market involvement and education of women is lower has attracted specific interest, considering significant increase in educational accomplishment by females over the recent decades. These results propose that increased financial education constitutes an attainable objective for welfare systems.
Robert B. Durand, Michelle Siekierka, Leila Peggs, Rick Newby, (2012). In this research, researchers have juxtaposed standard and behaviour finance. They have confirmed earlier DNS 2008 theory which established linkage of investor personality with investment preferences and returns. In addition, researchers have extended Durand, Newby and Sanghani theory and confirmed individuals’ dependence on two approaches i.e. a) availability heuristic and b) disposition effect. These approaches are also part of personality of individuals. Researchers resulted to the “auction” elucidation of the role of personality and investment i.e. securities’ marginal price is fixed by those investors whose personalities magnetize them to traits in those securities.

Ng, L. and Wu, F. (2010), This research examined for proof of colleague influence on the investors’ decisions of trading in Mainland China, which are vary largely from western countries in the context of social and cultural structures. Cultural variations, as broadly recognized, play a considerable role in social connections and word-of-mouth conducts. In opposite to US researches, this research found strong proof that the Chinese investors’ investment decision is affected mainly by sayings of their colleagues who uphold brokerage accounts, however those colleagues whose brokerage accounts are at another branch situated in the same city did not influence investors’ decision of trading.

Justine Hastings, Olivia Mitchell, (2010) The research has elucidated why consumers have problem with financial judgment are getting momentum. One problem is that people are financially uneducated as they are deficient in understanding of basic economic concepts and cannot do calculations such as calculating compound interest, which could make a basis for them to take less than optimal financial judgment. Other reason is that eagerness or present bias might explain less than optimal financial judgment. This means people determinedly
select instant satisfaction instead of taking benefit of larger long-term returns. Researcher employed experimental confirmation from Chile to find out how these factors emerge associated to poor financial judgment. Results showed that appraise of eagerness is an effective forecaster of prosperity and then investment in health. Financial education is also related with prosperity although it seems as an ineffective forecaster of compassion to outlining in investors’ decision making.

David Cesarini, Magnus Johannesson, Paul Lichtenstein and Örjan Sandewall, Bjron Wallace, (2010). Results explored that individuals vary in how they create their investment portfolios, however experiential models of portfolio risk classically account only for insignificant cross sectional difference. This study examines whether genetic difference can elucidate some of these individual variations. Because of a major problem, Swedish adults had to construct a portfolio from large alternatives of funds. Researchers go with data on these investment judgments with the Swedish Twin Registry and find out that about 25% of individual difference in portfolio risk is because of genetic difference. Research has also found out that these results have propositions for several other facts of financial judgment.

Sultana, S. T. (2010) In the study it was found that regardless of gender, majority of the investors were found with low risk forbearance level and 34% have high risk forbearance level rather than modest risk acceptance level. Indian investors are conventional investors have a preference to invest safe even if they are of high income, salaried, well educated and self-sufficient.
Baddeley M., Burke C., Schultz W. and Tobler P. (2010) Experimental analyses of research study has recognized considerable tendencies for individuals to pursue group decisions, a result which has been elucidated using Bayesian approaches of statistical conclusion. This research study summarizes the findings from a group task designed to enlarge these analyses. Experimentally, researchers used panel fixed effect estimation techniques to measure the impact of group decisions on individual’s judgment buying or not buying a financial asset. The research verifies statistically considerable inclinations to group and that social information about other’s judgment has an influence on individual’s judgment. Researcher confirms these results by identifying relations between grouping inclinations and individual characteristics such as age, gender and particular personality traits including impulsivity.

Puetz, A. and Ruenzi, S. (2011) The research investigated overconfidence amongst equity mutual fund managers. Although retail investors were widely recognized as overconfident but the confirmation of overconfidence among professional investors was inadequate. In consistency with the theories on overconfidence, researchers discovered that after experiencing excellent past results, trading by fund managers increased. Researchers disagree with some other explanations for results such as increased trading as a reaction to tournament motivation, as a response to inflows, or as a balanced reaction because of knowledge about capabilities.

Gunay G. S. and Demirel E. (2011) Principal motive of conducting research was to examine interaction among demographic factors and financial behavior in investment assessment. Results discovered, gender has interaction with five financial behavior traits such as overreaction, irrational thinking, cognitive bias, herding, and overconfidence. The other finding of study was that the amount of individual savings has an interface with above
selected four financial behavior factors. Lastly, it was also discovered that behavioral finance issues are effectual in individuals’ investment assessment.

Ahmed I., Aamir M. and Ijaz A. H. (2011) This research focused to communicate the specific issues that are faced by Pakistani students in the form of economic, social and structural issues and how these issues affect entrepreneurial objectives of university students. Impact of self-efficacy which is a personality trait, is also reviewed, how it manipulates association of external factors and entrepreneurial objectives. A sample of 200 university students was taken for data collection. Results exhibit that structural and social factors have influence on entrepreneurial perceptions of students, although economic issues have no impact on self-employment perceptions of university students. Findings also illustrate that self-efficacy doesn’t moderate association of external issues and entrepreneurial intentions.

Carsten Horn and Markus Rudolf, (2011) The research study examines the conception of service quality in private banking hypothetically and experimentally and recognizes factors which add to service quality. A multi-dimensional and hierarchical model is constructed on the basis of efforts of Rust and Oliver and Brady and Cronin. The model is after that experimentally tested between private banking providers with the application of partial least squares method.

Peterson, R. L. (2011) The summary of research study discovered that emotional stability and openness to new experiences i.e. mental flexibility emerge to be the most associated traits of successful investors.
Almlund, M. Duckworth, A.L. Heckman, J. and Kautz, T. (2011) This paper explores that force of personality traits act as predictors and as reason of health, academic and economic success, and criminal activity.

Chandra, Abhijeet and Kumar and Ravinder, (2011) Findings of the research explored that five specific psychosomatic dimensions act as driving force of investment behaviour in India. These five relevant traits on the basis of the selected variables were titled as carefulness and precautionous attitude, under confidence, conservatism, informational asymmetry, and financial infatuation. The findings revealed some psychological dimensions, which were conservatism and under confidence as influencing factors for individual investors’ trading behaviour in stock market.


Issahaku, H. (2011) The Paper reported that there is the tendency to save and invest even with low income in Nadowli. While the extent of income, educational status, profession, has positive influence on saving, the dependents size has a negative impact on saving. The paper discovered that age composition and assets do not have substantial influence on saving. The factors that make household investment are profession, spending, assets and saving.

Boolell Gunesh, S. 1 Broihanne and M H. Merli, (2011) Researcher explains sophistication with relation to four propositions: investors are refined if they trade warrants and bonds, foreign assets and if they hold two kinds of accounts i.e. tax-free account and traditional
account to consign orders. Result report exhibits that financially sophisticated investors are less inclined to the disposition effect.

Guttormson, K. and Herald, C. (2011) Findings of the study revealed that women earn more in long duration of time even though men are more active in comparison to women. Majority of men aggressive investment approach with respect to stock portfolios, although women show evidence of conventional trading and less frequently.

Wang, A. (2011) This research reveals that experience, knowledge, and income are considerable factors that influence investing behavior of younger generation in mutual funds. Additionally, gender emerges as the most important factor that make different investing behavior of younger generation in mutual funds. The report points out wealth management challenges for younger women, as they inclined to exhibit lesser investing behavior in mutual funds than their counterparts investing behavior.

Lucy F. Ackert, Bryan K. Church, Tompkins, J. and Ping Zhang (2003) This paper focused that perceived familiarity plays a considerable role in investment decision making. This research also provide confirmation that, for Americans and Canadians, assumed familiarity is higher for domestic and local firms in comparison to foreign and non-local firms.

Donatus Okhomina (2010) Results of the research maintain considerable positive associations between psychological traits and entrepreneurial point of reference. Report also proposes that supportive environment moderate the associations of psychological traits and entrepreneurial orientation.
This research re-evaluated the question of whether locus of control, need for achievement and tolerance for ambiguity are useful forecasters by examining their association to entrepreneurial orientation; and whether supportive environments balance the associations amongst entrepreneurial orientation and specific psychological traits.

Shyan-Rong Chou, Gow-Liang Huang and Hui-Lin Hsu (2010) The research study explored that married subjects’ risk perception of mutual funds was significantly higher than that of unmarried subjects. Also, apart from investment type investment insurance policies, married subjects had more experience with financial products than unmarried respondents. Positive correlation was discovered between experiences of investor and their risk taking tendencies. Investors with trading experience have higher risk propensity and tend to have a risk-embracing character.

Gunay, S.G. and Engin Demirel (2011) Research revealed that gender is a considerable factor in financial behavior. It was found that male respondents have tendency to show more financial behavior than female respondents in their investment judgment. Another finding of research was that individual savings level also influences financial behavior issues in investment judgment. Lastly, it was found that there was no relation between age and selected six financial behavior factors i.e. overreaction, cognitive bias, herding, irrational thinking, media effect and overconfidence.

Nasir, S. and Khalid, M. (2004) Study discovered that high income resulted into high saving and major source of the Investment was domestic saving, on the other hand foreign saving is not helpful for investment in Pakistan. In Pakistan, investor’s expectations also play a key
role in investment judgments and outcome on investment is a considerable determinant of investment.

Hayat, M. Awan, Khuram Shahzad Bukhari and Bushra Ghufran (2006) According to research study, efficient market hypothesis explains the recent stocks prices replicate all the available information, so the supporters of efficient market hypothesis propose a passive investment approach of indexing that do not make attempt to hit the market. Although few investors are suspicions about the subsistence of efficient markets and they consider that they can strike the market returns by implementing certain strategies and plans. This study focuses on the investment pattern of individuals. Researcher particularly looks into the factors affecting investment behavior of investors and their comparative significance in shaping on the whole investment behavior. The study also examines influence of investor behavior on decision making. Investigators collected data by taking a sample of 246 individuals having accounts with KSE brokers, by collecting direct replies. Investigators also taken responses from few brokers (28) listed with KSE. Researchers classified investors based on investment quantum, demographic features and investment aim and carried out variance analysis amongst responses. Individual investors’ reactions based on ordered questionnaire were evaluated quantitatively whilst brokers’ responded to open ended questions and analyzed qualitatively. A mixture of statistical tools e.g. ANOVA, Cross tabulation, Regression and Frequencies etc. were used to attain the research results. Results projected that behavioral features of investor participation and overconfidence were considerably associated to market sentiments. Findings explored that involvement (behavioral trait) was most considerably connected to technical analysis. Research also discovered behavioral factors of risk outlook and overconfidence considerably related with fundamental study.
Bernile, G. and Lyandres, E. (2011), The research has examined the degree to which the stock market's ineffective responses to resolutions of indecision based on investors’ biased past gamble beliefs concerning the probability distribution of upcoming event outcomes or their past post-irrational responses to these returns. Researchers have employed a few publicly traded European soccer clubs as sample and analyzed their returns around considerable matches. Researchers discovered by using a novel proxy for investors’ hopes based on contracts traded on gambling exchanges that within sample, investor feeling is determinable, in part, to an organized bias in investors’ past gamble expectations. Investors are excessively hopeful about their teams’ scenario past gamble and, on average, end up dissatisfied ex post, resulted into negative postgame abnormal profits. The proof may have considerable repercussions for firms’ investment decisions and corporate control dealings.

Stefan Zeisberger, (2011) Results of research revealed that investors as loss averse, recurring risky investments are less striking in prejudiced evaluation. A hypothetical foundation for this effect is propounded by the behavioral conception of myopic loss aversion (MLA). Results of myopic loss aversion have been established in several between subject experimental studies. Research analysis reveals that the impact of changes in feedback regularity and investment flexibility are not as straight forward as apparently assumed.

Paul Hare and Felicia Owusu Fofie1, (2010) Research study elucidated that Ghana's economy has achieved much better during the past decade after growing slowly and erratically for few years after independence, since assisted by political stability and higher rates of investment. Though, continual growth requires not only high amount of investment but proficient and fruitful investment. Consequently, research of investment in Ghana, focused on the common policy environment and on the incident of two particular industries
i.e. timber products and food processing. Firms were interviewed in four regions, and considerable barriers to proficient investment were recognized.

Yuri Khoroshilov, (2008) This paper investigates the impact of basic online financial data on the behavior of investors without financial knowledge or with less financial knowledge. Research found that participants, invest extra in stocks with particularly high or low short duration earned income, pursue momentum approach over short duration earned outcomes, and pursue contrarian approach over long duration earned outcomes. Research also analyzed that the momentum and contrarian strategies may be concurrently used by single investor, short duration drive investors are more expected to pursue long duration contrarian plans in comparison to investors not taking decisions of investment by making basis of short duration earned stock outcomes and investment strategies of a considerable number of individual investors do not change eventually.

C Wildmen, (2011) The research investigates decision making aspect of German banks in the context of investment portfolio in rising capital markets from year 2002 till year 2007. Various factors affecting portfolio investments were identified by the employment of cross sectional framework in time-series. Substitutes for the overall growth and effectiveness of capital markets have the highest economic importance of all variables. Investment in stock market is directly affected by the introduction of depositary receipt programme. Additionally, there is signal that mitigation of global risk puts forth a considerable impact during financial commotion.

Lay Summary Results: Findings of study explained primarily, what changes with age? Main objective was to find out how financial decision making being influenced by age. Other
objective of the research was to determine how individual differences can manipulate financial decisions. Only a few individual difference variables were found associated with life financial outcomes. Results depicted that short computerized tests of decision making may precisely index the cumulative effects of real-world financial choices. Additionally, individuals with high degree of future self-continuity also had more assets in comparison to individuals who did not sense very alike to their future selves.

Shelly Lundberg, (2011) Study explored that personality dimensions greatly influence individuals’ tendencies towards marriage and divorce in a sample taken from German population. Few personality dimensions associated with divorce are also correlate to lesser self control in other areas, and recommend that different actions based on reason should be well thought-out in family behavior models. Researcher included personality into other marriage models. The individual dimensions were linked with ‘productivity at home’, ‘market sectors’, choices for household goods. Statistically, study of effect of personality and psychological factors on relationships may develop the perception of correlation among partnership and parental judgment and their reactions to policies and institutions.

Yang S., Hsu Y. and Tu C., This research elucidated factors that influence trade volume, and re-tested the model of investor confidence with characteristics of traders. In addition, this research analyzes how trader demographic features and personality traits influence the association among investor confidence and their trade volume. Age, education and job seniority were taken as demographic features. Personality traits of conscientiousness and extraversion were taken for investigating their influence. The research was conducted by taking a sample of 206 futures investors-traders dyads. Analyses ascertain that demographic features and personality of trader both play considerable role amid investor confidence and
their trade volume. Results provide support for the hypothetical model and recommend propositions of research on investor confidence and behavior finance domain.

A detailed account of knowledge, facts and researches existing in the written and electronic form has been presented in the preceding paragraphs. Number of research scholars and philosophers has investigated different aspects of investment behavior in various contexts. Above detailed thorough survey of the existing knowledge shows that no research has been conducted so far on the topic/field area of the present research “Personality Traits and Investment Behaviour: A demographic comparison of Haryana State” especially in Indian context. Besides this, an analytical and critical review of the existing knowledge exhibits holes and gaps in knowledge. A brief description of such gaps and holes is given here under:

The study of Xinhoui Zhou, Mingliang Li, (1882) investigates the behavior theory of investment and reviews factors affecting the judgment of investors and the behavioral deviations. Simultaneously, the research also analytically investigates and determines the correlation between asset allocation and behavior of investment in China’s securities market.

Research by Bart H.H. Golsteyn, James J. Heckman and Huub Meijers, (1951) indicates that subjects generally value uncertainty less than risk. Women were more risk averse in comparison to men while men seem to be more uncertainty averse. Psychological traits were found strongly related to risk but not to uncertainty.

Findings of Thomas R. Atkinson, (1956) discovered large differences between professional groups in context of ownership of financial asset type. Researchers found differences in the rate of recurrence of holding the asset as well as the value of each asset type. Main significant finding was that a large chunk of shares were owned by individuals who were either managers or proprietors.
The study of John E. Grable, (1997) framed to find out the impact of demographic factors on risk acceptance level of investors. Demographic factors taken into consideration were gender, occupation, income, race, self-employment, marital status, age and education. Impact of these factors was analyzed by employing them separately and in blending. As per the findings of multiple discriminant analysis, demographic factors of participants were considerably differentiating in the risk levels acceptance whereas 3 demographic factors were discovered to be irrelevant statistically. It was also discovered by employing multiple discriminant analysis that the demographic features investigated in the study explained near about twenty percent of the difference between the three levels of risk forbearance of investors. Two demographic factors were discovered as most effective in differentiating between and classifying respondents into risk-acceptance categories. The most significant optimizing factor was educational status of subjects. Finally, results also concluded that demographic factors provide only an initial hint for assessment of risk forbearance power of investors.

The Research Study by Croson, R. and Gneezy, U., (2009) indicates that women are more risk-averse than men. This risk-aversion can resulted into the attraction of women to jobs with lower mean, lower-variance salaries.

In the study by Korniotis, G. and Kumar, A. (2005) researcher finds that older investors hold less risky and better diversified stock portfolios and their choices reflect better knowledge about investing. Though, steady with the psychological confirmation on aging, researcher discovers that older investors have poorer stock selection ability and worse diversification skill.

The Results of the study by Cliff Mayfield, Grady Perdue, Kevin Wooten, (2008) specify that investors with high degree of extraversion invest for short duration of time, whereas investors with high degree of neuroticism/risk avoidance stay away from this activity. Risk averse
investors do not invest for long period of time. Investors with high degree of openness to experience also invest for long period of time; though, openness did not forecast short-term investing.

The study of Barnea, A. Cronqvist, H. and Siegely, S. (2009) explores that genetic factor is the reason of the heterogeneity in investment behavior distinctively, up to 45 percent. The extent of such a genetic factor is very large in comparison to other individual characteristics such as age, education, gender, and prosperity.

The research paper of Robert B. Durand, Rick Newby, Leila Peggs and Michelle Siekierka (2010) demonstrated that investors’ personalities are linked with their investment preferences and returns. Results interpret the influence of personality in investment decision making i.e. the marginal price of securities is fixed by those investors whose personalities magnetize them to traits in those securities.

The study of Ng, L. and Wu, F. (2010) examined for proof of colleague influence on the investment trading judgment of individuals in Mainland China, where cultural and social formations are greatly vary from western countries. Findings of the study explore that the decision of investment trading of Chinese individual investors is affected by sayings of their colleagues who uphold brokerage accounts, however not affected by those colleagues whose brokerage accounts are at other branch situated in same city.

In the study of Sultana, S. T. (2010), it was found that regardless of gender, majority of the investors were found with low risk forbearance level and 34% have high risk forbearance level rather than modest risk acceptance level. Indian investors are conventional investors have a preference to invest safe even if they are of high income, salaried, well educated and self-sufficient.

The Research study by Gunay G. S. and Demirel E. (2011) shows that there is an interaction among demographic factors and financial behavior in investment assessment. It was revealed
that gender has interaction with five financial behavior factors such as overreaction, irrational thinking, cognitive bias, herding, and overconfidence. The other finding of study was that the amount of individual savings has an interface with above selected four financial behavior factors. Lastly, it was also discovered that behavioral finance issues are effectual in individuals’ investment assessment.

In the study of Peterson, R. L. (2011) it was discovered that emotional stability and openness to new experiences i.e. mental flexibility emerge to be the most associated traits of successful investors.

The results of study by Chandra, Abhijeet and Kumar and Ravinder, (2011) reveal the five specific psychosomatic axes that as emerge driving force of the Indian investor behaviour. These five relevant traits on the basis of the selected variables were titled as carefulness and precautious attitude, under confidence, conservatism, informational asymmetry, and financial infatuation. The findings revealed some psychological dimensions, which were conservatism and under confidence as influencing factors for individual investors’ trading behaviour in stock market.

The research paper of Lucy F. Ackert, Bryan K. Church, Tompkins, J. and Ping Zhang (2003) indicates that perceived familiarity plays a considerable role in investment decision making.

The study of DonatusOkhomina supports considerable positive associations among psychological characteristics and entrepreneurial point of reference. Report also proposes that helpful environment moderate the associations of psychological characteristics and entrepreneurial orientation.

All the above detailed researches and articles clearly show that no such research has been conducted on the topic of present research i.e. “Personality Traits and Investment Behaviour: A demographic comparison of Haryana State”. So the need for the conduction of this study is
justified for being an original and new research. This research has also filled up the gap in the existing knowledge.