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# DETERMINANTS OF INVESTMENT DECISIONS: AN EMPIRICAL STUDY OF INDIVIDUAL INVESTORS IN EAST GODAVARI, WEST GODAVARI AND KRISHNA DISTRICTS OF ANDHRA PRADESH

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*Abstract***:** Investment decisions have become increasingly complex in a dynamic financial environment characterized by multiple investment avenues and rapidly changing market conditions. Understanding the factors that shape investor behaviour is essential for effective financial planning and policy formulation. This study examines the key determinants influencing investment decisions among individual investors in the East Godavari, West Godavari and Krishna districts of Andhra Pradesh. It explores the role of demographic variables—particularly age and gender—along with behavioural, psychological, economic and informational factors that affect risk tolerance and investment choices. The findings suggest that traditional demographic segmentation is no longer sufficient to explain variations in investor behaviour. Instead, a combination of behavioural attitudes, financial literacy, peer influence, media exposure, company reputation, market indicators, diversification motives, and perceived safety significantly shape investment preferences. The study provides insights that can assist financial advisors, institutions, and policymakers in developing customized investment strategies for diverse investor groups in semi-urban and emerging regional markets.

***IndexTerms* -** Investment Decisions, Investor Behaviour, Risk Tolerance, Investment Determinants, Financial Planning, Market Indicators, Investment Perception

## 1. INTRODUCTION

Investment Decision making is a challenging activity for investors, especially in the dynamic environment with multidimensional alternatives. Investment decisions cannot be made in a vacuum by depending on the personal resources and complex models. Investors must have to be vigilant and up to date to achieve the desired goals. This study aims to gain knowledge about key factors that influence investors behaviour and how these factors have impact on investment risk tolerance and decision making process among men and women and among different age groups. The individuals may be equal in all aspects, may be even living next door, but their financial planning needs are very different. It is by using different age groups along with Gender that synergism between investors can be generated. In this context, demographics alone no longer suffice as the basis of segmentation of individual investors. Hence keeping this in mind, the present study is an attempt to find out factors which affects individual investment decision and differences in the perception of Investors in the decision of investing.

## 2. Review of Literature

**Peter Roger Ewing (1970)**[1] identified those factors which motivated and guided the investment decisions of the common stock investors. The factors include (i) Income from Dividends (ii) Rapid Growth (iii) Purposeful Investment as a protective outlet of savings (iv) Professional Investment Management.

**Blume, M.E., and I. Friend (1978)**[2] found that the investors who are working in listed companies tend to invest on equity shares more in number than those employees working in unlisted companies. The reason which they mentioned was, the investors' working in listed companies generally receives shares of the companies in which they are working under employee stock option scheme. As a result, they are better aware of the stock markets and equity investments. On the other hand, the investors who are working unlisted companies are not having much of awareness on stock option scheme.

**Gali J (1994)**[3] found that it is quite common among the investors to copy the investment decisions of their friends, who are having good knowledge of investments. He further mentioned that this tendency of copying friends is relatively high among the first time and new investors.

**Thaler Richard (1999)**[4] stated that most of the investors who put a high value on their investments, seek professional's or expert's advice before they make up their mind. He further stated that, in some cases, even the most experienced investors are also consulting others not just for the reason that they are investing large amount of money but for they place value on their investments.

**Chan, Y. and L. Kogan (2002)**[5] concluded that normally friends are the main source to draw inspiration and motivation especially while doing any adventurous activities. This is especially true in the case of investment decision. Whenever investors are making investments on such assets which are associated with risk, they tend to approach their friends to get mental support from them by getting their approval so that they can feel that they are doing nothing wrong.

**Hussein A Hassan (2006)**[6] identified the factors influencing the UAE investors' behavior. Six factors were found as the most influencing factors on the UAE. The most influencing factors include corporate earnings, get rich quick are past performance of the stock.

**Tapia and Yermo (2007)**[7] concluded from their review of mandatory individual account pension schemes that, in general terms, international evidence appears to reveal a preference among plan members towards equity funds. They note, however, that this is due to the professional advice that members receive.

**Barber and Odean (2008)**[8] hypothesized that the attention is a key factor determining which of the stocks individual investors buy, but not the stocks individual investors sell. They also test the hypothesis that individual investor buying behaviour is more heavily influenced by attention than the buying behaviour of sophisticated investors. They found that attention-driven individual investor buying is similar for large capitalisation of stocks and small stocks. However, they report that the "attention-driven buying patterns do not generate superior returns".

**P.K.Singh, Sunitha Tanwar and C.S. Yadav (2010)**[9] analyses how customer think and evaluate the situation before investing in the shares in Indian stock market, and at the same time it also tries to see that how customer behaves after investing in shares with market speculation and sentiments. The study also indicated that, the investors think some common things like fundamentals of company, promoters, reputation and goodwill, quarterly result and dividend before investing.

**Hoffmann, Shefrin and Pennings (2010)**[10] analyze how systematic differences in investors' investment objectives and strategies affect the portfolios they select and the returns they earn. It is found that investors who rely on fundamental analysis have higher aspirations and turnover, take more risks, are more overconfident, and outperform investors who rely on technical analysis. Our findings provide support for the behavioural approach to portfolio theory and shed new light on the traditional approach to portfolio theory.

**Samantha (2010)**[11] research conducted on effect of friends on the investment decisions of individuals, she conducted a survey in USA among 500 respondents and she found that some are investing just because their friends are also investing. Their objective is not just earning good returns on their investment, but to be in association of their friends.

**Bennet, Ebenezer, et al (2011)**[12] in his study concluded, Out of the total 26 variables, it is found out that five factors had very high influence over the retail investor's attitude towards investing in equity stocks. They are namely investors' tolerance for risk, strength of the Indian economy, media focus on the stock market, political stability and finally government policy towards business.

**Kasilingam. R (2012)**[13] found that investment behaviour is related to activities of individual investors regarding searching, evaluating, acquiring, reviewing. These variables differ from person to other person. Therefore, this study has tried to analyze how and why these variables are different among different segments of investors. Understanding the characteristics of investors will be useful to the policy makers, marketers of financial products and intermediaries of financial markets. The policy makers can frame suitable polices to attract people to deploy their surplus fund in the appropriate investment avenues.

**Parimalakanthi and Ashok Kumar (2015)**[14] carried out a study and found that education of investors is immensely important for the present day investors in Coimbatore investors. Before making investments, there is a need to collect investment related information from internet and consult friends, peers and investment experts before making investments.

**Malathy M., Saranya J. (2017)**[15] in their study found out that majority of respondents rated ROI very high. Every investor should be very cautious in market trend or risk while investing. The main factors influencing investments are the return on investment and for the short-term profitability.

## 3. Objective

1. To identify the factors that influences the investors towards investment in the stock market.

## 4. Hypotheses

1. **$H_0$** There is no significant impact on the opinion of the respondents belonging to the three districts on various risk factors associated in investment decision making.
2. **$H_0$** There is no significant difference in the opinion among the respondents of the three districts on factors influencing decision making, firm-image, neutral information, advocate recommendations and personal/financial needs.

## 5. Research Methodology

### 5.1 Research Design

The study is both descriptive and analytical in nature. An exclusive literature review is done to study the problem deeply. The primary data is collected through structured questionnaire. The questionnaire was designed comprehensively to elicit information about the socio-economic profile of the investors, factors influencing investment decisions. The questionnaire is designed keeping in view of the objective of present research study.

### 5.2 Area of the Study

The study is limited to East Godavari, West Godavari and Krishna Districts in Andhra Pradesh.

### 5.3 Sources of Data

To pursue the above mentioned objective, the present study is based on both primary and secondary data. The primary data is collected through structured questionnaire. The relevant secondary data gathered from various published books, journals, reports, periodicals, magazines, bulletins and internet etc.

### 5.4 Sample Size

In total there are around 6883 population from 323 sample broking firms. Simple random sampling technique (Random Number generation) method was used to collect 660 samples. And 220 respondents were equally selected from each district.

### 5.4 Sampling Technique

Random sampling technique

### 5.5 Research Instrument

A structured questionnaire was used to collect the relevant information pertaining to the said research. A pilot study was conducted prior to the administering of the questionnaire/schedule of a sample size of 50. The respondents of the pilot study have also been included in the actual size of the sample for purpose of analysis as there is no discrepancy occurred in the pilot study.

### 5.6 Data Processing

After the collection of data through the structured questionnaire, editing was done carefully. Based on the responses of the samples, tables are prepared.

### 5.7 Data Analysis tools

The primary data have been interpreted with the help of simple statistical tools such as percentages, ranking method, chi-square test of significance is administered to know the association between different variables in the questionnaire with different districts and Krusal Wallis test was carried forwarded for the dimensions like factors influencing decision making, firm image, neutral information, advocate recommendations, personal/financial needs, risk associated with each type of investment, perception on risk factors, awareness and satisfaction level on avenues of investment.

## 6. Data Analysis and Interpretation

At outset an attempt is made in this research article to discuss: Factors influencing investment decisions which include factors, firm-image, neutral information, advocate recommendation and personal/financial needs.

### 6.1. Different factors which influence investment decisions in securities

Respondents' opinion on factors which influence investment in securities is depicted in table no.6.1. Respondents' were asked to rank the factors according to their preference. First rank is given to the factors expert or professional opinion followed by own analysis and evaluation second rank, experience of peer groups in corporate investment is recorded third rank. Fourth rank is given to crowd behaviour, fifth rank to tempting offers by companies and last but not least rank is given to media.

**Table no.6.1.Factors which influence investment decisions in securities**

| Factors | 1 | 2 | 3 | 4 | 5 | 6 | Weighted Rank |
|---|---|---|---|---|---|---|---|
| Own analysis and evaluation | 236(1416) | 120(600) | 83(332) | 62(186) | 39(78) | 120(120) | 2732(2) |
| Experience of peer groups in corporate investment | 122(732) | 110(550) | 201(804) | 96(288) | 89(178) | 42(42) | 2594(3) |
| Expert or professional opinion | 212(1272) | 167(835) | 91(364) | 105(315) | 52(104) | 33(33) | 2923(1) |
| Crowd behavior | 38(228) | 139(695) | 117(468) | 173(519) | 155(310) | 38(38) | 2258(4) |
| Tempting offers by companies | 31(186) | 92(460) | 92(368) | 86(258) | 193(386) | 166(166) | 1824(5) |
| Through media | 21(126) | 32(160) | 75(300) | 140(420) | 132(264) | 260(260) | 1530(6) |

The above table concludes that expert or professional opinion, own analysis and evaluation and experience of peer groups in corporate investment are playing dominant role in influencing investment decisions in securities.

### 6.2. Crucial factors in decision making to purchase the stocks that earn profit

**Table no.6.2.Respondents' opinion on crucial factors in decision making to purchase the stocks that earn profit**

| Factors | 1 | 2 | 3 | 4 | 5 | Weight Rank |
|---|---|---|---|---|---|---|
| Own analysis & evaluation | 186(930) | 115(460) | 81(243) | 83(166) | 195(195) | 1994(3) |
| Friends advice | 116(580) | 185(740) | 175(525) | 110(220) | 74(74) | 2139(2) |
| Brokers / Professional advice | 199(995) | 118(472) | 155(465) | 102(204) | 86(86) | 2222(1) |
| Crowd behaviour | 43(215) | 173(692) | 143(429) | 197(394) | 104(104) | 1834(4) |
| Through media | 118(590) | 69(276) | 107(321) | 168(336) | 198(198) | 1721(5) |

Crucial factors which influence the decision to purchase the stocks that earn profit is described in table no. 6.2. Respondents' gave 1st rank to brokers/professional advice with 2222 score. 2nd rank is given to friends advice with 2139 score, 3rd rank with 1994 score is recorded to own analysis and evaluation. Respondents' gave 4th rank to crowd behaviour with 1834 score and 5th rank is allotted to media with 1721 score. It may be concluded that brokers/professional and friends' advices are influencing the respondents' in making a decision to purchase the stocks.

### 6.3. Crucial factors in decision making to purchase the stock that incur loss

**Table no.6.3.Respondents' opinion on crucial factors in decision making to purchase the stocks that earn loss**

| That earned a Loss | 1 | 2 | 3 | 4 | 5 | Weight Rank |
|---|---|---|---|---|---|---|
| Own analysis & evaluation | 99(495) | 49(196) | 82(246) | 102(204) | 328(328) | 1469(5) |
| Friends advice | 106(530) | 213(852) | 135(405) | 126(252) | 80(80) | 2119(2) |
| Brokers / Professional advice | 297(1485) | 104(416) | 110(330) | 82(164) | 67(67) | 2462(1) |
| Crowd behaviour | 75(375) | 189(756) | 204(612) | 168(336) | 24(24) | 2103(3) |
| Through media | 83(415) | 104(416) | 132(396) | 182(364) | 159(159) | 1750(4) |

Respondents' opinion on crucial factors which influence a decision to purchase the stocks that incur loss is given in table no.6.3. First rank is given to brokers/professional advice and second rank is given to friends' advice. Crowd behaviour is allotted third rank, media is given fourth rank and own analysis and evaluation is recorded fifth rank.

By comparing the above two tables 6.2 and 6.3 respondents' accorded same ranks to brokers/professional advice (1st rank) and friends' advice (2nd rank) for the stocks that earn profit and incur loss. There is slight change in other three ranks.

### 6.4. Investment criteria

**Table no.6.4.Respondents' opinion on investment criteria**

| Investment criteria | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Weighted Rank |
|---|---|---|---|---|---|---|---|---|
| Company image | 223(1561) | 136(816) | 111(555) | 88(352) | 46(138) | 33(66) | 23(23) | 3511(1) |
| Strong promoters | 129(903) | 80(480) | 91(455) | 85(340) | 82(246) | 65(130) | 128(128) | 2682(3) |
| Past results and quarterly results of the company | 125(875) | 124(744) | 100(500) | 143(572) | 91(273) | 35(70) | 42(42) | 3076(2) |
| Product of the company and its potentiality | 86(602) | 47(282) | 118(590) | 71(284) | 140(420) | 108(216) | 90(90) | 2484(4) |
| Dividend | 22(154) | 69(414) | 77(385) | 82(328) | 125(375) | 154(308) | 131(131) | 2095(7) |
| Security | 50(350) | 111(666) | 97(485) | 70(280) | 98(294) | 145(290) | 89(89) | 2454(5) |
| P/E Ratio, EPS etc | 26(182) | 102(612) | 65(325) | 127(508) | 76(228) | 126(252) | 138(138) | 2245(6) |

Respondents' opinion on investment criteria while investing in securities is portrayed in table no. 6.4. Respondents' gave first rank to company image, second rank to past results and quarterly results of the company, third rank is accorded to strong promoters. Respondents' gave fourth rank to product of the company and its potentiality, fifth rank is recorded to security, sixth rank is given to P/E ratio, EPS etc and last rank is given to dividend.

The above table concludes that company image, company results, strong promoters and company products and its potentiality are playing a dominant role in the investment criteria of the respondents'.

### 6.5. Factors that influencing respondents' investment decision making

**Table no.6.5.Factors that influencing respondents' investment decision making**

| | District Vs Factors | Least Influence | Influence | Neutral | Significantly Influence | Most Significantly Influence | PS | Chi-Square (P-Value) |
|---|---|---|---|---|---|---|---|---|
| a) | Stock affordability (Lesser stock prices) | 123(18.6%) | 314(47.6%) | 84(12.7%) | 97(14.7%) | 42(6.4%) | 35.64 | 73.097* (0.000) |
| b) | Expected dividends | 39(5.9%) | 281(42.6%) | 129(19.5%) | 116(17.6%) | 95(14.4%) | 47.99 | 41.285* (0.000) |
| c) | Tax effect on Profit | 51(7.7%) | 192(29.1%) | 243(36.8%) | 133(20.2%) | 41(6.2%) | 47.01 | 120.557* (0.000) |
| d) | Minimizing risk | 37(5.6%) | 143(21.7%) | 139(21.1%) | 230(34.8%) | 111(16.8%) | 58.90 | 96.094* (0.000) |

* Significant at 5% level of significance with regard to District

Respondents' opinion on factors which influence the investment decision making is shown in table no.6.5. The highest and lowest percentages for each factor are recorded. From the above table it is understood that 47.6 per cent and 6.4 per cent of the respondents' are influenced and most significantly influenced by this stock affordability. About 42.6 per cent and 5.9 per cent of the respondents' opined expected dividends has influenced and least influenced them in decision making. Regarding tax effect on profit 36.8 per cent of respondents' are neutral and 7.7 per cent of them are least influenced. Minimizing risk is significantly influenced by 34.8 per cent of the total sample respondents' and 5.6 per cent of them are least influenced.

Based on the above results of table no.6.5 it may be concluded that majority of the respondents' are influenced with the above factors while making investment decision.

From the above percentage scores, it can be concluded that, in view of the respondent's response on the factors which influence them, the first factor that influence on their investment decision making is "Minimizing Risk" (58.90) followed by "expected dividends" (47.99) and then "Tax effect on profit" (47.01). The chi-square values and the corresponding p-values make a note that there is a significant difference in the opinion among the three districts on all these aspects at 5% level. Therefore the hypothesis is rejected and the variables are dependent to each other.

**6.6. Affect of the factors on respondents' investment decision making**

**Table no.6.6.Affect of the factors on respondents' investment decision making**

| Factors | | Least Influence | Influence | Neutral | Significantly Influence | Most Significantly Influence | District | Mean | PS | H-Value (P-Value) |
|---|---|---|---|---|---|---|---|---|---|---|
| a) | Expected corporate earnings | 116 (17.6%) | 246 (37.3%) | 128 (19.4%) | 114 (17.3%) | 56 (8.5%) | WG | 2.39 | 40.45 | 17.10 (0.000) |
| | | | | | | | EG | 2.58 | | |
| | | | | | | | Krishna | 2.88 | | |
| b) | Dividends paid | 26 (3.9%) | 216 (32.7%) | 194 (29.4%) | 164 (24.8%) | 60 (9.1%) | WG | 3.03 | 50.61 | 12.19 (0.002) |
| | | | | | | | EG | 2.84 | | |
| | | | | | | | Krishna | 3.2 | | |
| c) | Financial statement condition | 28 (4.2%) | 129 (19.5%) | 186 (28.2%) | 222 (33.6%) | 95 (14.4%) | WG | 3.26 | 58.60 | 8.03 (0.018) |
| | | | | | | | EG | 3.25 | | |
| | | | | | | | Krishna | 3.52 | | |
| d) | Stock marketability (that can be easily sold) | 35 (5.3%) | 107 (16.2%) | 192 (29.1%) | 186 (28.2%) | 140 (21.2%) | WG | 3.36 | 60.95 | 0.66 (0.718) |
| | | | | | | | EG | 3.46 | | |
| | | | | | | | Krishna | 3.48 | | |

The factors that influencing investment decision making is revealed in table no.6.6. Expected corporate earnings is influenced by (37.3%) respondents, neutral by (19.4%), least influence by (17.6%), significantly influence by (17.3%) and (8.5%) of the respondents' are most significantly influenced. Regarding dividends paid (32.7%) of the respondents are influenced, (29.4%) neutral, (24.8%) significantly influenced, (9.1%) most significantly influenced and (3.9%) of the respondents' are least influenced. As far as financial statements are concerned (33.6%) of them are significantly influenced, (28.2%) neutral, (19.5%) influenced, (14.4%) most significantly influence and (42%) of them are least influenced by financial statements. Regarding stock marketability is concerned about (29.1%) respondents are neutral, (28.2%) of them are significantly influenced, (21.2%) most significantly influenced and 5.3 % of the respondents are least influenced.

From the above table, it can be concluded that the percentage score of "Stock marketability" (60.95), is greater than the remaining three factors which reveals that this factor is showing more effect on investing decision making and the mean scores of this factor for all the three districts are very close to each other and the p-value 0.718 of this factor exemplifies that there is no significant difference in the respondents opinion. Further, the mean scores of Krishna district respondents' is significant more on three remaining factors as per the Kruskal Wallis test and its corresponding p-value mentioned above.

### 6.7. Firm-image factors affect respondents' investment decision making

**Table no.6.7.Respondents' investment decision making is influenced by firm image**

| | Factors | Least Influence | Influence | Neutral | Significantly Influence | Most Significantly Influence | District | Mean | PS | H-Value (P-Value) |
|---|---|---|---|---|---|---|---|---|---|---|
| a | Firm's reputation in industry | 51 (7.7%) | 208 (31.5%) | 132 (20%) | 134 (20.3%) | 135 (20.5%) | WG | 3.00 | 53.56 | 10.62 (0.005) |
| | | | | | | | EG | 3.03 | | |
| | | | | | | | Krishna | 3.39 | | |
| b | Preference for a firm's product and services | 45 (6.8%) | 249 (37.7%) | 179 (27.1%) | 126 (19.1%) | 61 (9.2%) | WG | 2.90 | 46.55 | 2.02 (0.365) |
| | | | | | | | EG | 2.74 | | |
| | | | | | | | Krishna | 2.94 | | |
| c | Firm's governing body(Board of Directors &CEO) | 83 (12.6%) | 162 (24.5%) | 248 (37.6%) | 139 (21.1%) | 28 (4.2%) | WG | 2.60 | 44.96 | 15.99 (0.000) |
| | | | | | | | EG | 2.99 | | |
| | | | | | | | Krishna | 2.80 | | |
| d | Firm's strong position in the industry | 22 (3.3%) | 113 (17.1%) | 153 (23.2%) | 204 (30.9%) | 168 (25.5%) | WG | 3.43 | 64.51 | 6.76 (0.034) |
| | | | | | | | EG | 3.56 | | |
| | | | | | | | Krishna | 3.75 | | |
| e | Organized established market in the country like BSE/NSE | 43 (6.5%) | 181 (27.4%) | 203 (30.8%) | 168 (25.5%) | 65 (9.8%) | WG | 2.89 | 51.17 | 6.11 (0.047) |
| | | | | | | | EG | 3.10 | | |
| | | | | | | | Krishna | 3.15 | | |
| f | Contribution of a firm toward social causes | 75 (11.4%) | 202 (30.6%) | 232 (35.2%) | 104 (15.8%) | 47 (7.1%) | WG | 2.65 | 44.17 | 3.97 (0.137) |
| | | | | | | | EG | 2.80 | | |
| | | | | | | | Krishna | 2.85 | | |
| g | Firms perceived ethics | 62(9.4%) | 205 (31.1%) | 224 (33.9%) | 106 (16.1%) | 63 (9.5%) | WG | 2.71 | 46.33 | 11.33 (0.003) |
| | | | | | | | EG | 2.77 | | |
| | | | | | | | Krishna | 3.08 | | |

The table no.6.7 furnishes the data regarding firm image influence on investment decision making. The highest and lowest percentages for each factor are recorded. Firms reputation in industry is influenced by 31.5 per cent and 7.7 per cent of them are least influenced. Preference for a firm's product and services is influenced by 37.7 per cent of the respondents' and least influenced by 6.8 per cent. As far as firms governing body is concerned 37.6 per cent of the respondents' are neutral and 4.2 per cent are most significantly influence. Regarding firms strong positions in the industry 30.9 per cent of the respondents' are significantly influenced and 3.3 per cent are least influenced. For organized established market in the country like BSE/NSE respondents' gave neutral opinion (30.8%) and (6.5%) are least influence. As far as contribution of a firm towards social causes is concerned respondents' are influenced by 30.6 per cent and 7.1 per cent are most significantly influenced. About firms perceived ethics 33.9 per cent of the respondents' are neutral and 9.4 per cent are least influenced.

The factor "Firm's strong position in the industry" percentage score (64.51), is influencing significantly more when compared with other factors for taking any decision with regard to the investment followed by the factor "Firm's reputation in industry" (53.56). Whereas, the factor "Contribution of a firm towards social causes" (44.17) is having less influence to make a decision on investment. Except for the factors "Organized established market in the country like BSE/NSE" and "Preference for a firm's product and services" which are significant, the remaining all the factors has significant impact with regard to district i.e., the opinion among the three district respondents' are statistically significant differ at 5% level of significance. Further, Krishna district respondents' are opined that these factors are significantly influencing more to make decision for investing when compared with other two districts except for the factor, "Firm's governing body (Board of Directors & CEO)".

### 6.8. Neutral information factors that influence respondents' decision making process

**Table no.6.8.Respondents' investment decision making influenced by neutral information**

| Factors | Least Influence | Influence | Neutral | Significantly Influence | Most Significantly Influence | District | Mean | PS | H-Value (P-Value) |
|---|---|---|---|---|---|---|---|---|---|
| Current economic indicators e.g. inflation rate. | 99 (15%) | 219 (33.2%) | 157 (23.8 %) | 94 (14.2 %) | 91 (13.8%) | WG | 2.70 | 44.66 | 7.02 (0.03) |
| | | | | | | EG | 2.90 | | |
| | | | | | | Krishna | 2.76 | | |
| Information obtained from internet and existing shareholders | 33 (5%) | 263 (39.8%) | 150 (22.7 %) | 158 (23.9 %) | 56 (8.5%) | WG | 3.13 | 47.77 | 16.58 (0.000) |
| | | | | | | EG | 2.91 | | |
| | | | | | | Krishna | 2.69 | | |
| General and financial press coverage of the firm's stock | 34 (5.2%) | 152 (23%) | 204 (30.9 %) | 190 (28.8 %) | 80 (12.1%) | WG | 3.16 | 54.92 | 14.26 (0.001) |
| | | | | | | EG | 3.42 | | |
| | | | | | | Krishna | 3.01 | | |
| Fluctuation/developments in the stock index | 20 (3%) | 100 (15.2%) | 200 (30.3 %) | 154 (23.3 %) | 186 (28.2%) | WG | 3.64 | 64.62 | 7.99 (0.018) |
| | | | | | | EG | 3.43 | | |
| | | | | | | Krishna | 3.68 | | |
| Government holdings | 29 (4.4%) | 132 (20%) | 247 (37.4 %) | 172 (26.1 %) | 80 (12.1%) | WG | 3.32 | 55.38 | 4.86 (0.088) |
| | | | | | | EG | 3.22 | | |
| | | | | | | Krishna | 3.10 | | |
| Recent price movement of a firm's stock | 23 (3.5%) | 126 (19.1%) | 163 (24.7 %) | 194 (29.4 %) | 154 (23.3%) | WG | 3.60 | 62.50 | 13.57 (0.001) |
| | | | | | | EG | 3.30 | | |
| | | | | | | Krishna | 3.60 | | |
| Firms commitment toward Corporate Social Responsibility | 60 (9.1%) | 184 (27.9%) | 221 (33.5 %) | 152 (23%) | 43 (6.5%) | WG | 2.75 | 47.50 | 7.27 (0.026) |
| | | | | | | EG | 2.92 | | |
| | | | | | | Krishna | 3.03 | | |

Respondents' investment decision making influenced by neutral information for each factor the highest and lowest percentages are given in table no.6.8. About 33.2 per cent and 15 per cent of the respondents' are influenced and least influence by current economic indicators. Regarding information obtained from internet and existing shareholders 39.8 per cent of them are influence and 5.0 per cent of the respondents' are least influenced. For general and financial press coverage of the firm's stock 30.9 per cent are neutral and 5.2 per cent of them are least influenced. Respondents' opinion on fluctuation/developments in the stock index is neutral by 30.3 per cent and 3 per cent of them are least influenced. About government holdings 37.4 per cent of them opined neutral and 4.4 per cent are least influenced. Recent price movement of a firm's stock 29.4 per cent of the respondents' are significantly influenced and 3.5 per cent of them are least influenced. Regarding firms commitment towards corporate social responsibility 33.5 per cent of them are neutral and 6.5 per cent are most significantly influenced.

Based on the percentage scores of the above table, it is concluded that the factor "fluctuations in the stock index" is influencing more on decision making process with a percentage score of 64.62 when compared with other factors followed by the factor "Recent price movement of a firm's stock (62.50)". The P-values of the Kruskal Wallis test mentioned above make a note that East Godavari district respondents' opined that the factors "Current economic indicators e.g. inflation rate.", "Information obtained from internet and existing shareholders" and "General and financial press coverage of the firm's stock" influencing their decision making significantly more when compared with other districts. The mean scores of West Godavari district and Krishna district for the factors "Fluctuation/developments in the stock index" and "Recent price movement of a firm's stock" are significantly more when compare with East Godavari district and these mean scores are very close to each other. With regard to West Godavari district respondents', they opined that the factor Government holdings is significantly influencing more when compared with other two districts, whereas for the factor "Firms commitment toward Corporate Social Responsibility", the respondents' from Krishna district opined significantly more when compared with other two districts at 5% level of significance. According to Kruskal Wallis test p-value all the factors are sound to be significant at 5% level of significance.

### 6.9. Opinion on the factors which influence their investment decision making

**Table no.6.9.Respondents' opinion on factors which influence investment decision making**

| Factors | Least Influence | Influence | Neutral | Significantly Influence | Most Significantly Influence | District | Mean | PS | H-Value (P-Value) |
|---|---|---|---|---|---|---|---|---|---|
| Family member's opinion | 92 (13.9%) | 229 (34.7%) | 170 (25.8%) | 97 (14.7%) | 72 (10.9%) | WG | 2.65 | 43.48 | 3.94 (0.139) |
| | | | | | | EG | 2.73 | | |
| | | | | | | Krishna | 2.84 | | |
| Friend/co-worker's opinion | 52 (7.9%) | 179 (27.1%) | 169 (25.6%) | 217 (32.9%) | 43 (6.5%) | WG | 3.07 | 50.76 | 21.66 (0.000) |
| | | | | | | EG | 3.27 | | |
| | | | | | | Krishna | 2.75 | | |
| Broker's recommendation for stock | 43 (6.5%) | 149 (22.6%) | 192 (29.1%) | 163 (24.7%) | 113 (17.1%) | WG | 3.11 | 55.83 | 14.97 (0.001) |
| | | | | | | EG | 3.50 | | |
| | | | | | | Krishna | 3.09 | | |
| Opinion's of the firm's majority stock holder | 48 (7.3%) | 109 (16.5%) | 162 (24.5%) | 228 (34.5%) | 113 (17.1%) | WG | 3.36 | 59.43 | 8.28 (0.016) |
| | | | | | | EG | 3.59 | | |
| | | | | | | Krishna | 3.18 | | |

Respondents' opinion on the factors which influence their investment decision making is given in table no. 6.9. Family member's opinion on respondents' is influenced by 34.7 per cent and 10.9 per cent most significantly influence. Friends/co-worker's opinion is significantly influenced by 32.9 per cent and 6.5 per cent most significantly influenced. For broker's recommendation for stock the respondents' gave neutral opinion (29.1%) and (6.5%) least influence. Regarding opinion of the firm's majority stock holder is significantly influenced with 34.5 per cent and least influenced by 7.3 per cent.

The percentage score for the factor "Opinions of the firm's majority stock holder" (59.43) is greater than the remaining factors which exemplifies that this factor is influencing respondents more while making investment decision. The percentage score for the factor "Family member's opinion" (43.48) is less influence when compare with other three factors. Except for the factor "Family member's opinion", the remaining p-values of the three factors are less than 0.05, the level of significance which divulges that there is a significant difference in the opinions among the three districts, whereas for the factor "Family member's opinion", the opinion scores of the respondents' of all the three districts are more or less similar. Further, the mean scores of the East Godavari district for the factors "Friend/co-worker's opinion", "Broker's recommendation for stock" and "Opinion's of the firm's majority stock holder" are significantly greater than the remaining two districts at 5% level followed by west Godavari district.

### 6.10. Affect of the financial factors on respondents' investment decision making

**Table no.6.10.Affects of financial factors on respondents' investment decision making**

| Factors | Least Influence | Influence | Neutral | Significantly Influence | Most Significantly Influence | District | Mean | PS | H-Value (P-Value) |
|---|---|---|---|---|---|---|---|---|---|
| Ease of obtaining borrowed funds | 110 (16.7%) | 230 (34.8%) | 175 (26.5%) | 126 (19.1%) | 19 (2.9%) | WG | 2.39 | 39.17 | 34.75 (0.000) |
| | | | | | | EG | 2.89 | | |
| | | | | | | Krishna | 2.42 | | |
| Expected losses in National and International financial markets | 70 (10.6%) | 168 (25.5%) | 199 (30.2%) | 141 (21.4%) | 82 (12.4%) | WG | 2.88 | 49.89 | 3.47 (0.176) |
| | | | | | | EG | 3.02 | | |
| | | | | | | Krishna | 3.09 | | |
| Diversification needs | 44 (6.7%) | 130 (19.7%) | 248 (37.6%) | 218 (33%) | 20 (3%) | WG | 2.87 | 51.52 | 11.13 (0.004) |
| | | | | | | EG | 3.22 | | |
| | | | | | | Krishna | 3.10 | | |
| Attractiveness of non-stock investment | 109 (16.5%) | 131 (19.8%) | 205 (31.1%) | 197 (29.8%) | 18 (2.7%) | WG | 2.69 | 45.61 | 50.30 (0.000) |
| | | | | | | EG | 3.26 | | |
| | | | | | | Krishna | 2.52 | | |

About ease of obtaining borrowed funds 26.5 per cent of the sample respondents' gave neutral opinion, 34.8 per cent are influenced by the above factors and 2.9 per cent of them are most significantly influence. For expected losses in national and international financial markets 30.2 per cent respondents' gave neutral opinion and 10.6 per cent of them are least influenced. About 37.6 per cent of them are neutral, 33 per cent of the sample respondents' are significantly influenced and 3 per cent of them are most significantly influenced by the factors diversification needs. For attractiveness of non-stock investment the respondents' gave neutral opinion (31.1%) and 2.7 per cent of them are most significantly influenced (table 6.10).
With regard to the personal financial needs, the major factor that effects the decision making of the respondent investment is "Diversification needs" (PS 51.52) followed by "Expected losses in National and International financial markets" (49.89). Whereas the factor "Ease of obtaining borrowed funds" (39.17) has less influencing when compared with other three factors. Except the factor, "Expected losses in National and International financial markets", the mean scores of the East Godavari district respondents' are significantly greater than the remaining two districts at 5% level. Whereas, for this factor all the three district respondents' are similarly opined about this aspect.

**6.11. Affect of the personal factors on their investment decision**

**Table no. 6.11.Personal factors in investment decision**

| Factors | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | District | Mean | PS | H-Value (P-Value) |
|---|---|---|---|---|---|---|---|---|---|
| Usually I get my expected return on my investment decision | 69 (10.5%) | 179 (27.1%) | 229 (34.7%) | 150 (22.7%) | 33 (5%) | WG | 2.78 | 46.17 | 2.80 (0.247) |
| | | | | | | EG | 2.91 | | |
| | | | | | | Krishna | 2.85 | | |
| My investment holding periods are spread over long span of time | 37 (5.6%) | 157 (23.8%) | 222 (33.6%) | 222 (33.6%) | 22 (3.3%) | WG | 2.99 | 51.33 | 2.16 (0.340) |
| | | | | | | EG | 3.16 | | |
| | | | | | | Krishna | 3.01 | | |
| In most cases my investment decisions are my investment objectives | 61 (9.2%) | 120 (18.2%) | 195 (29.5%) | 244 (37%) | 40 (6.1%) | WG | 3.05 | 53.11 | 3.32 (0.191) |
| | | | | | | EG | 3.09 | | |
| | | | | | | Krishna | 3.24 | | |
| I have risk tolerance towards my investment decisions | 29 (4.4%) | 122 (18.5%) | 188 (28.5%) | 266 (40.3%) | 55 (8.3%) | WG | 3.17 | 57.42 | 2.70 (0.259) |
| | | | | | | EG | 3.36 | | |
| | | | | | | Krishna | 3.35 | | |
| My reactions towards losses are normal | 25 (3.8%) | 119 (18%) | 281 (42.6%) | 187 (28.3%) | 48 (7.3%) | WG | 3.08 | 54.32 | 2.35 (0.309) |
| | | | | | | EG | 3.19 | | |
| | | | | | | Krishna | 3.24 | | |

About 34.7 per cent respondents' gave neutral opinion for expected return on investment decision and 10.5 per cent of them strongly agree. Regarding investment holding periods are spread over long span of time is agreed and neutral by 33.6 per cent each and 3.3 per cent of them strongly agreed. Respondents' gave neutral opinion 29.5 per cent and strongly agree 6.1 per cent for investment decisions are their investment objectives. Risk tolerance towards investment decision is agreed by 40.3 per cent of the respondents' and strongly disagreed by 4.4 per cent. For respondents' reactions towards losses are normal they gave neutral opinion 42.6 per cent and strongly disagree 3.8 per cent (table 6.11).
With regard to the "Personal/Financial Needs", the mean scores of all the three district respondents' are almost similar to each other for all the factors mentioned above as per the insignificant p-values of the H-Statistic. Further, the percentage score of the factor "I have risk tolerance towards my investment decisions" (57.42) is more when compared with other factors followed by the factor "My reactions towards losses are normal" 54.32. Therefore there is no significant difference in the opinion of the respondents in the three districts on personal/financial needs.

## 7. Conclusion

The study reveals that investment decision-making among individuals in the East Godavari, West Godavari and Krishna districts is influenced by a combination of demographic, behavioural and market-related factors. While age and gender continue to play a role in shaping risk-taking ability and investment preferences, behavioural components such as psychological attitudes, financial awareness, peer influence and media exposure have emerged as equally significant determinants. Economic factors such as company performance, expected dividends, stock marketability, tax considerations and global market conditions also influence investors' perceptions of risk and return.

The results highlight that modern investors no longer rely solely on demographic traits or traditional savings-oriented behaviour. Instead, they adopt a more holistic approach that integrates financial goals, market knowledge, corporate reputation, and psychological comfort. The study emphasizes the need for targeted investor education, personalized advisory services and transparent corporate communication. Financial institutions and policymakers must recognize the diversity among investors and design strategies that cater to their unique behavioural and informational needs. By identifying the key drivers of investment behaviour, the study contributes to enhancing financial decision-making and promoting informed investment practices in the region.

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