

INVESTMENT OBJECTIVES AND SATISFACTION: A STUDY ON RETAIL INVESTORS OF DELHI-NCR

Dr. Tek Chand*

ABSTRACT

In this article, an attempt has been made to study the retail investors' investment objectives and satisfaction. For the assembling of the data, a well-framed close-ended google survey questionnaire link was forwarded through email to 130 targeted retail investors of Delhi-NCR. Out of which, 120 were responded. The analysis was carried out by using descriptive and inferential statistics (Suwardi & Rahardjo, 2022; Sharara & Nkomo, 2022). This study explores the components of investment objectives that contribute to the satisfaction level of retail investors (Kothari et al., 2020). The study has drawn the inference that there is an insignificant difference between population mean of age, education and income groups pertaining to their investment objective, except in a few cases it shows the significant results, which means there is at least one group mean is different from the others. Further, the study ascertains that a sizable proportion of retail investors are highly stratified with their investment objectives of wealth creation, additional source of income, long-term investment growth and so on.

Keywords: Stock Market, Retail-Investor, Objective, Satisfaction

JEL Classification: G1, G10, G11

*Assistant Professor, Deptt. of Commerce, Shyam Lal College (Eve.), University of Delhi, Pin 110032, Email:- tc123rana@gmail.com Mob. 9810153500

Introduction

Over the years, India has become one of the quickest-rising economies in the world and offers a growing and lucrative environment for investment. India's investment policy is continuously reviewed on a regular basis to ensure that India remains an attractive and investor-friendly destination (The Economic Times, 2022) for domestic and overseas investors. And it has also been successful in attracting investors to a large extent. Today, investment is the basic need for the financial well-being of every individual (Chaurasia, 2017; Jain et al., 2019). Investment has been broadly defined as the acquisition of valuable asset with the aim of receiving a return (Rosemary et al., 2017). It can also be viewed as the employment of surplus money in financial assets with the objective of achieving additional income (Revathy & Suthendren, 2012) or capital appreciation. Financial assets come in different forms, such as shares, bonds, mutual funds, ULIP, fixed deposits, and many more. However, the primary goal behind all investments remains the same, i.e., to increase the value of the invested money. Investing in the stock is not an easy task, and it requires sufficient financial knowledge, investment skills, ability and willingness to take up risks (Shankar & Bhatt, 2022). The investment objectives of an investor refer to what the investor (Rosemary et al., 2017) hopes to achieve with his or her investment. Objectives define the purpose of investing and these objectives may vary from one investor to another (Raveendran & Kanakaraj, 2015). Some of the key objectives of investment are the protection of the principal amount, capital growth, generation of regular additional income, wealth creation, tax savings, the need for liquidity, and quick returns (Chaurasia, 2017; Jain et al., 2019). Once an investor knows his objective, it can guide him towards certain asset classes or securities. These classes of assets help investors to create a portfolio. Many financial experts recommend that investors rebalance their portfolios on a regular time interval (www.sec.gov) to reach out their investment objectives and satisfaction. Satisfied investors are a necessary element of the stock market. They help to finance rapid expansion in developing countries (Rashid & Nishat, 2009) like India. Satisfied investors bring new investors (Anderson et al., 1994) to the market, educate themselves on trading and information management, make the market competitive, and bring new issuers (borrowers) to the market (Rashid & Nishat, 2009).

An Overview of the Existing Research

A review of previous research articles can give a researcher an understanding of different aspects and potential future research areas.

Bishnoi (2014) stated that the insurance scheme is the most picked avenue for investment and it is pursued by bank deposits, PPF, NSC, and postal savings plan. Likewise, Bond is followed by equity investment and debenture is the least preferred instrument for investment. Furthermore, he has found that demographic variables have a significant relationship with investment objectives.

Peng et al., (2015) in their study stated that customer satisfaction is a valuable intangible asset and it generates positive abnormal returns. They said that even when the share market exhibits negative sentiments, investors who invest in the market confirm customer satisfaction. Furthermore, the authors clarified that customer satisfaction is value-relevant, not even for investors but also for firm management, especially in pessimistic periods.

Raveendran and Kanakaraj (2015) noticed that there is no influence of family members on investment objectives and the level of satisfaction of investors, but most of the investors (respondents) strongly believe that the efforts of regulatory bodies are essential to educate and aware the investors for capitalizing investing goal.

Chaurasia (2017) analyzed that investors' investment objectives of the Protection of Principal amount, Capital Growth, and Regular Income have a significant relationship with the demographic variable of gender, while it shows an insignificant relationship in the case of age. The investment objectives of Quick Returns and Liquidity have also established a significant relationship with regard to age and gender. Further, he has found that the safety of the principal is the most preferred and liquidity is the least preferred by investors.

Jain et al., (2019) concluded that the primary objective of women investors was to earn high returns, the Tax-saving objective attracted them towards the tax-saver mutual fund, assured return attracted them towards the bank FD and then NSS/PPF, and the Liquidity objective fulfilled by investing in Gold. The overall investment objective of the investors was to get the maximum return with the minimum risk by investing in stocks.

Mayilvaganan & Suganthi (2020) observed that the market was led by male investors in the age group of twenty-to-forty years. They found that more than half of the respondents

invest their hard-earned money in the stock market. Authors stated that investors were satisfied with their investments having features of safety, tax benefits, dividends, quick gain, and liquidity. They concluded that in-depth market knowledge gave them an increasing return.

Paulraj & Viji (2021) found that the majority of investors were male and age-wise investors represent the thirty-one to forty-year age group and most of these investors were master-level academically qualified. The authors found that liquidity and a high rate of return made the investor highly satisfied to invest in shares. They also found that investors were happy with their broker's advice for making investment decisions.

Khan (2022) observed that loss aversion acts as an arbitrator to indirectly influence investment objectives due to earlier perceived losses. He also found that for high-risk investors, prior realised losses indirectly influence individuals to invest more in order to achieve a higher projected return aim and less in order to achieve the goal of creating a fund reserve for potential future expense. Further, he claimed that despite having previously suffered losses and being loss-averse, risk-tolerant investors carry on to invest in order to gain a higher expected return.

Research Gap

In India, Retail investor participation is increasing rapidly. Especially, it has been noticed during the COVID pandemic and after the pandemic. As a result, retail investors are now accounting for more than fifty percent of daily market transactions, which shows their aggressive participation in the market. Although lots of studies have been carried out on retail investors, but as per existing research and the present scenario of the market, it is not sufficient to reveal investors' situations, because with the passage of time either these figures have been changed or outdated. In addition, population growth, Income level, Age, Job status, Experience, Financial Literacy, etc. always remained significant factors, and these factors are also transformed rapidly. On the basis of aforesaid factors, the research gap has been identified and proposed for the study, so it could reveal worthwhile results as per the present scenario of the market.

Significance of the Study

The significance of this research is to understand the retail investors' perspective about the importance of investment objectives and satisfaction. It will give insights into the awareness and assess their investment objectives not only of retail investors but also of existing and prospective high-net-worth individual investors too. Moreover, the study

will be valuable to fund managers, brokers, and other financial institutions, who manage the investors' hard-earned money as per their aims and expectations.

Scope of the Study

The scope of this research was limited to identify the importance of investment objectives and the satisfaction of individual investors. Geographically, the study was restricted to the Delhi-NCR.

Period of the Study

One of the most important parts of the study was the collection of the primary data, which took place over a six-month period from September 2021 to March 2022.

Research Objectives

1. To study the level of importance of the investment objectives.
2. To know the level of satisfaction of investment objectives.

Hypotheses

The study is based on the formulation of the following hypotheses:

H1 – There is no significant difference among the age groups with regards to importance of investment objectives.

H2 – There is no significant difference among the academic groups with regards to importance of investment objectives.

H3 – There is no significant difference among the income groups with regards to importance of investment objectives.

Limitations

The present study covers only three investment objectives i.e. Long-term investment Growth, Wealth Creation, and Additional source of income. Further, the study is confined to 120 retail investors of Delhi-NCR only. Therefore, the results can't be generalized to other parts of India.

Research Methodology

In nature, the present study is an empirical study and it is devoted to know the retail investors' importance of investment objectives and their satisfaction.

Data Source

This study relied exclusively on primary data. Data collection was ensured through a well-framed google survey questionnaire.

Sample Size

In total 130 digital questionnaires were sent through email, out of which, 120 respondents were responded. Thus, the qualified sample size was 120 and it used for the further study.

Sampling Technique

The essential information was collected exclusively from retail investors, who invest in the stock market, using the simple random sampling method.

Questionnaire

For this research, a well-structured closed-ended google survey questionnaire was constructed by using scaling approaches such as Nominal and Ordinal scales at five point Likert-Rating scale (Shankar & Bhatt, 2022).

Variables under Study

In the present study the demographic factors are considered as independent variables and the importance of investment objectives and satisfaction are considered as dependent variables.

Tools and Techniques

In order to achieve the objectives of the study, collected data were processed by the statistical software of SPSS and analysed by using descriptive and inferential statistics (Suwardi & Rahardjo, 2022; Sharara & Nkomo, 2022). As per the need of the objectives and nature of the data Mean, Standard Deviation, Skewness, Rank, Tukey Post Hoc Test, and One-way Anova statistical tools had been applied.

ANALYSIS AND INTERPRETATION

After collecting the data, it was systematically tabulated and analysed by using appropriate statistical measures.

Table No 1: Age Group-wise Responses: One-way Anova Test

Dependent Variables	Groups	Sum of Squares	Df	Mean Square	F	Sig.
Long term Investment Growth	Between Groups	11.788	3	3.929		
	Within Groups	105.137	116	.906	4.335	.006
	Total	116.925	119			
Wealth Creation	Between Groups	.401	3	.134		
	Within Groups	71.924	116	.620	.215	.886
	Total	72.325	119			
Additional Source of	Between Groups	22.698	3	7.566		
	Within Groups	128.768	116	1.110	6.816	.000

Source: Computed from Primary Data

One-way anova has been applied to measure the significance of mean difference among the age groups of retail investors with regard to the importance of investment objectives in the stock market. The analysis shows the P-value is insignificant at 0.05 for the dependent variable of wealth creation, which means there is no difference between age groups of the respondents with regard to the importance of the investment objective of wealth creation. Likewise, a significant P-value specifies that at least one of the age group mean is different from the others in case of investment objectives of long-term investment growth and additional source of income. The one-way anova does not tell where the difference exists. For this, Tukey Post Hoc test has been applied.

Table No 1a: Tukey Post Hoc Results

Investment Objectives		Age Groups	Below 30	30-45	45-60	Above 60
Long-term Investment Growth		Below 30		0.852	0.821	0.051
		30-45	0.852		0.191	0.005*
		45-60	0.821	0.191		0.145
		Above 60	0.051	0.005*	0.145	
Additional Source		Below 30		0.721	0.003*	0.888
		30-45	0.721		0.009*	0.432
		45-60	0.003*	0.009*		0.006*
		Above 60	0.888	0.432	0.006*	

Source: Computed from Primary Data

Tukey post hoc test results shown in Table demonstrate that the age group below 30 has a significant value (0.005) with the age group above 60 and vice-versa above 60 with below 30. This illustrates that age groups below 30 and 45-60 have a different opinion as compared to other groups for investing in the share market with a long-term investment perspective. Similarly, values are also found significant for age groups of below 30 and 45-60 years, 30-45 and 45-60 years, 45-60 and above 60 years, and vice-versa all with themselves. Which signify that the above mentioned age groups have a different opinion as compared to others for investing in the stock market with the opinion of additional source of income.

Table No 2: Academic Group-wise Responses: One-way Anova Test

Dependent Variables	Groups	Sum of Squares	Df	Mean Square	F	Sig.
Long term Investment Growth	Between Groups	22.468	3	7.489	9.198	.000
	Within Groups	94.457	116	.814		
	Total	116.925	119			
Wealth Creation	Between Groups	4.815	3	1.605	2.758	.045
	Within Groups	67.510	116	.582		
	Total	72.325	119			
Additional Source of Income	Between Groups	7.209	3	2.403	1.932	.128
	Within Groups	144.257	116	1.244		
	Total	151.467	119			

Source: Computed from Primary Data

One-way anova result highlights that a significant value is greater than 0.05 for the investment objective of additional source of income. It signifies that there is no significant difference in the responses of retail investors from different academic groups. Further, significant results for long-term investment and Wealth Creation signify that there exists at least one of the population mean is different from the others.

Table No 2a: Tukey Post Hoc Results

Investment Objectives	Academic Group	Graduate	Master	Professional	Other
Long-term Investment Growth	Graduate		0.678	0.008*	0.257
	Master	0.676		0.101	0.014
	Professional	0.008*	0.101		0.000*
	Other	0.257	0.014	0.000*	
Wealth Creation	Graduate		0.983	0.429	0.582
	Master	0.983		0.201	0.764
	Professional	0.429	0.201		0.030*

Other	0.582	0.764	0.030*
-------	-------	-------	--------

Source: Computed from Primary Data

It is quite clear from the above table that values are found significant for respondents having academic qualifications of graduate and professional, and vice-versa. Similarly, professionals and others, and others and Professional. It exhibits that their opinions differ from the other regarding investing in the share market for long-term investment growth. Further, retail investors having professional qualifications and others are found statistically significant, which ascertains that there exists a difference in their opinion as compared to other groups for investing in the share market for wealth creation. Therefore, it is concluded that the aforesaid groups' opinions slightly differ as compare to other.

Table No 3: Income Group-wise Responses: One-way Anova Test

Dependent Variables	Groups	Sum of Squares	Df	Mean Square	F	Sig.
Long term Investment Growth	Between Groups	4.268	3	1.423		
	Within Groups	112.657	116	.971	1.465	.228
	Total	116.925	119			
Wealth Creation	Between Groups	.797	3	.266		
	Within Groups	71.528	116	.617	.431	.731
	Total	72.325	119			
Additional Source of Income	Between Groups	10.872	3	3.624		
	Within Groups	140.594	116	1.212	2.990	.034
	Total	151.467	119			

Source: Computed from Primary Data

Table depicts the one-way anova result, it shows the significant P-value for investing objective of additional source of income at 5 percent level of significance. Hence, the alternative hypothesis is accepted. So, it is inferred that retail investors from different income groups are having different opinions with regard to investing objective of additional source of income. In order to make it clear, which income group is different from the others, Tukey Post Hoc test has been applied.

Table No 3a: Tukey Post Hoc Results

Investment Objectives		Income Groups	< 3 Lakh	3-6 Lakh	6-9 Lakh	> 9 Lakh
Additional Source	○	< 3 Lakh		0.347	0.983	0.286
		3-6 Lakh	0.347		0.012*	1.000
		6-9 Lakh	0.983	0.012*		0.068
		> 9 Lakh	0.286	1.000	0.068	

Source: Computed from Primary Data

The Table reflects the Tukey Post Hoc results for investing objective of additional source of income on the basis of income groups. And it is found that mean difference is highly significant in the case of people having incomes of 3-6 and 6-9 lakh per annum.

Thus, it can be concluded that retail investors from the 3-6 lakh and 6-9 lakh income groups have a different opinion as compared to other income groups for investment objective of additional source of income.

Level of Satisfaction of Retail Investors

The satisfaction level of Retail Investors about their Investment Objectives was measured through a five-point Likert scale.

HD= Highly Dissatisfied, D= Dissatisfied, N= Neutral, S= Satisfied, HS= Highly Satisfied,

Table No 4: Investors Satisfaction about their investment Objectives

Satisfaction	HD	D	N	S	HS	Total	Mean	S.D.	SK	Rank
Wealth Creation	1 (.8%)	2 (1.7%)	27 (22.5%)	62 (51.7%)	28 (23.3%)	120 (100%)	3.95	.776	- .571	1
Additional Source of Income	6 (5%)	13 (10.8%)	22 (18.3%)	39 (32.5%)	40 (33.3%)	120 (100%)	3.78	1.168	- .757	2
Long-term Growth	5 (4.2%)	6 (5%)	42 (35%)	34 (28.3%)	33 (27.5%)	120 (100%)	3.70	1.058	- .497	3

Source: Computed from Primary Data

The satisfaction of long-term investment objective, 27.5 percent of retail investors are found highly satisfied, 28.3 percent of investors are satisfied and 4.2 percent of investors are highly dissatisfied with their long-term investment objective. The mean value is 3.70, which is above the average value. The Standard Deviation is 1.058, which indicates high variations among the responses of the respondents. Skewness represents the data is negatively skewed. On the basis of the mean score, the third rank is assigned for the investment objective of long-term growth.

Likewise, satisfaction about the wealth creation, the highest percent that is 51.7 of respondents are found highly satisfied about the investment objective of wealth creation. The mean value is 3.95, which is above average value. The standard deviation is 0.776, which indicates less variation in the responses of retail investors. Skewness is -0.571, which reveals that the data is negatively skewed towards the left side. On the basis of mean value, the first rank is assigned for the investment objective of wealth creation.

In case of additional source of income, 33.3 percent of respondents have shown a high level of satisfaction about the income earned from share market as additional source of income. 18.3 percent of respondents have remained neutral. And 10.8 percent and 5 percent of the retail investors have found dissatisfied and highly dissatisfied. The mean score is 3.78, which is above average value. The standard deviation is 1.168, which means there is high variation among the responses of retail investors. Skewness is -.757, which reveals that data is negatively skewed towards the left side. The second rank is assigned for the investment objective of additional source of income. The investment objective of additional source of income has the second highest mean score, therefore, second place is assigned to additional source of income.

Findings of the Study

- The study finds that there is a significance of mean difference among the age groups of retail investors with regard to investment objectives of long-term investment growth and additional source of income. This indicates that there exists at least one age group mean is different from the others.
- It is evident from the analysis section that academic-wise analysis shows the insignificant result for additional source of income and significant for long-term

- investment growth and wealth creation objectives. This point out that there is at least one of the academic group population mean is different from the others.
- One-way anova result shows the significant result for investing objective of additional source of income, which means there exists at least one of the income-wise group mean is different from the others.
- It is quite clear from the analysis section that the maximum number of retail investors are either satisfied or highly satisfied with their investment objectives (Shrivastava, 2018; Mayilvaganan & Suganthi, 2020). On the basis of mean score, wealth creation is assigned first rank, additional source of income is placed second, and long-term investment growth is assigned third rank respectively.

Conclusion

Over the years, India has emerged as one of the fastest-growing economies in the world. Especially, after the COVID-19 pandemic, India's economy showed great signs of recovery in (www.ibef.org) the financial year 2022. India has always provided an investor-friendly environment for investors. For an investor, investment helps in achieving his financial goals. And when these financial goals are met, the investor expresses satisfaction towards his investment. The study concludes that the maximum number of retail investors give equal importance to their investment objectives and they are highly satisfied (Shrivastava, 2018; Mayilvaganan & Suganthi, 2020) with their investment objectives of wealth creation, additional source of income, and long-term investment growth.

Scope for Further Study

In the future, researchers may consider other investment objectives for the study, such as the safety of the principal amount, tax savings, liquidity, quick returns etc. The study is restricted to retail investors in Delhi-NCR and cannot be generalized to other parts of the nation. Thus, the respondents may also be extended to other than retail investors, and similar research can be conducted in other parts of India.

References

- Anderson, E.W., Fornell, C., & Lehmann, D.R. (1994). Customer Satisfaction, Market Share, and Profitability: Findings from Sweden. *Journal of Marketing*, 58, 53-66.
- Bishnoi, S. (2014). Relation between Investment Objectives and Demographic Variables. *Journal of General Management Research*, 1(1), 91-107.
- Chaurasia, P. (2017). A Study of Investment Objectives of Individual Investors. *International Journal of Research in Finance and Marketing (IJRFM)*, 7(6), 131-142.
<https://ssrn.com/abstract=3032942>
- Jain, M., Chopra, P.K., & Khare, A. (2019). A Study of Investment Objectives of Women Investors. *International Journal of Creative Research Thoughts (IJCRT)*, 7(2), 1337-1326. <https://ijcrt.org/papers/IJCRT2003180.pdf>
- Khan, M.T.I. (2022). Prior perceived losses and investment objectives after stock market crisis: a moderated-mediation model of risk tolerance and loss aversion. *SN Business & Economics*, 83, 1-22. doi: 10.1007/s43546-022-00259-6
- Kothari, D., Singh, V., & Pandey, S.K. (2020). An Empirical Analysis of Influential Factors on Investment Behaviour of Retail Investors towards Indian Equity Market at Raipur City-Chhattisgarh. *Parishodh Journal*, 9(3), 5815-5830. DOI:09.0014.PARISHODH.2020.V9I3.0086781.57597
- Mayilvaganan, S., & Suganthi, N., (2020). A Study on the Satisfaction of Stock Market Investors with Reference to Chennai City. *International Journal of Management (IJM)*, 11(12), 2675-2681. DOI: 10.34218/IJM.11.12.2020.251
- Paulraj, G., & Viji, B. (2021). Investors Satisfaction Towards Stock Market In Thoothukudi City. *Turkish Journal of Computer and Mathematics Education*, 12(10), 7041-7044.
<https://turcomat.org/index.php/turkbilmata/article/view/5578/4681>

- Peng, C., Lai, K., Chen, M., & Wei, A. (2015). Investor sentiment, customer satisfaction and stock returns. *European Journal of Marketing*, 49(5/6), 827-850. <https://doi.org/10.1108/EJM-01-2014-0026>
- Rashid, M., & Nishat, M.A. (2009). Satisfaction of retail investors on the structural efficiency of the market: evidence from a developing country context. *Asian Academy of Management Journal*, 14(2), 41-64. https://ejournal.usm.my/aamj/article/view/aamj_vol14-no-2-2009_3
- Ravindran, G., & Kanakaraj, N. (2015). Equity Investors Level of Satisfaction on Investment Objectives in the Capital Market with Reference to Coimbatore District. *International Journal of CKPIM Business Review*, 3(7), 1-11. <https://oaji.net/articles/2015/877-1449297542.pdf>
- Revathy, B., & Suthendren, N. (2012). Investment analysis and portfolio construction. *International Journal of Physical and Social Sciences*, 2(2), 318-335.
- Rosemary, I.N., Kaku, M.S., & Hashimu, B. (2017). Investment Objectives and Strategies of Individual Investors in the Nigerian Capital Market. *Journal of Poverty, Investment and Development*, 40, 82-87. <https://iiste.org/Journals/index.php/JPID/article/view/40482>
- Shankar, M.G., & Bhatt, K. (2022). A study of the level of stock market investment awareness among young entrepreneurs, with a focus on the Mumbai Region. *Journal of Positive School Psychology*, 6(2), 4947-4953. <https://journalppw.com/index.php/jpsp/article/view/3007>
- Sharara, K., & Nkomo, D. (2022). Customer Satisfaction as a Tool for Product Development: A Case of Online Stock Trading Platforms used by Retail Investors to Trade on the Zimbabwe Stock Exchange. *Business and Economics Journal*, 13(5), 1-6. <https://www.hilarispublisher.com/open-access/customer-satisfaction-as-a-tool-for-product-development-acase-of-online-stock-trading-platforms-used-by-retail-investors.pdf>

Shrivastava, A.K. (2018). Investment Behavior towards Different Financial Products. *International Journal of Innovative Knowledge Concepts*, 6(5), 57-62.
<https://core.ac.uk/download/pdf/233155281.pdf>

Suwardi & Rahardjo, D.A.S. (2022). Impact of Covid-19 on Retail Investor Investment Preferences. *Akuntansi'45: Jurnal Ilmiah*, 3(2), 156–175.
<https://jurnaluniv45sby.ac.id/index.php/akuntansi/article/view/628>

The Economic Times (2022, March 23). *FDI inflow to India declines to \$74.01 billion in 2021*. https://economictimes.indiatimes.com/news/economy/finance/fdi-inflow-to-india-declines-to-74-01-billion-in-2021/articleshow/90400950.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst (Accessed on Dec., 2022)

<https://www.ibef.org/economy/investments> (Accessed on Dec., 2022)

<https://www.sec.gov/investor/pubs/tenthingstoconsider.htm>. 2008, Dec. 01. Investor Alerts and

Bulletins: Financial Navigating in the Current Economy. (Accessed on Nov., 2022)

Author details

Dr. Tek Chand, Assistant Professor, Department of Commerce, Shyam Lal College (Eve.), University of Delhi, Delhi-110032, India.

Author's contributions

Manuscript fully developed by corresponding individual independent author.

Funding

The study received no external funding.

Competing interests

The author declares that he has no competing interests.